

# **Equity Metals Corporation**

*(formerly New Nadina Explorations Limited)*

*(An Exploration Stage Company)*

Condensed Interim Consolidated Financial Statements

**Three and Six months ended February 29, 2020 and February 28, 2019**

*(unaudited - expressed in Canadian dollars)*

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3), 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 interim financial statements of Equity Metals Corporation (formerly New Nadina Explorations Limited) (the “Company”) have been prepared by and are the responsibility of the Company’s management. The condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management’s best estimates and judgments based on information currently available.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the annual audit and reviews the condensed consolidated interim financial statements prior to their submission to the Board of Directors for approval.

The accompanying condensed consolidated interim financial statements have not been reviewed by the Company’s independent auditor.

# Equity Metals Corporation

(An Exploration Stage Company)

## Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)

	Note	February 29, 2020	August 31, 2019
<b>Assets</b>			
Current			
Cash		298,662	35,583
Receivables and prepaids		215,964	79,628
		514,626	115,211
Non-current assets			
Reclamation deposits	7	152,074	82,500
Property and equipment	6	73,804	82,653
Exploration and evaluation assets	7	38,415	38,415
		778,919	318,779
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities		36,259	91,226
Deferred exploration cost recoveries	7	55,782	-
Amounts due to related parties	9	28,278	23,716
		120,319	114,942
<b>Equity</b>			
Share capital	8	15,753,514	14,906,712
Reserves	8	3,165,675	2,918,312
Deficit		(18,156,789)	(17,517,387)
Accumulated other comprehensive loss		(103,800)	(103,800)
		658,600	203,837
		778,919	318,779

**Going concern** (note 1)

**Subsequent events** (note 15)

**Approved by the Board of Directors on April 27, 2020:**

(signed) "Courtney Shearer"

(signed) "Joseph A. Kizis"

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

# Equity Metals Corporation

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)  
For the three and six months ended February 29, 2020 and February 28, 2019

(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended		Six months ended	
		February 29, 2020	February 28, 2019	February 29, 2020	February 28, 2019
		\$	\$	\$	\$
<b>Exploration Expenses</b>					
Exploration expenses, net of recoveries	7	55,158	33,927	88,440	131,801
<b>Administration expenses</b>					
Insurance		-	2,405	4,310	3,206
Legal, audit and accounting		53,690	7,853	125,459	30,333
Consulting		59,436	-	111,336	-
Licences, fees and other		14,858	6,703	20,269	10,477
Office rent and building expenses		16,200	2,400	31,200	7,200
Printing, stationery and office		8,595	7,671	26,167	7,671
Payroll and management fees		18,210	18,252	31,887	30,814
Shared-based compensation		104,815	68,694	104,815	68,694
Telephone		640	1,662	3,501	1,947
Transfer agent fees		6,349	5,891	9,365	7,265
Travel and promotion		54,014	12,962	91,549	13,586
Interest income and miscellaneous		(6,576)	482	(10,057)	(566)
		(330,231)	(134,975)	(549,801)	(180,627)
Foreign exchange (gain)/loss		103	-	1,161	-
<b>Net loss for the period</b>		<b>(385,492)</b>	<b>(168,902)</b>	<b>(639,402)</b>	<b>(312,428)</b>
<b>Other comprehensive income (loss)</b>					
Realized loss on sale of marketable securities	5	-	(46,129)	-	(46,129)
Transfer from unrealized to realized loss on sale of marketable securities	5	-	51,270	-	34,180
<b>Total other comprehensive loss for the period</b>		<b>-</b>	<b>5,141</b>	<b>-</b>	<b>(11,949)</b>
<b>Total comprehensive loss for the period</b>		<b>(385,492)</b>	<b>(163,761)</b>	<b>(639,402)</b>	<b>(324,377)</b>
<b>Basic and diluted net earnings per share</b>		<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.02)</b>
<b>Weighted average number of shares outstanding</b>		<b>28,189,433</b>	<b>15,054,433</b>	<b>38,776,229</b>	<b>15,054,433</b>

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

# Equity Metals Corporation

(An Exploration Stage Company)

## Condensed Interim Consolidated Statements of Changes in Equity

For the three and six months ended February 29, 2020 and February 28, 2019

(Unaudited - Expressed in Canadian dollars)

	Share Capital	Share Capital	Reserves	AOCI(L) <sup>(1)</sup>	Deficit	Total
	Number	\$	\$	\$	\$	\$
Balance, September 1, 2018	15,054,433	14,906,712	2,818,806	(91,851)	(16,834,378)	799,289
						-
Share-based payments	-	-	68,694	-	-	68,694
Realized loss on marketable securities	-	-	-	(11,949)	-	(11,949)
Comprehensive loss for the period	-	-	-	-	(312,428)	(312,428)
<b>Balance, February 28, 2019</b>	<b>15,054,433</b>	<b>14,906,712</b>	<b>2,887,500</b>	<b>(103,800)</b>	<b>(17,146,806)</b>	<b>543,606</b>
Share-based payments	-	-	30,812	-	-	30,812
Comprehensive loss for the period	-	-	-	-	(370,581)	(370,581)
<b>Balance, August 31, 2019</b>	<b>15,054,433</b>	<b>14,906,712</b>	<b>2,918,312</b>	<b>(103,800)</b>	<b>(17,517,387)</b>	<b>203,837</b>
Shares issued on private placement	13,135,000	916,962	133,838	-	-	1,050,800
Less: Issue costs	-	(70,160)	8,710	-	-	(61,450)
Share-based payments	-	-	104,815	-	-	104,815
Comprehensive loss for the period	-	-	-	-	(639,402)	(639,402)
<b>Balance, February 29, 2020</b>	<b>28,189,433</b>	<b>15,753,514</b>	<b>3,165,675</b>	<b>(103,800)</b>	<b>(18,156,789)</b>	<b>658,600</b>

<sup>(1)</sup> Accumulated other comprehensive income (loss)

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

# Equity Metals Corporation

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Cash Flows

For the six months ended February 29, 2020 and February 28, 2019

(Unaudited - Expressed in Canadian dollars)

	February 29, 2020	February 28, 2019
	\$	\$
<b>Cash flows from operating activities</b>		
Net income for the period	(639,402)	(312,428)
Items not affecting cash		
Depreciation	8,849	9,109
Share-based payments	104,815	68,694
	(630,553)	(234,625)
Changes in non-cash operating working capital		
Change in receivables and prepaids	(136,336)	4,087
Change in deferred exploration cost recoveries	55,782	-
Change in accounts payable and accrued liabilities	(54,967)	(50,720)
Change in amounts due to related parties	4,562	-
<b>Cash used in operating activities</b>	(761,512)	(281,258)
<b>Cash flows from investing activities</b>		
Mineral property bond security deposits	(69,574)	-
Purchase of equipment	-	(54,900)
Proceeds on sale of marketable securities	-	11,550
<b>Cash from (used in) investing activities</b>	(69,574)	(43,350)
<b>Cash flows from financing activities</b>		
Proceeds from private placement	1,050,800	-
Share issue costs	(61,450)	-
<b>Cash from (used in) financing activities</b>	989,350	-
<b>Increase (decrease) in cash and cash equivalents</b>	263,079	(324,608)
Cash - Beginning of period	35,583	584,390
<b>Cash - End of period</b>	298,662	259,782

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

# Equity Metals Corporation

*(An Exploration Stage Company)*

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 29, 2020 and February 28, 2019

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*(Unaudited - Expressed in Canadian dollars)*

## 1 Nature of operations and going concern

Equity Metals Corporation (“Equity Metals Corporation” or the “Company”) was incorporated pursuant to the laws of British Columbia on April 7, 1964. On September 12, 2019 the Company changed its name from New Nadina Explorations Limited to Equity Metals Corporation and changed its stock symbol to “EQTY” from “NNA”. The Company is principally engaged in the acquisition, exploration and development of mineral and diamond properties in British Columbia, Saskatchewan and the Northwest Territories. The Company trades on the TSX Venture Exchange under the trading symbol “EQTY” and is extra-provincially registered in the Province of Saskatchewan and extra-territorially registered in the Northwest Territories.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months.

The Company has incurred losses since inception and expects to incur further losses in the development of its business and at February 29, 2020, the Company had a working capital of \$394,307 and at that date, the Company also had an accumulated deficit of \$18,156,789 which has been funded primarily by the issuance of equity.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to explore its mineral properties. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These factors may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## 2 Basis of presentation

### Statement of compliance

The Company’s condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended August 31, 2019, which have been prepared in accordance with IFRS.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended August 31, 2019.

### Basis of consolidation

These financial statements include the financial statements of the Company and its 100% controlled subsidiary, 1157274 B.C. Ltd. which was incorporated by the Company on March 19, 2018. Subsidiaries are entities controlled by the Company and are included in the financial statements from the date that control commences until the date that control ceases. The Company and its subsidiary apply the same accounting policies. All material intercompany balances are eliminated on consolidation.

# Equity Metals Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 29, 2020 and February 28, 2019

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(Unaudited - Expressed in Canadian dollars)

## 3 Adoption of new accounting standards

(i) *New Accounting Standards Adopted During the Period*

### **IFRS 16, Leases**

The new standard eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing an asset. The new leasing standard is applicable to all entities and will supersede current lease accounting standards under IFRS. IFRS 16 is mandatory for the Company's annual period beginning on September 1, 2019. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

## 4 Use of estimates, assumptions and judgments

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended August 31, 2019.

## 5 Marketable securities

On February 15, 2017, the Company acquired 2,222,250 common shares in Golden Dawn Minerals Inc. ("Golden Dawn") pursuant to the disposition of Kettle River Resources Ltd. ("Kettle River") to Golden Dawn. The shares were valued at \$0.27 on acquisition.

On February 21, 2019, the Company sold its remaining holding of 213,625 common shares of Golden Dawn at a price of \$0.055, which net of fees, resulted in a cumulative realized loss of \$46,129 in each of the three and six months ended February 28, 2019. At that time the Company transferred unrealized losses of \$51,270 and \$34,180, respectively, for the three and six months ended February 28, 2019, from unrealized loss to realized loss within other comprehensive income.



# Equity Metals Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 29, 2020 and February 28, 2019

(Unaudited - Expressed in Canadian dollars)

## 6 Property and equipment

	<b>Building</b>	<b>Equipment</b>	<b>Total</b>
	\$	\$	\$
<b>Cost</b>			
Balance at August 31, 2019	148,032	129,859	277,891
Additions	-	-	-
<b>Balance as at February 29, 2020</b>	<b>148,032</b>	<b>129,859</b>	<b>277,891</b>
<b>Accumulated depreciation</b>			
Balance at August 31, 2019	118,996	76,242	195,238
Depreciation	2,831	6,018	8,849
<b>Balance as at February 29, 2020</b>	<b>121,827</b>	<b>82,260</b>	<b>204,087</b>
<b>Net book value</b>			
Balance at August 31, 2019	29,036	53,617	82,653
<b>Balance as at February 29, 2020</b>	<b>26,205</b>	<b>47,599</b>	<b>73,804</b>

## 7 Exploration and evaluation assets

Costs to acquire the main property claims are capitalized and costs to acquire claims peripheral to the main property claims and exploration expenditures relating to mineral properties are expensed as incurred. The carrying value of the Company's mineral properties does not reflect current or future value. Payments received for exploration rights on the Company's mineral properties are treated as cost recoveries and are credited to reduce the cost of exploration expenditures related to the mineral claims with any excess, on an aggregate basis, recorded as income. Option payments are recorded as incurred. Reclamation and site restoration costs including site maintenance and care-taking are expensed when incurred.

	<b>August 31, 2019</b>	<b>August 31, 2018</b>
	\$	\$
<b>Acquisition cost of exploration and evaluation assets</b>		
Saskatchewan property (100% interest)	-	-
Silver Queen property (100% interest)	38,413	38,413
Monument Diamond property (57.49% interest)	1	1
DHK Diamonds Inc. – NWT (43.37% interest)	1	1
	<b>38,415</b>	38,415

# Equity Metals Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 29, 2020 and February 28, 2019

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(Unaudited - Expressed in Canadian dollars)

## **Silver Queen property, British Columbia - Omineca Mining Division (100%)**

The Company has a 100% interest in the Silver Queen Property, located in the Omineca Mining Division, of British Columbia. The property includes 2 surface title owned crown grants, and 17 crown-granted (undersurface) titles and 45 tenure claims. As at February 29, 2020 a reclamation deposit of \$23,500 is held in relation to the Silver Queen property.

## **Monument Diamond property, Lac de Gras NWT (57.49%)**

In May 2002, the Company acquired from DHK Diamonds Inc. three claims and took them to lease in the Mackenzie District Mining Division, Northwest Territories. An Agreement provides for a 1% gross overriding royalty payable to each of DHK Diamonds Inc. and Royal Gold Inc. (Kennecott Canada Explorations Inc.). Equity Metals is the operator and retains 57.49% with two other parties holding the remaining participating interest in the mineral claims.

In July 2017, the Company acquired 2 staked claims adjacent to the northern boundary of the 3 mineral leases.

The Company currently holds a five-year Type "A" Land Use Permit by the Wek'eezhii Land and Water Board which was renewed in September 2019 and expires on September 1, 2024.

As at February 29, 2020 a reclamation deposit of \$128,574 is held by the Government of Northwest Territories in relation to the Monument property. At February 29, 2020 there was \$55,782 (August 31, 2019 - \$nil) included in deferred exploration cost recoveries representing amounts from joint venture partners to be applied against property reclamation costs to be incurred subsequent to the period end.

## **DHK Diamonds Inc. (property acquired through Kettle River)**

The Company has acquired 43.37% of DHK Diamonds Inc. ("DHK") a private company incorporated and registered in the Northwest Territories, previously owned by Kettle River Resources Ltd.

### **Current DHK shareholder interest:**

- Equity Metals Corporation 43.37%
- Dentonia Resources Ltd. 43.37%
- Cosigo Resources Ltd. (formerly Horseshoe Gold Mining Inc.) 13.26%

DHK is a partner in the WO claim block, a diamond property in the Northwest Territories. As of August 31, 2019, DHK has a 10.301% (August 31, 2018 - 10.301%) contributing interest in the WO Joint Venture which is operated by Peregrine Diamonds Ltd. Should DHK reduce to less than a 4% participating interest, they revert to a 0.25% gross overriding royalty.

Operations and funding provisions of DHK are governed by a 1992 Shareholders' Agreement where each shareholder appoints two directors to the board and certain activities require 75% board approval.

Through an agreement dated October 24, 2003 DHK holds a 1.0% gross overriding royalty on three leases within the Monument Diamond Property (see above) which is operated by, and owned 57.49% by, the Company.

# Equity Metals Corporation

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 29, 2020 and February 28, 2019

(Unaudited - Expressed in Canadian dollars)

## Saskatchewan property (100%)

The Company holds a 100% interest in a silica quarrying mineral lease which covers an area of 21.85 hectares and expires in December 2019. The lease was renewed subsequent to year-end and expires in December 2024.

During the six months ended February 29, 2020, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Saskatchewan property	Silver Queen property	Monument Diamond property	DHK Diamonds properties	Total
	\$	\$	\$	\$	\$
Assay analysis	-	-	-	-	-
Camp preparation	-	560	-	-	560
Depreciation	-	8,849	-	-	8,849
Drilling	-	-	-	-	-
General exploration	133	97,840	10,313	-	108,286
Geology	-	-	-	-	-
Property, assessment/taxes	306	-	-	-	306
	439	107,249	10,313	-	118,001
Less: Recoveries from JV participants	-	-	(29,561)	-	(29,561)
	439	107,249	(19,248)	-	88,440

During the six months ended February 28, 2019, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Saskatchewan property	Silver Queen property	Monument Diamond property	DHK Diamonds properties	Total
	\$	\$	\$	\$	\$
Assay analysis	-	1,228	-	-	1,228
Camp preparation	-	4,835	-	-	4,835
Depreciation	-	9,109	-	-	9,109
Drilling	-	10,123	-	-	10,123
General exploration	151	109,564	23,476	-	133,191
Geology	-	2,925	-	-	2,925
Property, assessment/taxes	206	618	-	-	824
	357	138,402	23,476	-	162,235
Less: Recoveries from JV participants	-	-	(30,434)	-	(30,434)
	357	138,402	(6,958)	-	131,801

# Equity Metals Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 29, 2020 and February 28, 2019

(Unaudited - Expressed in Canadian dollars)

During the three months ended February 29, 2020, the Company incurred the following exploration expenditures, which were expensed as incurred:

	<b>Saskatchewan property</b>	<b>Silver Queen property</b>	<b>Monument Diamond property</b>	<b>DHK Diamonds properties</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Assay analysis	-	-	-	-	-
Camp preparation	-	155	-	-	155
Depreciation	-	3,531	-	-	3,531
Drilling	-	-	-	-	-
General exploration	133	48,062	3,277	-	51,472
Geology	-	-	-	-	-
Property, assessment/taxes	-	-	-	-	-
	133	51,748	3,277	-	55,158
Less: Recoveries from JV participants	-	-	-	-	-
	133	51,748	3,277	-	55,158

During the three months ended February 28, 2019, the Company incurred the following exploration expenditures, which were expensed as incurred:

	<b>Saskatchewan property</b>	<b>Silver Queen property</b>	<b>Monument Diamond property</b>	<b>DHK Diamonds properties</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Assay analysis	-	-	-	-	-
Camp preparation	-	104	-	-	104
Depreciation	-	5,131	-	-	5,131
Drilling	-	(307)	-	-	(307)
General exploration	-	43,058	15,912	-	58,970
Geology	-	-	-	-	-
Property, assessment/taxes	-	463	-	-	463
	-	48,449	15,912	-	64,361
Less: Recoveries from JV participants	-	-	(30,434)	-	(30,434)
	-	48,449	(14,522)	-	33,927

# Equity Metals Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 29, 2020 and February 28, 2019

(Unaudited - Expressed in Canadian dollars)

## 8 Share capital

### Authorized

An unlimited number of common shares without par value.

### Financings

During the six months ended February 29, 2020 shares were issued for the following:

On October 22, 2019, the Company closed the first tranche of a private placement issuing 8,922,500 units at \$0.08 per unit for gross proceeds of \$713,800. Each unit consists of one common share and one share purchase warrant. Each share warrant entitles the holder to purchase one common share at an exercise price of \$0.12 per share for a period of 3 years. In addition, the Company incurred finders' fees of \$15,680 and issued 140,000 finders' warrants, exercisable at a price of \$0.12 per share for a period of 3 years.

On November 25, 2019, the Company closed the second and final tranche of a private placement issuing 4,212,500 units at \$0.08 per unit for gross proceeds of \$337,000. Each unit consists of one common share and one share purchase warrant. Each share warrant entitles the holder to purchase one common share at an exercise price of \$0.12 per share for a period of 3 years. In addition, the Company incurred finders' fees of \$25,020.

There were no shares issued during the six months ended February 28, 2019.

### Stock options

The Company has established a share purchase option plan whereby the Board of Directors may from time to time grant options to directors, officers, employees or consultants. Options granted must be exercised no later than ten years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of options is determined by the Board of Directors and shall not be lower than the allowable discounted closing market price of the shares on the business day immediately prior to the grant date.

The Company's stock options outstanding as at February 29, 2020 and the changes for the six months then ended are as follows:

	Number of options	Weighted average exercise price (\$ per share)	Weighted average remaining life (years)
Balance – August 31, 2019	900,000	0.091	4.36
Granted	1,500,000	0.085	
Balance – February 29, 2020	2,400,000	0.087	4.43
Exercisable – February 29, 2020	2,400,000	0.087	4.43

During the six months ended February 29, 2020, the Company recorded share-based payments of \$104,815 (February 28, 2019 - \$68,694) in respect of newly granted options, all of which vested upon grant. The fair value of the options granted was estimated using Black-Scholes option-pricing model. Weighted average assumptions used in the pricing model were as follows: risk-free rate – 1.62%; expected volatility – 281%; expected forfeitures – nil%; and expected dividends – nil.

# Equity Metals Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 29, 2020 and February 28, 2019

(Unaudited - Expressed in Canadian dollars)

The balance of options outstanding as at February 29, 2020 is as follows:

<b>Expiry date</b>	<b>Exercise price \$</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>
October 25, 2023	0.10	500,000	500,000
March 3, 2024	0.08	300,000	300,000
July 25, 2024	0.08	100,000	100,000
Dec 5, 2024	0.085	1,500,000	1,500,000
		2,400,000	2,400,000

Options outstanding at February 29, 2020 are anti-dilutive as they would reduce the loss per share. Accordingly, they have no impact on the loss per share.

## Share purchase warrants

The Company's warrants outstanding as at February 29, 2020 and the changes for the six months then ended are as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price (\$ per share)</b>	<b>Weighted average remaining life (years)</b>
Balance - August 31, 2019	1,143,751	0.41	2.87
Issued	13,275,000	0.12	
Expired	(81,251)	4.20	
Balance – February 29, 2020	14,337,500	0.12	2.67

Warrants to acquire common shares are outstanding at February 29, 2020 as follows:

<b>Expiry date</b>	<b>Exercise price \$</b>	<b>Number of warrants outstanding</b>
September 25, 2022	0.12	1,062,500
October 22, 2022	0.12	9,062,500
November 25, 2022	0.12	4,212,500
		14,337,500

## Reserves

Reserve includes items recognized as stock-based compensation expense and the fair value of warrants issued until such time that the stock options and warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the options and warrants expire unexercised, the amount recorded is transferred to deficit.

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 29, 2020 and February 28, 2019

(Unaudited - Expressed in Canadian dollars)

## 9 Related party transactions and commitments

Key management includes the President, the Chief Financial Officer, the VP Exploration and the directors. The compensation paid or payable to key management for services during the three and six months ended February 29, 2020 and February 28, 2019 is as follows:

	Three months ended		Six months ended	
	February 29, 2020	February 28, 2019	February 29, 2020	February 28, 2019
	\$	\$	\$	\$
Management and wages to related parties	32,531	-	56,599	-
Management and wages to former related parties	-	6,500	-	12,500
General exploration to related parties	14,663	-	33,620	-
General exploration to former related parties	-	14,100	-	20,700
Share-based payments to related parties	69,876	-	69,876	-
Share-based payments to former related parties	-	68,694	-	68,694
	117,070	89,294	160,095	101,894

During the three and six month periods ended February 29, 2020 \$8,049 (February 28, 2019 - \$nil) and \$13,751 (February 28, 2019 - \$nil), respectively, in accounting support services was charged by Malaspina Consultants Inc., a company controlled by Killian Ruby, the CFO and director of the Company. Further, during the three and six month periods ended February 29, 2020 the following amounts were charged to the Company by Manex Resource Group Inc. and Page Law Corporation, companies controlled by Larry Page, the Chairman: (i) \$28,954 (February 28, 2019 - \$nil) and \$55,255 (February 28, 2019 - \$nil), respectively, for general exploration services; (ii) \$15,000 (February 28, 2019 - \$nil) and \$30,000 (February 28, 2019 - \$nil), respectively, for office rent services; (iii) \$1,659 (February 28, 2019 - \$nil) and \$4,757 (February 28, 2019 - \$nil), respectively, for general office and administration support services; (iv) \$24,604 (February 28, 2019 - \$nil) and \$67,694 (February 28, 2019 - \$nil), respectively, for legal support services; (v) \$15,706 (February 28, 2019 - \$nil) and \$45,720 (February 28, 2019 - \$nil), respectively, for investor relation and promotion services and (vi) \$nil (February 28, 2019 - \$nil) and \$37,585 (February 28, 2019 - \$nil), respectively, for corporate finance and associated services.

During the three and six months periods ended February 28, 2019 \$7,491 and \$9,925, respectively, was charged by Helen Jewitt, the spouse of John Jewitt, the former Chief Executive Officer and former director of the Company with respect to accounting and administrative services provided during the period. Further, office rent of \$3,600 and \$7,200, respectively, for the three and six month periods ended February 28, 2019 was charged by Foxy Creek Services Ltd., a company controlled by Ellen Clements, a former CEO and former director of the Company for consulting and use of equipment services. In addition, during the three and six month periods ended February 28, 2019, the Company acquired equipment from Foxy Creek Services Ltd. of \$23,700 and \$54,900, respectively. The office agreement with Foxy Creek Services Ltd. was for a monthly fee of \$1,200 with a 3-month notice period by either party to cancel the agreement. That office rent agreement was terminated during the period ended November 30, 2019. In addition, during the six month period ending February 28, 2019, the Company recorded share-based payments of \$68,694.

Included in accounts payable and accrued liabilities at February 29, 2020 is (i) \$42,211 (August 31, 2019 - \$23,716) due to related parties and (ii) \$13,283 (August 31, 2019 - \$12,337) due to prior related parties of the Company. These amounts are unsecured and due under normal business terms.

# Equity Metals Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 29, 2020 and February 28, 2019

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(Unaudited - Expressed in Canadian dollars)

At February 29, 2020, a total of \$5,487 (August 31, 2019 - \$5,487) was owing from a company with officers and Directors in common has been included in receivables and prepaids.

## 10 Capital management

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its equity to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating and exploration costs over a reasonable future period. The Company accesses capital markets as necessary and may also acquire additional funds where advantageous circumstances arise.

The Company currently has no externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the six months ended February 29, 2020.

## 11 Segmental information

The Company operates in one reportable segment, being the acquisition and exploration of exploration and evaluation assets in Canada.

## 12 Contingencies

During the year ended August 31, 2018 the Company received notice of a civil claim filed against the Company and the prior President of the Company by Intrepid Mines Limited. While the outcome of this matter is uncertain, no additional provision has been accrued in respect of the claim as the Company believes the claim to be without merit and intends to vigorously defend itself should further legal action be required.

## 13 Subsequent events

Subsequent to the period end significant declines in the stock market have occurred for various reasons linked to the COVID-19 pandemic and other conditions effecting worldwide metal prices. The impacts to the Company are not determinable at this date, however these could be material to the Company's forecasted exploration work and the Company's financial position, results of operation and cash flows. The Company's liquidity and ability to continue as a going concern may also be impacted.