

**CAELAN CAPITAL INC.  
(FORMERLY ALBA MINERALS LTD.)**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2020**

**(Unaudited – Expressed in Canadian Dollars)**

**Notice of No Auditor Review**

These unaudited consolidated interim financial statements of Caelan Capital Inc. (formerly Alba Minerals Ltd.) (the “Company”) have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

**CAELAN CAPITAL INC. (formerly ALBA MINERALS LTD.)**Consolidated Interim Statements of Financial Position  
(Unaudited - Expressed in Canadian Dollars)

	June 30	December 31
	2020	2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 139,917	\$ 163,410
Prepaid expenses	-	12,750
GST recoverable	5,236	15,139
Loan receivable (Note 4)	62,663	-
Marketable securities (Note 4)	320,307	342,000
	528,123	533,299
<b>Equipment</b> (Note 5)	11,871	13,191
<b>Mineral properties exploration</b> (Note 6)	31,164	31,164
	\$ 571,158	\$ 577,654
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable (Note 10)	\$ 88,450	\$ 42,329
Accrued liabilities (Note 10)	15,402	58,002
	103,852	100,331
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7)	13,283,903	13,283,903
Reserves (Note 7)	473,929	404,949
Deficit	(13,290,526)	(13,211,529)
	467,306	477,323
	\$ 571,158	\$ 577,654

Nature and continuance of operations (Note 1)

Subsequent event (Note 14)

Approved on behalf of the Board:

Director "Peter Born"  
Peter Born, DirectorDirector "Sandy MacDougall"  
Sandy MacDougall, Director*The accompanying notes are an integral part of these consolidated interim financial statements*

**CAELAN CAPITAL INC. (formerly ALBA MINERALS LTD.)**

Consolidated Interim Statements of Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	Three months ended		Six months ended	
	June 30		June 30	
	2020	2019	2020	2019
<b>EXPENSES</b>				
Accounting and audit fees	\$ (1,955)	\$ 9,770	\$ 2,720	\$ 10,745
Consulting fees	-	71,250	22,750	75,601
Depreciation (Note 5)	660	793	1,320	1,586
Filing fees	7,340	29,524	9,490	37,787
Corporate communications	475	97,213	475	109,213
Legal	2,176	10,531	2,176	12,396
Management fees (Note 10)	9,500	124,500	89,000	189,000
Office and general	9,763	31,120	18,191	63,826
Promotion and travel	4,047	10,469	7,582	116,990
Rent	17,047	-	17,047	-
Transfer agent and regulatory fees	6,615	1,448	7,904	3,237
<b>Loss before other item</b>	<b>(55,668)</b>	<b>(386,618)</b>	<b>(178,655)</b>	<b>(620,381)</b>
<b>Other income</b>				
Interest income	1,496	-	2,663	-
Gain on sale of marketable securities (Note 4)	-	-	96,995	-
	1,496	-	99,658	-
<b>Net loss</b>	<b>(54,172)</b>	<b>(386,618)</b>	<b>(78,997)</b>	<b>(620,381)</b>
<b>Other comprehensive item</b>				
Change in fair value of investment (Note 4)	(13,926)	(171,000)	68,980	(684,000)
<b>Comprehensive loss</b>	<b>(68,098)</b>	<b>(557,618)</b>	<b>(10,017)</b>	<b>(1,304,381)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.06)</b>	<b>\$ (0.01)</b>	<b>\$ (0.10)</b>
<b>Weighted average number of common shares outstanding</b>	<b>6,742,450</b>	<b>6,692,038</b>	<b>6,742,450</b>	<b>6,332,454</b>

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

**CAELAN CAPITAL INC. (formerly ALBA MINERALS LTD.)**

Consolidated Interim Statements of Cash Flow

(Unaudited - Expressed in Canadian Dollars)

	<b>Six months ended</b>	
	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (78,997)	\$ (620,381)
Add (Deduct): items not involving cash		
Depreciation	1,320	1,586
Gain on sale of marketable securities	(96,995)	-
Non-cash working capital items		
GST recoverable	9,903	1,142
Loan receivable	(62,663)	-
Prepaid expenses	12,750	(38,250)
Accounts payable and accrued liabilities	3,521	3,241
<b>Net cash (used in) operating activities</b>	<b>(211,161)</b>	<b>(652,662)</b>
<b>Investing activities</b>		
Proceeds from sale of marketable securities	189,956	-
Purchase of marketable securities	(2,288)	-
Purchase of equipment	-	(1,022)
Mineral properties acquisition and exploration	-	(25,169)
<b>Net cash provided by (used in) investing activities</b>	<b>187,668</b>	<b>(26,191)</b>
<b>Financing activities</b>		
Issuance of common shares	-	680,625
Share issue costs	-	(41,880)
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>638,745</b>
<b>Change in cash during the period</b>	<b>(23,493)</b>	<b>(40,108)</b>
<b>Cash, beginning of the period</b>	<b>163,410</b>	<b>535,637</b>
<b>Cash, end of the period</b>	<b>\$ 139,917</b>	<b>\$ 495,529</b>
<b>Interest paid</b>	<b>\$ -</b>	<b>\$ -</b>

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**CAELAN CAPITAL INC. (formerly ALBA MINERALS LTD.)**Consolidated Interim Statements of Changes in Equity  
(Unaudited - Expressed in Canadian Dollars)

			<u>Reserves</u>			
	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Share-based Payment</b>	<b>Held for Sale</b>	<b>Deficit</b>	<b>Total Equity</b>
<b>Balance December 31, 2018</b>	5,876,826	\$12,628,430	\$ 1,219,677	-\$ 114,000	\$ (11,162,004)	\$ 2,572,103
Issue of common shares for cash pursuant to private placement (Note 7)	753,125	594,969	7,531	-	-	602,500
Share issue costs (Note 7)	-	(71,966)	30,086	-	-	(41,880)
Change in fair value of investment (Note 4)	-	-	-	(513,000)	-	(513,000)
Net loss	-	-	-	-	(620,381)	(620,381)
<b>Balance June 30, 2019</b>	<b>6,629,951</b>	<b>13,151,433</b>	<b>1,257,294</b>	<b>(627,000)</b>	<b>(11,782,385)</b>	<b>1,999,342</b>
<b>Balance December 31, 2019</b>	6,742,450	13,283,903	1,202,949	(798,000)	(13,211,529)	477,323
Change in fair value of investment (Note 4)	-	-	-	68,980	-	68,980
Net loss	-	-	-	-	(78,997)	(78,997)
<b>Balance June 30, 2020</b>	<b>6,742,450</b>	<b>\$13,283,903</b>	<b>\$ 1,202,949</b>	<b>\$ (729,020)</b>	<b>\$ (13,290,526)</b>	<b>\$ 467,306</b>

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

**CAELAN CAPITAL INC. (formerly ALBA MINERALS LTD.)**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended June 30, 2020 and 2019  
(Unaudited - Expressed in Canadian Dollars)

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Caelan Capital Inc. (formerly Alba Minerals Ltd.) (the “Company”), incorporated in British Columbia, is a public company listed under the symbol CDN. On April 13, 2020, the Company completed a share consolidation on the basis of one new, post-consolidated share, for ten, old pre-consolidated shares. Concurrently, the Company also changed its name to Caelan Capital Inc. and traded under the new stock symbol of “CDN”. All share amounts in these financial statements are reflected on a post-consolidated basis. As at market open on November 4, 2019, the Company listed on the Canadian Securities Exchange (“CSE”). As at market close on November 4, 2019, the Company voluntarily delisted from the TSX Venture Exchange (the “Exchange”). The address of the Company’s corporate office and its principal place of business is #2150 - 555 West Hastings Street, Vancouver, British Columbia, Canada, V6B 4N6.

These financial statements include the accounts of the Company and its 100% wholly owned subsidiary, Acrex Minerals (U.S.) Inc. (“Acrex US”). Acrex US was incorporated in the State of Nevada and Alba Minerals Ltd. (“Alba Argentina”). Alba Argentina was incorporated in Salta, Argentina. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties in North America. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related capitalized exploration expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

These consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has incurred losses since its inception and has an accumulated deficit of \$13,290,526 at June 30, 2020 which has been funded primarily by issuance of shares. The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors and generating profitable operations in the future. The Company has been successful in the past in raising funds for operations by issuing shares but there is a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. If the Company is unable to raise the necessary capital and generate sufficient cash flows to meet obligations as they come due, the Company may have to reduce or curtail its activities or obtain financing at unfavorable terms. Furthermore, failure to continue as a going concern would require the Company’s assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis. These consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

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As at and for the periods ended June 30, 2020 and 2019  
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**1. NATURE AND CONTINUANCE OF OPERATIONS, *continued***

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

These consolidated interim financial statements were authorized for issue on August 31, 2020 by the directors of the Company.

**2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE**

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standards (“IAS”) 34, Interim Financial Reporting. These consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited annual financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS.

These consolidated interim financial statements include the accounts of the Company and its 100% wholly owned subsidiary, Acrex Minerals (U.S.) Inc. (“Acrex US”). Acrex US was incorporated in the State of Nevada. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

These consolidated interim financial statements have been prepared on the historical cost basis. The presentation and functional currency of the Company is the Canadian dollar.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**a) Significant accounting judgments, estimates and assumptions**

The preparation of the Company’s consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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**3. SIGNIFICANT ACCOUNTING POLICIES, *continued***

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated interim financial statements:

- the determination that the Company will continue as a going concern for the next year.

**b) New accounting standards and amendments**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

**4. LOAN RECEIVABLE AND MARKETABLE SECURITIES**

On May 2, 2018, the Company received 3,800,000 common shares of Noram Ventures Inc. ("Noram") as partial consideration in the sale of the Company's interest in the Clayton Valley project (note 6).

The common shares are classified as fair value through other comprehensive income (loss) ("FVTOCI"). The initial fair value of the shares was \$1,140,000 based on quoted market price. As at December 31, 2018, the Company held 3,800,000 common shares of Noram. The closing share price was \$0.27 and the fair value of the shares was \$1,026,000. During the year ended December 31, 2018, the Company recognized an unrealized loss of \$114,000 in other comprehensive loss. As at December 31, 2019, the Company held 3,800,000 common shares of Noram. The closing share price on December 31, 2019 was \$0.09 and the fair value of the shares was \$342,000. During the year ended December 31, 2019, the Company recognized an unrealized loss of \$684,000 in other comprehensive loss. During the period ended June 30, 2020, the Company purchased an additional 15,500 shares and then sold 1,030,225 shares for a realized gain on sale of \$96,995. The closing share price on June 30, 2020 was \$0.115 and the fair value of the 2,785,275 remaining shares was \$320,307. During the six months ended June 30, 2020, the Company recognized an unrealized gain of \$68,908 in other comprehensive income.

On January 20, 2020, the Company entered into an agreement to loan an aggregate of \$60,000 to Noram. The amount is loaned at a rate of 10% per annum, with a bonus of \$12,500 payable to the Company at each anniversary date, until such time as the loan is fully paid off. The loan is to be repaid upon the completion of Noram's next financing and having sufficient resources to repay.

For the six months ended June 30, 2020, \$2,663 in interest income has been accrued on this loan.



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**5. EQUIPMENT**

<b>Cost</b>	<b>Office equipment</b>		<b>Total</b>
Balance, December 31, 2018	\$	15,923	\$ 15,923
Additions		1,022	1,022
Balance, December 31, 2019		16,945	16,945
Additions		-	-
Balance, June 30, 2020	\$	16,945	\$ 16,945
<b>Accumulated depreciation and impairments</b>			
Balance, December 31, 2018	\$	582	\$ 582
Depreciation		3,172	3,172
Balance, December 31, 2019		3,754	3,754
Depreciation		1,320	1,320
Balance, June 30, 2020	\$	5,074	\$ 5,074
<b>Carrying Amount</b>			
As at December 31, 2019	\$	13,191	\$ 13,191
<b>Balance, June 30, 2020</b>	<b>\$</b>	<b>11,871</b>	<b>\$ 11,871</b>

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**6. MINERAL PROPERTIES EXPLORATION**

June 30, 2020	Chascha Norte	Clayton Valley	Rainbow Canyon	Quiron II	Muddy Mountain	Torodo Project	Total
<b>Acquisition Costs</b>							
<i>Balance, December 31, 2019</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	-	-	-	-	-	-	-
Proceeds on disposal	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
<b>Acquisition costs, June 30, 2020</b>	-	-	-	-	-	-	-
<b>Exploration Costs</b>							
<i>Balance, December 31, 2019</i>	-	-	31,164	-	-	-	31,164
Additions	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
<b>Exploration costs, June 30, 2020</b>	-	-	31,164	-	-	-	31,164
<b>Balance, June 30, 2020</b>	\$ -	\$ -	\$ 31,164	\$ -	\$ -	\$ -	\$ 31,164
<b>December 31, 2019</b>							
<b>Acquisition Costs</b>							
<i>Balance, December 31, 2018</i>	\$ 645,375	\$ -	\$ -	\$ 342,990	\$ 6,714	\$ -	\$ 995,079
Additions	18,701	-	-	-	-	-	18,701
Proceeds on disposal	-	-	-	-	-	-	-
Impairment	(664,076)	-	-	(342,990)	(6,714)	-	(1,013,780)
<b>Acquisition costs, December 31, 2019</b>	-	-	-	-	-	-	-
<b>Exploration Costs</b>							
<i>Balance, December 31, 2018</i>	-	-	2,686	62,426	-	-	65,112
Additions	-	-	28,478	-	6,468	27,020	61,966
Impairment	-	-	-	(62,426)	(6,468)	(27,020)	(95,914)
<b>Exploration costs, December 31, 2019</b>	-	-	31,164	-	-	-	31,164
<b>Balance, December 31, 2019</b>	\$ -	\$ -	\$ 31,164	\$ -	\$ -	\$ -	\$ 31,164

**Rainbow Canyon, Nevada** – By an Agreement dated March 25, 2011, the Company purchased non-patented mineral claims and staked additional claims during the same year, in Washoe County, Nevada, USA. The purchase price for the claims was US\$125,000 (CAN\$123,719). A 3% Net Smelter Return (“NSR”) is reserved to the vendor subject to the Company’s right to purchase back up to a 2% NSR by the payment of \$500,000 for each 1% NSR interest purchased.

On February 8, 2017, the Company entered into an option agreement with Kingman Minerals Ltd. (formerly Astorius Resources Ltd.) (“Kingman”) to sell 100% interest in the Rainbow Canyon gold property. To complete the exercise of the option, Kingman must pay an aggregate of \$80,000 cash by March 1, 2018. \$60,000 was received from Kingman during the year ended December 31, 2017 and an impairment of \$106,573 was recognized.

During the year ended December 31, 2018, this option agreement became in default as Kingman was unable to fulfill its commitment. The agreement was mutually terminated.

During the year ended December 31, 2019, the Company filed a Notice of Intent with the BLM for its Rainbow Canyon Property to include additional drilling and the Company incurred \$28,478 (2018 - \$2,686) in exploration expenditures on the Rainbow Canyon Property.

During the six-month period ended June 30, 2020, the Company incurred \$31,164 in exploration expenditures on the Rainbow Canyon Property.

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**6. MINERAL PROPERTIES EXPLORATION, *continued***

**Clayton Valley, Nevada** – On December 5, 2016, the Company entered into an interim agreement to acquire up to a 50% interest in mineral claims in Clayton Valley, Esmeralda County, Nevada. The agreement also includes claims in San Bernardino County, California. A final option agreement (the “Agreement”) was signed on February 8, 2017 with Noram, a company with a common director and Green Energy Inc. (“Green Energy”) (a wholly owned subsidiary of Noram).

The first part of the Agreement was an option to purchase a 25% interest in the property for \$127,000 paid upon the signing of the letter of intent (paid), and \$127,000 upon the completion of a drilling program by Green Energy Inc. (paid).

The second part of the Agreement grants the Company an option to acquire a further 25% interest in the property by making a series of payments totaling \$845,000 to Green Energy in 2017.

On January 8, 2018, the parties amended the second part of the agreement, granting the Company the option to acquire a further 25% interest in the property by making a cash payment of \$350,000 prior to March 1, 2018.

On May 28, 2018, the Company signed an agreement with Noram to sell its 25% interest in the Clayton Valley project. The transaction received final approval from the Exchange on November 19, 2018. In consideration for its interest, the Company received 380,000 common shares of Noram with a fair value of \$1,140,000 and cash of \$400,000. The Company recorded a gain on sale of \$1,254,217 (Note 4).

**Quiron II, Argentina** - On August 2, 2017, the Company signed an option agreement to acquire 100% of the Quiron II lithium project, a prospective exploration property in the Pocitos Salar, Province of Salta, Argentina. On August 3, 2017, the Company received Exchange approval.

The final terms of the definitive agreement for the Company to acquire 100% interest in the Quiron II property are a total of US\$500,000 cash payable, of which US\$100,000 has been paid, and 240,000 common shares (issued), and incur US\$400,000 on an in-depth exploration EIA approval eighteen months after Exchange Approval.

As at December 31, 2019, the Company was in default of the agreement and recognized impairment of \$405,416.

**Chascha Norte, Argentina** - On January 18, 2018, the Company entered into a property option agreement to acquire 100% interest in the Chascha Norte Property, located in Salar de Arizaro, Argentina for the following consideration:

- a) Cash payment of \$250,000 (paid); and
- b) Issuance of 450,000 common shares (issued).

On October 11, 2018, the Company received TSX Venture Exchange approval to acquire a 100% interest in the Chascha Norte Lithium Property in Salta, Argentina.

In February 2019, the Company made additional expenditures of \$18,701 on this property.

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**6. MINERAL PROPERTIES EXPLORATION, *continued***

**Chascha Norte, Argentina, *continued***

As at December 31, 2019, the Company does not intend to pursue further exploration due to the political climate and various challenges associated with working on this property. The Company recognized an impairment of \$664,076.

**Muddy Mountain, Nevada** – On June 25, 2018, the Company entered into a property option agreement with a non-arm's length party to acquire a 100% interest in the Muddy Mountain Project, located in Clark County, Nevada for the following consideration:

- a) Cash payment of US\$5,000 upon execution of the Agreement (paid);
- b) Total cash payments of US\$235,000 at various points before three years of TSX Venture Exchange approval.
- c) Issuance of a total of 140,000 common shares as follows at various period before three years of TSX Venture Exchange approval.
- d) Completion of an aggregate of US\$120,000 in exploration expenditures before three years of TSX Venture Exchange approval.

The agreement is subject to a 2% NSR which can be repurchased by the Company for \$3,000,000.

The vendor and Company were not able to successfully get permitting approval from the BLM and as result, did not proceed with the option beyond the due diligence period. As at December 31, 2019, the Company no longer holds this option. The Company recognized an impairment of \$13,182 in 2019.

**Torado Project, Utah/Colorado**

In November 2019, the Company incurred costs of \$27,020 related to staking of the Torado Vanadium and Uranium Project. As at December 31, 2019, the Company recognized impairment of \$27,020.

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**7. SHARE CAPITAL AND RESERVES**

**Authorized**

Unlimited common shares without par value.

**Issued**

**2018**

During the year ended December 31, 2018, the Company issued 85,000 common shares pursuant to the exercise of options at \$0.90 per share for total cash proceeds of \$76,500 and an adjustment to share based payment reserve of \$66,689.

During the year ended December 31, 2018, the Company issued 593,017 common shares pursuant to the exercise of warrants at prices of \$0.60, \$0.75 and \$1.50 per share for total cash proceeds of \$552,365.

On November 10, 2018, the Company issued 450,000 common shares with a fair value of \$315,000 for an option payment on the Chascha Norte property (Note 6).

**2019**

On March 20, 2019, the Company completed a private placement raising a total of \$602,500 through the sale of 753,125 units at a price of \$0.80 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$1.00 for a period of 24 months.

In connection with the March 20, 2019 private placement, the Company paid cash of \$41,880 and issued 52,350 finders' warrants with a fair value of \$30,086. The broker warrants were valued using the Black Scholes option pricing model with the following assumptions: market price of \$0.10, term of two years; volatility of 111%; dividend of 0%; and discount rate of 1.6%.

During the year ended December 31, 2019, the Company issued 50,000 common shares pursuant to the exercise of warrants at a price of \$0.75 for total cash proceeds of \$37,500.

During the year ended December 31, 2019, the Company issued 62,500 common shares pursuant to the exercise of options at \$0.65 per share for total cash proceeds of \$40,625 and an adjustment to share based payment reserve of \$46,814.

**Share-based Payments Reserve**

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

**Held for sale reserve**

The reserve records unrealized gains and losses arising on held for sale financial assets except for foreign exchange gains and losses.

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**8. STOCK OPTIONS**

Under the Company's stock option plan, the exercise price of each option is determined by the Board, subject to the pricing policies of the Exchange. Options vest immediately when granted and expire five years from the date of the grant, unless the Board establishes more restrictive terms.

The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued shares at the time the options are granted. The aggregate number of options granted to any one optionee in a 12-month period is limited to 5% of the issued shares of the Company.

On September 5, 2018 and December 31, 2018, the Company granted 300,000 and 160,000, respectively, incentive stock options to directors, officers, and consultants of the Company. These options vest immediately and are exercisable at \$0.65 per share for a period of ten years, expiring September 5, 2028 and December 3, 2028. The estimated fair value was calculated for the options using the Black-Scholes Option Pricing Model based on the following assumptions: risk-free interest rate of 2.24% and 1.96% respectively, expected life of 10 years, no annual dividends, expected volatility of 200% and a forfeiture rate of 20%. During the year ended December 31, 2018, the Company recognized \$269,244 in share-based compensation relating to these grants.

All options granted are in accordance with the Company's 10% rolling stock option plan.

The continuity of options is as follows:

	<b>Six months ended June 30 2020</b>		<b>Year ended December 31 2019</b>	
	<b>Number of Options</b>	<b>Weighted average exercise price</b>	<b>Number of Options</b>	<b>Weighted average exercise price</b>
Outstanding - beginning of period	517,500	\$ 0.71	580,000	\$ 0.70
Exercised	-	-	(62,500)	0.65
Outstanding - end of period	517,500	\$ 0.71	517,500	\$ 0.71

During the six months ended June 30, 2020 and the year ended December 31, 2019, Nil (2018 - 95,000) options expired or were cancelled by the Company.

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**8. STOCK OPTIONS, *continued***

Details of the share options outstanding and exercisable as at June 30, 2020 are as follows:

Expiry Date	Number of Options Outstanding	Number of Options Vested	Number of Options Unvested	Exercise Price	Weighted Average Remaining Life
December 3, 2028	160,000	160,000	Nil	\$ 0.65	8.43 years
September 5, 2028	237,500	237,500	Nil	\$ 0.65	8.19 years
November 9, 2022	120,000	120,000	Nil	\$ 0.90	2.36 years
	517,500	517,500		\$ 0.71	6.91 years

As at June 30, 2020, stock options outstanding had a weighted average remaining life of 6.91 years (December 31, 2019 – 7.41 years).

**9. WARRANTS**

As at June 30, 2020, the following warrants were outstanding:

	Number of Warrants	Weighted average Exercise price	Expiry date	Remaining Life (years)
Issued in private placement	922,500	\$ 0.75	November 29, 2020	0.42
Issued in private placement	389,333	\$ 0.75	December 1, 2020	0.42
Issued in private placement	805,475	\$ 1.00	March 20, 2021	0.72
	2,117,308	\$ 0.85		0.53

Warrant activity for the six months ended June 30, 2020 and year December 31, 2019 is presented below:

	Six months ended June 30 2020		Year ended December 31 2019	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Outstanding - beginning of period	2,652,058	\$ 1.00	1,896,583	\$ 1.00
Exercised	-	-	(50,000)	0.75
Granted	-	-	805,475	1.00
Expired	(534,750)	1.00	-	-
Outstanding - end of period	2,117,308	\$ 0.85	2,652,058	\$ 1.00

As at June 30, 2020, warrants outstanding had a weighted average life outstanding of 0.53 years (December 31, 2019 – 0.86 years).

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**9. WARRANTS, *continued***

On September 7, 2018, the Company extended the expiry dates of the warrants issued on November 29, 2018 and December 1, 2018. These warrants remain exercisable at a price of \$0.75 per common share but have been extended an additional two years and will now expire on November 29, 2020 and December 1, 2020.

On January 16, 2019, the Company extended the expiry dates of the warrants issued on February 15, 2017 and March 6, 2017. These warrants remained exercisable at a price of \$0.15 per common share but the expiry date was extended an additional one year to expire on February 15, 2020 and March 6, 2020. During the six months ended June 30, 2020, these warrants expired unexercised.

**10. RELATED PARTY TRANSACTIONS**

During the six months ended June 30, 2020 and 2019, the Company incurred management fees totalling \$89,000 (2019 - \$189,000) from companies controlled by officers and common directors.

The aggregate remuneration during the six months ended June 30, 2020 and 2019 of the Company's key management consists of:

	<b>2020</b>	<b>2019</b>
Management fees	\$ 89,000	\$ 189,000

At June 30, 2020, accounts payable and accrued liabilities included \$42,120 (December 31, 2019 – \$86,950) for amounts due to companies controlled by officers and directors in respect of the fees indicated above.

Key management personnel comprise the Company's Board of Directors and executive officers. No remuneration was paid to key management personnel during the periods ended June 30, 2020 and 2019 other than as indicated above.

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

The Company currently has no externally imposed capital requirements. There was no change to the Company's approach to capital management during the period.



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**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

As at June 30, 2020 and December 31, 2019, the Company's financial instruments consist of cash, marketable securities and accounts payable.

In management's opinion, the Company's carrying values of cash, marketable securities and accounts payable approximate their fair values due to the immediate or short-term maturity of these instruments.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash and marketable securities are classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. Accounts payable are classified under Level 3.

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held at a large Canadian financial institution in interest bearing accounts, and therefore the Company is subject to low credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined in Note 11 to the financial statements. The Company is subject to high liquidity risk.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices and foreign exchange rates.

The Company does not believe it is exposed to significant market risk.

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**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, *continued***

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does not believe it is exposed to significant interest rate risk.

Price Risk

The Company is not exposed to price risk.

Currency Risk

As at June 30, 2020, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company does not believe it is exposed to any significant currency risk.

**13. OPERATING SEGMENT INFORMATION**

The Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. The Company has mineral properties located in the province of Quebec and in the States of Nevada and Colorado, USA.

**14. SUBSEQUENT EVENTS**

Sale of Shares

On July 31, 2020, the Company sold 595,000 common shares at a price of \$0.22 per share for gross proceeds of \$130,900.

Options Cancellation

On July 17, 2020, all 517,000 Incentive Stock Options were cancelled by the Board of Directors.

Loan Repayment

On July 17, 2020, the Company received 840,000 units as payment for a \$62,909.59 loan, including interest calculated at 10% per annum from Noram Ventures Inc. Each unit was comprised of one common share and one transferrable share purchase warrant exercisable at a price of \$0.10 for five years from the date of issuance.

On July 21, 2020, the Company was re-paid a total of \$40,000 from a loan it had provided to Noram Ventures Inc. on July 13, 2020 and July 16, 2020.

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**14. SUBSEQUENT EVENTS, *continued***

Ranger Lake Gold Project, Quebec, Canada

On August 20, 2020, the Company entered into a Property Option Agreement (“Agreement”) with an arms’ length vendor to acquire 100% interest in the Ranger Lake Gold Project in the Property of Quebec. Under the terms of the agreement the Company will make a cash payment of \$50,000 within five business days of the signing of the Agreement, an additional cash payment of \$50,000 on or before six months of the signing of the Agreement, and a final cash payment of \$100,000 on or before twelve months of the signing of the Agreement. The Company must also complete \$250,000 in exploration expenditures on or before twelve months of the signing of the Agreement.