

CRUZ COBALT CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

October 31, 2019 and 2018

NOTICE OF NO AUDITOR REVIEW

The unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the periods ended October 31, 2019 and 2018 have not been reviewed by the Company's external auditor.

CRUZ COBALT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

ASSETS	October 31, <u>2019</u>	July 31, <u>2019</u>
Current assets		
Cash and cash equivalents – Note 4	\$ 1,948,213	\$ 2,062,547
Receivables – Note 5	11,380	25,340
Rent deposit	29,620	29,620
Prepaid expenses – Note 6	16,726	17,772
Total current assets	2,005,939	2,135,279
Non-current assets		
Exploration and evaluation assets – Note 7	1,268,846	1,262,324
Total assets	\$ 3,274,785	\$ 3,397,603
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities – Notes 8 and 11	\$ 37,990	\$ 60,754
SHAREHOLDERS' EQUITY		
Share capital – Note 9	19,087,872	19,087,872
Reserves – Note 9	1,581,249	1,581,249
Accumulated deficit	(17,432,326)	(17,332,272)
Total shareholders' equity	3,236,795	3,336,849
Total liabilities and shareholders' equity	\$ 3,274,785	\$ 3,397,603

Nature and Continuance of Operations (Note 1)

APPROVED BY THE DIRECTORS:

<u>“Seth Kay”</u> Seth Kay	Director	<u>“James Nelson”</u> James Nelson	Director
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CRUZ COBALT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Three months ended October 31,	
	<u>2019</u>	<u>2018</u>
Operating expenses		
Consulting	\$ 21,000	\$ 21,000
Corporate branding	6,019	3,000
Investor relations	-	75,000
Management fees – Note 11	26,400	24,000
Office and miscellaneous	21,557	14,449
Professional fees – Note 11	16,648	19,645
Shareholder information	2,072	2,096
Transfer agent and filing fees	6,437	4,982
Travel and misc	77	229
	<hr/>	<hr/>
	(100,210)	(164,401)
Interest income	156	9,039
	<hr/>	<hr/>
Net loss and comprehensive loss for the period	\$ (100,054)	\$ (155,362)
	<hr/>	<hr/>
Loss per share – basic and diluted – Note 10	\$ (0.00)	\$ (0.00)
	<hr/>	<hr/>
Weighted average number of shares outstanding – basic and diluted – Note 10	78,646,890	78,646,890
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CRUZ COBALT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Three months ended October 31,	
	<u>2019</u>	<u>2018</u>
Operating Activities		
Loss for the period	\$ (100,054)	\$ (155,362)
Changes in non-cash working capital items:		
Receivables	13,960	14,513
Prepaid expenses	1,046	80,838
Accounts payable and accrued liabilities	(11,310)	(7,752)
	<hr/>	<hr/>
Cash used in operating activities	(96,358)	(67,763)
Investing Activities		
Exploration and evaluation assets	(17,976)	(145,758)
	<hr/>	<hr/>
Cash used in investing activities	(17,976)	(145,758)
Decrease in cash during the period	(114,334)	(213,521)
Cash, beginning of the period	2,062,547	2,807,027
	<hr/>	<hr/>
Cash, end of the period	\$ 1,948,213	\$ 2,593,506

Supplemental Disclosure with Respect to Cash Flows (Note 13)

CRUZ COBALT CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share Capital		Reserves	Accumulated Deficit	Total
	Number of shares	Amount			
Balance, July 31, 2018	78,646,890	\$ 19,087,872	\$ 1,581,249	\$ (15,875,374)	\$ 4,793,747
Loss for the period	-	-	-	(155,362)	(155,362)
Balance, October 31, 2018	78,646,890	\$ 19,087,872	\$ 1,581,249	\$ (16,030,736)	\$ 4,638,385
Loss for the period	-	-	-	(1,301,536)	(1,301,536)
Balance, July 31, 2019	78,646,890	19,087,872	1,581,249	(17,332,272)	3,336,849
Loss for the period	-	-	-	(100,054)	(100,054)
Balance, October 31, 2019	78,646,890	\$ 19,087,872	\$ 1,581,249	\$ (17,432,326)	\$ 3,236,795

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

CRUZ COBALT CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

October 31, 2019 – Page 1

1. NATURE AND CONTINUANCE OF OPERATIONS

Cruz Cobalt Corp. (the “Company”) is an exploration stage public company and is listed on the Canadian Securities Exchange (the “CSE”) under the symbol "CRUZ". The Company’s principal business activities include acquiring and exploring exploration and evaluation assets. At October 31, 2019, the Company had exploration and evaluation assets located in Canada and the U.S.A.

The Company’s head office and principal business address is Suite 1470, 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6. The Company’s registered and records office is located at 900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At October 31, 2019, the Company had not yet achieved profitable operations, incurred a loss of \$100,054 during the three months ended October 31, 2019 and had an accumulated deficit of \$17,432,326 since its inception. The Company expects to incur further losses in the development of its business, all of which may cast substantial doubt on the Company’s ability to continue as a going concern. The Company may require additional financing in order to conduct the planned work programs on its exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these condensed consolidated interim financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these condensed consolidated interim financial statements.

2. BASIS OF PREPARATION

a) Statement of Compliance

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS34”) as issued by the International Accounting Standards Board (“IASB”). Therefore, these condensed 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 most recently issued audited financial statements for the year ended July 31, 2019, which includes information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies, use of judgements and estimates were presented in Note 2 and Note 3 of these audited financial statements, and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on December 10, 2019.

2. BASIS OF PREPARATION (continued)

b) Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries. All inter-company balances, transactions, income and expenses have been eliminated upon consolidation.

c) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The principal subsidiaries of the Company as of October 31, 2019 are as follows:

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest October 31, 2019	Ownership Interest July 31, 2019
Cobalt Locaters Inc.	Holding company	Canada	100%	100%
Cruz Capital (US) Corp.	Holding company	USA	100%	100%

3. NEW ACCOUNTING STANDARDS ADOPTED DURING THE PERIOD

IFRS 16 – Leases

New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting. The Company adopted this new standard on August 1, 2019. The adoption of this new standard has no impact on the Company's condensed consolidated interim financial statements.

4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in Canadian Dollars and include the following components:

	October 31, <u>2019</u>	July 31, <u>2019</u>
Cash at bank	\$ 23,713	\$ 58,047
Short-term deposits	1,924,500	2,004,500
	<u>\$ 1,948,213</u>	<u>\$ 2,062,547</u>

5. RECEIVABLES

The Company's receivables comprise of goods and services tax ("GST") receivable due from Canadian government taxation authorities, accrued interest on short-term deposits, and reimbursements from one public company with one common director for recoverable office expenses.

	October 31, <u>2019</u>	July 31, <u>2019</u>
Related party receivable (Note 11)	\$ 1,046	\$ 1,804
Trade receivable	1,430	-
Accrued interest on short-term deposits	4,582	18,025
GST recoverable	<u>4,322</u>	<u>5,511</u>
Total receivables	<u>\$ 11,380</u>	<u>\$ 25,340</u>

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

6. PREPAIDS

The Company's prepaids are comprised of fees prepaid to vendors of the Company and include the following components:

	October 31, <u>2019</u>	July 31, <u>2019</u>
Corporate branding	\$ 8,468	\$ 7,500
Other prepaids	8,258	10,272
Total prepaids	<u>\$ 16,726</u>	<u>\$ 17,772</u>

Cruz Cobalt Corp.

Notes to the Condensed consolidated interim Financial Statements

(Expressed in Canadian Dollars)

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7. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets consist of the following mineral properties:

	BC War Eagle Cobalt	ON Cobalt Prospects	Yukon Quartz Claims	Idaho Star Cobalt Prospect	Montana Chicken Hawk Cobalt Prospect	Nevada Clayton Valley W. Lithium Property	Total
Balance, July 31, 2018	\$ 19,615	\$ 930,108	\$ 16,343	\$ 6,846	\$ 690,881	\$ 37,304	\$ 1,791,097
Deferred exploration expenditures							
Geological expenses	3,000	89,756	-	-	-	-	92,756
Geological report	-	32,143	-	-	-	-	32,143
Claim maintenance fees	-	-	210	832	13,425	2,692	17,159
Drilling	-	115,147	-	-	-	-	115,147
Field supplies and equipment	-	9,547	-	-	-	-	9,547
Lab and assay	636	25,733	-	-	-	-	26,369
Travel & miscellaneous	7,448	37,486	-	-	-	-	44,934
Prior year advance for exploration	-	(11,413)	-	-	-	-	(11,413)
Write-down of exploration and evaluation assets	(21,109)	(40,000)	-	-	(704,306)	-	(765,415)
Balance, July 31, 2019	9,950	1,188,507	16,553	7,678	-	39,996	1,262,324
Deferred exploration expenditures							
Geological report	2,500	-	-	-	-	-	2,500
Claim maintenance fees	-	-	210	903	-	2,909	4,022
Balance, October 31, 2019	\$ 12,090	\$ 1,188,507	\$ 16,763	\$ 8,581	\$ -	\$ 42,905	\$ 1,268,846

7. EXPLORATION AND EVALUATION ASSETS (continued)

Title to Interests in Exploration and Evaluation Assets

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

BC War Eagle Cobalt Prospect – Staking

In June 2016, the Company acquired a 100% interest in certain mineral claims in British Columbia for staking costs of \$3,496.

In January 2018, the Company acquired a 100% interest in certain mineral claims in British Columbia for staking costs of \$7,283.

In October 2018, the Company decided to drop certain War Eagle claims and allowed them to lapse when they became due. Accordingly, prior acquisition costs of \$7,283 and exploration costs of \$12,716 associated with these lapsed claims were written off as of July 31, 2018.

During the year ended July 31, 2019, the Company decided to further reduce the size of certain War Eagle claims. Accordingly, prior acquisition costs of \$2,404 and exploration costs of \$18,705 were written off.

As at October 31, 2019, the Company had spent a total of \$10,998 in exploration expenditures on this prospect.

BC and ON Cobalt Prospects – Share Purchase Agreement and Staking

On July 22, 2016, the Company entered into a share purchase agreement (the “Cobalt Locaters SPA”) with four arm’s length vendors (the “Vendors”) to purchase 100% of the issued and outstanding shares of Cobalt Locaters Inc., which holds a 100% interest in two cobalt prospects in B.C. (the "Purcell Cobalt Prospect") and a 50% interest in four cobalt prospects in Ontario (the "Coleman Cobalt Prospect", the "Bucke Cobalt Prospect", the "Hector Cobalt Prospect", and the "Johnson Cobalt Prospect"). The acquisition has been accounted for as an asset acquisition. In August 2016, the Company paid \$20,000 cash and issued 4,800,000 shares (issued at a value of \$816,000) to the Vendors pursuant to the Cobalt Locaters SPA. Cobalt Locaters Inc. became a wholly-owned subsidiary of the Company. The acquisition costs had been split evenly between these six cobalt properties. During the year ended July 31, 2019, the Company acquired the remaining 50% interest in the above four Ontario cobalt prospects from an arm's length vendor at no costs. As of today, the Company holds a 100% interest in the above four Ontario cobalt prospects.

In September 2016, the Company acquired a 100% interest in certain mineral claims in Ontario to increase the holdings in its Johnson Cobalt Prospect, Bucke Cobalt Prospect and Hector Cobalt Prospect for staking costs of \$19,500.

7. EXPLORATION AND EVALUATION ASSETS (continued)

BC and ON Cobalt Prospects – Share Purchase Agreement and Staking (continued)

In December 2016, the Company acquired a 100% interest in certain mineral claims in Ontario to increase the holdings in its Coleman Cobalt Prospect for staking costs of \$2,300. Subsequent to July 31, 2018, the Company decided to drop these claims. Prior acquisition costs of \$2,300 were written off as of July 31, 2018.

In June 2017, the Company acquired a 100% interest in certain mineral claims in Ontario to increase the holdings in its Coleman Cobalt Prospect for staking costs of \$1,268.

In December 2017, the Company acquired a 100% interest in certain mineral claims in Ontario referred to as the Lorraine Cobalt Prospect for staking costs of \$40,000. Subsequent to July 31, 2019, the Company decided to drop these claims and will allow them to lapse when they become due. Accordingly, prior staking costs of \$40,000 were written off as of July 31, 2019.

In January and April 2018, the Company acquired a 100% interest in certain mineral claims in Ontario to increase the holdings in its Lorraine Cobalt Prospect for staking costs of \$20,890.

As at October 31, 2019, the Company had spent a total of \$589,515 in exploration expenditures on the ON Cobalt Prospects.

Yukon Quartz Claims – Purchase Agreement

During the year ended July 31, 2010, the Company acquired a 100% interest in certain quartz mineral claims located in the Yukon Territory.

During the years ended July 31, 2013, 2015 and 2016, the Company decided not to continue with certain claims and allowed these claims to lapse when they became due. Accordingly, prior acquisition costs of \$670,862 and exploration costs of \$34,838 associated with these lapsed claims were written off.

As at October 31, 2019, the Company had spent a total of \$2,127 in exploration expenditures on the remaining Yukon Quartz claims.

Idaho Star Cobalt Prospect – Staking

In October 2016, the Company acquired a 100% interest in the Idaho Star Cobalt Prospect in Idaho, U.S.A. for staking costs of \$39,964.

In August 2018, the Company decided to drop certain Idaho claims and allowed them to lapse when they became due. Prior acquisition costs of \$36,330 and exploration costs of \$32,122 were written down as of July 31, 2018.

As at October 31, 2019, the Company had spent a total of \$4,948 in exploration expenditures on this prospect.

7. EXPLORATION AND EVALUATION ASSETS (continued)

Nevada Clayton Valley West Lithium Prospect – Purchase Agreement

On September 15, 2015, the Company entered into a purchase agreement with an arm's length vendor (the "Vendor") to acquire a 100% interest in certain mineral claims in the Clayton Valley in Nevada, U.S.A. In consideration, the Company was to issue 1,200,000 common shares to the Vendor.

On October 7, 2015, the Company amended the purchase agreement with the Vendor at no additional cost or share issuance, to acquire a 100% interest in additional mineral claims.

On October 21, 2015, the Company further amended the purchase agreement and the amendment dated October 7, 2015 with the Vendor. The new terms are for the Company to issue 900,000 common shares to the Vendor. During the year ended July 31, 2016, these shares were issued to the Vendor valued at \$30,000.

As of October 31, 2019, the Company had incurred a total of \$10,905 in claim maintenance fees on this prospect.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities recognized in the statement of financial position can be analyzed as follows:

	October 31, <u>2019</u>	July 31, <u>2019</u>
Trade payables	\$ 15,390	\$ 38,154
Accrued liabilities	<u>22,600</u>	<u>22,600</u>
Total accounts payable and accrued liabilities	<u>\$ 37,990</u>	<u>\$ 60,754</u>

All amounts are short-term. The carrying value of trade payables and accrued liabilities is considered a reasonable approximation of fair value due to the short-term nature of these instruments.

9. SHARE CAPITAL AND RESERVES

Authorized: An unlimited number of common shares, without par value

(a) Private placements

The Company did not close any private placements during the three months ended October 31, 2019 and 2018.

9. SHARE CAPITAL AND RESERVES (continued)

(b) Share purchase warrants

The following is a summary of changes in share purchase warrants from July 31, 2018 to October 31, 2019:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Balance, July 31, 2018 and 2019	17,171,848	\$0.20
Expired	<u>(4,793,265)</u>	\$0.15
Balance, October 31, 2019	<u><u>12,378,583</u></u>	\$0.22

At October 31, 2019, the Company had 12,378,583 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
5,690,250	\$0.33	December 18, 2019
2,000,000	\$0.30	December 22, 2019
183,333	\$0.21	August 11, 2020
<u>4,505,000</u>	\$0.05	June 13, 2021
<u><u>12,378,583</u></u>		

(c) Share-based payments

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of grant. The exercise price of each option granted under the plan may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount, subject to a minimum exercise price of \$0.05. Options may be granted for a maximum term of five years and vesting periods are determined by the Board of Directors. Pursuant to the regulations of the CSE, stock options may be granted outside of the stock option plan.

The following is a summary of changes in share purchase options from July 31, 2018 to October 31, 2019:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Outstanding and exercisable, July 31, 2018	2,329,775	\$0.27
Expired	<u>(2,329,775)</u>	\$0.27
Outstanding and exercisable, July 31, 2019 and October 31, 2019	<u><u>-</u></u>	\$Nil

10. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

	Three months ended October 31,	
	<u>2019</u>	<u>2018</u>
Loss	\$ (100,054)	\$ (155,362)
Weighted average number of common shares for the purpose of basic and diluted loss per share	<u>78,646,890</u>	<u>78,646,890</u>

Basic loss per share is computed by dividing loss by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 9) were anti-dilutive for the three months ended October 31, 2019 and 2018.

Basic and diluted loss per share for the three months ended October 31, 2019 was \$0.00 (three months ended October 31, 2018: \$0.00).

11. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management of the Company are directors and officers of the Company and their remuneration includes the following:

	Three months ended October 31,	
	<u>2019</u>	<u>2018</u>
Management fees	\$ 26,400	\$ 24,000
Professional fees	<u>14,700</u>	<u>13,500</u>
	<u>\$ 41,100</u>	<u>\$ 37,500</u>

Related party balances

At October 31, 2019, accounts payable and accrued liabilities include \$7,500 (July 31, 2019: \$8,167) payable to three directors for unpaid directors' fees. These amounts are unsecured, non-interest bearing and payable on demand.

At October 31, 2019, related party receivables include \$1,046 (July 31, 2019: \$1,804) due from one public company with one common director for recoverable office expenses.

12. SEGMENTAL REPORTING

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's exploration and evaluation assets are distributed by geographic location as follows:

	October 31, <u>2019</u>	July 31, <u>2019</u>
Canada	\$ 1,217,360	\$ 1,214,650
U.S.A.	<u>51,486</u>	<u>47,674</u>
	<u>\$ 1,268,846</u>	<u>\$ 1,262,324</u>

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows. The following transactions were excluded from the statements of cash flows:

Three months ended October 31, 2019:

- a) There were no significant non-cash investing and financing activities.

Three months ended October 31, 2018:

- b) Included in accounts payable and accrued liabilities was \$13,217 for exploration and evaluation assets.