

METALLIS RESOURCES INC.
Condensed Interim Financial Statements
September 30, 2019

(Expressed in Canadian Dollars)

METALLIS RESOURCES INC.
Index to Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Page
MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND NOTICE OF NO AUDITOR REVIEW	1
FINANCIAL STATEMENTS	
Condensed Interim Statements of Financial Position	2
Condensed Interim Statements of Operations and Comprehensive Loss	3
Condensed Interim Statements of Changes in Equity	4
Condensed Interim Statements of Cash Flows	5
Notes to Condensed Interim Financial Statements	6-24

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND NOTICE OF NO AUDITOR REVIEW

The accompanying condensed interim financial statements of Metallis Resources Inc. (the "Company") are the responsibility of management and have not been reviewed by the Company's auditors.

These condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the financial position date. In the opinion of management, the condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

The Company has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the condensed interim financial statements and (ii) the condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of, and for the periods presented by, the condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

METALLIS RESOURCES INC.

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

	September 30, 2019 (unaudited)	December 31, 2018 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,790,280	\$ 2,342,510
Receivables (Note 3)	665,626	595,631
Due from related party (Note 10)	189,976	-
Deposits and prepaid expenses (Note 4)	9,154	25,452
Marketable securities (Note 5)	66,375	83,250
Total current assets	2,721,411	3,046,843
Property and equipment (Note 6)	19,757	5,389
Exploration and evaluation assets (Notes 7 and 10)	5,889,267	4,063,688
Net investment in sublease (Notes 2 and 8)	50,171	-
Total assets	\$ 8,724,169	\$ 7,115,920
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 626,343	\$ 78,254
Flow through premium liability (Note 9(b))	105,269	-
Lease liability (Note 8)	33,970	-
Total current liabilities	765,582	78,254
Lease liability (Note 8)	66,372	-
Total liabilities	831,954	78,254
EQUITY		
Share capital (Note 9)	14,714,946	13,458,267
Equity reserves	3,478,431	3,478,431
Deficit	(10,301,162)	(9,899,032)
Total equity	7,892,215	7,037,666
Total liabilities and equity	\$ 8,724,169	\$ 7,115,920

Nature and Continuance of Operations and Going Concern (Note 1)
Events After the Reporting Period (Note 14)

Approved and authorized on behalf of the Board on November 29, 2019

Fiore Aliperti Director

Michael Sikich Director

The accompanying notes are an integral part of these condensed interim financial statements.

METALLIS RESOURCES INC.
Condensed Interim Statements of Operations and Comprehensive Loss
For the three and nine-month periods ended September 30, 2019
(Expressed in Canadian Dollars)
(Unaudited- prepared by management)

	<i>Three months ended September 30, 2019</i>	<i>Three months ended September 30, 2018</i>	<i>Nine months ended September 30, 2019</i>	<i>Nine months ended September 30, 2018</i>
Operating Expenses:				
Advertising, marketing, promotion	\$ 19,555	\$ 27,344	\$ 44,510	\$ 53,701
Consulting fees (<i>Note 10</i>)	85,950	82,500	256,950	237,175
Depreciation (<i>Note 6</i>)	6,157	2,478	13,303	5,094
Investor relations	10,500	7,000	31,500	7,000
Office and general	26,588	12,782	60,733	36,695
Professional fees	113	2,375	5,006	42,124
Regulatory and transfer agent fees	8,024	25,641	41,164	78,416
Rent	3,952	6,319	9,249	17,107
Share-based compensation	-	1,115,162	-	1,115,162
Travel	2,393	3,457	11,140	7,141
Total operating expenses	(163,232)	(1,285,058)	(473,555)	(1,599,615)
Finance income	11,878	19,130	36,574	51,886
Finance costs	(1,968)	-	(2,605)	-
Other income on settlement of flow-through premium liability	54,331	-	54,331	17,605
Unrealized gain (loss) on marketable securities (<i>Note 5</i>)	10,125	(10,125)	(16,875)	7,875
Loss and comprehensive loss for the period	\$ (88,866)	\$(1,276,053)	\$ (402,130)	\$(1,522,249)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.04)	\$ (0.01)	\$ (0.05)
Weighted average number of common shares outstanding:				
Basic and diluted	33,836,409	32,761,238	33,315,670	32,141,229

The accompanying notes are an integral part of these condensed interim financial statements.

METALLIS RESOURCES INC.

Condensed Interim Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

	<i>Share Capital</i>		<i>Equity</i>		<i>Total</i>
	<i>Number of Shares</i>	<i>Amount</i>	<i>Reserves</i>	<i>Deficit</i>	
Balance at December 31, 2017	29,748,487	\$ 10,615,462	\$ 2,392,859	\$ (8,095,405)	\$ 4,912,916
Share capital issued for cash	3,232,642	2,837,413	-	-	2,837,413
Share issuance costs	-	(26,178)	-	-	(26,178)
Fair value of stock options exercised	-	29,590	(29,590)	-	-
Share-based compensation	-	-	1,115,162	-	1,115,162
Loss for the period	-	-	-	(1,522,249)	(1,522,249)
Balance at September 30, 2018	32,981,129	13,456,287	3,478,431	(9,617,654)	7,317,064
Share capital issued for cash	4,950	1,980	-	-	1,980
Share-based compensation	-	-	-	-	-
Loss for the period	-	-	-	(281,378)	(281,378)
Balance at December 31, 2018	32,986,079	13,458,267	3,478,431	(9,899,032)	7,037,666
Share capital issued for cash	2,201,050	1,422,970	-	-	1,422,970
Share issuance costs	-	(6,691)	-	-	(6,691)
Flow-through share premium liability	-	(159,600)	-	-	(159,600)
Loss for the period	-	-	-	(402,130)	(402,130)
Balance at September 30, 2019	35,187,129	\$ 14,714,946	\$ 3,478,431	\$ (10,301,162)	\$ 7,892,215

The accompanying notes are an integral part of these condensed interim financial statements.

METALLIS RESOURCES INC.

Condensed Interim Statements of Cash Flows

For the nine-month periods ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

	2019	2018
Cash flows provided by (used in) operating activities		
Loss for the period	\$ (402,130)	\$ (1,522,249)
Items not affecting operating cash:		
Net finance income	(33,969)	(51,886)
Other income on settlement of flow-through share premium liability	(54,331)	(17,605)
Unrealized (gain) loss on marketable securities	16,875	(7,875)
Depreciation	13,303	5,094
Share-based compensation	-	1,115,162
Changes in non-cash working capital items:		
Receivables	(55,083)	(43,200)
Deposits and prepaid expenses	16,298	(96,135)
Due from related party	(189,976)	-
Accounts payable and accrued liabilities	(75,790)	(89,461)
Cash used in operating activities	(613,223)	(708,155)
Finance costs	(2,685)	-
Net cash used in operating activities	<u>(615,908)</u>	<u>(708,155)</u>
Cash flows used in investing activities		
Investment in exploration and evaluation assets	(1,336,311)	(2,163,007)
Interest received	4,693	33,190
Proceeds from investment in sublease	4,039	-
Purchase of property and equipment	(11,581)	(12,398)
Net cash used in investing activities	<u>(1,339,160)</u>	<u>(2,142,215)</u>
Cash flows provided by (used in) financing activities		
Share capital issued	1,422,970	2,837,413
Share issuance costs	(6,691)	(26,178)
Payment of lease liability	(13,441)	-
Net cash provided by financing activities	<u>1,402,838</u>	<u>2,811,235</u>
Increase (decrease) in cash and cash equivalents during the period	(552,230)	(39,135)
Cash and cash equivalents, beginning of period	<u>2,342,510</u>	<u>3,324,071</u>
Cash and cash equivalents, end of period	<u>\$ 1,790,280</u>	<u>\$ 3,284,936</u>

Supplemental Disclosure with Respect to Cash Flows (*Note 11*)

The accompanying notes are an integral part of these condensed interim financial statements.

METALLIS RESOURCES INC.**Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)**

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Metallis Resources Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on June 19, 2007. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “MTS” and on the OTCQB Venture Market under the symbol “MTLFF”. The Company’s registered address and head office is located at Suite #604 - 850 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1E1, and its website is www.metallisresources.com.

The Company is engaged in the exploration of mineral properties and has not yet determined whether any of its properties contain economically recoverable reserves. To date, the Company has not earned any operating revenues and is in the exploration stage. The mining exploration business involves a high degree of risk. The recoverability of the amounts expended on mineral interests by the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its mineral properties and upon future profitable production or proceeds from disposition of its mineral interests.

The Company operates in a single jurisdiction with the single business activity of exploration, and accordingly, segmented information is not required.

These condensed interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

Going Concern of Operations

These condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company has incurred net operating losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing when required and to ultimately develop profitable operations.

In 2017 and 2018, the Company raised enough funds from equity investors to provide for its exploration and working capital needs through 2019. Subsequent to September 30, 2019 the Company completed a flow-through private placement raising \$1,855,601, of which an initial tranche of \$1,003,200 was received and closed during the period ended September 30, 2019. The private placement consisted of the issuance of a total of 2,108,638 flow-through shares issued at a price of \$0.88 per flow-through share, with all of the funds to be spent on qualifying exploration expenses. This late-season financing provides the Company with its 2020 exploration funds.

Other fundraising may be undertaken from time to time, and may include private placements, convertible debentures, third party earn-ins or joint ventures using debt or equity financing structures. To the extent future financing is not available, future working capital commitments beyond 2020 may not be satisfied and future exploration programs may face curtailment and could result in a loss of property ownership or earning opportunities for the Company. In addition, should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. These condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

METALLIS RESOURCES INC.**Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements.

Basis of presentation

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are recorded at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed interim financial statements should be read in conjunction with the Company's annual financial statements and notes thereto for the year ended December 31, 2018 because they do not include all disclosures required in annual financial statements but rather they follow recommendations for condensed interim financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the IASB. These condensed interim financial statements follow the same accounting policies and methods of their application as those followed in the December 31, 2018 annual financial statements, except for the following policies that were adopted by the Company on January 1, 2019:

New accounting standard: IFRS 16 - Leases

This new standard on leases supersedes IAS 17, *Leases*, and related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for fiscal years beginning on or after January 1, 2019. Its purpose is to report information that faithfully represents lease transactions and provides financial statement users with a base to assess the amount, timing, and uncertainties of cash flows arising from leases. The main effect of IFRS 16 is the introduction of a single lessee accounting model requiring a lessee to recognize assets and liabilities for almost all leases, effectively eliminating the off-balance sheet treatment of many leases that were historically classified as operating leases.

At inception, the Company assesses whether a contract is or contains a lease. The assessment involves the exercise of judgment about whether the lease depends on a specified asset, whether the Company obtains substantially all the economic benefits for the use of that asset during the lease term, and whether the Company has the right to direct the use of the asset. If the lease contains an extension option that the Company considers reasonably certain to be exercised, the term of lease for the purpose of adopting IFRS 16 becomes the base lease plus the renewal option, including any associated costs. If the lease includes a purchase option, the cost of the purchase is included in the calculation of lease payments. Lease payments may include fixed and variable components, and only non-index linked variable payments are excluded from IFRS 16, which are accounted for on an expense-as-incurred basis.

METALLIS RESOURCES INC.**Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standard: IFRS 16 - Leases (continued)

Once the leases and their costs and terms are identified, the Company recognizes a right-of-use (“ROU”) asset and a lease liability at the commencement of the lease. The ROU assets are included in Property and equipment, and the lease liability is included in current and non-current liabilities. The lease liability recognized upon lease inception represents the present value of the net remaining lease payments, discounted at an interest rate otherwise required if the asset was acquired through a financing arrangement, using the effective interest method. Lease liability is subsequently reduced by the lease payments made and increased by the interest cost on the liability. The ROU assets are initially measured based on the present value of the lease payments not yet made at the date of adoption, plus initial direct costs and obligations to refurbish the asset, less any incentives received. The ROU assets are depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU assets are subject to testing for impairment if there is an indicator for impairment. Lease expenses which used to be recorded as operating expenses are now be accounted for as interest expense, depreciation, and operating expenses.

When a company subleases a ROU asset, it classifies the sublease as an operating lease if the head lease is a short-term lease and generally otherwise as a finance lease. When the sublease is classified as a finance lease, the lessor derecognizes the ROU asset pertaining to the head lease that it transfers to the sublessee, at the sublease commencement date, but continues to account for the original lease liability. The sublessor recognizes a net investment in sublease and evaluates it for impairment and may use the discount rate in the head lease to measure the net investment in sublease. The Company recognizes finance income on the net investment in the lease, and also records income relating to variable lease payments not included in the measurement of the net investment in the lease.

In applying IFRS 16 for the first time on January 1, 2019, the Company considered the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with similar characteristics;
- accounting for operating leases than have remaining terms of less than 12 months as at January 1, 2019;
- the exclusion of low-value leases;
- the use of hindsight to determine lease terms where contractual rights exist to extend or terminate; and
- the exclusion of initial direct costs in the measurement of ROU assets at the date of adoption.

Accordingly, the Company elected not to recognize ROU assets and liabilities for leases where the total lease term remaining is less than or equal to 12 months at the date of adoption. The Company also elected, for certain low-value assets, to treat them as operating leases and to expense as incurred. The payments for such short-term and low-value leases are recognized in the statement of operations and comprehensive loss on a straight-line basis over the lease term.

The only finance leases identified are the Company’s premises leases, which fall under the scope of IFRS 16. The Company was a party to an office lease on the date of adoption, and during the current period it entered into a new office lease contract and also entered into a sublease agreement for ½ of the office space. Upon adoption, the Company used the modified retrospective method, also known as the cumulative catch-up method, resulting in the recognition of a ROU asset and a lease liability on the date of adoption. The method does not require restatement of comparative figures.

METALLIS RESOURCES INC.

**Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standard: IFRS 16 - Leases (continued)

The impact of IFRS 16 on the condensed interim financial statements of the Company are summarized in tables in Note 8 and its effects are also referenced in Notes 6, 11 and 12. These effects from the application of IFRS 16 include those from the Company's initial lease for the period from adoption on January 1, 2019 to September 30, 2019, a new three-year lease dated July 1, 2019 with related changes to September 30, 2019, and a sublease also dated July 1, 2019, for the period ended September 30, 2019. There were no adjustments required upon adoption of IFRS 16 for finance leases, as the Company did not have any leases previously classified as such on December 31, 2018.

New fixed asset classification

In 2019 the Company purchased furniture and equipment assets which are depreciated at 20% per annum on the declining-balance basis.

Use of judgements and estimates

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements for the year ended December 31, 2018, except for the new significant judgements related to lessee and lessor accounting under IFRS 16. These new judgements primarily included evaluating the appropriate discount rate to use to discount the lease liabilities and net investment in sublease, the determination of the lease term, and assessing if the Company was reasonably certain that it would exercise any lease renewal option. Significant judgements, estimates and assumptions regarding these factors affect the present value of the lease liabilities, the value of the right-of-use assets and the value of the net investment in sublease.

3. RECEIVABLES

	September 30, 2019	December 31, 2018
BC METC - tax credits for qualifying exploration	\$ 544,816	\$ 561,785
Recoverable sales taxes - Canada	88,028	23,849
Accrued interest	32,782	901
Other receivables	-	9,096
Total receivables	\$ 665,626	\$ 595,631

METALLIS RESOURCES INC.

**Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)**

4. DEPOSITS AND PREPAID EXPENSES

The deposits and prepaid expenses of the Company consist of the following:

	September 30, 2019	December 31, 2018
Rental deposit	\$ 6,040	\$ 1,510
Prepaid insurance	1,483	8,158
Prepaid storage	1,631	4,984
Prepaid internet communications and marketing campaigns	-	10,800
Total deposits and prepaid expenses	\$ 9,154	\$ 25,452

5. MARKETABLE SECURITIES

The Company holds marketable securities which were acquired as partial compensation in respect of the sales of certain exploration properties in 2012 and 2016. The marketable securities consist of 225,000 common shares of Seahawk Ventures Inc., a Canadian public company which trades on the CSE Exchange under the symbol "SHV".

The fair value of the SHV shares held at September 30, 2019 is \$66,375 (December 31, 2018 - \$83,250). During the nine-month period ended September 30, 2019, the Company recorded an unrealized loss on marketable securities of \$16,875 (2018 - unrealized gain of \$7,875).

METALLIS RESOURCES INC.

Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

Cost:	<i>Right-of-use assets</i> <i>(note (a))</i>	<i>Furniture & fixtures</i>	<i>Computers and software</i>	<i>Total</i>
Balance, December 31, 2017	\$ -	\$ -	\$ 5,626	\$ 5,626
Additions	-	-	12,398	12,398
Balance, December 31, 2018	-	-	18,024	18,024
Initial recognition of ROU asset upon transition to IFRS 16	18,139	-	-	18,139
Additions	115,038	3,692	1,272	120,002
Derecognition due to sublease	(54,210)	-	-	(54,210)
Lease termination	(18,139)	-	-	(18,139)
Balance, September 30, 2019	\$ 60,828	\$ 3,692	\$ 19,296	\$ 83,816
Accumulated depreciation:				
Balance, December 31, 2017	\$ -	\$ -	\$ 5,063	\$ 5,063
Depreciation for the period	-	-	7,572	7,572
Balance, December 31, 2018	-	-	12,635	12,635
Depreciation for the period	10,511	277	2,515	13,303
Lease termination	(5,442)	-	-	(5,442)
Balance, September 30, 2019	\$ 5,069	\$ 277	\$ 15,150	\$ 20,496
Net book values:				
December 31, 2018	\$ -	\$ -	\$ 5,389	\$ 5,389
September 30, 2019	\$ 55,759	\$ 3,415	\$ 4,146	\$ 63,320

Note (a):

Right-of-use assets include amounts recognized pursuant to the application of IFRS 16 *Leases*, plus leasehold improvement costs of \$6,618.

METALLIS RESOURCES INC.

**Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)**

7. EXPLORATION AND EVALUATION ASSETS – Kirkham Property

	Balance, December 31, 2018	Additions	Balance, September 30, 2019
Acquisition costs	\$ 495,801	\$ -	\$ 495,801
Accommodations and camp costs	510,096	236,876	746,972
Assays and laboratory analysis	131,600	45,107	176,707
Community relations	35,547	37,664	73,211
Drilling	1,482,455	701,126	2,183,581
Field expenses and core shack	51,978	21,912	73,890
Geological and geophysical	1,001,708	270,731	1,272,439
Helicopters and aircraft support	1,126,711	470,033	1,596,744
Licenses, claim fees and permits	66,749	33,786	100,535
Recovery of expenses	(755,090)	8,344	(746,746)
Write-downs	(83,867)	-	(83,867)
	<u>\$ 4,063,688</u>	<u>\$ 1,825,579</u>	<u>\$ 5,889,267</u>

Kirkham Property – Golden Triangle, Skeena Mining Division, British Columbia, Canada

The Kirkham Property (the “Property”) is comprised of 30 mineral claims forming a contiguous block of 10,610 hectares situated in the “Golden Triangle” region of north-western British Columbia, Canada. The Property was assembled through a series of transactions between 2013 and 2015 including staking, re-staking and acquisitions from third parties. Twenty (20) of the mineral claims are subject to third-party Net Smelter Return (“NSR”) royalties of 2%. The Company is entitled to purchase each 1% increment of the NSR royalty for \$500,000.

In June 2018, the Company paid US \$300,000 (\$401,070) to buy back a pre-existing 2% NSR royalty which had applied to two other claims within the Property. The amount paid was recorded as an increase to acquisition costs.

Recovery of expenses includes such things as vendor adjustments, provincial sales tax refunds and BC mineral exploration tax credits.

No impairments on the Property were observed during the period ended September 30, 2019 or the year ended December 31, 2018.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. To the best of its knowledge, the Company's title to its mineral claims and properties are in good standing.

METALLIS RESOURCES INC.

**Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASES

Accounts payable and accrued liabilities of the Company are comprised as follows:

	September 30, 2019	December 31, 2018
Accounts payable	\$ 626,343	\$ 8,254
Accrued liabilities	-	70,000
	\$ 626,343	\$ 78,254

Leases:

The following paragraphs summarize the Company's leases that fall under the scope of IFRS 16, followed by numerical tables and schedules illustrating their impact on the Company's condensed interim financial statements as at the date of adoption on January 1, 2019, as at September 30, 2019, and for the period ended September 30, 2019. A further table, "Rent and non-finance lease transactions for the period ended September 30, 2019", shows the effects of leases which have a component of variable costs which are not related to an index or a rate and therefore do not fall under the reporting requirements of IFRS 16, and are expensed or credited to the statements of operations and comprehensive loss, as applicable.

- i) The Company entered into an office lease extension agreement on June 21, 2018, for a two-year term with fixed monthly costs of \$1,000 per month for year one and \$1,042 per month during year two. The lease payments include a fixed portion and a variable cost portion but only the fixed portion falls under the scope of IFRS 16. A lease liability of \$18,139 was recognized on January 1, 2019 following the adoption of IFRS 16, classified into current and long-term portions. The Company chose to use the modified retrospective method which did not require the restatement of comparative figures. The lease liability was measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate of 8%, as at January 1, 2019. The lease liability is amortized over the lease term following the effective interest method. The Company also concurrently recognized a ROU asset valued at \$18,139, equal to the lease liability as at the date of adoption.
- ii) On July 1, 2019, the Company entered into a new three-year office lease agreement. Concurrently, the former lease dated June 21, 2018 was terminated and derecognized from the balance sheet. The new office lease has fixed monthly lease payments of \$3,375 per month, and following the application of IFRS 16, the Company recognized a lease liability of \$108,420 and a corresponding ROU asset value of the same amount, using the same discount rate used as at the date of adoption. The lease liability is amortized over the lease term following the effective interest method and is classified into current and long-term portions at the end of each reporting period.
- iii) On July 1, 2019, the Company subleased ½ of its new office space to Etruscus Resources Corp. ("ETR"), a public company related by two common directors and a common officer, on July 1, 2019, following the same terms as the head lease. The Company classified the sublease as a finance lease and under IFRS 16, ½ of the ROU value of \$108,420 that was recognized under the new lease was derecognized in respect of the sublease, for which a Net investment in sublease of \$54,210 was recorded. Finance income on the net investment in lease is recognized over the term of the sublease.

METALLIS RESOURCES INC.

Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASES (continued)

Leases: (continued)

A lease liability of \$18,139 was recognized on the date of adoption January 1, 2019, and is reconciled to the operating lease obligations as of December 31, 2018 as follows:

Operating lease obligations as of December 31, 2018	\$ 19,458
Discounting using the January 1, 2019 incremental borrowing rate	<u>(1,319)</u>
Lease liability recognized as of January 1, 2019	<u>\$ 18,139</u>
Current portion	\$ 10,050
Long-term portion	<u>8,089</u>
Total lease liability, January 1, 2019	<u>\$ 18,139</u>

The lease liability and its short and long-term portions as at September 30, 2019 are shown in the following table:

	Office lease 1/1/19-6/30/19	Office lease 7/1/19-9/30/19	Total
Balance at inception	\$ 18,139	\$ 108,420	\$ 126,559
Lease payments	(6,000)	(10,125)	(16,125)
Amortization of discount	637	2,047	2,684
Termination of lease July 1, 2019	<u>(12,776)</u>	<u>-</u>	<u>(12,776)</u>
Balance, end of period	<u>\$ -</u>	<u>\$ 100,342</u>	<u>\$ 100,342</u>
Short-term portion of lease liability	\$ -	\$ 33,970	\$ 33,970
Long-term portion of lease liability	-	66,372	66,372
Total lease liability	<u>\$ -</u>	<u>\$ 100,342</u>	<u>\$ 100,342</u>

Maturity analysis of long-term lease liability:

	2021	2022	Total
Long term lease liability	\$ 39,990	\$ 26,382	\$ 66,372

METALLIS RESOURCES INC.

Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASES (continued)

*Leases: (continued)**Effects of IFRS 16 on the Company's condensed interim financial statements:*

	Date of adoption January 1, 2019	As at September 30, 2019	Nine-months ended September 30, 2019
<i>Statements of financial position:</i>			
Property and equipment- Right of use asset	\$ 18,139	\$ 49,693	\$ 31,554
Net investment in sublease		50,171	50,171
Current liabilities	(10,050)	(33,970)	(23,920)
Long term liabilities	(8,089)	(66,372)	(58,283)
Deficit	-	478	478
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Statements of operations:</i>			
Operating expenses:			
Increase in depreciation			\$ 9,959
Decrease in rent expense			<u>(16,125)</u>
Net decrease in operating expenses:			(6,166)
Other:			
Increase in finance income			(1,103)
Increase in finance costs			2,684
Decrease in rental income			<u>5,063</u>
Net increase in loss for the period			<u>\$ 478</u>

Maturity analysis of lease payments receivable and reconciliation to net investment in sublease:

	2019	2020	2021	2022	Total
Undiscounted lease payments receivable	\$ 8,723	\$ 34,891	\$ 34,891	\$ 17,445	\$ 95,950
Variable cost portion	<u>(3,660)</u>	<u>(14,641)</u>	<u>(14,641)</u>	<u>(7,320)</u>	<u>(40,262)</u>
Undiscounted finance lease payments	5,063	20,250	20,250	10,125	55,688
Finance income	<u>(942)</u>	<u>(2,923)</u>	<u>(1,485)</u>	<u>(167)</u>	<u>(5,517)</u>
Net investment in sublease	<u>\$ 4,121</u>	<u>\$ 17,327</u>	<u>\$ 18,765</u>	<u>\$ 9,958</u>	<u>\$ 50,171</u>

METALLIS RESOURCES INC.

**Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASES (continued)

*Leases: (continued)**Rent and non-finance lease transactions for the period ended September 30, 2019:*

	Lease Dated June 21, 2018	Lease Dated July 1, 2019	Sublease Dated July 1, 2019	Total
Sublease income: variable lease costs, recorded as a credit to rent expense	\$ -	\$ -	\$ (3,660)	\$ (3,660)
Variable lease costs not included in finance leases, recorded under rent expense	5,423	7,320	-	12,743
Other- rents expensed as incurred	-	-	-	<u>166</u>
Total net rent expense				\$ 9,249

9. SHARE CAPITAL

Authorized: Unlimited common shares, without par value

Issued: 35,187,129 common shares (December 31, 2018 - 32,986,079 common shares)

Transactions in 2019:

- a) During the nine-month period ended September 30, 2019, a total of 1,061,050 warrants were exercised for total proceeds of \$419,770.
- b) On September 24, 2019, the Company closed the first tranche of a private placement in the amount of \$1,003,200. The Company issued 1,140,000 flow-through common shares at \$0.88 per flow-through share. Issuance costs of \$6,691 were incurred. No finders' fees were paid. A flow-through premium liability of \$159,600 was recorded in respect of the flow-through shares issued, as a deduction to share capital. For the period ended September 30, 2019, \$54,331 of the flow-through premium liability was amortized to other income on settlement of flow-through premium liability as a result of the Company's expenditures on qualifying exploration expenditures incurred between the date of the first signed subscription agreement and September 30, 2019.

Transactions in 2018:

- a) On January 26, 2018, the Company closed a private placement raising gross proceeds of \$2,181,713. The Company issued 1,897,142 units at a price of \$1.15 per unit. Each unit consists of one common share and 1/2 of one warrant. Each full warrant is exercisable into one common share at \$1.60 per share for a three-year period. No residual value was assigned to the warrant component of the private placement. Total issuance costs of \$26,178 were incurred in connection with the private placement, including a finder's fee of \$10,488.

METALLIS RESOURCES INC.

**Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)**

9. SHARE CAPITAL (continued)

Transactions in 2018: (continued)

- b) During the year ended December 31, 2018, a total of 1,240,450 warrants were exercised for total proceeds of \$618,680.
- c) During the year ended December 31, 2018, a total of 100,000 stock options were exercised for proceeds of \$39,000. The options had a fair value of \$29,590, recorded as an increase to share capital and a decrease to equity reserves.
- d) During 2018, sufficient qualifying exploration expenditures were incurred to offset a flow-through premium liability of \$17,605 carried forward from December 31, 2017 and, accordingly, the amount was recorded as other income on settlement of flow-through premium liability for the year ended December 31, 2018. The liability arose in connection with a flow-through private placement completed in 2017.

Stock options:

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants. At the Company's Annual General Meeting held on June 26, 2019, the shareholders approved the adoption of a 10% Rolling Stock Option Plan. The exercise price of each stock option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the Board of Directors at the time of grant.

Stock options granted to employees or consultants in respect of investor relations activities must follow the vesting provisions of the TSX-V, which allow for vesting of options as to no more than 25% of the grant vesting each three months, measured from the date of grant.

Stock option transactions are summarized as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2017	2,035,000	\$ 0.22
Options exercised	(100,000)	0.39
Options granted	1,150,000	1.32
Balance, December 31, 2018	3,085,000	0.63
Options terminated	(50,000)	1.35
Balance, September 30, 2019	3,035,000	\$ 0.62

METALLIS RESOURCES INC.

**Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)**

9. SHARE CAPITAL (continued)

Stock options:(continued)

As at September 30, 2019 the following incentive stock options were outstanding and exercisable:

Expiry Date	Number of Options	Vested and exercisable	Exercise Price (\$)	Weighted remaining contractual life (years)
April 23, 2021	1,175,000	1,175,000	0.10	1.56
August 18, 2022	760,000	760,000	0.39	2.88
July 13, 2023	1,000,000	1,000,000	1.35	3.79
August 9, 2023	100,000	100,000	1.05	3.86
Total outstanding options	3,035,000	3,035,000		2.70

Share-based compensation:

For the nine-month period ended September 30, 2019, there were no stock options granted.

On August 9, 2018, the Company granted 100,000 stock options to consultants, exercisable at a price of \$1.05 per share for five years. The fair value of the 100,000 options pursuant to the Black-Scholes option pricing model was \$73,271, recorded as share-based compensation.

On July 13, 2018, the Company granted 1,050,000 stock options to its directors, management and consultants, exercisable at a price of \$1.35 share for five years. The fair value of the 1,050,000 options pursuant to the Black-Scholes option pricing model was \$1,041,891, recorded as share-based compensation.

The following parameters were used for determination of fair value of the option grants described above:

	2018
Risk-free interest rate	1.85%
Expected life	2.5 years
Annualized volatility	134%
Forfeiture rate	0%
Dividends	0%

METALLIS RESOURCES INC.

**Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)**

9. SHARE CAPITAL (continued)

Warrants:

Through certain unit offerings that completed, the Company has issued warrants in addition to shares. Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance at December 31, 2017	4,005,622	\$ 0.77
Warrants issued	948,571	1.60
Warrants exercised	<u>(1,240,450)</u>	<u>0.50</u>
Balance at December 31, 2018	3,713,743	1.08
Warrants exercised	(1,061,050)	0.35
Warrants expired	<u>(704,122)</u>	<u>0.80</u>
Balance at September 30, 2019	1,948,571	\$ 1.55

As at September 30, 2019, the following warrants are outstanding:

Expiry Date	Number of Warrants	Exercise Price (\$)	Weighted average remaining contractual life (years)
October 6, 2019	1,000,000	1.50	0.02
January 26, 2021	948,571	1.60	1.33
<u>Total outstanding warrants</u>	<u>1,948,571</u>		<u>0.65</u>

10. RELATED PARTY TRANSACTIONS

The following related parties for the periods presented include directors and key management personnel, including those entities in which such individuals may hold positions that result in them having control or significant influence over the financial or operation policies of these entities:

- a) Avanti Consulting Inc., a company controlled by the current Chief Executive Officer and director of the Company, provides consulting services to the Company;
- b) Lever Capital Corp., a company owned by the current Chief Financial Officer and director, provides consulting services to the Company;

METALLIS RESOURCES INC.

Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (continued)

- c) The Company's Corporate Secretary provides general administrative services, bookkeeping and corporate secretarial services to the Company; and
- d) D. G. Dupre and Associates Inc., is a company that is controlled by the Vice-President of Exploration of the Company which provides the Company with geological consulting services, the amounts of which are capitalized under exploration and evaluation assets.

The aggregate value of fee-based transactions (exclusive of share-based compensation) and outstanding balances relating to the above noted related parties are as follows:

		Transactions for the period ended September 30, 2019	Transactions for the year ended December 31, 2018	Balance payable as at September 30, 2019	Balance payable as at December 31, 2018
Avanti Consulting Inc.	(a)	\$ 99,000	\$ 125,000	\$ -	\$ -
Lever Capital Corp.	(b)	63,000	77,000	-	-
S. Oates	(c)	43,800	82,000	-	-
D.G. Dupre and Associates Inc.	(d)	45,000	60,000	-	-
Total		\$ 250,800	\$ 344,000	\$ -	\$ -

The Company has also recorded receivables from ETR arising primarily from exploration expenses paid on ETR's behalf. At no time did the Company advance any cash to ETR. ETR utilized some of the Company's exploration subcontractor relationships, mainly involving its work camp arrangements. ETR was listed on the CSE Exchange in January 2019 with a qualifying property located in BC's Golden Triangle. It began working on its property in April 2019 and completed its field season early in October 2019. For the upcoming 2020 exploration season, ETR expects to have all critical vendor relationships in place and directly pay for all of its exploration expenses going forward.

ETR and the Company also share an office and the Company expects general day-to-day operations to occasionally have receivable or payables due from or to ETR. The following schedule shows the nature of costs incurred on behalf of ETR and the amounts reimbursed:

Amounts due from ETR:

	Paid on behalf of ETR during the nine- months ended September 30, 2019	Amounts received	Balance receivable as at September 30, 2019	Balance receivable as at December 31, 2018
Exploration costs:				
Camp and accommodations	\$ 183,032	\$ 31,386	\$ 151,646	\$ -
Helicopter	66,677	41,801	24,876	-
Other exploration	21,765	11,867	9,898	-
Office rent and administration	19,249	15,693	3,556	-
Total	\$ 290,723	\$ 100,747	\$ 189,976	\$ -

METALLIS RESOURCES INC.**Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)**

10. RELATED PARTY TRANSACTIONS (continued)

The Company has received an undertaking from ETR to repay the amounts owing, firstly out of its next financing transaction, and should it be insufficient then the balance will be repaid out of each consecutive subsequent financing transaction until such amounts are repaid.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the nine-month period ended September 30, 2019 are as follows:

- a) An unrealized loss on marketable securities was recorded in the amount of \$16,875;
- b) A total flow-through share premium liability of \$159,600 was recorded as a deduction from share capital, in respect of flow-through shares issued by the Company;
- c) Sufficient qualifying exploration expenditures were incurred to partially offset the flow-through premium liability in the amount of \$54,331, recorded as other income on settlement of flow through premium liability for the period;
- d) As at September 30, 2019, exploration and evaluation asset costs of \$514,802 were included in accounts payable and accrued liabilities;
- e) As at September 30, 2019, exploration and evaluation asset cost recoveries of \$544,816 were included in receivables; and
- f) Property and equipment additions of \$108,420 were recorded concurrently with equivalent lease obligations recorded on the statements of financial position as at July 1, 2019 following the application of IFRS 16 in relation to a new three-year office lease. Also on July 1, 2019, ½ of the new office was subleased to ETR, resulting in derecognition of property and equipment of \$54,210, and the recognition of an equivalent net investment in sublease. As at September 30, 2019, those lease-related net property and equipment additions had a net book value of \$49,693 and total lease obligations were \$100,342.

The significant non-cash investing and financing transactions during the nine-month period ended September 30, 2018 were as follows:

- e) An unrealized gain on marketable securities was recorded in the amount of \$7,875;
- f) The fair value of 100,000 stock options exercised during the period for proceeds of \$39,000 was \$29,590, recorded as an increase to share capital and a decrease to equity reserves.
- g) As at September 30, 2018, exploration and evaluation asset costs of \$478,357 were included in accounts payable and accrued liabilities.

METALLIS RESOURCES INC.**Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)**

12. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, due from related party, deposits, marketable securities, net investment in sublease, accounts payable and lease liability. Except for cash and cash equivalents and marketable securities, all financial instruments held by the Company are measured at amortized cost. Nevertheless, the fair values of these financial instruments approximate their carrying value due to their short-term maturities. The fair values of cash and cash equivalents and marketable securities are measured at fair value through profit or loss and any changes to fair value subsequent to initial recognition are recorded in profit or loss for the period in which they occur. Finance income and finance costs arising from financial assets and financial liabilities respectively, are recorded in profit and loss.

Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values, as follows:

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. The Company is normally exposed to credit risk through its cash and cash equivalents and receivables. The Company manages credit risk associated with its cash and cash equivalents by using reputable financial institutions, from which management believes the risk to be remote. Receivables primarily consist of recoverable Canadian sales taxes, Canadian mineral exploration tax credits and accrued interest, which management believes the collectability of these amounts to be assured. Amount due from related party is also considered at low risk of default, due to management having some influence over the operations of the counterparty, the receipt of an undertaking from ETR to repay the amounts owing out of its next financing transaction(s) and the early stage of ETR's exploration cycle. Accordingly, collection of amount due from related party is also believed to be assured.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2019, the Company has cash and cash equivalents of \$1,790,280 (December 31, 2018 - \$2,342,510) to settle total current liabilities of \$765,582 (December 31, 2018 - \$78,254), and because long term liabilities of \$66,372 are just 2.4% of current assets and less than 10% of short term liabilities, a sensitivity analysis of the contractual maturities of the Company's financial assets and liabilities is not presented. Management believes that the Company has sufficient liquidity for its exploration programs and working capital requirements over the ensuing year.

METALLIS RESOURCES INC.**Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)**

12. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Liquidity Risk (continued)

The Company has historically relied on equity and debt financings and asset sales for its capital requirements and will continue to depend upon equity capital and debt as required, beyond 2019, and may also enter into earn-in arrangements or the sale of certain property interests. There can be no assurance the Company will be able to obtain its future financings on acceptable terms. The ability of the Company to continue this course will depend, in part, on the prevailing market conditions and the market interest in financing the Company's mineral property exploration programs.

Interest rate risk

The Company is not exposed to material risk in the event of interest rate fluctuations. The Company has no long-term debt other than a lease liability, has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations, and current interest rates remain historically low. For these reasons the Company believes it is not subject to material risks should interest rates change.

Market risk

The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its marketable securities. Based on the September 30, 2019 portfolio values, every 10% increase or decrease in the share price of marketable securities held would have impacted profit (loss) for the year, up or down, by approximately \$6,638 (December 31, 2018 - \$8,325) before income taxes.

Foreign currency risk

The Company's functional currency is the Canadian dollar and an immaterial amount of transactions are in other currencies. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

13. CAPITAL MANAGEMENT

Capital is defined as the Company's share capital. The Company's objectives when managing capital are to fund critical exploration work, meet its on-going liabilities, continue as a going concern, maintain creditworthiness and to ultimately maximize returns for shareholders over the long term. Meeting current and future liabilities and obligations as a non-revenue early stage explorer requires mid-term planning with respect to financing, by considering current and future cash needs and consideration of the Company's internal, exploration and financing risks at any particular time. The Company endeavors to maintain sufficient capital balances over the periods to alleviate unexpected cash flow shortfalls.

The capital for operations and property exploration has historically come primarily from proceeds from the issuance of common shares. In 2017 and 2018, higher equity prices and liquidity provided opportunities for the Company to complete several private placements at successively higher prices which served to mitigate excessive dilution, while funding its exploration programs and working capital needs well into 2019. With a recent flow-through private placement, the Company has sufficient funds on hand for its 2020 exploration programs and working capital needs over the ensuing year. Further financing may be required for the 2019 exploration season depending upon the scope of exploration undertaken.

METALLIS RESOURCES INC.**Notes to the Condensed Interim Financial Statements
For the nine-month period ended September 30, 2019
(Expressed in Canadian Dollars)**

13. CAPITAL MANAGEMENT (continued)

There were no changes in the Company's capital management objectives during the period ended September 30, 2019.

The Company is not subject to externally imposed capital requirements.

14. EVENTS AFTER THE REPORTING PERIOD

The Company sold all of its 225,000 SHV shares for net proceeds of \$70,907 and will report a capital gain for tax purposes of \$23,657.

The Company completed flow-through private placement on October 16, 2019, raising a total of \$1,885,601 by the issuance of 2,108,638 flow-through common shares, of which the first tranche of 1,140,000 shares closed prior to September 30, 2019 in the amount of \$1,003,200. Subsequent to September 30, 2019, 968,638 flow-through shares were issued for proceeds of \$852,401. There were no finder's fees or agent's fees. All of the funds raised will be spent on qualifying property exploration costs.

1,000,000 share purchase warrants exercisable at \$1.50 per share expired on October 6, 2019.