

# **Equity Metals Corporation**

*(formerly New Nadina Explorations Limited)*

*(An Exploration Stage Company)*

Condensed Interim Consolidated Financial Statements

**Three and Six months ended February 28, 2021 and February 29, 2020**

*(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 28, 2021	August 31, 2020
<b>Assets</b>			
Current			
Cash		3,180,897	1,790,432
Receivables and prepaids		139,308	188,849
		<u>3,320,205</u>	<u>1,979,281</u>
Non-current assets			
Reclamation deposits	5	147,480	182,074
Property and equipment	4	62,835	69,624
Exploration and evaluation assets	5	38,415	38,415
		<u>3,568,935</u>	<u>2,269,394</u>
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities		353,195	237,857
Amounts due to related parties	7	32,985	46,854
		<u>386,180</u>	<u>284,711</u>
<b>Equity</b>			
Share capital	6	20,293,271	17,501,220
Subscriptions receivable	6	-	(21,000)
Reserves	6	4,350,091	3,220,771
Deficit		(21,356,807)	(18,612,508)
Accumulated other comprehensive loss		(103,800)	(103,800)
		<u>3,182,755</u>	<u>1,984,683</u>
		<u>3,568,935</u>	<u>2,269,394</u>

**Nature of operations and Going concern** (Note 1)

**Subsequent events** (Note 12)

**Approved by the Board of Directors on April 27, 2021:**

(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 28, 2021 and February 29, 2020

(Unaudited - Expressed in Canadian dollars)

		Three months ended		Six months ended	
	Note	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
		\$	\$	\$	\$
<b>Exploration Expenses</b>					
Exploration expenses, net of recoveries	5	681,024	55,158	1,416,599	88,440
<b>Administration expenses</b>					
Consulting		-	59,436	-	111,336
Insurance		1,219	-	2,032	4,310
Legal, audit and accounting		52,112	53,690	95,435	125,459
Licences, fees and other		16,378	14,858	24,966	20,269
Management fees		4,970	18,210	12,070	31,887
Office rent and building expenses		15,000	16,200	30,000	31,200
Printing, stationery and office		12,505	8,595	21,520	26,167
Shared-based compensation		992,050	104,815	1,011,979	104,815
Telephone		803	640	1,888	3,501
Transfer agent fees		9,966	6,349	12,570	9,365
Travel and promotion		48,444	54,014	122,039	91,549
Interest income and miscellaneous		-	(6,576)	-	(10,057)
		(1,153,447)	(330,231)	(1,334,499)	(549,801)
Foreign exchange gain/(loss)		(1,339)	(103)	(1,031)	(1,161)
<b>Net loss and total comprehensive loss for the period</b>		<b>(1,835,810)</b>	<b>(385,492)</b>	<b>(2,752,129)</b>	<b>(639,402)</b>
<b>Basic and diluted net earnings per share</b>		<b>(0.03)</b>	<b>(0.01)</b>	<b>(0.04)</b>	<b>(0.02)</b>
<b>Weighted average number of shares outstanding</b>		<b>72,647,496</b>	<b>28,189,433</b>	<b>64,256,488</b>	<b>38,776,229</b>

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

# Equity Metals Corporation

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Equity

For the three and six months February 28, 2021 and February 29, 2020

(Unaudited - Expressed in Canadian dollars)

	Share Capital Number	Share Capital \$	Subscriptions Receivable \$	Reserves \$	AOCI(L) <sup>(1)</sup> \$	Deficit \$	Total \$
Balance, September 1, 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
Net loss for the period	-	-	-	-	-	(639,402)	(639,402)
<b>Balance, February 29, 2020</b>	<b>28,189,433</b>	<b>15,753,514</b>	<b>-</b>	<b>3,165,675</b>	<b>(103,800)</b>	<b>(18,156,789)</b>	<b>658,600</b>
Shares issued on private placement	27,205,042	1,904,352	(21,000)	-	-	-	1,883,352
Less: Issue costs - cash	-	(55,130)	-	-	-	-	(55,130)
Less: Issue costs - warrants	-	(101,516)	-	92,806	-	-	(8,710)
Expiry of unexercised warrants	-	-	-	(37,710)	-	37,710	-
Share-based payments	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	(493,429)	(493,429)
<b>Balance, August 31, 2020</b>	<b>55,394,475</b>	<b>17,501,220</b>	<b>(21,000)</b>	<b>3,220,771</b>	<b>(103,800)</b>	<b>(18,612,508)</b>	<b>1,984,683</b>
Receipts of private placement funding	13,144,567	2,366,022	21,000	-	-	-	2,387,022
Less: Issue costs - cash	-	(191,740)	-	-	-	-	(191,740)
Less: Issue costs - warrants	-	(148,285)	-	148,285	-	-	-
Exercise of warrants	6,368,500	726,434	-	(3,494)	-	-	722,940
Exercise of options	200,000	39,620	-	(19,620)	-	-	20,000
Expiry of unexercised options	-	-	-	(7,830)	-	7,830	-
Share-based payments	-	-	-	1,011,979	-	-	1,011,979
Net loss for the period	-	-	-	-	-	(2,752,129)	(2,752,129)
<b>Balance, February 28, 2021</b>	<b>75,107,542</b>	<b>20,293,271</b>	<b>-</b>	<b>4,350,091</b>	<b>(103,800)</b>	<b>(21,356,807)</b>	<b>3,182,755</b>

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

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

# Equity Metals Corporation

(An Exploration Stage Company)

Condensed Interim Consolidated Statement of Cash Flows

For the three and six months ended February 28, 2021 and February 29, 2020

(Unaudited - Expressed in Canadian dollars)

	Six months ended	
	February 28, 2021	February 29, 2020
	\$	\$
<b>Cash flows from operating activities</b>		
Net loss and total comprehensive loss for the period	(2,752,129)	(639,402)
Items not affecting cash		
Depreciation	6,789	8,849
Share-based payments	1,011,979	104,815
Foreign exchange (gain)/loss	(1,031)	-
	(1,734,392)	(525,738)
Changes in non-cash operating working capital		
Change in receivables and prepaids	49,541	(136,336)
Change in deferred exploration cost recoveries	-	55,782
Change in reclamation provision	-	-
Change in accounts payable and accrued liabilities	115,338	(54,967)
Change in amounts due to related parties	(13,869)	4,562
<b>Cash used in operating activities</b>	<b>(1,583,382)</b>	<b>(656,697)</b>
<b>Cash flows from investing activities</b>		
Mineral property bond security deposits	34,594	(69,574)
<b>Cash from (used in) investing activities</b>	<b>34,594</b>	<b>(69,574)</b>
<b>Cash flows from financing activities</b>		
Proceeds from exercise of warrants	722,940	-
Proceeds from exercise of options	20,000	-
Receipts from private placement financing	2,387,022	1,050,800
Share issue costs	(191,740)	(61,450)
<b>Cash from (used in) financing activities</b>	<b>2,938,222</b>	<b>989,350</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,389,434</b>	<b>263,079</b>
Effects of foreign exchange on cash and cash equivalents	1,031	-
Cash - Beginning of period	1,790,432	35,583
<b>Cash - End of period</b>	<b>3,180,897</b>	<b>298,662</b>

Supplemental cash flow information (Note 11)

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

# Equity Metals Corporation

*(An Exploration Stage Company)*

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 28, 2021 and February 29, 2020

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*(Unaudited - Expressed in Canadian dollars)*

## 1 Nature of operations and going concern

Equity Metals Corporation (“Equity Metals Corporation” or the “Company”) was incorporated pursuant to the laws of British Columbia on April 7, 1964. On September 12, 2019, the Company changed its name from New Nadina Explorations Limited to Equity Metals Corporation and changed its stock symbol to “EQTY” from “NNA”. The Company is principally engaged in the acquisition, exploration, and development of mineral and diamond properties in British Columbia, Saskatchewan and the Northwest Territories. The Company’s common shares trade on the TSX Venture Exchange under the trading symbol “EQTY” and, on June 17, 2020, the Company’s common shares commenced trading on the OTCQB Venture Marketplace in the United States of America under the trading symbol “EQMEF”. The Company 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.

During 2020, significant volatility in the stock market occurred for various reasons linked to the COVID-19 pandemic and other conditions effecting worldwide metal prices. However, increases in gold and silver prices are offsetting features to some of the negative conditions imposed by the pandemic. The impacts to the Company are not determinable at this date, but could be material to the Company's forecasted exploration work and the Company's financial position, results of operations and cash flows. The Company's liquidity and ability to continue as a going concern may also be impacted.

The Company has incurred losses since inception and expects to incur further losses in the development of its business and at February 28, 2021, the Company had a working capital of \$2,934,025 and at that date, the Company also had an accumulated deficit of \$21,356,807 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, 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, 2020, which have been prepared in accordance with IFRS.

# Equity Metals Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 28, 2021 and February 29, 2020

(Unaudited - Expressed in Canadian dollars)

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended August 31, 2020.

## Basis of consolidation

These condensed interim consolidated 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 consolidated 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 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, 2020.

## 4 Property and equipment

	Building	Equipment & Vehicles	Total
	\$	\$	\$
<b>Cost</b>			
Balance as at August 31, 2020	148,032	132,304	280,336
Additions	-	-	-
<b>Balance at February 28, 2021</b>	<b>148,032</b>	<b>132,304</b>	<b>280,336</b>
<b>Accumulated depreciation</b>			
Balance as at August 31, 2020	124,382	86,330	210,712
Depreciation	2,306	4,483	6,789
<b>Balance at February 28, 2021</b>	<b>126,688</b>	<b>90,813</b>	<b>217,501</b>
<b>Net book value</b>			
Balance as at August 31, 2020	23,650	45,974	69,624
<b>Balance at February 28, 2021</b>	<b>21,344</b>	<b>41,491</b>	<b>62,835</b>



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Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 28, 2021 and February 29, 2020

(Unaudited - Expressed in Canadian dollars)

## 5 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 caretaking are expensed when incurred.

Acquisition cost of exploration and evaluation assets	February 28, 2021	August 31, 2020
	\$	\$
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
Saskatchewan property (100% interest)	-	-
	<b>38,415</b>	<b>38,415</b>

### 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 17 crown-granted titles, comprised of 2 surface and undersurface titles and 15 undersurface-only titles, and 45 tenure claims. As at February 28, 2021, reclamation deposits of \$53,500 (August 31, 2020 - \$53,500) are 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 28, 2021, reclamation deposits of \$93,980 (August 31, 2020 - \$128,574) are held by the Government of Northwest Territories in relation to the Monument property.

# Equity Metals Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 28, 2021 and February 29, 2020

(Unaudited - Expressed in Canadian dollars)

## 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 February 28, 2021, DHK has a 10.301% (August 31, 2020 - 10.301%) contributing interest in the WO Joint Venture which is operated by the De Beers Group, arising from its purchase, on September 13, 2018, of Peregrine Diamonds Ltd., the original operator of the project. 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.

## Saskatchewan property (100%)

The Company holds a 100% interest in a silica quarrying mineral lease which expires in December 2024.

### Exploration and evaluation expenditures:

During the six months ended February 28, 2021, the Company incurred the following exploration expenditures:

	Saskatchewan property	Silver Queen property	Monument Diamond property	DHK Diamonds properties	Total
	\$	\$	\$	\$	\$
Assay analysis	-	181,078	-	-	181,078
Camp preparation	-	58,098	-	-	58,098
Depreciation	-	6,789	-	-	6,789
Drilling	-	605,088	-	-	605,088
General exploration	-	147,114	-	-	147,114
Geology	590	416,004	1,442	-	418,036
Property, assessment/taxes	209	187	-	-	396
	<b>799</b>	<b>1,414,358</b>	<b>1,442</b>	<b>-</b>	<b>1,416,599</b>

# Equity Metals Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 28, 2021 and February 29, 2020

(Unaudited - Expressed in Canadian dollars)

During the six months ended February 29, 2020, the Company incurred the following exploration expenditures:

	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	23,461	523	-	24,118
Geology	-	74,379	9,790	-	84,168
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 three months ended February 28, 2021, the Company incurred the following exploration expenditures:

	Saskatchewan property	Silver Queen property	Monument Diamond property	DHK Diamonds properties	Total
	\$	\$	\$	\$	\$
Assay analysis	-	154,506	-	-	154,506
Camp preparation	-	26,394	-	-	26,394
Depreciation	-	3,307	-	-	3,307
Drilling	-	269,232	-	-	269,232
General exploration	-	83,802	-	-	83,802
Geology	191	143,159	433	-	143,783
Property, assessment/taxes	-	-	-	-	-
	191	680,400	433	-	681,024

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(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 28, 2021 and February 29, 2020

(Unaudited - Expressed in Canadian dollars)

During the three months ended February 29, 2020, the Company incurred the following exploration expenditures:

	Saskatchewan property	Silver Queen property	Monument Diamond property	DHK Diamonds properties	Total
	\$	\$	\$	\$	\$
Assay analysis	-	-	-	-	-
Camp preparation	-	155	-	-	155
Depreciation	-	3,531	-	-	3,531
General exploration	133	12,428	3,277	-	15,838
Geology	-	35,634	-	-	35,634
Property, assessment/taxes	-	-	-	-	-
	133	51,748	3,277	-	55,158

## 6 Share capital

### Authorized

An unlimited number of common shares without par value.

### Financings

During the six months ended February 28, 2021, shares were issued for the following:

On December 10, 2020, the Company closed its non-brokered flow-through private placement issuing 13,144,567 Units at a price of \$0.18 per Unit for gross proceeds of \$2,366,022. Each Unit consisted of one flow-through common share and 1/2 a non-flow through share purchase warrant with each non-flow through share purchase warrant being exercisable for one common share at a price of \$0.25 per common share, expiring December 14, 2023. In addition, the Company incurred cash finders' fees of \$163,151, other cash issuance costs of \$28,589, and issued 906,392 finders' warrants with a fair value of \$148,285, exercisable at a price of \$0.18 per share for a period of 3 years. No amounts were allocated to flow-through premium or to non-flow through warrants included in the Units.

During the six months ended February 28, 2021, 6,368,500 warrants were exercised resulting in proceeds of \$722,940, and 200,000 options were exercised resulting in proceeds of \$20,000.

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 cash finders' fees of \$15,680, other cash issuance costs of \$20,750, and issued 140,000 finders' warrants with a fair value of \$8,710, 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

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(Unaudited - Expressed in Canadian dollars)

cash finders' fees of \$25,020. The Company allocated \$133,838 of the proceeds raised from the financing to reserves, representing the residual value of the unit price compared with the share price of \$0.065 on closing which was allocated, per unit, to share capital.

## Stock options

The Company has established a share purchase option plan (the "Plan") whereby the Board of Directors may from time to time grant options to directors, officers, employees or consultants. The maximum term of the options granted under the Plan is ten years from the date of grant, however the normal term of the options is five years, 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 28, 2021 and the changes for the year then ended are as follows:

	Number of options	Weighted average exercise price (\$ per share)	Weighted average remaining life (years)
Balance – August 31, 2020	2,400,000	0.09	3.92
Granted	4,100,000	0.26	
Exercised	(200,000)	0.10	
Expired	(100,000)	0.08	
Balance - February 28, 2021	6,200,000	0.20	4.44
Exercisable - February 28, 2021	6,200,000	0.20	4.44

During the six months ended February 28, 2021, the Company recorded share-based payments of \$1,011,979 (six months ended February 29, 2020 - \$104,815) in respect of 4,100,000 newly granted options, all of which vested upon grant. The fair value of the options granted during the six months ended February 28, 2021 was estimated using Black-Scholes option-pricing model. Weighted average assumptions used in the pricing model were as follows: share price –\$0.25; exercise price –\$0.26; expected life – 5 years; risk-free rate –0.43%; expected volatility – 238.15%; expected forfeitures – nil; and expected dividends – nil.

The balance of options outstanding as at February 28, 2021 is as follows:

Expiry date	Exercise price \$	Number of options outstanding	Number of options exercisable
October 25, 2023	0.10	300,000	300,000
March 3, 2024	0.08	200,000	200,000
July 25, 2024	0.08	100,000	100,000
December 5, 2024	0.085	1,500,000	1,500,000
October 19, 2025	0.20	100,000	100,000
January 29, 2026	0.26	4,000,000	4,000,000
		6,200,000	6,200,000

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 28, 2021 and February 29, 2020

(Unaudited - Expressed in Canadian dollars)

Options outstanding at February 28, 2021 are anti-dilutive as they would reduce the loss per share, and are therefore excluded from the calculation of diluted loss per share. Accordingly, the loss per share and diluted loss per share are the same amounts.

## Share purchase warrants

The Company's warrants outstanding as at February 28, 2021 and the changes for the three months ended are as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price (\$ per share)</b>	<b>Weighted average remaining life (years)</b>
Balance – August 31, 2020	42,136,443	0.11	2.68
Issued	7,478,675	0.18	
Exercised	(6,368,500)	0.11	
Balance - February 28, 2021	43,246,618	0.12	2.33

Warrants to acquire common shares are outstanding at February 28, 2021 as follows:

<b>Expiry date</b>	<b>Exercise price \$</b>	<b>Number of warrants outstanding</b>
October 22, 2022	0.12	5,820,500
November 25, 2022	0.12	4,212,500
August 10, 2023	0.10	25,734,943
December 14, 2023	0.18	7,478,675
		43,246,618

Subsequent to the period end 1,196,200 warrants were exercised for gross proceeds of \$130,544.

## 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.

## 7 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 six months ended February 28, 2021 and February 29, 2020 is as follows:

# Equity Metals Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 28, 2021 and February 29, 2020

(Unaudited - Expressed in Canadian dollars)

	Three months ended		Six months ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	\$	\$	\$	\$
Management and wages to related parties	17,370	32,531	35,895	56,599
General exploration to related parties	13,410	14,663	33,337	33,620
Share-based payments to related parties	644,833	69,876	644,833	69,876
	675,613	117,070	714,065	160,095

During the three and six months ended February 28, 2021, \$11,240 (February 29, 2020 - \$8,049) and \$20,488 (February 29, 2020 - \$13,751), respectively, in accounting support services was charged by Malaspina Consultants Inc., a company controlled by Killian Ruby, the CFO and a director of the Company. Further, during the three and six month periods ended February 28, 2021, the following amounts were charged to the Company by Manex Resource Group Inc. and Page Law Corporation, companies controlled by Larry Page, the Chairman of the board of directors: (i) \$12,866 (February 29, 2020 - \$28,954) and \$34,944 (February 29, 2020 - \$55,255, respectively, being costs for general exploration services; (ii) \$15,000 (February 29, 2020 - \$15,000) and \$30,000 (February 29, 2020 - \$30,000), respectively, being costs for office rent services; (iii) \$3,309 (February 29, 2020 - \$1,659) and \$11,174 (February 29, 2020 - \$4,757), being costs for general office and administration support services; (iv) \$19,519 (February 29, 2020 - \$24,604) and \$32,661 (February 29, 2020 - \$67,694), respectively, being costs for legal support services; (v) \$14,140 (February 29, 2020 - \$15,706) and \$33,704 (February 29, 2020 - \$45,720), respectively, being costs for investor relation and promotion services and (vi) \$2,583 (February 29, 2020 - \$nil) and \$5,010 (February 29, 2020 - \$37,585), respectively, being costs for corporate finance and associated services.

Included in current liabilities at February 28, 2021 is (i) \$32,985 (August 31, 2020 - \$46,854) due to related parties and (ii) \$nil (August 31, 2020 - \$5,783) due to former related parties of the Company. These amounts are unsecured and due under normal business terms.

At February 28, 2021 a total of \$5,487 (August 31, 2020 - \$5,487) was owing from DHK Diamonds Inc., a company with officers and Directors in common has been included in receivables and prepaids.

## 8 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 28, 2021.

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended February 28, 2021 and February 29, 2020

(Unaudited - Expressed in Canadian dollars)

## 9 Segmented information

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

## 10 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. As at February 28, 2021, no updates have occurred in respect of this claim.

## 11 Supplemental cash flow information

	February 28, 2021	February 29, 2020
	\$	\$
Issue costs - warrants	148,285	-
Transfer from reserves on exercise of warrants	3,494	-
Transfer from reserves on exercise of options	19,620	-
Transfer from reserves on expiry of unexercised options	7,830	-

## 12 Subsequent events

Subsequent to the period end 1,196,200 warrants were exercised for gross proceeds of \$130,544.