Equity Metals Corporation

(formerly New Nadina Explorations Limited)

(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements
Three and Six months ended February 29, 2020 and February 28, 2019

(*unaudited - expressed in Canadian dollars*)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements of Equity Metals Corporation (formerly New Nadina Explorations Limited) (the "Company") have been prepared by and are the responsibility of the Company's management. The condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgments based on information currently available.

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

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

Equity Metals Corporation

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)

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

Going concern (note 1)
Subsequent events (note 15)

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

(signed) "Courtney Shearer" (signed) "Joseph A. Kizis"

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

Equity Metals Corporation

(An Exploration Stage Company)

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

(Unaudited - Expressed in Canadian dollars)

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

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

Equity Metals Corporation

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Equity

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

(Unaudited - Expressed in Canadian dollars)

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

(1) Accumulated other comprehensive income (loss)

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

Equity Metals Corporation

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Cash Flows

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

(Unaudited - Expressed in Canadian dollars)

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

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

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

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

2 Basis of presentation

Statement of compliance

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

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

Basis of consolidation

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

3 Adoption of new accounting standards

(i) New Accounting Standards Adopted During the Period

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

4 Use of estimates, assumptions and judgments

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

5 Marketable securities

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

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

(Unaudited - Expressed in Canadian dollars)

6 Property and equipment

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

7 Exploration and evaluation assets

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

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

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

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

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

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

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

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

Current DHK shareholder interest:

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

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

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

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

(Unaudited - Expressed in Canadian dollars)

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

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

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

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

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

(Unaudited - Expressed in Canadian dollars)

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

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

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

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

(Unaudited - Expressed in Canadian dollars)

8 Share capital

Authorized
An unlimited number of common shares without par value.

Financings

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

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

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

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

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

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

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

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

(Unaudited - Expressed in Canadian dollars)

The balance of options outstanding as at February 29, 2020 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
Dec 5, 2024	0.085	1,500,000	1,500,000
		2,400,000	2,400,000

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

Share purchase warrants

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

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

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

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

Reserves

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

(Unaudited - Expressed in Canadian dollars)

9 Related party transactions and commitments

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

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

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

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

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

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

10 Capital management

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

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

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

11 Segmental information

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

12 Contingencies

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

13 Subsequent events

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

Equity Metals Corporation

MANAGEMENT DISCUSSION & ANALYSIS

For the Three and Six Months Ended

February 29, 2020 and February 28, 2019

Introduction

The following management's discussion and analysis ("MD&A") of the operations, results, and financial position of Equity Metals Corporation (the "Company" or "Equity Metals") should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and six months ended February 29, 2020 and the audited consolidated financial statements for the year ended August 31, 2019 and the notes thereto.

The unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and include the operating results of the Company. Unless expressly stated otherwise, all financial information is presented in Canadian dollars. This information is current to April 27, 2020.

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, has 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 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") (refer to NR August 29, 2019) and, subsequently, appointed Mr. John Kerr to the Board of Directors (refer to NR December 5, 2019). Mr. Fred Sveinson, recently deceased, no longer serves as a Director.

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 the 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 a 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 a past-producing Au/Ag/Zn epithermal vein system that currently has a significant high-grade resource on four of the more extensively drilled veins. Drilling in 2011 intersected porphyry-style copper/molybdenum/gold mineralization to the southeast of the epithermal veins and which may be genetically related to the vein system, which together, constitutes a large, district-scale exploration opportunity. Such systems are typically well zoned, making geochemistry and alteration strong predictive tools to discover blind mineralization. Importantly, much of the well-drilled shallow mineralization is open to depth, and the Company has developed an initial drill plan to test those high-grade zones deeper in order to quickly add high-grade mineralization to the resource base. The goal is to ultimately increase the high-grade vein resource to +1.5million ounces of gold-equivalent. Data is currently being compiled, and we expect new targets to be developed as we create a 3D model of this large mineralized system. In addition to the size and quality of the current Mineral Resource Estimate and the now-enhanced exploration potential, the property has several other important attractive features, including: a) the property is wholly owned by the Company with no underlying option payments and no royalty burdens; b) logistics are excellent with good road access from the town of Houston, B.C., a small camp exists on site, topography being moderate, and location in a snow shadow; c) abundant mining activity occurs in the region; and d) power and water are available. Access issues to portions of the property are being addressed and a 5-year permit for drilling has been submitted, with initial holes planned to test three known high-grade zones below current resource blocks. Drilling is expected in Q3 of 2020.

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.

Significant historical surface and underground exploration has proven extended length and depth to the Cole, Chisholm and Wrinch (“No.3”) vein systems.

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:
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(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 three and six months ended February 29, 2020 totaled $51,748 and $107,249, respectively, (February 28, 2019 - $48,449 and $138,402, respectively). These were comprised primarily of general exploration costs of $48,062 and $97,840, respectively, (February 28, 2019 - $43,058 and $109,564, respectively) incurred for compilation of data and development of drill targets.

Monument Diamond Property - Lac de Gras, Northwest Territories (57.49%)
The Company holds a 57.3% interest and is operator of the Monument Diamond Project, in the Mackenzie District Mining Division, NWT, a property comprising 3 mining claims and 2 staked claims covering, in aggregate, approximately 3,581 ha and located about 40km from both the Diavik and Ekati diamond mines and some 300 km north of Yellowknife. The property hosts 12 different diamond-bearing kimberlites with a total of 2,437 microdiamonds recovered from past drilling; the largest discovered to date being 0.445 carats. Carbon has been identified in some of the kimberlite pipes on the property, indicating a near surface, eruptive

level of the kimberlite pipe. Collapse after eruption of the kimberlite tends to dilute the diamond-bearing kimberlite with unmineralized material that falls into the crater, including carbon from surficial plant material.

Diamonds are not all the same and value is determined by the types of diamond as well as individual sizes of the diamonds. Typically, a small percentage of the diamonds in a kimberlite provide almost all the profit, and new types of analyses are now available that can assist in evaluating the quality and value of diamond deposits. The Company will be evaluating these new techniques to determine if additional testing is necessary on the diamonds already recovered.

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%. The Company recently received notice of approval of its new 5-year five-year Type “A” Land Use Permit (“LUP”) the Wek’èezhìi Land and Water Board. The new LUP expires September 1, 2024, and the partners have posted the increased cash bond to cover additional reclamation costs, some of which are expected to be incurred in Q2 2020 for minor remediation. Although the diamond market currently is very soft, experts note that several mines are expected to be depleted over the next several years; thus, we consider Monument to be a valuable asset that does not need to be aggressively pursued at this time.

For the three and six months ended February 29, 2020, the Company has expended $3,277 and $10,313, respectively (February 28, 2019 - $15,912 and $23,476, respectively) on direct costs applicable to this property less recoveries of $nil and $29,561, respectively (February 28, 2019 - $30,434 and $30,434, respectively).

WO Diamond Property – 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. The Company, through its ownership of DHK, holds a minority interest in the WO Diamond property, a property comprising eight leases and approximately 5,816 ha, which immediately adjoins the Diavik Diamond Mine claims, some 300 km north of Yellowknife. The WO Diamond property is a joint venture ownership consisting of DeBeers Canada Inc. (“De Beers”) (72.13%), Archon Minerals Limited (17.57%) and DHK Diamonds Inc. (10.30%), with DeBeers being the project operator.

DHK has not recently contributed to the joint venture and has accepted dilution. DHK as of February 29, 2020 has a 10.3013% (August 31, 2019 - 10.3013%) contributing interest in the WO Diamond property. Should DHK reduce to less than a 4% participating interest, the joint venture interest will revert to a 0.25% Gross Overriding Royalty.

An encouraging 2007 bulk sample produced individual rough diamonds up to 9.45 carats. DHK has not received proposed work plans for 2020 from DeBeers.

Greenwood Royalty

Equity Metals (formerly New Nadina) sold its interest in a large group of claims in the Greenwood district in B.C. to Golden Dawn Minerals Inc in 2017 for shares and a retained royalty. The shares were subsequently sold, but the Company retains the 1% NSR royalty on this past-producing precious- and base-metal property. Golden Dawn has the right to purchase half of the royalty from the Company for $1.0 million in the first 5 years and for $1.2 milling in the following 5 years. Equity’s royalty claims include the Phoenix open pit mine, where Golden Dawn’s website reports that approximately 25.5 million tons were produced at an average grade of 0.9% copper and 1.1g/t gold between 1959 and 1976. Additional production of approximately 1.7 million tons were reported from other mines on the royalty claims. Golden Dawn holds a land package immediately to the south of the royalty claims that includes the Greenwood metal-processing mill and has announced plans to re-open the mill with feed from mines on its property and potentially from toll mill-feed from others. It reports that it intends to explore the Company's royalty ground for additional mill feed. The Company is evaluating the potential value of this royalty to Equity.

Saskatchewan Silica Sand Lease (100%)

The Company owns a 100% interest in this property. The silica Quarrying Mineral Lease covers an area of 54 acres and its term was recently extended until December 2024. The cost to extend the lease was $306. Although silica has many industrial uses, in most cases the value is strongly influenced by shipping costs to a specific market; further evaluation is necessary to determine potential value to the Company. To date, no income has been received from the lease. For the three and six months ended February 29, 2020 expenses totaled $133 and $439, respectively (February 28, 2019 - $nil and $357, respectively).

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 February 29, 2020. No cash dividends were declared in any of the reported periods.

Three months ended	**Feb 29, 2020 $**	**Nov 30, 2019 $**	**Aug 31, 2019 $**	**May 31, 2019 $**
Total revenues	-	nil	nil	nil
Net income (loss)	(385,492)	(253,910)	(148,817)	(221,764)
Net income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	778,919	1,136,304	318,779	344,991
Total liabilities	120,319	212,809	114,942	30,095

Three months ended	**Feb 28, 2019 $**	**Nov 30, 2018 $**	**Aug 31, 2018 $**	**May 31, 2018 $**
Total revenues	nil	nil	nil	nil
Net income (loss)	(168,902)	(143,526)	(500,028)	(308,852)
Net income (loss) per share	(0.01)	(0.01)	(0.02)	(0.02)
Total assets	563,331	652,755	869,734	1,300,768
Total liabilities	19,725	14,082	70,445	70,608

Results of Operations:

Six months ended February 29, 2020

During the six months ended February 29, 2020, the Company reported a net loss of $639,402 or $0.02 loss per share (February 28, 2019 - $312,428 or $0.02 loss per share).

For the six months ended	2020 $	2019 $
Exploration and evaluation expenses	**88,440**	131,801
Administration expenses	**549,801**	180,627
Foreign exchange (gain)/loss	**1,161**	-
Net loss for the period	**639,402**	312,428
Unrealized loss on marketable securities - OCI	**-**	11,949
Total comprehensive loss	**639,402**	324,377

The total comprehensive loss for the six months ended February 29, 2020 increased compared to the comparable period in the prior year mainly due to the increase in the Company's activity, the closing of the private placement, the change in management team and relocation of the Company's head office. As a result of the increase in treasury from the closing of the private placement the Company was able to attend to a number of administrative and regulatory matters which had been deferred due to the prior lack of funding available to the Company. Such matters included dealing with on-going litigation and related regulatory matters, revamping the Company's website and promoting awareness of the Company and its focus for the future. The administrative costs were incurred to provide the Company with a solid management base and enable future activity to be focused on the drilling programs on its core assets. Accordingly, the prior lack of funding and the timing of closing of the private placement did not permit significant exploration and evaluation expenditure.

The most significant expense, during the six months ended February 29, 2020, with respect to the exploration and evaluation expenses relates to general exploration expense of $108,286 (February 28, 2019 - $133,191), offset by recoveries from the Company's joint venture partners of $29,561 (February 28, 2019 - $30,434).

The significant categories in administration expenses for the six months ended February 29, 2020 includes legal, audit and accounting of $125,459 (February 28, 2019 - $30,333); consulting of $111,336 (February 28, 2019 - $nil); office rent and building expenses of $31,200 (February 28, 2019 - $7,200); non-cash share-based payments of $104,815 (February 28, 2019- $68,694) and travel and promotion of $91,549 (February 28, 2019 - $13,586).

Three months ended February 29, 2020

During the three months ended February 29, 2020, the Company reported a net loss of $385,492 or $0.01 loss per share (February 28, 2019 - $168,902 or $0.01 loss per share).

For the three months ended	**2020** **$**	**2019** **$**
Exploration and evaluation expenses	**55,158**	33,927
Administration expenses	**330,231**	134,975
Foreign exchange (gain)/loss	**103**	-
Net loss for the period	**385,492**	168,902
Unrealized loss on marketable securities - OCI	**-**	(5,141)
Total comprehensive loss	**385,492**	163,761

Exploration and evaluation expenses increased during the three months ended February 29, 2020 compared to the comparable period in 2019 mainly due to the direct exploration expenses of $55,158 (February 28, 2019 - $64,361) offset by recoveries of $nil (February 28, 2019 - $30,434).

Administration expenses increased during the six months ended February 29, 2020 compared to the comparable period in 2019 mainly due to the increase in the Company’s activity, the closing of the private placement, the change in management team and relocation of the Company’s head office. The significant categories in administration expenses for the three months ended February 29, 2020 include legal, audit and accounting of $53,690 (February 28, 2019 – $7,853); consulting of $59,436 (February 28, 2019 - $nil); office rent and building expenses of $16,200 (February 28, 2019 - $3,600); non-cash share-based payments of $104,815 (February 28, 2019- $68,694) and travel and promotion of $54,014 (February 28, 2019 - $12,962).

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.

Financing

<u>Six months Ended February 29, 2020</u>

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

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

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

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.

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

Liquidity and Capital Resources

The condensed interim consolidated financial statements for the period ended February 29, 2020 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 February 29, 2020, Equity Metals had cash on hand of $298,662 and a current working capital of $394,307 compared to cash on hand of $35,583 and a working capital of $269 at August 31, 2019. The net increase in cash for the period is due to the Company's net cash provided from issuance of shares of $989,350, offset by cash used in operations of $761,512 and cash used in investing activities of $69,574 for an increase in mineral property bond security deposits.

Working Capital

As at	**Feb 29, 2020**	**Aug 31, 2019**
	$	$
Current Assets	**514,626**	115,211
Current Liabilities	**120,319**	114,942
Current Working Capital	**394,307**	269

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.

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 unaudited condensed interim consolidated financial statements for the three and six month periods ended February 29, 2020 as well as its audited consolidated financial statements for the year-ended August 31, 2019 available on its SEDAR at www.sedar.com.

Transactions with Related Parties

Related party transactions are negotiated in the best interest of the Company.

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

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

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

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

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

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

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

New Accounting Standards Adopted During the Period

IFRS 16, Leases

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

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

The Company has authorized share capital consisting of common shares without par value. The number of shares authorized is unlimited. The Company has issued warrants for the purchase of common shares and also a stock option plan. The table below summarizes the Company's common shares, stock options and warrants that are convertible into common shares as of April 27, 2020:

Issued and outstanding common shares	28,189,433
Share options with a weighted average exercise price of $0.087	2,400,000
Share purchase warrants with a weighted average exercise price of $0.12	14,337,500
Fully Diluted	**44,926,933**

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 six months ended February 29, 2020 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.

COVID-19

The COVID-19 outbreak has resulted in social and economic disruption and had a resultant effect on the mining and exploration industries and capital markets. The impacts to the Company are not determinable at this date, however, these could be material to the Company's forecasted exploration work and the Company's financial position, results of operation and cash flows. The Company's liquidity and ability to continue as a going concern may also be impacted.