Equity Metals Corporation

(formerly New Nadina Explorations Limited)

(An Exploration Stage Company)

Consolidated Financial Statements
Years ended August 31, 2019 and 2018

(*expressed in Canadian dollars*)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Equity Metals Corporation

Opinion

We have audited the accompanying consolidated financial statements of Equity Metals Corporation (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2019 and 2018, and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $694,958 during the year ended August 31, 2019 with an accumulated deficit of $17,517,387 and, as of that date, the Company's current assets exceeded its current liabilities by $269. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Grant P. Block.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

December 19, 2019

Equity Metals Corporation

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Note	August 31, 2019	August 31, 2018
Assets			
Current			
Cash		35,583	584,390
Receivables and prepaids		79,628	92,577
		115,211	676,967
Non-current assets			
Marketable securities	6	-	23,499
Reclamation deposits	5,8	82,500	82,500
Property and equipment	7	82,653	48,353
Exploration and evaluation assets	8	38,415	38,415
		318,779	869,734
Liabilities			
Current			
Accounts payable and accrued liabilities		91,226	40,239
Amounts due to related parties	11	23,716	-
Reclamation provision	8	-	30,206
		114,942	70,445
Equity			
Share capital	9	14,906,712	14,906,712
Reserves	9	2,918,312	2,818,806
Deficit		(17,517,387)	(16,834,378)
Accumulated other comprehensive loss		(103,800)	(91,851)
		203,837	799,289
		318,779	869,734

Going concern (Note 1)
Subsequent event (Note 16)

Approved by the Board of Directors on December 18, 2019:

(signed) "Lawrence Page"   (signed) "Joseph A. Kizis"

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

Equity Metals Corporation

(An Exploration Stage Company)

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended August 31, 2019 and 2018

(Expressed in Canadian dollars)

	Note	2019	2018
		$	$
Exploration Expenses			
Exploration expenses, net of recoveries	8	364,008	1,049,694
Administration expenses			
Insurance		3,206	3,633
Legal, audit and accounting		83,024	63,523
Licences, fees and other		16,097	16,947
Office rent and building expenses	11	14,400	14,400
Printing, stationery and office		19,755	19,123
Payroll and management fees	11	52,771	43,199
Shared-based compensation	9,11	99,506	161,404
Telephone		5,530	4,058
Transfer agent fees		8,445	9,611
Travel and promotion		21,271	7,130
Interest income and miscellaneous		(5,004)	(12,777)
		(319,001)	(330,251)
Realized loss on sale of marketable securities	6	-	(22,636)
Other income on flow-through settlement	9	-	57,000
Net loss for the year		(683,009)	(1,345,581)
Other comprehensive income (loss)			
Unrealized loss on marketable securities	6	-	(128,526)
Realized loss on sale of marketable securities	6	(46,129)	-
Transfer from unrealized to realized loss on sale of marketable securities	6	34,180	-
Total other comprehensive loss for the year		(11,949)	(128,526)
Total comprehensive loss for the year		(694,958)	(1,474,107)
Basic and diluted net earnings per share		(0.05)	(0.09)
Weighted average number of shares outstanding		15,054,433	14,711,044

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

Equity Metals Corporation

(An Exploration Stage Company)

Consolidated Statements of Changes in Equity

For the years ended August 31, 2019 and 2018

(Expressed in Canadian dollars)

	Share Capital	**Share Capital**	**Reserves**	**Shares allotted and unissued**	**AOCI(L)[1]**	**Deficit**	**Total**
	Number	**$**	**$**	**$**	**$**	**$**	**$**
Balance, September 1, 2017	12,647,433	13,682,779	2,671,332	67,000	36,675	(15,488,797)	968,989
							-
Shares issued pursuant to private placement	1,582,000	1,152,233	11,020	(67,000)	-	-	1,096,253
Brokers' warrants issued	-	(26,690)	26,690	-	-	-	-
Flow-through premium	-	(57,000)	-	-	-	-	(57,000)
Shares issued on exercise of warrants	225,000	27,000	-	-	-	-	27,000
Shares issued on exercise of options	600,000	128,390	(51,640)	-	-	-	76,750
Share based compensation	-	-	161,404	-	-	-	161,404
Other comprehensive loss for the year	-	-	-	-	(128,526)	-	(128,526)
Net loss for the year	-	-	-	-	-	(1,345,581)	(1,345,581)
Balance, August 31, 2018	**15,054,433**	**14,906,712**	**2,818,806**	**-**	**(91,851)**	**(16,834,378)**	**799,289**
Share-based payments	-	-	99,506	-	-	-	99,506
Realized loss on marketable securities	-	-	-	-	(11,949)	-	(11,949)
Total comprehensive loss for the period	-	-	-	-	-	(683,009)	(683,009)
Balance, August 31, 2019	**15,054,433**	**14,906,712**	**2,918,312**	**-**	**(103,800)**	**(17,517,387)**	**203,837**

(1) Accumulated other comprehensive income (loss)

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

Equity Metals Corporation

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the years ended August 31, 2019 and 2018

(Expressed in Canadian dollars)

	2019	2018
	$	$
Cash flows from operating activities		
Net income for the period	(683,009)	(1,345,581)
Items not affecting cash		
Depreciation	20,600	12,088
Share-based payments	99,506	161,404
Other income on flow-through settlement	-	(57,000)
Reclamation provision	-	30,206
Loss on sale of marketable securities	-	22,636
	(562,903)	(1,176,247)
Changes in non-cash operating working capital		
Change in receivables and prepaids	12,949	(80,791)
Change in reclamation provision	(30,206)	-
Change in accounts payable and accrued liabilities	50,987	12,172
Change in amounts due to related parties	23,716	-
Cash used in operating activities	(505,457)	(1,244,866)
Cash flows from investing activities		
Purchase of equipment	(54,900)	-
Proceeds on sale of marketable securities	11,550	192,014
Cash from (used in) investing activities	(43,350)	192,014
Cash flows from financing activities		
Proceeds from private placement	-	1,096,253
Proceeds from exercise of warrants	-	76,750
Proceeds from exercise of options	-	27,000
Cash from (used in) financing activities	-	1,200,003
Increase (decrease) in cash and cash equivalents	(548,807)	147,151
Cash - Beginning of year	584,390	437,239
Cash - End of year	35,583	584,390
Cash received for interest	2,556	-
Realized loss on sale of marketable securities	(46,129)	(22,636)
Transfer from unrealized to realized loss on sale of marketable securities	34,180	214,650

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

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 names to 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 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 August 31, 2019, the Company had a working capital of $269 and at that date, the Company also had an accumulated deficit of $17,517,387 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. Significant Accounting Policies

a) Basis of presentation, statement of compliance and principles of consolidation

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

These financial statements have been prepared on a historical cost basis except for certain financial instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements have been presented in Canadian dollars unless otherwise noted.

These financial statements include the financial statements of the Company and its 100% controlled subsidiary. 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 accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company.

On March 19, 2018 the Company incorporated a wholly owned subsidiary, 1157274 B.C. Ltd.

b) Significant accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if the revision affects both current and future periods.

Management considers the following areas to be those where critical accounting policies affect the significant judgments and estimates used in the preparation of the Company's financial statements.

Critical judgments

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1, as well as the determination of functional currency, which is defined as the primary economic environment in which an entity operates. The functional currency of the Company and its subsidiary has been determined to be the Canadian dollar.

Significant Estimates

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's mineral properties.

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

Fair value of stock options and warrants

Charges for share-based compensation are based on the fair value at the date of the award. Stock options are valued using the Black-Scholes Option Pricing Model, and inputs to the model include assumptions on expected volatility, discount rates and expected term, dividend yield, and expected forfeitures. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity. Expected volatility is a measure for variation of a price of a financial instrument over time. Expected volatility is derived from a time series of past market prices therefore may not be an accurate representation of future volatility.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

c) Exploration and evaluation expenditures

Once a permit to explore an area has been secured, expenditures on exploration and evaluation assets are expensed as incurred and charged to net loss. Costs to acquire the main property claims may be capitalized and costs to acquire claims peripheral to the main property claims are expensed.

Exploration and evaluation expenditures are those related to the search for and evaluation of mineral resources incurred after the Company has obtained legal rights to explore a specific area and before the technical feasibility and commercial viability of a mineral reserve is demonstrable. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations, a positive construction and production decision, and the securing of appropriate permits and financing, are expensed as incurred.

Exploration expenditures relate to the initial search for mineral deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Such expenditures include any cash consideration and advance earn-in payments and the fair market value of shares issued, if any, related to the mineral property interests.

Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made.

Cost recoveries, including government assistance, are recorded as a reduction of exploration expense to the extent they are not directly related to capitalized acquisition costs.

d) Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is recorded, from the date of acquisition, on the declining balance basis at the following rates:

Buildings	20%
Camp Equipment	20%
Office Equipment	20%
Mining Equipment	30%

Depreciation is allocated as a component of either exploration costs or general operating expenses based on the nature of the use of the underlying asset.

e) Impairment of non-financial assets

At each reporting period, management reviews all non-financial assets for indicators of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

f) Provision for closure and reclamation

Provisions for closure and reclamation obligations are recognized when a legal or constructive obligation arises. The liability is recognized at the present value of management's best estimate of the closure and reclamation obligation. The estimate is discounted to the present value using a discount rate specific to the obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized on the same basis as the related asset. Upon settlement of the liability, the Company may incur a gain or loss.

g) Income taxes

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax paid or payable in respect of previous years.

The Company records deferred tax assets and liabilities when the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

h) Flow-through shares

The Company has issued common shares as flow-through shares, whereby the investor may claim the tax deductions arising from the related resource expenditures. When flow-through shares are issued, the Company bifurcates the flow-through share into share capital and flow-through tax liability components. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, the liability is reversed, and a deferred income tax liability is recognized.

Previous unrecognized deferred tax assets may be used to reduce this liability amount, and the Company will recognize a future income tax recovery to this extent. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with the Canadian government.

i) Financial instruments

Recognition and Classification

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

j) Share-based payments

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a component of reserves.

The Company’s stock option plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods on a graded basis. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the share-based payments is measured using the Black-Scholes Option Pricing Model. The fair value of the share-based payments is recognized as an expense with a corresponding increase in reserves. Consideration received on the exercise of stock options is recorded as share capital and the related reserves amount is transferred to share capital.

k) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share is calculated whereby; the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted loss per share is presented as the same as basic loss per share.

3 Adoption of new accounting standards and standards issued but not yet effective

(i) New Accounting Standards Adopted During the Year

IFRS 9, Financial Instruments
This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and became effective for the Company on September 1, 2018 (the date of initial adoption). IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in changes in fair value not being recycled to the income statement. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

IFRS 9 requires retrospective application at the date of initial adoption. However, IFRS 9 does not require an entity to restate prior periods. Restatement is permitted, if and only if, it is possible without the use of hindsight and the restated financial statements reflect all of the requirements of IFRS 9. If an entity does not restate prior periods, any difference between previous carrying amounts and those determined under IFRS 9 at the date of initial application should be included in opening retained earnings, or other equivalent component of equity, as relevant. The Company did not restate prior periods as there was no material impact at the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on September 1, 2018.

The Company's new accounting policy for financial instruments under IFRS 9 is disclosed in note 2(i).

The Company completed a detailed assessment of its financial assets and liabilities as at September 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification IAS 39	**New classification IFRS 9**
Cash	FVTPL	Amortized cost
Marketable securities	Available-for-sale	FVTOCI
Reclamation deposit	Loans & receivable	Amortized cost
Receivables and prepaids	Loans & receivable	Amortized cost
Amounts due to related parties	Other liability	Amortized cost
Accounts payables and accruals	Other liability	Amortized cost

On transition to IFRS 9 the Company elected to classify its marketable securities as FVTOCI. The change in classification did not have a measurement impact on the carrying value of these financial assets at September 1, 2018.

(Expressed in Canadian dollars)

IFRS 15, Revenue from Contracts with Customers
Other standards which are applicable but did not have an impact on the Company's consolidated financial statements include IFRS 15 *Revenue from Contracts with Customers*. IFRS 15 is a new standard to establish principles for reporting the nature amount timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

(ii) New Accounting Standard Not Yet Effective

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 Company is currently assessing the expected impact of IFRS 16 on its consolidated financial statements.

4 Disposition of subsidiary

On February 15, 2017, the Company sold Kettle River Resources Ltd. ("Kettle River") to Golden Dawn Minerals Inc. ("Golden Dawn") pursuant to the terms of a Letter of Intent ("LOI"). The fair value of the consideration received and the assets derecognized were as follows:

	$
Cash payments	1,010,000
Marketable securities (Note 6)	600,000
Total consideration received	1,610,000
Reclamation deposits	5,000
Exploration and evaluation assets (Note 8)	2
Other assets	50
Total consideration received	5,052
Gain on disposal of Kettle River	1,604,948

Other consideration
Kettle River's Greenwood Area Properties consist of mineral claims, crown grants and surface freehold titles in the historical Greenwood Mining District, British Columbia.

Pursuant to the terms of the LOI, the Company will retain a 1% net smelter return ("NSR") royalty in respect of the Greenwood Area Properties, with Golden Dawn having the ability to purchase ½% of the royalty for $1,000,000 up to February 15, 2022 and thereafter $1,200,000 up to February 15, 2032.

(Expressed in Canadian dollars)

5 Reclamation Deposits

Property/ Bond Description	August 31, 2019	August 31, 2018	Date of Deposit
	$	$	
Silver Queen Property, BC			
GIC Bond (Security Agreement)	5,000	5,000	December 10, 1999
Cash deposit (non-interest bearing)	4,500	4,500	December 1, 2004
GIC Bond (Security Agreement)	5,000	5,000	August 5, 2010
GIC Bond (Security Agreement)	5,000	5,000	August 8, 2012
GIC Bond (Security Agreement)	4,000	4,000	December 3, 2012
	23,500	23,500	
Monument Diamond Property, NWT			
Government of Northwest Territories	18,000	18,000	April 5, 2005
Government of Northwest Territories	41,000	41,000	September 26, 2012
	59,000	59,000	
TOTAL	**82,500**	82,500	

6 Marketable securities

On February 15, 2017, the Company acquired 2,222,250 common shares in Golden Dawn pursuant to the Kettle River disposition (Note 4). The shares were valued at $0.27 on acquisition and the Company subsequently sold 1,000,000 of the shares for proceeds of $274,352 (net of commissions), realizing a gain of $4,352.

On August 31, 2017, the Company retained 1,222,250 common shares of Golden Dawn with a fair value of $366,675 ($0.30 per share).

In the year ended August 31, 2018, the Company sold an additional 795,000 shares for proceeds of $192,014 (net of commissions). Golden Dawn shares were consolidated on a 2:1 basis on April 18, 2018, resulting in the Company holding 213,625 shares valued at $23,499 ($0.11 per share) at August 31, 2018.

During the year ended August 31, 2019, the Company sold the remaining 213,625 shares for proceeds of $11,550 (net of commissions), realizing a loss of $46,129. The changes in fair value, to the date of sale, of the marketable securities for the year ended August 31, 2019 resulted in a loss of $11,949. In accordance with the Company's newly adopted accounting policy under IFRS 9, the loss on the sale of the remaining shares was recognized in other comprehensive income as opposed to profit or loss.

(Expressed in Canadian dollars)

7 Property and equipment

	Building	Equipment	Total
	$	$	$
Cost			
Balance at August 31, 2017 and 2018	148,032	74,959	222,991
Additions	-	54,900	54,900
Balance as at August 31, 2019	**148,032**	**129,859**	**277,891**
Accumulated depreciation			
Balance at August 31, 2017	103,469	59,081	162,550
Depreciation	8,914	3,174	12,088
Balance at August 31, 2018	112,383	62,255	174,638
Depreciation	6,613	13,987	20,600
Balance as at August 31, 2019	**118,996**	**76,242**	**195,238**
Net book value			
Balance at August 31, 2018	35,649	12,704	48,353
Balance as at August 31, 2019	**29,036**	**53,617**	**82,653**

8 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.

Acquisition cost of exploration and evaluation assets	**August 31, 2019**	**August 31, 2018**
	$	$
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
	38,415	38,415

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.

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. During the year ended August 31, 2019 the Company recognized a reclamation provision in the amount of $nil (2018 – $30,206) based on costs incurred during the year end to reclaim the Silver Queen Property.

As at August 31, 2019 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.

In September 2012, the Company was issued a five-year Type "A" Land Use Permit by the Wek'eezhii Land and Water Board which expired on September 3, 2017. The Company applied for a two-year extension to the Land Use permit and, in August 2017, this extension was granted moving the expiry to September 4, 2019. Subsequent to year-end the permit was renewed moving the expiry date to September 1, 2024.

As at August 31, 2019 a reclamation deposit of $59,000 is held by the Government of Northwest Territories in relation to the Monument property.

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.

(Expressed in Canadian dollars)

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.

During the year ended August 31, 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	-	2,613	-	-	2,613
Camp preparation	-	5,218	-	-	5,218
Depreciation	-	20,600	-	-	20,600
Drilling	-	10,123	-	-	10,123
General exploration	151	295,468	62,252	-	357,871
Geology	-	2,925	-	-	2,925
Property, assessment/taxes	206	1,304	-	-	1,510
	357	338,251	62,252	-	400,860
Less: Recoveries from JV participants	-	-	(36,852)	-	(36,852)
	357	338,251	25,400	-	364,008

During the year ended August 31, 2018, 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	-	38,877	-	-	38,877
Camp preparation	-	17,009	-	-	17,009
Depreciation	-	12,088	-	-	12,088
General exploration	199	1,022,383	10,143	-	1,032,725
Geology	-	16,733	-	-	16,733
Property, assessment/taxes	206	1,824	7,615	-	9,645
	405	1,108,914	17,758	-	1,127,077
Less: Recoveries from JV participants	-	-	(28,142)	-	(28,142)
Less: Government assistance	-	(49,241)	-	-	(49,241)
	405	1,059,673	(10,384)	-	1,049,694

9 Share capital

Authorized
An unlimited number of common shares without par value.

Financings
There were no shares issued during the year ended August 31, 2019.

During the year ended August 31, 2018 shares were issued for the following:

a) Completed a private placement whereby gross proceeds of $103,000 were raised through the issuance of 1,287,500 units at a price of $0.08 per unit. Each unit consists of one non-flow-through common share and one share purchase warrant. Each warrant is exercisable into an additional non-flow-through common share at a price of $0.12 for a period of 5 years from grant.

b) Issued 600,000 common shares pursuant to the exercise of stock options for gross proceeds of $76,750.

c) Issued 225,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of $27,000.

d) Announced and completed a private placement whereby the Company raised gross proceeds of $1,111,875 through the issuance of 150,000 flow-through common shares (the "FT shares") at a price of $3.80 per FT share and 144,500 non-flow-through units (the "NFT units") at a price of $3.75 per NFT unit. Each NFT unit is comprised of one non-flow-through common share and one-half share purchase warrant. Each whole warrant is exercisable into an additional non-flow-through common share at a price of $4.25 for a period of 2 years from grant.

   In connection with the issuance of the FT shares, the Company issued 9,001 broker warrants with each broker warrant being exercisable into a NFT share at a price of $3.80 for a period of 2 years from issuance and paid a cash commission of $34,200. Further, the Company recognized a flow-through premium liability of $57,000 which was recognized in other income on flow-through settlement as the Company had incurred all the of the required eligible exploration expenditures during the year ended August 31, 2018.

   Finders' fees of $15,413 were paid in connection with the NFT unit portion of the financing.

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.

(Expressed in Canadian dollars)

The Company's stock options outstanding as at August 31, 2019 and 2018 and the changes for the years then ended are as follows:

	Number of options	**Weighted average exercise price (per share)**	**Weighted average remaining life (years)**
		$	
Balance – August 31, 2017	1,025,000	0.31	3.73
Granted	900,000	0.18	
Exercised	(600,000)	0.13	
Expired/forfeited	(425,000)	0.61	
Balance – August 31, 2018	900,000	0.16	4.52
Rescinded	(1,100,000)	0.15	
Granted	1,100,000	0.09	
Balance – August 31, 2019	900,000	0.09	4.36
Exercisable – August 31, 2019	900,000	0.09	4.36

During the year-ended August 31, 2019, the Company recorded share-based payments of $99,506 (2018 - $161,404) in respect of newly granted options. The fair value of the options granted during the year-ended August 31, 2019, of $99,506, was estimated using the Black-Scholes option-pricing model. Weighted average assumptions used in the pricing model were as follows: risk-free rate: 1.79%; expected volatility: 207.00%; expected forfeitures: nil; and expected dividends: nil.

The balance of options outstanding as at August 31, 2019 is as follows:

Expiry date	**Exercise price $**	**Number of options outstanding**	**Number of options exercisable**
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
		900,000	900,000

Options outstanding at August 31, 2019 and 2018 are anti-dilutive as they would reduce the loss per share. Accordingly, they have no impact on the loss per share.

(Expressed in Canadian dollars)

Share purchase warrants
The Company's warrants outstanding as at August 31, 2019 and 2018 the changes for the years then ended are as follows:

	Number of warrants	Weighted average exercise price (per share)	Weighted average remaining life (years)
		$	
Balance – August 31, 2017	-	-	-
Issued	1,368,751	0.36	
Exercised	(225,000)	0.12	
Balance – August 31, 2018	1,143,751	0.41	3.87
Issued	-	-	
Exercised	-	-	
Expired	-	-	
Balance – August 31, 2019	1,143,751	0.41	2.87

Warrants to acquire common shares are outstanding at August 31, 2019 as follows:

Expiry date	Exercise price $	Number of warrants outstanding
December 2, 2019	3.80	9,001
December 9, 2019	4.25	72,250
September 25, 2022	0.12	1,062,500
		1,143,751

* Subsequent to the year-end 81,251 warrants expired unexercised.

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.

(Expressed in Canadian dollars)

10 Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	August 31, 2019	**August 31, 2018**
Statutory income tax rate	**27%**	**27%**
	$	**$**
Net loss for the year	(683,009)	(1,345,581)
Expected income tax recovery	(184,000)	(359,000)
Change in statutory rates and other	-	(159,000)
Permanent differences	27,000	31,000
Impact of BCMETC	25,000	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	54,000	-
Impact of flow-through shares	-	152,000
Change in unrecognized deductible temporary differences	78,000	335,000
Income tax expense (recovery)	-	-

The relevant deferred tax balances have been measured to reflect the Company's combined Federal and Provincial (BC) general corporate income tax rate at 27%.

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	August 31, 2019	**August 31, 2018**
Deferred tax assets (liabilities)	**$**	**$**
Exploration and evaluation assets	3,355,000	3,330,000
Property and equipment	72,000	67,000
Share issue costs	8,000	11,000
Marketable securities	-	12,000
Asset retirement obligation	-	-
Debt with accretion	-	-
Intangible assets	-	-
Allowable capital losses	6,000	3,000
Non-capital losses available for future periods	373,000	313,000
	3,814,000	3,736,000
Unrecognized deferred tax assets	(3,814,000)	(3,736,000)
Net deferred tax assets	**-**	**-**

(Expressed in Canadian dollars)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2019	Expiry Date Range	2018	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	11,114,000	No expiry date	11,023,000	No expiry date
Investment tax credits	485,000	2025 to 2034	485,000	2025 to 2038
Property and equipment	267,000	No expiry date	246,000	No expiry date
Share issue costs	31,000	2040 to 2042	41,000	2039 to 2042
Marketable securities	-	No expiry date	95,000	No expiry date
Allowable capital losses	23,000	No expiry date	11,000	No expiry date
Non-capital losses available for future periods	1,379,000	2029 to 2039	1,158,000	2029 to 2038

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11 Related party transactions and commitments

Key management includes the Chief Executive Officer, the Chief Financial Officer and the directors. The compensation paid or payable to key management for services during the years ended August 31, 2019 and 2018 is as follows:

	August 31, 2019	August 31, 2018
	$	$
Management and wages to related parties	10,650	-
Management and wages to former related parties	45,500	58,226
General exploration to related parties	6,000	-
General exploration to former related parties	40,900	-
Share-based payments to related parties	15,153	161,404
Share-based payments to former related parties	76,524	-
	194,727	219,630

During the year ended August 31, 2019, $25,525 (2018 - $nil) was charged by the spouse of the former Chief Executive Officer and director of the Company with respect to accounting and administrative services provided during the period. In addition, during 2019, $10,225 (2018 - $nil) in accounting support services was charged by a company controlled by the CFO and director of the Company and $7,180 (2018 - $nil) was charged by the prior CFO of the Company for support services.

Further, office rent of $14,400 for the year ended August 31, 2019 (2018 - $14,400) was charged by a company controlled by the prior CEO and prior director of the Company, and during 2019, $41,026 (2018 - $164,456) was charged by the prior CEO and a company controlled by the prior CEO of the Company for consulting and use of equipment services. In addition, during 2019, the Company acquired equipment from by a company controlled by the prior CEO and prior director of the Company for consideration of $54,900 (2018 - $nil). The office agreement is for a monthly fee of $1,200 with a 3-month notice period by either party to cancel the agreement. The office rent agreement was terminated subsequent to the year-end.

Included in accounts payable and accrued liabilities at August 31, 2019 is $12,337 (2018 – $nil) due to prior related parties of the Company, with the total amounts due to related parties being $23,716 (2018 - $nil). These amounts are unsecured and due under normal business terms.

At August 31, 2019, a total of $5,487 (August 31, 2018 - $5,487) was owing from a company with officers and Directors in common and has been included in receivables and prepaids.

12 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 year ended August 31, 2019.

13 Financial instruments

The Company's financial instruments, which are comprised of cash, receivables, marketable securities, reclamation deposits, accounts payable and accrued liabilities and amounts due to related parties, are exposed to the following risks:

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is from cash and cash equivalents and reclamation deposits, all of which are held at Schedule 1 Canadian banks, accordingly, the credit risk is considered by management to be negligible.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to pay its financial liabilities as they come due. The Company's liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities and related party balance obligations.

As at August 31, 2019, the Company has a working capital of $269 (August 31, 2018 – $606,522 working capital). The Company recognizes that to meet its obligations depends on management's ability to raise the funds required through future equity financings. If such funds cannot be raised, the Company would be required to postpone or curtail its operating and investing activities.

Interest Rate Risk
The Company is exposed to interest rate risk on cash and cash equivalents. As at August 31, 2019 the Company maintained all of its cash balance in a redeemable guaranteed investment certificate and on deposit in chequing accounts with Schedule 1 Canadian banks. Interest risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management believes that the Company is not exposed a significant amount of interest rate risk.

Price Risk
The Company is not exposed to significant price risk.

Foreign currency risk
The Company conducts its business in Canada and is therefore not exposed to significant foreign currency risk.

Fair Value of Financial Instruments
The fair value of the Company's financial assets and liabilities approximates their carrying amounts.

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.

All of the Company's financial instruments, excluding cash and reclamation deposits, have a fair value approximating their carrying value due to their short-term nature. Cash is carried at fair value and is measured using level 1 inputs.

14 Segmental information

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

15 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.

16 Subsequent events

On September 12, 2019, the Company changed its name from New Nadina Explorations Limited to Equity Metals Corporation and also changed its stock symbol from NNA to EQTY.

On October 17, 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 $28,520 and issued 43,750 finders' warrants, exercisable at a price of $0.12 per share for a period of 3 years.

On December 5, 2019, the Company granted 1,500,000 options to Directors and Officers of the Company. The options all vest immediately, are each exercisable at $0.085 per common share and have a term of five years from the date of grant.

Equity Metals Corporation

MANAGEMENT DISCUSSION & ANALYSIS

For the Years Ended

August 31, 2019 and 2018

Introduction

The following Management's Discussion and Analysis ("MD&A") is dated December 18, 2019, and should be read in conjunction with the accompanying annual consolidated financial statements (the "financial statements") of Equity Metals Corporation (the "Company" or "Equity Metals") for the years ended August 31, 2019 and 2018 which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

Business Description and Change in Management

Equity Metals has continued its efforts to date with a sole business objective to identify, evaluate and explore mineral properties having high potential for the discovery of economic mineral deposits The Company is a publicly traded company without any substantive operations, and thus, have realized no significant mining revenues to date. Equity Metals has a year end of August 31st and was incorporated on April 7, 1964 under the Company Act of British Columbia. On September 12, 2019 the Company changed its names to 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 metal and diamond properties in British Columbia, Saskatchewan and Northwest Territories, and accordingly has no revenue from any of its properties to date. 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. The Company is in the process of applying for inclusion on the US's OTCQB exchange.

Effective August 23, 2019, the Directors approved a reorganization of its Board of Directors and management and agreed to join the Manex Resource Group ("Manex"). As part of the terms of the Manex relationship Mr. Lawrence Page, Q.C. became a Director and Chairman of the Board of Directors, Mr. Joseph A. Kizis Jr., P. Geo., became a Director and President and Mr. Fred Sveinson, P. Eng. Became a Director and Senior Mining Consultant. John Jewitt and Peter Cooper resigned from the Board of Directors with Mr. Courtney Shearer, Chairman of the Guidance Committee, and Mr. Killian Ruby, CFO, remaining as Directors. Messrs. Shearer and Ruby were appointed during the year ended August 31, 2019 (refer to news release ("NR") December 20, 2018 and July 25, 2019, respectively). In addition, the Company also appointed Mr. Robert Macdonald, MSc. P.Geo., as VP Exploration and Ms. Arie Page, as Corporate Secretary (refer to NR August 29, 2019) and, further, appointed Mr. John Kerr to the Board of Directors (refer to NR December 5, 2019).

Forward-Looking Information

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company as of reporting period under this disclosure. When used in this document, the words "anticipate", "believe", "estimate", "expect", "significant" and similar expressions, as they relate to the Company or its management are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated costs and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Mineral Project Activity

Silver Queen Property – Central British Columbia (100%)

The Company owns 100% interest in two surface-title-owned crown grants (40.47 ha), 17 crown-grants, and 45 tenure claims covering 18,852 hectares in the Omineca Mining Division, near Owen Lake, British Columbia. The Silver Queen property is located at kilometre 43 on the all-weather Morice/Owen forest service road that originates in Houston B.C. and continues 125 kilometres south to Huckleberry Mine. There is a 10-person camp and core shed facilities established on the property. The Company maintains and monitors an on-site Tailings Storage Facility ("TSF") constructed in 1970 by Bradina. The TSF collects water from historical workings and channels the water through a natural wetland filtration area prior to entry into Owen Lake.

Numerous high-grade veins, many previously mined, occur on the Property, possibly genetically related to a porphyry copper/molybdenum/gold intrusive system that was discovered in 2011. Management considers the vein system to be under-explored and an excellent opportunity to increase shareholder value with further exploration, which should significantly expand the independent-calculated mineral resource that was first reported in July of this year (NR 07-19).

On August 29, 2019, the company filed a National Instruments 43-101 ("NI 43-101") compliant Technical Report entitled "Initial Mineral Resource Estimate and Technical Report on the Number 3 Vein, Silver Queen Property, Omineca Mining District, British Columbia, Canada". The report was prepared by P+E Mining Consultants, following the guidelines of NI 43-101 and NI 43-101F1 and reported **a Mineral Resource Estimate at a C$100/tonne NSR cut-off value of:**

Indicated: 815,000 tonnes averaging 3.2 g/t Au, 201 g/t Ag, 0.3 % Cu, 1.0 % Pb, 6.4 % Zn
Inferred: 801,000 tonnes averaging 2.5 g/t Au, 184 g/t Ag, 0.3 % Cu, 0.9 % Pb, 5.2 % Zn

The resource estimate provides initial grade and tonnage estimates for the Number 3 Vein and three smaller associated veins on the Company's Silver Queen Property. The modelled veins strike northwest and dip to the northeast at approximately 60 degrees. The average width of the veins is 0.9 to 1.2 metres with local zones up to about 4.6 metres. The veins occupy northwest striking fractures that cut volcanics, microdiorite and felsite porphyry. Alteration is widespread and limonite and jarosite gossans are numerous. The Number 3 Vein is one of 20 different epithermal veins identified on the property, many only partially tested by drilling.

Exploration has been carried out on the veins since their initial discovery in 1912. The Bradina JV took the property into production during 1972–1973. Historical production was from the Cole, Chisholm and Wrinch ("No.3") vein systems with the most recent production occurred during the early 1970s when the Bradina Joint Venture mined material at the north end of No.3 Vein. Since then significant surface and underground exploration has proven extended length and depth to the Wrinch (No.3) vein system. During the 1980s a decline was installed and intersected the No.3 Vein at the 2,425 level. A 2.1 metre channel sample across the south wall returned 0.302 opt gold, 19.22 opt silver and 12.63% zinc. The No. 3 Vein and NG-3 (assumed extension of No.3) vein systems remain open on strike and to depth.

A second target type was confirmed by drilling on newly identified geophysical targets between 2011 and 2018 and intersected thick intervals of stockwork veining at the Itsit Porphyry target, which is located about 500 metres to the southeast of the No. 3 Vein system.

To date, seven drill holes define a coherent NE-SW trending mineralized zone of copper-molybdenum-silver-bearing quartz stockwork veins roughly 400 metres in strike and 150 metres in wide, which forms along the northwest margin of a broad 60mV/V chargeability anomaly identified in a 2011 Titan DCIP survey. The mineralized zone remains open in all directions including depth and the chargeability anomaly covers an area approximately 1200 metres x 600 metres and remains largely untested. A thick intercept of mineralization from drill hole 12S-01 tested within the main body of the chargeability anomaly returning 177 metres of 0.40% CuEq and highlights the prospectively of this large chargeability anomaly.

Highlight intercepts from the 2011-13 and 2017-18 drill programs include:

Hole #	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Mo (ppm)	CuEq (%)
11S-01	503.0	536.5	33.5	0.04	3.9	0.20	23	0.27
11S-03	208.4	288.0	79.6	0.12	4.0	0.23	10	0.36
11S-06	**114.0**	**361.7**	**247.7**	**0.12**	**1.6**	**0.20**	**405**	**0.49**
11S-13	**501.0**	**777.0**	**276.0**	**0.03**	**0.7**	**0.19**	**409**	**0.42**
12S-01	446.5	623.5	177.0	0.06	1.2	0.18	345	0.40
12S-02	**515.0**	**911.4**	**396.4**	**0.05**	**2.0**	**0.22**	**327**	**0.43**
12S-05	**285.0**	**492.0**	**207.0**	**0.28**	**54.3**	**0.25**	**354**	**1.05**
17S-02	**518.0**	**667.5**	**149.5**	**0.07**	**5.6**	**0.26**	**527**	**0.60**

The Mineral Resource Estimate of the vein portion of the property was prepared by Eugene Puritch, P.Eng., FEC, CET and Yungang Wu, P.Geo., of P&E Mining Consultants Inc. ("P&E") of Brampton, Ontario, Independent Qualified Persons ("QP"), as defined by National Instrument 43-101. P&E Mining suggests that an underground mining scenario is appropriate for the project at this stage and has recommended a CDN$100/tonne NSR cut-off value for the base-case resource estimate. The following tables summarize the sensitivity to the Mineral Resource Estimate in the Indicated and Inferred Mineral Resource classifications at various NSR cut-off values.

Classification	NSR Cut-off (C$/t)	Tonnes (kt)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	AuEq (g/t)	AgEq (g/t)	AuEq (kozs)	AgEq (kozs)
Indicated	500	183	6.88	342.5	0.41	1.50	10.29	18.10	1,624.8	106	9,560
	450	229	6.31	317.8	0.39	1.44	9.89	16.88	1,515.2	124	11,156
	400	281	5.78	297.6	0.37	1.38	9.48	15.74	1,412.9	142	12,765
	350	344	5.24	279.8	0.35	1.31	9.03	14.59	1,309.9	161	14,487
	300	422	4.73	264.1	0.33	1.23	8.49	13.41	1,204.2	182	16,338
	250	510	4.29	248.2	0.31	1.16	7.95	12.32	1,105.5	202	18,127
	200	596	3.94	233.4	0.29	1.09	7.46	11.36	1,019.4	218	19,534
	150	698	3.59	218.3	0.28	1.03	6.91	10.34	928.5	232	20,837
	100	**815**	**3.24**	**201.4**	**0.26**	**0.96**	**6.35**	**9.31**	**835.4**	**244**	**21,890**
	50	950	2.90	182.6	0.24	0.89	5.78	8.26	741.1	252	22,636
	0.01	1,103	2.57	164.1	0.22	0.81	5.21	7.20	646.7	255	22,933

Classification	NSR Cut-off (C$/t)	Tonnes (kt)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	AuEq (g/t)	AgEq (g/t)	AuEq (kozs)	AgEq (kozs)
Inferred	500	89	7.64	369.8	0.56	1.53	8.49	17.98	1,614.4	51	4,619
	450	127	6.17	319.2	0.50	1.59	8.84	16.17	1,451.2	66	5,925
	400	179	5.18	291.9	0.45	1.56	8.65	14.63	1,313.2	84	7,557
	350	231	4.63	270.2	0.40	1.47	8.31	13.46	1,208.7	100	8,977
	300	294	4.16	254.4	0.38	1.37	7.81	12.34	1,108.1	117	10,474
	250	393	3.61	238.4	0.38	1.23	7.08	10.98	986.0	139	12,458
	200	492	3.25	224.2	0.36	1.11	6.49	9.91	889.7	157	14,073
	150	629	2.84	206.2	0.34	0.99	5.86	8.71	782.0	176	15,814
	100	**801**	**2.49**	**184.3**	**0.31**	**0.88**	**5.21**	**7.51**	**674.1**	**193**	**17,360**
	50	1,004	2.15	161.8	0.27	0.78	4.65	6.38	572.9	206	18,493
	0.01	1,205	1.86	143.8	0.25	0.70	4.16	5.43	487.3	210	18,879

To view an enhanced version of this table, please visit:
https://orders.newsfilecorp.com/files/5566/47401_77d9a3b984a0a9e0_001full.jpg

(1) Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues, although the Company is not aware of any such issues.
(2) The Inferred Mineral Resource in this estimate has a lower level of confidence that that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.
(3) The Mineral Resources in this press release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
(4) Grade capping on Ag and Zn was performed on 0.75m to 1.24m length composites. Au, Cu and Pb required no capping. Inverse distance cubed (1/d3) was utilized for grade interpolation for Au and Ag while inverse distance squared (1/d2) was utilized for Cu, Pb and Zn. Grade blocks were interpreted within constraining mineralized domains and a 3m long x 1m wide x 3m high block model.
(5) A bulk density of 3.56 t/m³ was used for all tonnage calculations.
(6) Approximate US$ two year trailing average metal prices as follows were used: Au $1,300/oz, Ag $17/oz, Cu $3/lb, Pb $1.05/lb and Zn $1.35/lb with an exchange rate of US$0.77=C$1.00. The C$100/tonne NSR cut-off grade value for the underground Mineral Resource was derived from mining costs of C$70/t, with process costs of C$20/t and G&A of C$10/t. Process recoveries used were Au 79%, Ag 80%, Cu 81%, Pb 75% and Zn 94%.

The company has recently submitted a multi-year Notice of Work ("NOW") for the property. The five-year plan includes drilling from up to 50 surface sites. The focus of the upcoming work program remains the resource expansion in the vein deposits. The NOW was submitted for approval by the Ministry of Mines in October 2019 and is expected to be circulated for referral in late December.

The Silver Queen property is within the Wet'suwet'en land claim, and they are included in the Notice of Work and permitting consultation process. The Company uses First Nations' employees and contractors in all activities where appropriate and First Nation involvement is encouraged.

Silver Queen expenditures for the year ended August 31, 2019 totaled $338,251 (2018 - $1,059,673). On a project to-date basis total Silver Queen expenditures by the Company to August 31, 2019 amounted to $9,739,280 (August 31, 2018 amounted to $9,401,029).

Monument Diamond Property - Lac de Gras, Northwest Territories (57.49%)
The Company owns 57.49% of certain leases and claims in the Mackenzie District Mining Division, NWT. The property is subject to 2% gross overriding royalty. Equity Metals is the operator of the joint venture where two parties hold the remaining 42.51%.

A new five-year Type "A" Land Use Permit ("LUP") application was submitted in July 2019, as the prior LUP expired on September 4, 2019, and includes consultation and engagement with Tljcho Government, Kwe Beh Working Group, Tljcho Lands Protection Department, Kitikmeot Inuit Association, North Slave Metis Alliance and Wek'èezhìi Renewable Resource Board. The July 2019 LUP submission was approved by the Wek'èezhìi Land and Water Board and expires September 1, 2024.

On June 26, 2018, a site visit by the Resource Management Inspector revealed four drums of diesel fuel spilled. Removal of contaminated soil and remediation has been completed and removal of the fuel remaining at the property is currently planned for January 2020.

The Monument property has twelve known kimberlites. Drill sampling of the RIP kimberlite in 2007 extracted larger samples where 2,201.7 kg of kimberlite produced 955 diamonds including the largest diamond found to date on the Monument property weighing 0.445 carats. On the DD17 kimberlite, 2,137.6 kg of kimberlite produced 964 diamonds. Further testing of the extracted diamonds is planned during 2020.

Approximately $7 million has been expended on the property by the Monument Joint-Venture Partners between 2003 and 2018.

For the year ended August 31, 2019, the Company has expended $62,252 (2018 - $17,758) on direct costs applicable to this property less recoveries of $36,852 (2018 - $28,142).

Saskatchewan Silica Sand Lease (100%)
On acquisition of Kettle River Resources Ltd. (NR Nov. 6, 2015), the Company now owns 100% (previously 50%) of this property. The silica Quarrying Mineral Lease covers an area of 54 acres and is valid until December 2024. To date, no income has been received from the lease. For year ended August 31, 2019, expenses totaled $357 (2018 - $405).

Shares in DHK DIAMONDS INC. WO Joint Venture – operated by DeBeers Canada Inc.
Equity Metals owns a 43.37% interest in DHK Diamonds Inc. ("DHK") a private company incorporated and registered in the Northwest Territories. Shareholder interest in the DHK Joint Venture is:

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

DHK is a contributing partner in the WO Joint Venture diamond property in the Northwest Territories. The operator of the WO Joint Venture is DeBeers Canada Inc. ("DeBeers") since its acquisition of Peregrine Diamonds Ltd. in September 2018. DHK has not recently contributed and has accepted dilution. DHK as of August 31, 2019 has a 10.3013% (2018 - 10.3013%) contributing interest in the WO Joint Venture. Should DHK reduce to less than a 4% participating interest, the Joint Venture interest will revert to a 0.25% Gross Overriding Royalty.

Selected Annual Information

The table below provides selected financial information derived from the audited consolidated financial statements of the Company for each of the past three years ended August 31.

August 31	**2019** **$**	**2018** **$**	**2017** **$**
Total revenues	nil	nil	nil
Income (loss) from continued operations and net income (loss)	(683,009)	(1,345,581)	1,212,530
Net income (loss) per share (basic & diluted)	(0.05)	(0.09)	0.10
Total assets	318,779	869,734	997,056
Total liabilities	114,942	70,445	28,067
Dividends declared	nil	nil	nil

The change in income (loss) from continued operations and net income (loss) for the years presented arises as in the year-ended 2017 the Company realized a gain on sale of subsidiary of $1,604,948, while operating losses were $396,770 for that year. The losses in the years-ended 2019 and 2018 arise from exploration and evaluation expenses and also administration expenses. The decrease in losses for the year-ended August 31, 2019 compared with the year-ended August 31, 2018 arise from the decreased level of exploration and evaluation activity of the Company as a result of a reduction in cash resources and no financings having been completed in fiscal 2019.

The reduction in total assets arises from the disposition and changes in fair value of marketable securities from a balance of $366,675 at August 31, 2017 to $23,499 in at August 31, 2018 and $nil at August 31, 2019. Total assets at August 31, 2018 also includes cash of $584,390 compared to $35,583 at August 31, 2019. Total liabilities increased over the period due to constraints in cash balances at August 31, 2019.

Results of Operations:

Year ended August 31, 2019

During the year ended August 31, 2019, the Company reported a total comprehensive loss (being net loss and comprehensive loss) of $683,009 or $0.05 loss per share (2018 - $1,345,581 or $0.09 loss per share).

For the year ended	**31-Aug-19**	**31-Aug-18**
	$	**$**
Exploration and evaluation expenses	**(364,008)**	(1,049,694)
Administration expenses	**(319,001)**	(330,251)
Loss on sale of marketable securities - FVTPL	**-**	(22,636)
Other income on flow through settlement	**-**	57,000
Net loss	**(683,009)**	(1,345,581)
Loss on sale of marketable securities - FVTOCI	**(11,949)**	(128,526)
Total comprehensive loss	**(694,958)**	(1,474,107)

The total comprehensive loss for the year ended August 31, 2019 decreased compared to the comparable period in the prior year mainly due to the decrease in the Company's exploration activity. The most significant expense with respect to the exploration and evaluation expenses relates to general exploration expense of $357,871 (2018 - $1,032,725), of which $295,468 (2018 - $1,022,383) was incurred on the Silver Queen property.

Administration expenses decreased during the year ended August 31, 2019 compared to the prior year mainly due to a decrease in share-based compensation expense to $99,506 from $161,404, arising from 1,100,000 stock options granted to directors and officers of the Company.

Loss on sale of marketable securities recorded in other comprehensive income decreased from $128,526 for the year-ended August 31, 2018 to $11,949 for the year-ended August 31, 2019 primarily as a result of the Company's smaller holding of marketable securities during fiscal 2019.

Quarterly Information

The following table sets forth selected financial information from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended August 31, 2019. No cash dividends were declared in any of the reported periods.

Three months ended	**31-Aug-19**	**31-May-19**	**28-Feb-19**	**30-Nov-18**
	$	**$**	**$**	**$**
Total revenues	nil	nil	nil	nil
Net income (loss)	(148,817)	(221,764)	(168,902)	(143,526)
Net income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

Three months ended	**31-Aug-18**	**31-May-18**	**28-Feb-18**	**30-Nov-17**
	$	**$**	**$**	**$**
Total revenues	nil	nil	nil	nil
Net income (loss)	(500,028)	(308,852)	(118,602)	(418,099)
Net income (loss) per share	(0.02)	(0.02)	(0.01)	(0.02)

The changes in quarterly net income (loss) from fiscal 2018 to fiscal 2019 is primarily driven by the decrease in the Company's exploration activities during fiscal 2019.

Fourth Quarter
During the three months ended August 31, 2019, the Company reported a total comprehensive loss (being net loss and comprehensive loss) of $148,817 or $0.01 loss per share (2018 - $500,028 or $0.02 loss per share).

For the three months ended	**31-Aug-19**	**31-Aug-18**
	$	**$**
Exploration and evaluation expenses	**(94,566)**	(359,590)
Administration expenses	**(54,251)**	(197,438)
Loss on sale of marketable securities - FVTPL	**-**	-
Other income on flow through settlement	**-**	57,000
Net loss	**(148,817)**	(500,028)
Loss on sale of marketable securities - FVTOCI	**-**	(71,923)
Total comprehensive loss	**(148,817)**	(571,951)

The total comprehensive loss for the three months ended August 31, 2019 decreased compared to the comparable period in the prior year mainly due to the decrease in the Company's exploration activity. The most significant expense with respect to the exploration and evaluation expenses relates to general exploration expense of $88,866 (2018 - $323,895).

Administration expenses decreased during the three months ended August 31, 2019 compared to the comparable period in the prior year mainly due to share-based compensation expense of $7,324 (2018 - $161,404) arising from 100,000 (2018 – 900,000) stock options granted to directors and officers of the Company.

Financing

Year Ended August 31, 2019

During the year ended August 31, 2019, the Company did not complete any equity or debt financings.

Subsequent to August 31, 2019, the Company completed an equity private placement in two tranches as follows:

a) On October 17, 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.

b) 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 $28,520 and issued 43,750 finders' warrants, exercisable at a price of $0.12 per share for a period of 3 years.

Year Ended August 31, 2018

During the year ended August 31, 2018 shares were issued for the following:

a) Completed a private placement whereby gross proceeds of $103,000 were raised through the issuance of 1,287,500 units at a price of $0.08 per unit. Each unit consists of one non-flow-through common share and one share purchase warrant. Each warrant is exercisable into an additional non-flow-through common share at a price of $0.12 for a period of 5 years from grant.

b) Issued 600,000 common shares pursuant to the exercise of stock options for gross proceeds of $76,750.

c) Issued 225,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of $27,000.

d) Announced and completed a private placement whereby the Company raised gross proceeds of $1,111,875 through the issuance of 150,000 flow-through common shares (the "FT shares") at a price of $3.80 per FT share and 144,500 non-flow-through units (the "NFT units") at a price of $3.75 per NFT unit. Each NFT unit is comprised of one non-flow-through common share and one-half share purchase warrant. Each whole warrant is exercisable into an additional non-flow-through common share at a price of $4.25 for a period of 2 years from grant.

   In connection with the issuance of the FT shares, the Company issued 9,001 broker warrants with each broker warrant being exercisable into a NFT share at a price of $3.80 for a period of 2 years from issuance and paid a cash commission of $34,200. Further, the Company recognized a flow-through premium liability of $57,000 which was recognized in other income on flow-through settlement as the Company had incurred all the of the required eligible exploration expenditures during the year ended August 31, 2018.

   Finders' fees of $15,413 were paid in connection with the NFT unit portion of the financing.

Liquidity and Capital Resources

The consolidated financial statements for the period ended August 31, 2019 have been prepared on the basis of accounting principles applicable to a going concern. This assumes that Equity Metals will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Equity Metals has incurred operating losses over the last several fiscal years, has limited financial resources, no source of operating cash flow and no assurances that sufficient funding, including adequate financing, will be available to further explore its mineral property projects and to cover the overhead costs necessary to maintain a public company in good standing. At August 31, 2019, Equity Metals had cash on hand of $35,583 and a current working capital of $269 compared to cash on hand of $584,390 and a working capital of $606,522 at August 31, 2018. The net decrease in cash for the year is due to the Company's cash used in operating activities of $505,457 and investing activities of $43,350.

Working Capital:

As at	**31-Aug-19**	**31-Aug-18**
	$	**$**
Current Assets	**115,211**	676,967
Current Liabilities	**(114,942)**	(70,445)
Current Working Capital	**269**	606,522

Critical accounting estimates

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production, or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's mineral properties.

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

Fair value of stock options and warrants

Charges for share-based compensation are based on the fair value at the date of the award. Stock options are valued using the Black-Scholes Option Pricing Model, and inputs to the model include assumptions on expected volatility, discount rates and expected term, dividend yield, and expected forfeitures. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity. Expected volatility is a measure for variation of a price of a financial instrument over time. Expected volatility is derived from a time series of past market prices therefore may not be an accurate representation of future volatility.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Off-balance sheet arrangements
The Company has no off-balance sheet arrangements.

Additional Disclosure for Venture Issuers without Significant Revenue
Additional disclosure concerning Equity Metal's general and administrative expenses and resource property costs is provided in the Company's audited consolidated financial statements for years ended August 31, 2019 and 2018 available on SEDAR at www.sedar.com.

Transactions with Related Parties
Related party transactions are negotiated in the best interest of the Company's operations and cost management goals. The terms of related party transactions are detailed in Note 11 to the Financial Statements.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The compensation paid or payable to key management for services during the years ended August 31, 2019 and 2018 is as follows:

	August 31, 2019	**August 31, 2018**
	$	**$**
Management and wages to related parties	10,650	-
Management and wages to former related parties	45,500	58,226
General exploration to related parties	6,000	-
General exploration to former related parties	40,900	-
Share-based payments to related parties	15,153	161,404
Share-based payments to former related parties	76,524	-
	194,727	219,630

During the year ended August 31, 2019 $25,525 (2018 - $nil) was charged by Helen Jewitt, the spouse of John Jewitt the former Chief Executive Officer and director of the Company, with respect to accounting and administrative services provided during the period. In addition, during 2019 $10,225 (2018 - $nil) in accounting support services was charged by Malaspina Consultants Inc., a company controlled by Killian Ruby, the CFO and director of the Company, and $7,180 (2018 - $nil) was charged by Arlene Ashton, the prior CFO of the Company for support services.

Further, office rent of $14,400 for the year ended August 31, 2019 (2018 - $14,400) was charged by Foxy Creek Services Ltd., a company controlled by Ellen Clements, the prior CEO and prior director of the Company, and during 2019 $41,026 (2018 - $164,456) was charged by Ellen Clements and Foxy Creek Services Ltd. for consulting and use of equipment services. In addition, during 2019 the Company acquired equipment from Foxy Creek Services Ltd., a company controlled by Ellen Clements, the prior CEO and prior director of the Company for consideration of $54,900 (2018 - $nil). The office agreement is for a monthly fee of $1,200 with a 3-month notice period by either party to cancel the agreement. The office rent agreement was terminated subsequent to the year-end.

Included in accounts payable and accrued liabilities at August 31, 2019 is $12,337 (2018 – $nil) due to prior related parties of the Company, with the total amounts due to related parties being $23,716 (2018 - $nil). These amounts are unsecured and due under normal business terms.

At August 31, 2019, a total of $5,487 (August 31, 2018 - $5,487) was owing from DHK Diamonds Inc., a company with officers and Directors in common and has been included in receivables and prepaids.

Adoption of new accounting standards and standards issued but not yet effective
New Accounting Standards Adopted During the Period

IFRS 9, Financial Instruments
This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and became effective for the Company on September 1, 2018 (the date of initial adoption). IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in changes in fair value not being recycled to the income statement. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

IFRS 9 requires retrospective application at the date of initial adoption. However, IFRS 9 does not require an entity to restate prior periods. Restatement is permitted, if and only if, it is possible without the use of hindsight and the restated financial statements reflect all of the requirements of IFRS 9. If an entity does not restate prior periods, any difference between previous carrying amounts and those determined under IFRS 9 at the date of initial application should be included in opening retained earnings, or other equivalent component of equity, as relevant. The Company did not restate prior periods as there was no material impact at the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on September 1, 2018.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Recognition and Classification

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at September 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification IAS 39	**New classification IFRS 9**
Cash	FVTPL	Amortized cost
Marketable securities	Available-for-sale	FVTOCI
Reclamation deposit	Loans & receivable	Amortized cost
Receivables and prepaids	Loans & receivable	Amortized cost
Amounts due to related parties	Other liability	Amortized cost
Accounts payables and accruals	Other liability	Amortized cost

On transition to IFRS 9, the Company elected to classify its marketable securities as FVTOCI. The change in classification did not have a measurement impact on the carrying value of these financial assets at September 1, 2018.

Measurement

Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

New Accounting Standard Not Yet Effective

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 Company is currently assessing the expected impact of IFRS 16 on its consolidated financial statements.

Financial Instruments and Other Instruments
The Company's financial assets and liabilities are cash and cash equivalents, receivables, marketable securities, reclamation deposits, accounts payable and accrued liabilities and amounts due to related parties. The fair values of these financial instruments are estimated to be their carrying values due to their short-term nature. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity, receipt of market interest rates on interest bearing assets or capacity of prompt liquidation.

Outstanding share data
As at the date of this MD&A, the Company has 28,189,433 common shares outstanding. The Company also has 2,400,000 stock options outstanding, all of which are vested, with exercise prices ranging from $0.08 to $0.085 and 14,381,250 warrants outstanding with exercise prices ranging from $0.12 to $4.25.

Disclosure controls and procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements for the year ended August 31, 2019 and this accompanying MD&A (together, the "Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

For further information, and other information relating to the Company, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR at www.sedar.com.

Risks

The Company is engaged in the exploration, development and exploitation of mineral resources for base metals, precious metals and diamonds. The properties of the Company are without a known body of commercial ore. The exploration programs undertaken and proposed constitute an exploratory search and there is no assurance that the Company will be successful in its search. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. The amounts shown as property acquisition costs represent acquisition and holding cost, less amounts written off, and do not necessarily represent present or future values.

Acquisition of rights to the mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has investigated the title to all of the properties for which it holds concessions or in respect of which it has a right to earn an interest, the Company cannot give any assurance that title to such properties will not be challenged or impugned. The Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects or governmental actions. The Company can never be certain that it or its option partners will have valid title to its mineral properties. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law are often complex. The Company does not carry title insurance on its properties. A successful claim that the Company or its option partner does not have title to a property could cause the Company to lose its rights to that property, perhaps without compensation for its prior expenditures relating to the property. The occurrence of any such event could have a material adverse effect on the Company and its prospects.

The Company requires licenses and permits from various governmental authorities to carry out exploration and development of its projects. Obtaining permits can be a complex, time consuming process. There can be no assurance that the Company will be able to obtain the necessary licences and permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities. In addition, the requirements applicable to sustain existing permits and licenses may change or become more stringent over time and there is no assurance that the Company will have the resources or expertise to meet its obligations under such licenses and permits.

The Company has experienced losses in operations in prior years and has an accumulated deficit position. The Company expects to incur losses for the foreseeable future. The continuation of the Company's operations is subject to its ability to continue to be able to raise funding to support its operations. While the Company has been successful to date in raising funding there is no guarantee that it will continue to do so in the future.

The profitability of the Company's operations, if ever established, will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, sales of copper, gold and silver by central banks, forward sales by producers, production, industrial and jewellery demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable. The Company's revenues and earnings also could be affected by the prices of other commodities such as fuel and other consumable items, although to a lesser extent than by the price of copper, gold, silver or molybdenum. The prices of these commodities are affected by numerous factors beyond the Company's control.

The Company is dependent upon share issuances to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to explore its mineral properties. Issuances of additional securities will result in dilution of the equity interests of the Company's shareholders. The Company may issue additional common shares in the future as further capital is required and on the exercise of outstanding options or other convertible securities issued from time to time. Sales or issuances of substantial amounts of additional securities, or the availability of such securities for sale, could adversely affect the market prices for the Company's securities. A decline in the market prices of securities of the Company could impair the Company's ability to raise additional capital through the sale of new common shares should it desire to do so. In addition, if additional common shares or securities convertible into common shares are sold or issued, such sales or issuances may substantially dilute the equity interests of the Company's holders of common shares.

Companies in all industries, including the mining industry, are subject to legal claims from time to time, some of which have merit and others of which do not. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company may become subject could have a material effect on the Company's financial position, results of operations or the Company's property development.