CAT Strategic Metals Corporation

Financial Statements

September 30, 2020 and 2019

(Unaudited - Expressed in Canadian dollars)

NOTICE TO READER

Under National Instrument 51-102, 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 condensed interim financial statements have been prepared by management, and were not reviewed by the Company's independent auditor.

CAT STRATEGIC METALS CORPORATION

Statements of Consolidated Financial Position

(Expressed in Canadian Dollars)

	Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		$	$
Assets			
Current assets			
Cash		109,060	661
Prepayments		–	6,000
Amounts receivable		30,205	41,124
		139,265	47,785
Non-current assets			
Equipment	6	875	1,250
Exploration and evaluation assets	4(a)	1,000,000	–
Total assets		1,140,140	49,035
Liabilities and Shareholders' Deficiency			
Current liabilities			
Accounts payable and accrued liabilities	7&8	523,637	621,056
Deposits received	4(b)	–	75,000
		523,637	696,056
Shareholders' deficiency			
Share capital	9	5,389,902	3,899,270
Share-based reserve	9	448,571	448,571
Loan reserve		61,994	61,994
Foreign currency reserve		727	–
Deficit		(5,284,691)	(5,056,856)
		616,503	(647,021)
Total shareholders' deficiency and liabilities		1,140,140	49,035

Nature and continuance of operations (Note 1)
Subsequent Event (Note 12)
The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

Approved and authorized for issuance by the board of directors on November 24, 2020

"Robert Rosner" *"Steve Cozine"*

Robert Rosner, Director Steve Cozine, Director

CAT STRATEGIC METALS CORPORATION

Consolidated Statements of Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Expenses		$	$	$	$
Advertising and promotion		–	–	–	8,151
Amortization		126	180	375	534
Consulting		73,500	106,750	177,873	314,167
Exploration and evaluation	4	15,037	–	15,037	250
Foreign exchange (gain)/loss		514	509	525	535
Listing and filing fees		8,480	2,950	29,582	24,101
Office and administration		6,244	65	9,088	4,073
Occupancy fees		5,842	–	17,842	–
Professional fees		(4,315)	945	31,547	52,269
Travel		–	–	11,891	816
Loss before the following:		(105,428)	(111,399)	(293,760)	(404,896)
Finance fees		–	(85)	60	(255)
Gain of sale of royalty stream	4(b)	–	–	75,000	–
Loss on sale of marketable securities		–	–	–	(260,785)
Provision for impairment of investment	5	(9,135)	–	(9,135)	–
Equity loss from investment on associate		–	(109,530)	–	(128,688)
Loss for the period		(114,563)	(221,014)	(227,835)	(794,624)
Foreign currency translation		727	–	727	–
Loss and other comprehensive loss		(113,836)	(221,014)	(227,108)	(794,624)
Loss per share, basic and diluted		(0.00)	(0.00)	(0.00)	(0.01)
Weighted average number of common shares outstanding		64,609,093	51,922,310	55,631,011	53,447,951

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

CAT STRATEGIC METALS CORPORATION

Consolidated Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars except for number of shares)

	Number of Outstanding Shares	Share Capital	Loan Reserve	Warrant reserve	Share-based reserve	Foreign currency translation Reserve	Deficit	Shareholders' equity (deficiency)
		$	$	$	$	$	$	$
Balance, December 31, 2018	50,422,310	3,934,270	61,994	111,431	295,797	–	(2,599,927)	1,803,565
Private placement at $0.05 per unit	3,500,000	175,000	–	–	–	–	–	175,000
Cancellation of shares	(2,000,000)	(200,000)	–	–	–	–	–	(200,000)
Comprehensive loss for the period	–	–	–	–	–	–	(794,624)	(794,624)
Balance, September 30, 2019	51,922,310	3,909,270	61,994	111,431	295,797	–	(3,394,551)	983,941
Balance, December 31, 2019	51,922,310	3,899,270	61,994	111,431	337,140	–	(5,056,856)	(647,021)
Private placement at $0.02 per unit	25,224,000	507,200	–	–	–	–	–	507,200
Share issuance costs - Private placement at $0.02 per unit	–	(16,568)	–	–	–	–	–	(16,568)
Shares issued for mineral property acquisition	25,000,000	1,000,000	–	–	–	–	–	1,000,000
Cancellation of shares	(1,000,000)	–	–	–	–	–	–	-
Comprehensive loss for the period	–	–	–	–	–	727	(227,835)	(227,108)
Balance, September 30, 2020	101,146,310	5,389,902	61,994	111,431	337,140	727	(5,284,691)	616,503

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

CAT STRATEGIC METALS CORPORATION

Consolidated Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

	Nine months ended September 30, 2020	2019
	$	$
Operating activities		
Loss for the period	(227,835)	(794,624)
Items not involving cash:		
Amortization	375	534
Equity loss from investment on associate	–	128,688
Loss on sale of marketable securities	–	260,785
Gain on sale of mineral property interest	(75,000)	–
Changes in non-cash operating working capital		
Sales tax receivable	16,919	(15,435)
Prepayments	–	(139,485)
Due to related parties	57,224	–
Accounts payable and accrued liabilities	(134,643)	46,777
Cash used in operating activities	(362,960)	(512,760)
Investing activities		
Deposits receipts	–	75,000
Proceeds from sale of marketable securities	–	339,215
Acquisition of mineral properpties	–	(21,414)
Cash provided by financing activities	–	392,801
Financing activities		
Net proceeds from units issued for cash	460,632	125,000
Loan advance from related party	10,000	–
Cash provided by financing activities	470,632	125,000
Increase in cash	107,672	5,041
Effect of exchange rate fluctuations on cash held	727	–
Cash (Bank Overdraft), beginning of year	661	(184)
Cash, end of the period	109,060	4,857

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

1. NATURE AND CONTINUANCE OF OPERATIONS

CAT Strategic Metals Corporation (formerly Chimata Gold Corp.) (the "Company") was incorporated under the Business Corporations Act (British Columbia) on November 16, 2010. The common shares of the Company began trading on TSX Venture Exchange ("TSXV") on September 16, 2011 under the symbol "CAT", and on the Frankfurt Exchange on July 29, 2014 under the symbol "8CH". Effective June 14, 2018, the Company's shares were transferred from TSXV to the Canadian Securities Exchange ("CSE") under the symbol "CAT". The decision to move the listing of its common shares from the TSXV to the CSE was taken by the Company as it deems that the CSE may be a more suitable stock exchange with respect to its development and its future expansion. Effective May 6, 2019, the Company's shares were halted for trading due to corporate reorganization. The trading of the Company's shares was resumed on May 6, 2020. The Company's principal activity is the acquisition and exploration of mineral properties.

On February 14, 2019, the Company changed its name to CAT Strategic Metals Corporation from Chimata Gold Corp.

The registered records office and place of business of the Company is 1015 – 789 West Pender Street, Vancouver, BC V6C 1H2.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful identification of an exploration and evaluation asset, its ability to raise equity capital, to obtain loans from related parties, and to attain profitable operations to generate funds and meet current and future obligations. As at September 30, 2020, the Company had not advanced any exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from related parties and/or private placement of common shares.

COVID 19

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

2. STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, certain disclosures required in annual financial statements have been condensed or omitted. These condensed interim consolidated financial statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim consolidated financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the year ended December 31, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of measurement

The financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments which are measured at fair value. The financial statements are presented in Canadian dollars.

Basis of Consolidation

On August 25, 2020, the Company incorporated CAT Strategic (Nevada) Inc. ("CAT NV"), an wholly owned subsidiary in the state of Nevada of United States of America.

These consolidated financial statements included the accounts of the Company and its wholly owned subsidiary, CAT NV. The results of CAT NV are included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions are eliminated upon consolidation.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events

or conditions that may give rise to significant uncertainty; and
- the classification of expenditures as exploration and evaluation expenditures or operating expenses.

Accounting for Leases

On January 13, 2016, IASB issued IFRS 16, Leases ("IFRS 16"), which superseded IAS 17, Leases ("IAS 17"). IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value. Lessor accounting, however, remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. IAS 17, as revised, now prescribes the accounting policies and disclosures applicable to leases, both for lessees and lessors.

The Company concluded that the adoption of IFRS 16 had no material impact on its financial statements given the extent of its current use of leases in the ordinary course of business.

4. EXPLORATION AND EVALUATION ASSETS

Mineral Properties Interest:

	BAM	**Burntland**	**Total**
	$	$	$
December 31, 2018 & September 30, 2019	114,000	-	114,000
December 31, 2019	-	-	-
Acquisition	-	1,000,000	1,000,000
September 30, 2020	-	1,000,000	1,000,000

a) Burntland, New Brunswick

On September 10, 2020, the Company entered into an option agreement (the "Agreement") pursuant to an arm's length negotiation with the vendors (the "Vendors"). The Agreement gives the Company the exclusive right to acquire up to a 100% undivided ownership in the Burntland mineral property (the "Property") over a 4 year period from September 21, 2020 (the "Closing Date"). The Property is comprised of ~1,200 hectares located approximately 60 Km Northeast of Saint Quentin in the county of Restigouche, New Brunswick, Canada.

Pursuant to the Agreement, the Company issued 25,000,000 common shares valued at $1,000,000 (based on stock closing quote on the date of share issuance) to the Vendors on September 21, 2020 and incur exploration and development expenditures on the Property necessary to maintain the minerals claims in good standing during the option period of 4 years.

The Company will also make payments totalling $1,000,000 to the Vendors as set forth below. The Company retains the right to pay up to half of each scheduled payment in common shares of the Company, such calculation based on the Volume Weighted Average Price (VWAP) of the Company's shares over the previous 20 trading day period.

- $250,000 due 12 months from the Closing Date;

- $250,000 due 24 months from the Closing Date to acquire an earned-in interest of 51% (the First Option);
- $250,000 due 36 months from the Closing Date to acquire an additional earned-in interest of 24%, for a total 75% interest in the Property (the Second Option); and
- $250,000 due 48 months from the Closing Date to acquire an additional earned-in interest of 25%, for a total 100% interest in the Property (the Third Option)

In addition to the foregoing, the Company will also grant to the Property's Vendors a Net Smelter Return Royalty (NSR) equal to 2.0% resulting from the extraction and production of any mineral products on the Property.

b) <u>Troilus North</u>

i) Acquisition by the Company

On October 12, 2017, the Company acquired a 100% undivided interest in the Troilus North Property (the "Troilus North Property"). The property is made up of 139 contiguous claims located 160 km north of the town of Chibougamau in the province of Quebec. The total purchase price was $250,000 to be paid as follows:

- An initial payment of $25,000 (paid by the Company) due to Greg Exploration Inc. and other owners of the Troilus North Property (collectively referred to as the "Vendors") upon closing;
- $25,000 due within ninety (90) days following signing of the agreement;
- $50,000 due on or before September 30, 2018;
- $50,000 due on or before March 31, 2019;
- $50,000 due on or before September 30, 2019; and
- $50,000 due on or before March 31, 2020.

In addition, the Company has granted a 1.5% Net Smelter Royalty to the Vendor; 0.5% of which can be repurchased by the Company for $500,000. On May 14, 2018, the Company concluded the acquisition of a 100% undivided interest in the Troilus North Property.

On November 15, 2018, Emgold acquired 100% of the Troilus North Property from the Company with the following considerations:

- issue 6,000,000 common shares of Emgold to the Company (issued - Note 4);
- cash payment of $200,000 (received);
- complete $300,000 requirement in exploration expenditures on the Property (completed); and
- grant a 1.0% NSR on the Troilus North Property to the Company.

Upon closing of the sale of the Troilus North Property, the remaining purchase price obligations of $225,000 have been assigned to Emgold, and the Company recognized a gain on sale of mineral properties of $755,000.

Following the receipt of 6,000,000 share of Emgold, the Company owns an approximate 16.95% interest in Emgold. The transaction described between the Company and Emgold was not a non-arm's length transaction as the Company's Chief Financial Officer is also acting as director of Emgold.

On December 9, 2019, the Company executed an assignment and assumption agreement with Emgold, whereby, the Company assigned the royalty agreement for the net smelter return interest in and to the production of minerals from the Troilus North Property to Emgold in consideration of cash payment of $75,000.

On January 23, 2020, Troilus Gold Corp., the net smelter royalty payor consented to the transfer of the net smelter royalty recipient from the Company to Emgold.

c) <u>BAM</u>

On December 1, 2017, the Company acquired a 100% interest in the Bam mineral property. The property is comprised of 1052 hectares located in the Pacific Golden Triangle mining district approximately 80 Km south of Telegraph Creek in the Liard mining division of northwest British Columbia, Canada.

Under the terms of the purchase agreement, the Company will pay $60,000 cash and issue 600,000 common shares to Bearclaw. The initial $15,000 cash payment was provided to Bearclaw and 600,000 common shares issued to Bearclaw on November 16, 2017 with a fair value of $54,000 based on closing share price at $0.09 per share. The claims comprising the mineral property have been transferred to the Company. The balance of the cash payments will be provided in 3 equal installments of $15,000 over a 12-month period. Bearclaw will retain a 2% Net Smelter Royalty on the property, of which 1% may be purchased by the Company for $1,000,000 at any time.

During the year ended December 31, 2019, the Company let its claims for the BAM Property lapse and recognized an impairment expense of $114,000 in fiscal 2019 and did not incur any further exploration expenditures in the nine months ended September 30, 2020 (September 30, 2019 - $NIL).

5. LONG-TERM INVESTMENT

Long-term investment represents the fair value of the Company's 19% shareholdings in Zimbabwe Lithium Company (Mauritius) Limited ("Zimbabwe Lithium", or "ZIM"), a privately held company incorporated under the laws of Mauritius as at March 31, 2019. Zimbabwe Lithium has the right to develop mining properties in Zimbabwe (the "Properties").

On December 27, 2017 the Company entered into a binding letter of intent (the "LOI") with Zimbabwe Lithium for a proposed reverse take-over between the Company and Zimbabwe Lithium (the "Transaction"). On October 31, 2018, the Company executed a share exchange agreement (the "Agreement") with the existing shareholders of ZIM. Pursuant to the terms of the LOI and the Agreement, the Transaction is defined into two distinctive phases: First Phase and Second Phase.

First Phase:

- The Company would issue its common shares to the existing shareholders of ZIM in exchange for 19% of the issued and outstanding shares in Zimbabwe Lithium. On October 31, 2018, the Company issued 9,185,040 common shares from its share capital with a fair value of $826,654, representing an aggregate of 19% of the current issued and outstanding share capital of the Company. In return, ZIM issued to the Company 755 ZIM shares, representing an aggregate of 19% of the current issued and outstanding share capital of ZIM.

- The Company committed to advance the amount of US$500,000 to ZIM allowing ZIM to cover historical test work and consultant expenditures that have been incurred bringing the project to its current state as well as expenditures as they are gradually incurred, project expenditures and exploration on the Properties, including potential license and option payments to the Zimbabwe Mining Development Corporation ("ZMDC"), salaries and consultancy fees, drilling and assaying on the Properties along with the completion of a National Instrument 43-101 ("NI 43-101") compliant resource estimate of the Properties (the "Estimate"). As at December 31, 2018, the Company has advanced $721,077 (US$560,000). These cash advances were capitalized as cost of investment.

Second Phase:

- The proceeding to the Second Phase of the Transaction is subjected to the Estimate revealing that the resource contains a minimum of 11,111,000 cubic meters of tailings material at minimum 0.60 percent Lithia (Li_2O with the majority of the mineralization consisting of Spodumene) (the "Threshold Percentage") which is subject to an independent valuation certified by a Qualified Person under NI 43-101.
- Should the Estimate reveal that the Threshold Percentage is reached, ZIM shall be entitled to receive an additional share allocation of 51% of the current issued and outstanding share capital of the Company.

Prior to and in order to complete the Transaction and the NI 43-101, the Company will work towards the completion of the concurrent financing, to a maximum of $2,000,000 and to a minimum of $1,800,000 whereby $800,000 to be raised by the Company no later than July 30th, 2018 or two weeks from the date of completion and publication of the Estimate whichever is the latter, and the remaining balance of $1,000,000 to be raised by the Company no later than (a) August 30, 2018 or (b) six weeks from the date of completion and publication of the Estimate whichever is the latter.

On June 28, 2019, the Company and ZIM terminated the Second Phase and the Definitive Agreement.

The Company, through its shareholding and board representation in ZIM, exercises significant influence over that company, but not control. As a result, the investment in Zimbabwe Lithium is accounted for using the equity method. During the year ended December 31, 2019, management assessed the fair value of the investment in associates to be $nil and recognized an impairment of $1,388,197 in fiscal 2019. During the period ended September 30, 2020, management assessed the fair value of the investment in associates to be $nil and recognized an impairment of $9,135 in nine months period ended September 30, 2020.

	September 30, 2020	**September 30, 2019**
	$	$
Opening balance	-	1,520,773
Contributions	9,135	21,414
Impairment	(9,135)	-
Share of equity loss	-	(128,688)
Ending balance	**-**	**1,413,499**

6. EQUIPMENT

		Software
Cost		
Balance at December 31, 2019	$	2,230
Additions		-
Balance at September 30, 2020		2,230
Accumulated amortization		
Balance at December 31, 2019	$	980
Changes		375
Balance at September 30, 2020		1,355
Net carrying amount		
Balance at December 31, 2019	$	1,250
Balance at September 30, 2020	$	875

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2020	December 31, 2019
	$	$
Trades payable	515,828	571,056
Acquisition cash payment payable for BAM	-	15,000
Accrued liabilities	7,809	35,000
	523,637	621,056

8. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the nine months ended September 30, 2020 and 2019 was as follows:

	September 30, 2020	September 30, 2019
	$	$
Management and consulting fees	114,500	211,500
	114,500	211,500

On January 24, 2020, the Company's Former Chief Executive Officer ("Ex-CEO") resigned from the role of the Chief Executive Officer of the Company. During the nine months ended September 30, 2020, the Company incurred $NIL (2019 - $90,000) in consulting fees to the Entity controlled by the Company's Ex-CEO. On January 24, 2020, the Entity controlled by the Ex-CEO assigned its outstanding balance due from the Company to the Ex-CEO in the amount of $105,000 to an arms-length party.

On January 24, 2020, the Company's Former Chief Financial Officer assumed the role of the President and Chief Executive Officer ("CEO"), the Chairman of the Board and resigned from the role of the Chief Financial Officer of the Company. During the nine months ended September 30, 2020, the Company incurred $90,000 in consulting fees (September 30, 2019 - $90,000) and $9,000 in rent (September 30, 2019 - $nil) to the entity associated with the Company's CEO.

On January 24, 2020, the Company's Corporate Secretary assumed the role of the Interim Chief Financial Officer ("Interim CFO") and joined the board of the Company as director. During the nine months ended September 30, 2020, the Company incurred $24,500 (September 30, 2019 - $31,500) in consulting fees to the Company's Corporate Secretary and Interim CFO.

On January 24, 2020, one of the former directors resigned from the board and assigned the balance owed by the Company to an entity controlled by him in the amount of $22,660 to an arms-length party.

As at September 30, 2020, the Company's accounts payable balances owing to the related parties include:

- $177,911 (December 31, 2019 - $104,910) owed to the entity associated with the Company's CEO/Former-CFO including loan advance balance of $2,650 and balance related to fees and expense reimbursement of $175,261;
- $44,100 (December 31, 2019 - $29,400) owed to the Company's Corporate Secretary/Interim CFO; and
- $NIL (December 31, 2019 - $22,660) owed to an entity controlled by a former director of the Company;

The above balances are non-interest bearing, unsecured and due on demand.

(a) The Company and an entity controlled by the Ex-CEO entered into a consulting agreement whereby the Company is committed to pay a monthly consulting fee of $10,000 to that entity over a term of 24 months commencing from February 1, 2018. The monthly consulting fee would be increased to $20,000 upon successful completion by the Company of its first major acquisition of $5,000,000 or greater in value. On January 24, 2020, this contract was terminated and all the outstanding amount due on the contract has been assigned to an arms-length party.

(b) The Company and an entity associated with the Company's President, CEO (former CFO) and Chairman of the Board (the "Associated Entity") entered into a consulting agreement whereby the Company is committed to pay a monthly consulting fee of $10,000 to the Associated Entity over a term of 23 months commencing from May 1, 2018. The monthly consulting fee will be increased to $20,000 upon successful completion by the Company of its first major acquisition of $5,000,000 or greater in value.

On January 1, 2020, the Company extended this consulting agreement to another 24 months under the same terms of the original agreement expiring on January 5, 2022.

On September 30, 2020, the Company and the Associated Entity entered into a termination and mutual release agreement effectively releasing the Company from the remaining commitment of the monthly consulting fee of $10,000 from October 1, 2020 to December 31, 2021.

9. SHARE CAPITAL

Authorized share capital:
Unlimited common shares and preferred shares without par value

Share issuances:

During the nine months ended September 30, 2020, the Company issued 25,224,000 common shares through a private placement with the gross cash proceeds of $500,000 for 25,000,000 subscribers' shares together with 224,000 finders' shares valued at $7,200 (2019 nine months - 3,500,000 common shares through a private placement with the proceeds of $175,000). The Company also issued 25,000,000 shares to the vendor of the Burntland property (note 4(a)) valued at $1,000,000.

During the nine months ended September 30, 2020, the Company cancelled 1,000,000 common shares on January 31, 2020 (On May 27, 2019, the Company cancelled 2,000,000 shares issued on October 31, 2018).

Warrants

A continuity of the Company's warrants is as follows:

	Warrants	Weighted average exercise price	Weighted average number years to expiry
		$	
Balance, December 31, 2019	22,692,496	0.07	0.88
Granted	25,000,000	0.05	2.89
Expired	(13,873,796)	0.08	-
Balance, September 30, 2020	33,818,700	0.07	2.25

As at September 30, 2020, the Company had the following warrants outstanding:

Date Issued	Expiry Date	Exercise Price		Number of Warrants Outstanding
October 28, 2016	October 28, 2021	$	0.05	2,500,000
December 1, 2017	December 1, 2020	$	0.15	5,607,500
December 21, 2017	December 21, 2020	$	0.25	711,200
August 20, 2020	August 20, 2023	$	0.05	25,000,000
				33,818,700

Share Options

The Company's incentive stock option plan (the "Option Plan") provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the Company may grant a total of options not exceeding 10% of the issued and outstanding common shares. During the nine months ended September 30, 2020 and 2019, there were no stock options grant.

A continuity of the Company's options is as follows:

	Share Options	Weighted average exercise price	Weighted average number years to expiry
		$	
December 31, 2019	3,670,000	0.08	-
Cancellation	(1,800,000)	0.15	-
September 30, 2020	1,870,000	0.15	2.23

As at September 30, 2020, the Company had the following options outstanding:

Date Issued	Expiry Date	Exercise Price		Number of Options Outstanding	Number of options Exercisable
September 25, 2017	September 24, 2022	$	0.15	700,000	700,000
December 1, 2017	December 1, 2022	$	0.15	700,000	700,000
June 11, 2018	June 11, 2023	$	0.15	470,000	470,000
				1,870,000	1,870,000

10. CAPITAL MANAGEMENT

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the Board of Directors. The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is meeting its objective of managing capital through preparing Long-term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2020.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts.

As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution as determined by rating agencies.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its Long-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements as well as related party loans. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Currency risk
Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not incur significant expenditures that are denominated in foreign currencies, and does not have any mineral property commitments that are denominated in foreign currencies. Therefore, the Company's exposure to currency risk is considered minimal.

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 is exposed to interest rate risk on its notes payable as the interest rate is dependent on Canada's prime interest rate. Since the Canadian prime interest rate is fairly stable, the Company's exposure to interest rate risk is not considered to be significant.

Fair value
The fair value of the Company's financial assets and liabilities approximates the carrying amount.

12. SUBSEQUENT EVENT

On November 2, 2020, the Company announced that it has acquired an earn-in and joint venture agreement (the "Agreement") pursuant to an arm's length transaction with a private company (the "Vendor") dated November 2, 2020 to acquire up to an 80% undivided ownership in the Rimrock Gold mineral property ("Rimrock"). Rimrock is comprised of ~1,663 acres adjoining, and immediately north of, Hecla Mining Co.'s Hollister Mine; a gold-silver property, in an area hosting two of Nevada's largest gold belts, the Midas and Carlin Trends, approximately 77 km (46 mi) Northwest of Elko, Nevada.

Pursuant to the Agreement, the Company will acquire all the outstanding shares (the "Acquisition") of the Vendor from its shareholders in exchange for 25,000,000 common shares of the Company ("CAT Shares"). The CAT Shares are subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation. In addition, the Company is required to incur $620,000 in exploration or expenditures related to the Property over a 4-year period, of which $210,000 must be spent within the first 12 months, after which the

Company will have earned a 51% interest in Rimrock. There are no annual minimum expenditures per year during the remainder of the term regarding the remaining $410,000 of Expenditures. The Company will earn a 7.25% interest in the property for every $102,500 spent, until such time as the 80% participating interest in Rimrock is earned. The Company will grant the Vendors a 2% Net Smelter Royalty ("NSR") on the property, subject to an agreement that each 1% of the NSR on select claims could be repurchased by the Company for an amount of USD$1,000,000.

On November 2, 2020, Mr. Julien Davy, P.Geo., M.Sc. & MBA has been appointed to the Company's Board of Directors. Mr. Davy replaces Ms. Diane Mann, who has resigned from the board, as an independent director.