

**SUPREME METALS CORP.
(AN EXPLORATION STAGE COMPANY)**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020 AND 2019

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of the Supreme Metals Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

SUPREME METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

	March 31, 2020	December 31, 2019
As at	\$	\$
Assets		
Current assets		
Cash	14,321	11,450
Amounts Receivable	9,236	9,020
Prepaid expenses	-	1,681
	23,557	22,151
Total assets	23,557	22,151
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	37,844	32,326
Promissory notes payable (Note 9)	187,871	151,468
Total liabilities	225,715	183,794
Shareholders' Equity (Deficiency)		
Share capital (Notes 10 and 13)	8,999,116	6,699,116
Preferred share capital (Notes 10 and 13)	-	2,300,000
Reserve (Note 10)	924,136	924,136
Deficit	(10,125,410)	(10,084,895)
Total Shareholders' Deficiency	(202,158)	(161,643)
Total liabilities and shareholders' equity (Deficiency)	23,557	22,151

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

Approved on behalf of the Board:

Signed: "Robert Komarechka"

Director

Signed: "Brendan Purdy"

Director

The accompanying notes are integral to these condensed interim consolidated financial statements

SUPREME METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

	Three months ended	
	March 31, 2020	March 31, 2019
	\$	\$
Expenses		
Exploration and evaluation expenditures (Note 6)	(13,200)	(4,521,320)
Professional fees	-	(5,376)
Consulting fees	(20,300)	(62,648)
Transfer agent and filing fees	(3,500)	(2,668)
Travel	-	(105)
Insurance	(1,681)	(8,403)
Office and general	(316)	(561)
Bank charges and interest	(1,518)	(66)
Total expenses	(40,515)	(4,601,147)
Net loss and comprehensive loss for the period	(40,515)	(4,601,147)
Net loss and comprehensive loss per share	(0.00)	(0.46)
<u>Weighted average number of shares outstanding</u>	<u>10,341,178</u>	<u>9,913,449</u>

Certain figures have been reclassified to conform with prior period classifications.

The accompanying notes are integral to these condensed interim consolidated financial statements

SUPREME METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

	Share Capital #	Share Capital \$	Preferred Shares #	Preferred Share Capital \$	Share-Based Payment Reserve \$	Warrant Reserve \$	Deficit \$	Total shareholders' equity (deficiency) \$
Balance – December 31, 2018	8,591,178*	5,649,116	-	-	15,950	924,136	(5,437,264)	1,151,938
Iberian acquisition	1,750,000*	1,050,000	5,750,000*	2,300,000	-	-	-	3,350,000
Reclassification of share-based payment reserve	-	-	-	-	(15,950)	-	15,950	-
Loss for the period	-	-	-	-	-	-	(4,601,147)	(4,601,147)
Balance – March 31, 2019	10,341,178*	6,699,116	5,750,000*	2,300,000	-	924,136	(10,022,461)	(99,209)
Balance – December 31, 2019	10,341,178*	6,699,116	5,750,000*	2,300,000	-	924,136	(10,084,895)	(161,643)
Conversion of preferred shares**	5,750,000	2,300,000	(5,750,000)	(2,300,000)	-	-	(40,515)	(40,515)
Loss for the period	-	-	-	-	-	-	(40,515)	(40,515)
Balance – March 31, 2020	16,091,178*	8,999,116	-	-	-	924,136	(10,125,410)	(202,158)

*The share numbers have been adjusted to reflect a consolidation of the Company's share capital on a one new for twenty old basis which was completed on May 25, 2020.

**Prior to the share consolidation, 115,000,000 preferred shares (pre-consolidation basis) were converted to common shares.

The accompanying notes are integral to these condensed interim consolidated financial statements

SUPREME METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

	March 31, 2020 \$	March 31, 2019 \$
For the three months ended,		
Cash flows used in for operating activities		
Net loss and comprehensive loss for the period	(40,515)	(4,601,147)
Adjustments for items not involving cash:		
Interest expense	1,403	-
Exploration and evaluation expenditures	-	4,513,390
	(39,112)	(87,757)
Changes in non-cash working capital items:		
Increase in another receivable	(216)	(7,369)
Decrease in prepaid expenses	1,681	1,681
Increase in accounts payable and accrued liabilities	5,518	26,861
Net cash used in operating activities	(32,129)	(66,584)
Financing activities		
Proceeds from promissory notes payable	35,000	-
Net cash provided by financing activities	35,000	-
Change in cash	2,871	(66,584)
Cash, beginning	11,450	74,189
Cash, ending	14,321	7,605
 Supplementary cash flow information:		
Transfer of option reserve to deficit	\$ 15,950	15,950
Iberian acquisition	\$ -	\$ 3,350,000

The accompanying notes are integral to these condensed interim consolidated financial statements

SUPREME METALS CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

1. NATURE OF OPERATIONS AND GOING CONCERN

Supreme Metals Corp., the (“Company”), is engaged in the acquisition, exploration and development of natural resource properties with a focused approach in the area of green and energy metals.

The Company’s head office and registered records office is located at Suite 810 - 789 West Pender Street, Vancouver, BC, V6C 1H2. The Company’s shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “ABJ”. In addition, on January 31, 2017 the Company’s shares were accepted for continuous trading on the electronic trading platform XETRA (R) on the Frankfurt Exchange under the ticker symbol A68.

On May 25, 2020, the Company completed a consolidation of its share capital on a one new for twenty old basis. Prior to the share consolidation, 115,000,000 preferred shares (pre-consolidation basis) were converted to common shares. The share and per share amounts have been adjusted within these financial statements to reflect the share consolidation.

Supreme Metals Corp. is at an early stage of acquisition, exploration and development of natural resource properties and as is common with many small companies, it raises financing for its exploration and acquisition activities in discrete tranches.

The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production in the future. The Company is currently evaluating various options in order to address its financing needs. There can be no assurance that the Company's financing activities will continue to be successful or sufficient.

The Company has a working capital deficiency of \$202,158 (2019 – \$161,643). For the three month period ended March 31, 2020, the Company had a net loss and comprehensive loss of \$40,515 (2019 – \$4,601,147) and had cash outflows from operations of \$32,129 (2019 –\$66,584). These circumstances cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern.

These condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets, liabilities and reported expenses should the Company be unable to continue as a going concern. These adjustments could be material.

Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with IAS 34 – Interim Financial Reporting. These condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2019. These financial statements have been prepared following the same accounting policies as the Company’s audited financial statements for the year ended December 31, 2019.

The Board of Directors approved these condensed interim consolidated financial statements on June 1, 2020.

Basis of measurement

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. In addition, these condensed interim consolidated financial statements have been prepared on the historical-cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

SUPREME METALS CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. 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. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated. The interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Alibaba Graphite Corp. and Iberian Lithium Corp.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian Dollars, which is the Company's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed consolidated interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended December 31, 2019, with exception to the new accounting standards adopted by the Company discussed below.

The preparation of condensed consolidated interim financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

IFRS 16 Leases

On January 1, 2019, the Company adopted IFRS 16 which specifies how an IFRS reporter recognizes, measures, presents and discloses leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. The Company does not have any material lease agreements at March 31, 2020. Adoption of this standard did not have a material impact on the Company's condensed interim consolidated financial statements.

3. CAPITAL RISK MANAGEMENT

The Company includes equity, comprising issued share capital and deficit, in the definition of capital, which as at March 31, 2020 was a share capital deficiency of \$202,158 (2019 – \$161,643).

SUPREME METALS CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

3. CAPITAL RISK MANAGEMENT (continued)

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its exploration commitments. To secure the additional capital necessary to continue with the exploration of mineral properties, the Company may attempt to raise additional funds through the issuance of debt or equity. The Company is not subject to any capital requirements imposed by a lending institution.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares and adjusting capital spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

There were no changes in the Company's process, policies and approach to capital management during the three-month period ended March 31, 2020, and the year ended December 31, 2019.

4. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Cash is held with a Canadian chartered bank, from which management believes the risk of loss to be minimal.

Amounts receivable consists of sales tax receivable from government authorities in Canada and Spain. Amounts receivable are in good standing as of March 31, 2020. Management believes that the credit risk with respect to these amounts' receivable is minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at March 31, 2020, the Company had cash and cash equivalents of \$14,321 (2019 - \$11,450) to settle trade accounts payable and accrued liabilities of \$37,844 (2019 - \$32,326), the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. As discussed in Note 1, the Company's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. Management is continuing in its efforts to secure financing and believes it will be successful.

(iii) Market risk

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

**SUPREME METALS CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS**

4. FINANCIAL INSTRUMENTS AND RISK FACTORS (CONTINUED)

iv) Financial risk

Interest rate risk

The Company has cash and cash equivalent balances and no variable interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

v) Foreign currency risk

The Company's functional and presentation currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. The Company at the present time does not have any foreign currency balances subject to foreign currency risk.

vi) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period:

Cash is subject to floating interest rates. The Company has no variable debt and receives low interest rates on its cash and cash equivalents balances. As such, the Company does not have significant interest rate risk.

5. ASSET ACQUISITION AND DISPOSAL

On January 22, 2019, the Company completed the 100% acquisition of Iberian Lithium Corp. ("Iberian Lithium") via a three-cornered amalgamation with the Company's wholly owned subsidiary, 2661648 Ontario Inc. Iberian Lithium is focused on the acquisition and development of Lithium properties in Portugal and Spain. The Company acquired Iberian Lithium's option on the Alberta II Lithium property in Galicia, Spain with Strategic Minerals Spain S.L. ("Strategic Minerals").

As consideration, the Company issued 1,750,000 common shares at a deemed value of \$0.60 per share and 5,750,000 non-voting, convertible series 1 preferred shares ("Preferred Shares") at a deemed price of \$0.40 per share.

The terms of the Preferred Shares, among other things, that they are non-voting, are convertible into common shares on a one to one basis, are eligible to participate in dividends if and when declared by the Company, have priority rights on liquidation and are subject to a restriction that no holder of the Preferred Shares may convert into common shares if the holder beneficially owns greater than 9.99% of common shares.

A \$250,000 finder's fee was paid on closing to an arm's length party.

The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The acquisition did not qualify as a business combination under IFRS 3 – Business Combinations, as the significant inputs, processes and outputs, that together constitute a business, did not exist.

SUPREME METALS CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

5. ASSET ACQUISITION AND DISPOSAL (CONTINUED)

The purchase price was determined based on *IFRS 2 - Share Based Payments* and allocated as follows:

Purchase price:	\$
5,750,000 preferred shares	2,300,000
1,750,000 common shares	1,050,000
Option payments and exploration activity paid to Iberian prior to acquisition date	919,594
Finder's fee	250,000
Total consideration paid	4,519,594
Net assets acquired:	
Cash	1,552
VAT receivable	3,284
Net assets acquired	4,836
Deemed exploration and evaluation expenditure	4,514,758

During the year ended December 31, 2018, the Company advanced funds to Iberian for option and exploration activity and paid finder's fees of \$250,000. During the year ended December 31, 2018, the Company entered into three promissory notes with Iberian Lithium. As at December 31, 2018, the principal amount of \$540,650 and accrued interest of \$6,310 was outstanding. The Company paid for \$372,634 in exploration expenses on behalf of Iberian, pursuant to the continuation of Iberian's phase 1 mining program. As at March 31, 2020, the intercompany loan and promissory notes are eliminated upon consolidation.

During the year ended December 31, 2019, the Company sold its subsidiary, Iberian Lithium Portugal for €5,000 (CAD \$7,500) and recognized a net gain on disposal of \$17,298.

6. EXPLORATION AND EVALUATION EXPENDITURES

The Company's exploration and evaluation expenditures are mainly related to the acquisition of various property rights and finder's fees. Many of these property rights were either terminated or returned to the original claim holders as the Company decided against further expenditures on these properties. The exploration and evaluation expenditures are summarized as follows:

	March 31, 2020	March 31, 2019
	\$	\$
Acquisition costs	-	4,513,390
General exploration expenditures	13,200	7,930
Recovery from option agreements	-	
	13,200	4,521,320

During the three month period ended March 31, 2020, the Company paid a total of \$13,200 for exploration and evaluation expenditures. The 2020 expenditures were comprised of \$11,400 to renew licenses and permits and \$1,800 for geological consulting for the Bloom Lake East Project. The \$7,930 of general exploration expenditures in the comparative 2019 period were mainly related to the various property rights. The \$4,513,390 acquisition costs in the comparative period ended March 31, 2019 were attributed to the acquisition of Iberian Lithium's properties.

SUPREME METALS CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

6. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

(1) Iberian

On January 22, 2019, the Company entered into a definitive share purchase agreement to acquire 100% of Iberian Lithium. Iberian Lithium is focused on the acquisition and development of Lithium properties in Portugal and Spain. The Company acquired Iberian Lithium's option on the Alberta II Lithium property in Galicia, Spain with Strategic Minerals.

On December 31, 2017, Iberian Lithium entered into an option agreement with Strategic Minerals. Pursuant to the terms of the agreement, the Company could acquire 100% of Strategic Mineral's mineral claims. As consideration, the Company had the following commitments:

- Pay EUR 250,000 to Strategic Minerals 30 days prior to the start of the exploration work (PAID);
- Pay EUR 500,000 30 days prior to the second and third stage of exploration; and,
- Pay EUR 2,500,000 to be paid upon a signed transfer deed.

The Company had the right to extend the term of the option for 1 year for an additional EUR 50,000.

During the year ended December 31, 2019, the Company sold its subsidiary, Iberian Lithium Portugal thereby cancelling the aforementioned agreements.

(2) Mt. Thom Project

On February 3, 2017, the Company entered into a purchase and sale agreement (the "Mt. Thom Purchase Agreement") with the Vendors for the acquisition of a 100% undivided interest in the Mt. Thom Project. The Mt. Thom property is believed to be an "IOCG-type" copper-cobalt-gold prospect located in central Nova Scotia, Canada, approximately 22km east of Truro. The project consists of 39 mineral claims over five contiguous licenses and covers approx. 1,560 acres located in the Province of Nova Scotia. In consideration for the acquisition of the Mt. Thom Project, the Company paid \$20,000 and issued 2,500,000 common shares to the Vendors. The Mt. Thom Project is subject to a 1.5% gross royalty payable to the Vendors.

On April 13, 2018, the Company entered into an option agreement (the "Option Agreement") with American Cobalt Corp (Formerly 1156010 BC Ltd.) (the "Purchaser"), a wholly owned subsidiary of International Cobalt Corp (CSE:CO) for its Mt. Thom Project. Pursuant to the agreement, the Purchaser can acquire up to 80% of the Mt. Thom Project. As consideration for this Option Agreement, the Purchaser has the following commitments:

- Pay \$87,500 within 5 days of signing the option agreement (received);
- Earn 60% interest by completing a 43-101 compliant resource estimate on one or more of the mineral property claims and incur \$100,000 of exploration expenditures within 30 months; and,
- Earn an additional 20% interest by completing a preliminary economic assessment within 48 months.

The Mt. Thom Project is subject to a 1.5% gross royalty.

On August 20, 2019, the Option Agreement with American Cobalt Corp. was terminated and the Property was returned to the Company.

SUPREME METALS CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

6. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

(3) The Foster Marshall Property

On February 13, 2017, the Company entered into a mineral purchase and acquisition agreement with Gino Chitaroni, Elmer B. Stewart, and Robert Peel (the “FM Vendors”) providing for the acquisition of a one hundred percent (100%) undivided interest in and to seven mineral claims located in the Ingram and Ingram Townships of the Province of Ontario (the “FM Project”). The FM Project is located in the Larder Lake Mining Division, more specifically in the historic mining area of Cobalt, Ontario. The property is located approximately 25 kms north of the former producing Langis Mine project, once held by Agnico Eagle Mines Limited Pursuant to the FM Acquisition Agreement; the Company shall earn 100% of the FM Project upon the payment of \$100,000 and the issuance of 6,500,000 common shares (issued) to the FM Vendors. The FM Project is subject to a 2% gross royalty payable to the FM Vendors, half of which can be acquired at any time by the Company for a cash payment of \$1,000,000. The project consists of 7 mineral claim units and covers approx. 633 acres. On August 5, 2017, the additional staking of a 6 unit claim contiguous to the Foster Marshall Property was completed by the Company. This additional six-unit claim is 100% owned by the Company and has no associated royalty.

On April 10, 2018, the Ontario Ministry of Mines and Forests readjusted their previous 16 hectare claims to be converted to 25-hectare cells. This adjustment resulted in the creation of 25 full cells and 4 boundary cells to comprise the property changing the area of the Foster Marshall property to be approximately 659 hectares.

On April 13, 2018, the Company entered into an option agreement (the “Option Agreement”) with American Cobalt Corp (Formerly 1156010 BC Ltd.) (the “Purchaser”), a wholly owned subsidiary of International Cobalt Corp (CSE:CO) for its Foster Marshall Project. Pursuant to the agreement, the Purchaser can acquire up to 80% of the Foster Marshall Property. As consideration for this Option Agreement, the Purchaser has the following commitments:

- Pay \$87,500 within 5 days of signing the option agreement (received);
- Earn 60% interest by completing a 43-101 compliant resource estimate on one or more of the mineral property claims and incur \$100,000 of exploration expenditures within 30 months; and,
- Earn an additional 20% interest by completing a preliminary economic assessment within 48 months.

The Foster Marshall Property is subject to a 2% gross royalty payable to the original owners of the property, half of which can be purchased at any time for a cash payment of \$1,000,000.

On February 25, 2019, American Cobalt Corp. withdrew from the Foster Marshall Property and the main claims of interest on the Foster Marshall Project expired.

(4) The Bloom Lake East Project

On February 3, 2017, the Company entered into an agreement of purchase and sale (the “Bloom Lake East Purchase Agreement”) with Thomas Poupore and Ryan Kalt (the “Vendors”) providing for the acquisition of a one hundred percent (100%) undivided interest in and to the Bloom Lake East Project located in Newfoundland and Labrador. Pursuant to the Bloom Lake East Purchase Agreement, the Company shall earn 100% of the Project upon the payment of \$100,000 (paid) and issuance of 250,000 common shares (issued) to the Vendors. The Bloom Lake East Project is subject to a 1.5% gross royalty payable to the Vendors. In February 2018, the Company technically allowed the Bloom Lake East Claims to expire but was able to make a payment to the Newfoundland government to extend the time for submission of assessment work.

On January 22, 2019, the Company entered into a Joint Exploration Agreement (the “Agreement”) with Champion Iron Limited (“Champion”), for a joint exploration on the Company’s Bloom Lake East Property and Champion’s Bloom Lake Mine Property.

**SUPREME METALS CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS**

6. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

(4) The Bloom Lake East Project (continued)

Pursuant to the terms of the agreement, Champion, at the expense of their own, explored the licenses held by Supreme on the Bloom Lake East Property and the Company could explore for cobalt on Champion’s property. Champion was going to fund the following budget allocation:

- \$100,000 in exploration expenditures on the Bloom Lake East Property; and
- \$50,000 for cobalt exploration on the Bloom Lake Iron Mine Property.

The Bloom Lake East Project agreements were terminated during the year ended December 31, 2019.

On March 19, 2020, a sale agreement of the Bloom Lake East Property was made with Champion’s subsidiary Quebec Iron Ore Inc. The sale agreement consists of a cash payment of \$61,400 (received subsequently) to be paid to Supreme.

A gross royalty of 1.25% will be held by the Company, and an additional 1% gross royalty will be held by the original claimholder. The 1.25% gross royalty held by the Company can be purchased at the discretion of Champion at a rate of \$100,000 for each 0.1%.

7. LOAN RECEIVABLE

During the year ended December 31, 2018, the Company advanced \$250,000 in cash and paid for \$372,633 in expenses on behalf of Iberian, pursuant to the continuation of Iberian’s phase 1 mining program. The working capital advances are non-interest bearing and due on demand. The loan receivable is eliminated upon consolidation in the period ended March 31, 2020, as a result of acquiring Iberian.

8. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

The Company’s accounts payable and accrued liabilities are as follows:

	March 31, 2020	December 31, 2019
Trade payables	\$ 29,344	\$ 23,826
Accrued liabilities	8,500	8,500
Total	\$ 37,844	\$ 32,326

9. PROMISSORY NOTES PAYABLE

During the year ended December 31, 2019, the Company received two working capital loans from arm’s length parties totalling \$150,000. The principal amount of one of the loans is \$50,000, and bears interest at 8% per annum.

During the three-month period ended March 31, 2020, the Company received two additional working capital loans from arm’s length parties totalling \$35,000. The principal amount of one of the loans is \$25,000, and bears interest at 8% per annum.

As at March 31, 2020, the Company has accrued interest payable of \$2,871 on the interest-bearing loans. The Company recognized \$1,403 interest expense during the current period. All of the loans are unsecured and due on demand.

**SUPREME METALS CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS**

10. SHARE CAPITAL

Authorized share capital

Unlimited common shares without nominal or par value and unlimited number of convertible preferred shares without par value, participating, each share convertible into one common share, and non-voting.

Share consolidation

On May 25, 2020, the Company completed a consolidation of its share capital on a one new for twenty old basis. Prior to the share consolidation, 115,000,000 preferred shares (pre-consolidation basis) were converted to common shares.

There were no share issuances during the three-month period ended March 31, 2020.

Issuance of common and preferred shares during the three-month period ended March 31, 2019.

On October 22, 2018, the Company entered into a definitive share purchase agreement to acquire 100% of Iberian Lithium. Iberian Lithium is focused on the acquisition and development of Lithium properties in Portugal and Spain. The Company acquired Iberian Lithium’s option on the Alberta II Lithium property in Galicia, Spain with Strategic Minerals.

On January 22, 2019, the Company issued 1,750,000 common shares with a fair value of \$1,050,000 and 5,750,000 non-voting, convertible series 1 preferred shares with a fair value of \$2,300,000.

(a) Share Options

The Company has a share option plan (“the Plan”) under which options to purchase common shares may be granted to officers, directors, employees and non-employees of the Company. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of five years. The exercise price of any option granted under the Plan may not be less than fair market value of the common shares at the time the option is granted, less any permitted discount.

All options are non-transferable. The options are subject to earlier termination upon the termination of the optionee’s employment, upon the optionee ceasing to be a director, officer, or consultant of the Company, or upon the retirement, permanent disability or death of an optionee.

As at March 31, 2020, there were no outstanding share options.

(b) Warrants

The following is a summary of the Company’s warrant activity:

	Number of Warrants #	Weighted average exercise price \$
Balance, December 31, 2018, December 31, 2019	2,783,040	1.37
Expired	(1,236,000)	1.50
Balance, March 31, 2020	1,547,040	1.26

SUPREME METALS CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

10. SHARE CAPITAL (CONTINUED)

(b) Warrants (continued)

As at March 31, 2020, the Company has outstanding warrants exercisable to acquire 1,547,040 shares as follows:

Number of Warrants Outstanding	Exercise Price	Expiry Date	Average remaining Contractual life (Years)
813,280	\$1.50	April 12, 2020	0.03
733,760	\$1.00	December 7, 2020	0.16
1,547,040			0.15

*see Note 13

11. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company incurred the following related party transactions, with associated persons or corporations, which were measured at the exchange amount as follows:

Key management includes directors, executive officers and officers which constitutes the management team. The Company paid or accrued compensation in form of consulting fees to companies controlled by directors, executive officers and officers as follows:

<i>Three month period ended</i>	March 31, 2020	March 31, 2019
	\$	\$
Consulting fees paid or accrued to the Chief Executive Officer	-	30,000
Legal fees paid to a director	-	-
Accounting fees paid to the Chief Financial Officer	-	-
	-	30,000

There are no amounts payable to directors and companies owned thereby at March 31, 2020 and December 31, 2019, respectively.

12. SEGMENTED INFORMATION

The Company's operations in the prior year comprised a single reporting operating segment engaged mainly in mineral exploration. As the operations were transitioning away from mineral exploration in that year with no definitive additional reporting segment, the Company's activities were still reported as a single reporting segment. In order to determine reportable operating segments, the chief operating decision maker reviews various factors including nature of operations, geographical location, quantitative thresholds and managerial structure.

13. SUBSEQUENT EVENTS

Expired warrants

On April 12, 2020, 813,280 warrants exercisable at \$1.50 per share expired unexercised.

SUPREME METALS CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

13. SUBSEQUENT EVENTS (CONTINUED)

Share exchange agreement and share consolidation

On May 14, 2020, the Company announced that it entered into a share exchange agreement (the “Share Exchange Agreement”) for the acquisition (the “Acquisition”) of 100% of the issued and outstanding shares of Sol Sureno Canada Inc. (“Sol Sureno”), an Ontario based exploration corporation focused on the acquisition and development of lithium properties in Peru. Sol Sureno via its wholly-owned subsidiary, Sol Sureño Sociedad Anonima Cerrada (Sol Sureño S.A.C.) (“Sol Sureno Peru”) a corporation formed under the laws of Peru, holds 22 registered mining concessions totalling 19,200 hectares (Ha) and another 10 mining concessions of 7,000 Ha still pending registration (the “Macusani Project”).

Immediately prior to, and as a condition of, closing the Acquisition, 115,000,000 Series 1 Convertible Preferred Shares (the “Preferred Shares”) previously issued in the capital of the Company shall be converted into common shares of the Company on a 1:1 basis in accordance with the terms of the Preferred Shares (the “Preferred Share Conversion”). Following the Preferred Share Conversion (and immediately prior to the Acquisition and Consolidation) the Company will have 321,824,532 common shares and no Preferred Shares outstanding.

The Company will pay a finder’s fee, payable in common shares of the Company, to arm’s length parties in connection with the Acquisition.

Proposed shares for debt settlement

On May 14, 2020, the Company announced that it will enter into a debt settlement agreement with creditors whereby the Company will settle up to \$250,000 of outstanding payables through the issuance of 2,500,000 post-consolidation common shares at a deemed price of \$0.10 per common share.