



GIGAMETALS

CORPORATION

Condensed Interim Consolidated Financial Statements
Nine Months Ended September 30, 2020

Unaudited - Expressed in Canadian Dollars

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

"Mark Jarvis"

Chief Executive Officer

Giga Metals Corporation
Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2020 and December 31, 2019
(Unaudited - Expressed in Canadian Dollars)

| | Notes | September 30, 2020 \$ | December 31, 2019 \$ |
|--|-------|-----------------------------|----------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 4,374,299 | 1,640,642 |
| Receivables | 3 | 147,523 | 1,071,018 |
| Prepaid expenses and deposits | | 76,069 | 64,365 |
| | | 4,597,891 | 2,776,025 |
| Non-current assets | | | |
| Reclamation deposits | | 232,000 | 232,000 |
| Equipment and right of use assets | 4 | 267,728 | 341,163 |
| Exploration and evaluation assets | 5 | 5,443,538 | 4,390,312 |
| | | 5,943,266 | 4,963,475 |
| TOTAL ASSETS | | 10,541,157 | 7,739,500 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade payables and accrued liabilities | 6 | 169,893 | 383,785 |
| Lease obligation – short-term | 7 | 85,049 | 76,070 |
| | | 254,942 | 459,855 |
| Non-current liabilities | | | |
| Lease obligation – long-term | 7 | 152,402 | 217,394 |
| Loan | 8 | 40,000 | - |
| Asset retirement obligations | | 200,000 | 200,000 |
| | | 392,402 | 417,394 |
| TOTAL LIABILITIES | | 647,344 | 877,249 |
| EQUITY | | | |
| Share capital | 9 | 60,131,878 | 55,091,542 |
| Share-based payment reserve | 10 | 6,804,452 | 7,763,393 |
| Deficit | | (57,042,517) | (55,992,684) |
| TOTAL EQUITY | | 9,893,813 | 6,862,251 |
| TOTAL LIABILITIES AND EQUITY | | 10,541,157 | 7,739,500 |

Nature and continuance of operations (Note 1)
Commitments (Note 7, 8 and 9)
Subsequent events (Notes 15)

APPROVED BY:

DIRECTOR "MARK JARVIS" **DIRECTOR** "LYLE DAVIS"

See accompanying notes to the condensed interim consolidated financial statements

Giga Metals Corporation

Condensed Interim Consolidated Statements of Comprehensive Loss

For the three and nine months ended September 30, 2020 and 2019

Unaudited - Expressed in Canadian Dollars

| | Notes | Three months ended September 30, | | Nine months ended September 30, | |
|--|-------|-------------------------------------|-------------------|------------------------------------|-------------------|
| | | 2020 \$ | 2019 \$ | 2020 \$ | 2019 \$ |
| Operating expenses | | | | | |
| Amortization | 5 | 24,478 | 25,402 | 73,435 | 54,365 |
| Consulting fees | | 86,447 | 84,364 | 348,864 | 241,030 |
| Corporate communications and investor relations | | 38,780 | 231,411 | 115,807 | 408,587 |
| Legal, accounting and audit | 11 | 51,820 | 43,178 | 154,788 | 117,359 |
| Management and directors' fees | 11 | 76,219 | 62,988 | 243,514 | 167,809 |
| Office and general | | 43,121 | 60,777 | 114,107 | 199,981 |
| Travel and accommodation | | - | 11,339 | 29,790 | 51,379 |
| Stock-based compensation | 9 | - | 84,450 | 2,662 | 352,707 |
| | | 320,865 | 603,909 | 1,082,967 | 1,593,217 |
| Other items | | | | | |
| Interest income | | (283) | (6,310) | (23,748) | (10,346) |
| Finance charge on lease | 7 | 7,459 | 9,590 | 23,972 | 16,220 |
| Income from sublease of office | 7 | (11,158) | (10,945) | (33,358) | (28,927) |
| Realized loss on sale of marketable securities | | - | 1,343,226 | - | 2,682,350 |
| Change in fair value of marketable securities | | - | (1,215,695) | - | (3,334,120) |
| | | (3,982) | 119,866 | (33,134) | (674,823) |
| Loss and comprehensive loss for the period | | (316,883) | (723,775) | (1,049,833) | (918,394) |
| Loss per share – basic and diluted | | (0.01) | (0.01) | (0.02) | (0.02) |
| Weighted average number of shares outstanding – basic and diluted | | 60,466,022 | 51,267,422 | 57,163,448 | 49,731,017 |

See accompanying notes to the condensed interim consolidated financial statements

Giga Metals Corporation

Condensed Interim Consolidated Statement of Changes in Equity

For the nine months ended September 30, 2020 and 2019

Unaudited - Expressed in Canadian Dollars

| | Share capital | | Share-based payment reserve \$ | Deficit \$ | Total \$ | |
|--------------------------------------|---------------|--------------------------|---|------------------|---------------------|------------------|
| | Notes | Number of shares # | | | | Amount \$ |
| Balance at December 31, 2018 | | 43,149,015 | 53,870,374 | 7,255,441 | (54,329,010) | 6,796,805 |
| Exercise of warrants | | 11,655,000 | 1,150,500 | - | - | 1,150,500 |
| Exercise of options | | 300,000 | 36,134 | (6,134) | - | 30,000 |
| Stock-based compensation | | - | - | 352,707 | - | 352,707 |
| Comprehensive loss for the period | | - | - | - | (918,394) | (918,394) |
| Balance at September 30, 2019 | | 55,104,015 | 55,057,008 | 7,602,014 | (55,247,404) | 7,411,618 |
| Exercise of warrants | | 315,000 | 25,500 | - | - | 25,500 |
| Exercise of options | | 75,000 | 9,034 | (1,534) | - | 7,500 |
| Stock-based compensation | | - | - | 162,913 | - | 162,913 |
| Comprehensive loss for the period | | - | - | - | (745,280) | (745,280) |
| Balance at December 31, 2019 | | 55,494,015 | 55,091,542 | 7,763,393 | (55,992,684) | 6,862,251 |
| Exercise of warrants | | 10,726,535 | 2,668,233 | - | - | 2,668,233 |
| Exercise of options | | 4,060,000 | 1,410,500 | - | - | 1,410,500 |
| Transfer on the exercise of warrants | | - | 2,700 | (2,700) | - | - |
| Transfer on the exercise of options | | - | 958,903 | (958,903) | - | - |
| Stock-based compensation | 9 | - | - | 2,662 | - | 2,662 |
| Comprehensive loss for the period | | - | - | - | (1,049,833) | (1,049,833) |
| Balance at September 30, 2020 | | 70,280,550 | 60,131,878 | 6,804,452 | (57,042,517) | 9,893,813 |

See accompanying notes to the condensed interim consolidated financial statements

Giga Metals Corporation
Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended September 30, 2020 and 2019
Unaudited - Expressed in Canadian Dollars

| | 2020 | 2019 |
|---|------------------|--------------------|
| | \$ | \$ |
| Operating activities | | |
| Loss for the period | (1,049,833) | (918,394) |
| Adjustments for: | | |
| Amortization | 73,435 | 54,365 |
| Stock-based compensation | 2,662 | 352,707 |
| Realized loss on sale of marketable securities | - | (3,334,120) |
| Change in fair value of marketable securities | - | 2,682,350 |
| Changes in non-cash working capital items: | | |
| Receivables | 24,348 | 152,816 |
| Prepaid expenses and deposits | (11,704) | 66,915 |
| Trade payables and accrued liabilities | 25,471 | (37,491) |
| Net cash flows used in operating activities | (935,621) | (980,852) |
| Investing activities | | |
| Expenditures on exploration and evaluation assets | (1,238,258) | (1,373,500) |
| British Columbia Mining tax credits received | 844,816 | - |
| Purchase of equipment | - | (3,594) |
| Net cash flows used in investing activities | (393,442) | (1,377,094) |
| Financing activities | | |
| Proceeds on issuance of common shares | 4,078,733 | 1,180,500 |
| Proceeds from loan | 40,000 | - |
| Proceeds from the sale of marketable securities, net of costs | - | 3,335,330 |
| Principal repayment of lease obligation | (56,013) | (36,310) |
| Net cash flows from financing activities | 4,062,720 | 4,479,520 |
| Increase in cash and cash equivalents | 2,733,657 | 2,121,574 |
| Cash and cash equivalents, beginning | 1,640,642 | 405,849 |
| Cash and cash equivalents, ending | 4,374,299 | 2,527,423 |
| Cash | 4,374,299 | 1,018,809 |
| Cash equivalents | - | 1,508,614 |

Supplemental cash flow information (Note 13)

See accompanying notes to the condensed interim consolidated financial statements

Giga Metals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited - Expressed in Canadian Dollars

For the nine months ended September 30, 2020 and 2019

1. Nature and continuance of operations

Giga Metals Corporation (the "Company" or "Giga Metals") was incorporated on January 17, 1983, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol "GIGA" and the OTCQB under the symbol "HNCKF".

The head office, principal address and records office of the Company are located at 700 West Pender Street, Suite 203, Vancouver, British Columbia, Canada, V6C 1G8. The Company's registered address is 885 West Georgia Street, Suite 800, Vancouver, British Columbia, Canada, V6C 3H1.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company and its subsidiary will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at September 30, 2020, the Company's accrued deficit was \$57,042,517, the Company had not advanced its mineral properties to commercial production and the Company has no other source of revenue from its operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. As at September 30, 2020, the Company had working capital of \$4,342,949, giving the Company the ability to meet current obligations.

During the period, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations.

2. Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 - Interim Financial Reporting. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2019 which have been prepared in accordance with IFRS as issued by the IASB.

In the preparation of these interim condensed consolidated financial statements, the Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2019.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

References herein to "\$" are to the Canadian dollar and "US\$" are to the United States dollar.

These condensed interim consolidated financial statements were approved by the Board of Directors on November 27, 2020.

Giga Metals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited - Expressed in Canadian Dollars

For the nine months ended September 30, 2020 and 2019

3. Receivables

| | September 30, 2020 \$ | December 31, 2019 \$ |
|--|-----------------------------|----------------------------|
| Goods and Service sales tax | 30,399 | 61,021 |
| British Columbia mining exploration tax credits ⁽¹⁾ | 108,226 | 1,007,373 |
| Interest receivable and other receivables | 8,898 | 2,624 |
| | 147,523 | 1,071,018 |

⁽¹⁾ The Company received the 2018 British Columbia mining exploration tax credit of \$844,816 in July 2020. The remaining receivable is the 2019 British Columbia mining exploration tax credit.

4. Equipment and right of use assets

| | Right of use assets - leases \$ | Motor Vehicles \$ | Computer equipment \$ | Exploration and office equipment \$ | Total \$ |
|-----------------------|--|-------------------------|-----------------------------|--|-------------|
| Cost: | | | | | |
| At December 31, 2019 | 347,048 | 45,652 | 78,294 | 63,991 | 534,985 |
| Additions | - | - | - | - | - |
| At September 30, 2020 | 347,048 | 45,652 | 78,294 | 63,991 | 534,985 |
| Depreciation: | | | | | |
| At December 31, 2019 | 65,073 | 30,366 | 40,285 | 58,098 | 193,822 |
| Charge for the period | 65,073 | 3,439 | 4,038 | 885 | 73,435 |
| At September 30, 2020 | 130,146 | 33,805 | 44,323 | 58,983 | 267,257 |
| Net book value: | | | | | |
| At December 31, 2019 | 281,975 | 15,286 | 38,009 | 5,893 | 341,163 |
| At September 30, 2020 | 216,902 | 11,847 | 33,971 | 5,008 | 267,728 |

Giga Metals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited - Expressed in Canadian Dollars

For the nine months ended September 30, 2020 and 2019

5. Exploration and evaluation assets

The Company's deferred exploration costs are as follows:

| | Balance, December 31, 2018 \$ | Change in year 2019 \$ | Balance, December 31, 2019 \$ | Change in period 2020 \$ | Balance, September 30, 2020 \$ |
|--|--|------------------------------|--|-----------------------------------|---|
| Mineral property interests | 179,500 | - | 179,500 | - | 179,500 |
| Assays and testing | 2,299,514 | 40,236 | 2,339,750 | 15,622 | 2,355,372 |
| Claims renewal / staking | 471,644 | 7,555 | 479,199 | - | 479,199 |
| Drilling | 14,343,279 | 18,478 | 14,361,757 | - | 14,361,757 |
| Environmental studies | 1,671,686 | 143,935 | 1,815,621 | 64,756 | 1,880,377 |
| Exploration data management | 955,078 | 10,142 | 965,220 | 10,688 | 975,908 |
| First Nations | 221,024 | 29,444 | 250,468 | 25,476 | 275,944 |
| Geochemistry | 111,066 | - | 111,066 | - | 111,066 |
| Geological and engineering services | 9,606,491 | 903,283 | 10,509,774 | 520,432 | 11,030,206 |
| Geophysical services | 801,643 | - | 801,643 | - | 801,643 |
| Metallurgy | 4,124,650 | 437,133 | 4,561,783 | 298,161 | 4,859,944 |
| Petrographic work | 43,957 | - | 43,957 | - | 43,957 |
| Project management | 106,015 | - | 106,015 | - | 106,015 |
| Survey, mapping and camp | 2,574,205 | 196,228 | 2,770,433 | 92,198 | 2,862,631 |
| Transportation | 2,877,751 | 107,190 | 2,984,941 | 13,944 | 2,998,885 |
| Advances | - | 71,645 | 71,645 | (42,382) | 29,263 |
| Cost recovery | (56,480) | - | (56,480) | - | (56,480) |
| Asset retirement obligations | - | 200,000 | 200,000 | - | 200,000 |
| Property impairments | (33,058,924) | - | (33,058,924) | - | (33,058,924) |
| BC refundable mining exploration tax credits | (3,100,268) | (108,226) | (3,208,494) | 54,331 | (3,154,163) |
| Federal non-refundable mining tax credits, net of valuation allowance | (61,185) | - | (61,185) | - | (61,185) |
| Book value at date of sale of net smelter royalty | (1,777,377) | - | (1,777,377) | - | (1,777,377) |
| | 2,333,269 | 2,057,043 | 4,390,312 | 1,053,226 | 5,443,538 |

The Company has a 100% interest in certain mineral claims, located along the Turnagain River in British Columbia, Canada. One claim is subject to a 4% net smelter return royalty ("NSR"). The Company has the option to purchase all or part of the NSR within four years of commercial production for a price of \$1,000,000 per 1% NSR.

Giga Metals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited - Expressed in Canadian Dollars

For the nine months ended September 30, 2020 and 2019

In July 2018, the Company sold a 2% NSR on all future metal production from the Turnagain Nickel-Cobalt Project. The Company has the right to repurchase 0.5% of the 2% NSR ("Repurchase Option") for US\$20 million, which if exercised would result in a 1.5% remaining NSR. The one-time Repurchase Option is only exercisable prior to the fifth anniversary of the NSR Agreement. The purchaser of the NSR has a right of first refusal on any future sale by Giga Metals of a royalty or product stream or similar instrument.

6. Trade payables and accrued liabilities

| | September 30, 2020 \$ | December 31, 2019 \$ |
|---------------------|-----------------------------|----------------------------|
| Trade payables | 119,653 | 235,421 |
| Accrued liabilities | 50,240 | 148,364 |
| | 169,893 | 383,785 |

7. Lease obligations

The Company entered into an office lease in April 1, 2019 and the Company recognized a lease obligation with respect to the lease. The terms and the outstanding balances as at September 30, 2020 and December 31, 2019 are as follows:

| | September 30, 2020 \$ | December 31, 2019 \$ |
|--|-----------------------------|----------------------------|
| Right-of-use asset from office lease repayable in monthly instalments of \$9,364 and an interest rate of 12.5% per annum and an end date of March 31, 2023 | 237,451 | 293,464 |
| Less: current portion | (85,049) | (76,070) |
| Non-current portion | 152,402 | 217,394 |

The following is a schedule of the Company's future minimum lease payments related to the office lease obligation:

| | September 30, 2020 \$ |
|---|-----------------------------|
| 2020 | 26,860 |
| 2021 | 109,227 |
| 2022 | 111,609 |
| 2023 | 28,051 |
| 2024 | - |
| Total minimum lease payments | 275,747 |
| Less: imputed interest | (38,296) |
| Total present value of minimum lease payments | 237,451 |
| Less: current portion | (85,049) |
| Non-current portion | 152,402 |

Giga Metals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited - Expressed in Canadian Dollars

For the nine months ended September 30, 2020 and 2019

The Company subleases part of their office space to other companies. One sublease with a related party (Note 11) is month to month lease at a rate of \$2,346 per month and one sublease is for a period of four years at \$1,374 per month. The total lease income from the subleasing of the office for the nine months ended September 30, 2020 was \$33,358 (2019 - \$28,927).

8. Loan

During the nine months ended September 30, 2020, the Company obtained an unsecured \$40,000 loan as part of the government's economic response plan to the COVID-19 pandemic. The loan is interest free and is eligible for 25% forgiveness if \$30,000 is fully repaid by December 31, 2022. If not repaid in full by the maturity date, the loan will be converted into a loan at a fixed interest rate of 5% per annum with a maturity date of December 31, 2025.

9. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2020, there were 70,280,550 issued and fully paid common shares (December 31, 2019 – 55,494,015).

Financings

During the nine months ended September 30, 2020 and 2019, the Company did not complete any equity financings.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the nine months ended September 30, 2020 was based on the loss attributable to common shareholders of \$1,049,833 (2019 - \$918,394) and the weighted average number of common shares outstanding of 57,163,448 (2019 – 49,731,017).

Diluted loss per share did not include the effect of 1,375,000 stock options and 1,143,466 warrants as the effect would be anti-dilutive.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all investor relations and technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

Giga Metals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited - Expressed in Canadian Dollars

For the nine months ended September 30, 2020 and 2019

On exercise, each option allows the holder to purchase one common share of the Company. The changes in options during the nine months ended September 30, 2020 and the year ended December 31, 2019 are as follows:

| | Nine months ended September 30, 2020 | | Year ended December 31, 2019 | |
|--------------------------------|---|--|---------------------------------|--|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Options outstanding, beginning | 5,535,000 | \$ 0.34 | 3,960,000 | \$ 0.36 |
| Options granted | - | | 2,175,000 | 0.30 |
| Options exercised | (4,060,000) | 0.35 | (375,000) | 0.10 |
| Options expired/forfeited | (100,000) | 0.30 | (225,000) | 0.64 |
| Options outstanding, ending | 1,375,000 | \$ 0.32 | 5,535,000 | \$ 0.34 |
| Options exercisable, ending | 1,375,000 | \$ 0.32 | 5,253,750 | \$ 0.34 |

The weighted average share price on the date of option exercise during the nine months ended September 30, 2020 was \$1.45 (2019 - \$0.28).

Details of options outstanding as at September 30, 2020 are as follows:

| Exercise price | Weighted average contractual life | Number of options outstanding |
|----------------|--------------------------------------|----------------------------------|
| \$0.10 | 0.75 years | 500,000 |
| \$0.30 | 3.82 years | 50,000 |
| \$0.35 | 3.21 years | 300,000 |
| \$0.40 | 2.01 years | 150,000 |
| \$0.55 | 2.35 years | 300,000 |
| \$0.60 | 2.07 years | 75,000 |
| \$0.32 | 1.96 years | 1,375,000 |

Stock-based compensation

During the nine months ended September 30, 2020, the Company recorded \$2,662 (2019 - \$352,707) of stock-based compensation to the statement of comprehensive loss based on the vesting of stock options granted.

Warrants

On exercise, each warrant allows the holder to purchase one common share of the Company. The changes in warrants outstanding during the nine months ended September 30, 2020 and the year ended December 31, 2019 are as follows:

Giga Metals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited - Expressed in Canadian Dollars

For the nine months ended September 30, 2020 and 2019

| | Nine months ended September 30, 2020 | | Year ended December 31, 2019 | |
|---------------------------------|---|------------------------------|---------------------------------|------------------------------|
| | Number of warrants | Average exercise price | Number of warrants | Average exercise price |
| Warrants outstanding, beginning | 11,870,001 | \$ 0.29 | 23,876,801 | \$ 0.20 |
| Warrants issued | - | | - | |
| Warrants exercised | (10,726,535) | 0.25 | (11,970,000) | 0.10 |
| Warrants expired | - | | (36,800) | 0.70 |
| Warrants outstanding, ending | 1,143,466 | \$ 0.70 | 11,870,001 | \$ 0.29 |

Details of warrants outstanding as at September 30, 2020 are as follows:

| Exercise price | Weighted average contractual life | Number of warrants outstanding |
|----------------|--------------------------------------|-----------------------------------|
| \$0.45 | 0.07 years | ⁽¹⁾ 14,300 |
| \$0.70 | 0.23 years | ⁽²⁾ 1,129,166 |
| \$0.70 | 0.23 years | 1,143,466 |

(1) Subsequent to September 30, 2020, 14,300 of these warrants were exercised for proceeds of \$6,435.

(2) Subsequent to September 30, 2020, 50,000 of these warrants were exercised for proceeds of \$35,000.

10. Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and the fair value of agent's warrants until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

11. Related party transactions

| | Three months ended September 30, | | Nine months ended September 30, | |
|--------------------------|-------------------------------------|---------|------------------------------------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Accounting fees | 6,987 | 7,335 | 25,441 | 24,382 |
| Directors' fees | 16,500 | 24,000 | 61,500 | 47,927 |
| Management fees | 57,000 | 37,500 | 171,000 | 112,500 |
| Stock-based compensation | - | 34,088 | - | 191,866 |
| | 80,487 | 102,923 | 257,941 | 376,675 |

There was \$4,385 owing to related parties at September 30, 2020 (December 31, 2019 - \$2,284) included in accounts payable. The balances owing are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management includes the Chief Executive Officer, the Chief Financial Officer and the directors of the Company. Compensation paid or payable to key management for services during the nine months ended September 30, 2020 amounted to \$217,441 (2019 - \$144,309) for short-term benefits and \$nil (2019 - \$191,866) for stock-based compensation.

Giga Metals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited - Expressed in Canadian Dollars

For the nine months ended September 30, 2020 and 2019

The Company has a month to month office sublease with a company with common directors (Note 7).

12. Financial instruments and financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. All of the cash is deposited in bank accounts held with one major bank in Canada. Since all of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government taxes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents as well as the timing of British Columbia mining tax credits.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at September 30, 2020:

| | Within one year | Between one and five years | More than five years |
|--|----------------------------|---|---------------------------------|
| Trade payables and accrued liabilities | \$ 169,893 | \$ - | \$ - |
| Lease obligation | 85,049 | 152,402 | - |
| Loan | - | 40,000 | - |
| Asset retirement obligations | - | - | 200,000 |
| | \$ 254,942 | \$ 192,402 | \$ 200,000 |

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has exposure to foreign exchange risk with respect to its cash balances. As at September 30, 2020, the Company had \$35,621 held in US dollars.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any significant interest rate risk.

Other Price Risk

Other price risk is the risk that the fair value of a financial instrument changes due to market risks other than foreign exchange risk or interest rate risk. The Company has no exposure to this risk.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

| | September 30, 2020 \$ | December 31, 2019 \$ |
|---|-----------------------------|----------------------------|
| Amortized cost: | | |
| Interest receivable and other receivables | 8,898 | 860 |
| Reclamation deposits | 232,000 | 232,000 |
| Fair value through profit or loss: | | |
| Cash and cash equivalents | 4,374,299 | 1,640,642 |
| | 4,615,197 | 1,873,502 |

Financial liabilities included in the statement of financial position are as follows:

| | September 30, 2020 \$ | December 31, 2019 \$ |
|--|-----------------------------|----------------------------|
| Amortized cost: | | |
| Trade payables and accrued liabilities | 169,893 | 383,785 |
| Lease obligation | 237,451 | 293,464 |
| Loan | 40,000 | - |
| Asset retirement obligations | 200,000 | 200,000 |
| | 647,344 | 877,249 |

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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 following is an analysis of the Company's financial assets measured at fair value as at September 30, 2020 and December 31, 2019:

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| | As at September 30, 2020 | | |
|---------------------------|--------------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 |
| Cash and cash equivalents | \$ 4,374,299 | \$ - | \$ - |
| Total | \$ 4,374,299 | \$ - | \$ - |

| | As at December 31, 2019 | | |
|---------------------------|-------------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 |
| Cash and cash equivalents | \$ 1,640,642 | \$ - | \$ - |
| Total | \$ 1,640,642 | \$ - | \$ - |

13. Supplemental cash flow information

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the nine months ended September 30, 2020, the following transactions were excluded from the statement of cash flows:

- Exploration and evaluation asset expenditures of \$76,234 included in accounts payable and accrued liabilities at September 30, 2020, less expenditures included in accounts payable at December 31, 2019 of \$315,597 (net inclusion of \$239,363);
- Exploration and evaluation asset recovery of \$108,226 included in receivables at September 30, 2020, less amount included in receivables at December 31, 2019 of \$1,007,373 (net inclusion of \$899,147);
- The transfer from share-based payment reserve to share capital of \$961,603, representing the book value of stock options and warrants exercised.

During the nine months ended September 30, 2019, the following transactions were excluded from the statement of cash flows:

- Exploration and evaluation asset expenditures of \$200,278 included in accounts payable and accrued liabilities at September 30, 2019, less expenditures included in accounts payable at December 31, 2018 of \$216,360 (net inclusion of \$16,082); and,
- Exploration and evaluation asset recovery of \$899,147 included in receivables at September 30, 2019 and December 31, 2018.

14. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

All of the Company's assets are located in Canada.

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15. Subsequent events

Exercise of warrants

Subsequent to September 30, 2020, 50,000 warrants at \$0.70 per share were exercised for proceeds of \$35,000 and 14,300 warrants at \$0.45 per share were exercised for proceeds of \$6,435.