

**VOLATUS CAPITAL CORP.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED OCTOBER 31, 2019**

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited interim financial statements of 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 standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**VOLATUS CAPITAL CORP.**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)  
(Unaudited – Prepared by Management)

	<b>September 30, 2019</b>	<b>January 31, 2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 245,677	\$ 128,584
Amounts receivable	1,755	5,312
Prepays	5,000	-
	252,432	133,896
Deferred financial costs (Note 5)	-	10,000
Exploration and evaluation asset (Note 4)	113,978	92,996
	\$ 366,410	\$ 236,892
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 8,149	\$ 15,388
	8,149	15,388
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 5)	601,751	254,001
Contributed surplus (Note 5)	120,671	30,000
Deficit	(364,161)	(62,497)
	358,261	221,504
	\$ 366,410	\$ 236,892

**Nature and continuance of operations** (Note 1)

**Subsequent event** (Note 10)

**APPROVED ON BEHALF OF THE DIRECTORS:**

<u>“Michael Collins”</u>	Director	<u>“Christopher Little”</u>	Director
Michael Collins		Christopher Little	

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

**VOLATUS CAPITAL CORP.**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)  
(Unaudited – Prepared by Management)

	<b>Three months ended October 31, 2019</b>	<b>Nine months ended October 31, 2019</b>
<b>Expenses</b>		
Consulting fees	\$ 18,000	\$ 36,000
Finance fees	32,000	32,000
Office and miscellaneous	1,283	2,852
Professional fees	104,165	120,275
Rent	4,500	20,101
Share-based payments (Note 5)	-	66,171
Transfer agent and filing fees	14,290	24,265
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (174,238)</b>	<b>\$ (301,664)</b>
		\$
<b>Loss per share – basic and diluted</b>	<b>\$ (0.01)</b>	<b>(0.03)</b>
<b>Weighted average number of shares Outstanding – basic and diluted</b>	<b>12,593,208</b>	<b>10,675,001</b>

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**VOLATUS CAPITAL CORP.**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
(Expressed in Canadian dollars)  
(Unaudited – Prepared by Management)

	Common Shares		Contributed Surplus	Deficit	Total
	Number of shares	Share Capital			
<b>Incorporation, November 6, 2018</b>	<b>1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1</b>
Shares issued to founders	2,000,000	10,000	-	-	10,000
Shares issued for cash	3,600,000	162,000	-	-	162,000
Shares issued for cash (flow-through)	4,100,000	82,000	-	-	82,000
Share-based payments	-	-	30,000	-	30,000
Net loss for the period	-	-	-	(62,497)	(62,497)
<b>Balance, January 31, 2019</b>	<b>9,700,001</b>	<b>254,001</b>	<b>30,000</b>	<b>(62,497)</b>	<b>221,504</b>
Private placements	4,125,000	412,500	-	-	412,500
Share issuance costs – cash	-	(40,250)	-	-	(40,250)
Share issuance costs – shares	-	(10,000)	-	-	(10,000)
Share issuance costs – options	-	(24,500)	24,500	-	-
Shares issued for mineral properties	100,000	10,000	-	-	10,000
Share-based payments	-	-	66,171	-	66,171
Net loss for the period	-	-	-	(301,664)	(301,664)
<b>Balance, October 31, 2019</b>	<b>13,925,001</b>	<b>\$ 601,751</b>	<b>\$ 120,671</b>	<b>\$ (364,161)</b>	<b>\$ 358,261</b>

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

**VOLATUS CAPITAL CORP.**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
(Expressed in Canadian dollars)  
(Unaudited – Prepared by Management)  
FOR THE NINE MONTHS ENDED OCTOBER 31,

	<b>2019</b>
<b>Cash flows from operating activities</b>	
Net loss for the period	\$ (301,664)
Changes in non-cash items:	
Finance fees	30,000
Share-based payments	66,171
Changes in non-cash working capital items:	
Amounts receivable	3,557
Prepays	(5,000)
Accounts payable and accrued liabilities	(7,239)
<b>Cash used in operating activities</b>	<b>(214,175)</b>
<b>Cash flows from investing activities</b>	
Exploration and evaluation assets	(10,982)
<b>Cash used in financing activities</b>	<b>(10,982)</b>
<b>Cash flows from financing activities</b>	
Proceeds from issuance of shares	382,500
Share issuance costs	(40,250)
<b>Cash provided by financing activities</b>	<b>342,250</b>
<b>Change in cash</b>	<b>117,093</b>
<b>Cash, beginning of the period</b>	<b>128,584</b>
<b>Cash, end of the period</b>	<b>\$ 245,677</b>
<b>Non-cash financing and investing activities</b>	
Agent options issued as share issuance costs	\$ 24,500
Shares issued as share issuance costs	\$ 10,000
Shares issued for exploration and evaluation assets	\$ 10,000
<b>Supplementary cash flow information</b>	
Interest paid	\$ -
Income tax paid	\$ -

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

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**VOLATUS CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED OCTOBER 31, 2019**  
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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Volatus Capital Corp. (“the Company”) was incorporated on November 6, 2018 under the laws of British Columbia, is a public company listed on the Canadian Securities Exchange (the “CSE”) and trades under the symbol VC. The address of the Company’s corporate office and its principal place of business is 1100-595 Howe Street, Vancouver, British Columbia, Canada.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at October 31, 2019, the Company had not yet determined whether the Company’s mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

The Company had a deficit of \$364,161 as at October 31, 2019, which has been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Company and notes thereto as of and for the period ended January 31, 2019.

These unaudited condensed interim financial statements were approved by the Board of Directors on December 24, 2019.

**Basis of presentation**

These unaudited condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These unaudited condensed interim financial statements follow the same accounting policies and methods of application as the annual audited financial statements of the Company for the period ended January 31, 2019. The adoption of new accounting standards has had no material impact on the financial statements.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED OCTOBER 31, 2019**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of estimates and judgments**

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- i) The ability of the Company to continue as a going concern.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

*Income taxes*

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements.

Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax assets and liabilities, and tax planning initiatives.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash held with banks and highly liquid short-term investments in high interest saving accounts which can be withdrawn at any time, which, in the opinion of management, is subject to an insignificant risk of changes in value. As at October 30, 2019, the Company held only cash.

**Income taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years.

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**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Income taxes** (continued)

Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**Financial Instruments**

Financial assets are classified at initial recognition as either: measured at amortized cost, Fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Fair value through profit or loss ("FVTPL") – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Fair value through other comprehensive income ("FVTOCI") - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL. The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

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**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Financial Instruments** (continued)

Financial Assets and Liabilities	IAS 39 Classification (Measurement)	IFRS 9 Classification and Measurement
Cash	FVTPL	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost

*Measurement*

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's credit risk will be recognized in OCI.

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

*Impairment*

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with financial assets measured at amortized cost, contract assets and debt instruments carried at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Share capital**

The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. The Company's common shares are classified as equity instruments.

Commissions paid to agents, and other directly attributable share issuance costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to share capital.

When units are issued during a private placement, which include both common shares and share purchase warrants, the warrants are valued by comparing the total unit price to the fair value of the shares on the day of the announcement of the private placement. Any premium above the fair value of the shares issued would be allocated to the warrants and credited to the warrant reserve.

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basic loss per share**

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred.

**Share-based payments**

Where equity settled share purchase options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period using the graded vesting method. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payments cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

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**FOR THE NINE MONTH PERIOD ENDED OCTOBER 31, 2019**  
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**3. NEW ACCOUNTING STANDARDS ADOPTED EFFECTIVE FEBRUARY 1, 2019**

IFRS 16 – Leases

IFRS 16 – replaces the current standards IAS 17, “Leases”, and its associated interpretative guidance. Early adoption is permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. A lessee can choose to apply IFRS 16 using either a full retrospective approach or a modified retrospective approach.

The adoption of IFRS 16 did not impact the Company’s classification and measurement of leases as the Company does not have any lease obligation.

**4. EXPLORATION AND EVALUATION ASSET**

	Acquisition Costs \$	Exploration Costs \$	Total \$
Balance, incorporation November 6, 2018	-	-	-
Additions	5,000	*87,996	92,996
Balance, January 31, 2019	5,000	87,996	92,996
Addition:	15,000	5,982	20,982
Balance, October 31, 2019	20,000	93,978	113,978

*\*Exploration costs include labour costs of \$43,800, assay costs of \$7,737, data and reporting of \$6,276, truck and equipment rentals of \$9,800, travel and fuel costs of \$1,986, meal and accommodation of \$12,640 and management fees of \$5,757*

**Sunset Copper Star Project**

Pursuant to an option agreement dated November 16, 2018 (the “Agreement”), with Rich River Exploration Ltd. and Craig A. Lynes (collectively, the “Optionors”), the Company was granted an option to acquire a 100% undivided interest in the Sunset Copper Star project (the “Property”) located north of Campbell River area in the Nanaimo Mining Division, British Columbia.

In accordance with the Agreement, the Company has acquired a 51% undivided interest in the Property by paying \$5,000. The Company has the option to earn the remaining 49% interest in the Property by issuing a total of 600,000 common shares of the Company to the Optionors, making cash payments totaling \$155,000, and incurring a total of \$500,000 in exploration expenditures as follows:

	Common Shares	Cash	Exploration Expenditures
	Number	\$	\$
Upon the closing of the initial public offering of the Company	100,000 (issued at a value of \$10,000)	5,000 (paid)	-
On or before the first anniversary of the Company’s common shares listed on the Canadian Securities Exchange (the “Listing”)	100,000	20,000	100,000
On or before the second anniversary of the Listing	100,000	30,000	100,000
On or before the third anniversary of the Listing	300,000	100,000	300,000
Total	600,000	155,000	500,000

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**4. EXPLORATION AND EVALUATION ASSET** (continued)

The Property is comprised of two mineral claims.

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase the first 1% of the royalty for \$750,000 and the remaining 2% for \$1,000,000 at any time prior to the commencement of commercial production.

**5. SHARE CAPITAL**

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six months from date of listing. At October 31, 2019, there were 1,890,000 common shares held in escrow. Under the applicable escrow agreement 210,000 shares were released during the period ended October 31, 2019.

c) Issued and Outstanding as at October 31, 2019: 13,925,001 common shares.

During the period ended October 31, 2019, the Company had the following share capital transactions:

- (i) The Company entered into an agency agreement with Haywood Securities Inc. (the “Agent”) whereby the Agent raised on commercially reasonable efforts \$350,000 in an initial public offering (“IPO”) by the issuance of 3,500,000 common shares of the Company at a price of 0.10 per common share.

The Agency Agreement granted the Agent an over-allotment option (the “Over-Allotment Option”), exercisable up to 48 hours prior to closing of the IPO, to purchase additional common shares of the Company equal to 15% of the common shares issued pursuant to the offering. The Over-Allotment Option was exercised by the Agent and the Company issued 525,000 additional common shares for a purchase price equal to the offering price which resulted in aggregate gross proceeds of \$402,500.

The Company paid \$40,250 and issued 100,000 common shares (valued at \$10,000) as share issuance costs. The Company also issued 402,500 Agent options (valued at \$24,500) exercisable at \$0.10 on or before August 29, 2021.

In addition, the Company paid a corporate finance fee of \$32,000, of which \$10,000 was paid during the year ended January 31, 2019 which was recorded as deferred financing costs.

The Company completed the IPO during the period ended October 31, 2019.

- (ii) The Company issued 100,000 common shares at a value of \$10,000 pursuant to the acquisition of the Sunset Copper Star Project (Note 4).

**VOLATUS CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED OCTOBER 31, 2019**  
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**5. SHARE CAPITAL** (continued)

During the year ended January 31, 2019, the Company had the following share capital transactions:

- (i) The Company issued an incorporation share for \$0.01.
- (ii) The Company issued 2,000,000 common shares at a price of \$0.005 per share for \$10,000, of which \$5,000 is recorded as share subscriptions. The fair value of the 2,000,000 common shares was estimated to be \$40,000. Accordingly, the Company recorded share-based payments of \$30,000 and a corresponding increase to contributed surplus.
- (iii) The Company issued 600,000 common shares at a price at \$0.02 per share and 3,000,000 common shares at a price of \$0.05 per share for total gross proceeds of \$162,000.
- (iv) The Company issued 4,100,000 flow-through common shares at a price of \$0.02 per share for gross proceeds of \$82,000, which the Company was committed to spend in Qualifying Canadian Exploration Expenditures (“CEE”). None of the Qualifying CEE will be available to the Company for future deduction from taxable income.

As at January 31, 2019, the Company has incurred and renounced \$82,000 in CEE. For the purposes of the calculating the tax effect of any premium related to the issuance of the flow-through shares, the Company reviewed recent financings and compared it to determine if there was a premium paid on the shares. As a result of the review the Company did not recognize any premium on the flow-through shares issued.

d) Stock Options:

During the period ended October 31, 2019, the Company adopted a Stock Option Plan (the “Plan”) for directors, officers, employees and consultants of the Company. Under the Plan, the Company may grant incentive stock options to directors, officers, employees and consultants to the Company, as determined by the Board of Directors of the Company at the fair market value on the date the option is granted. The maximum number of common shares which may be issuable under the Plan cannot exceed 10% of the total number of shares issued and outstanding on a non-diluted basis.

A summary of changes in options during the period is as follows:

	<b>Number of options</b>	<b>Weighted average exercise price</b>
Outstanding and exercisable January 31, 2019	-	\$ -
Granted	<u>800,000</u>	\$ 0.10
Outstanding and exercisable October 31, 2019	800,000	\$ 0.10

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED OCTOBER 31, 2019**  
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**5. SHARE CAPITAL** (continued)

d) Stock Options: (continued)

The following stock options were outstanding at October 31, 2019:

Expiry Date	Exercise Price	Number of options	Number of options Exercisable
May 1, 2024	\$0.10	800,000	800,000

*Share-based compensation*

During the period ended October 31, 2019, the Company granted 800,000 stock options valued at \$66,171 to certain directors and officers of the Company, exercisable at a price of \$0.10 per option expiring May 1, 2024.

The weighted average fair value of each stock option granted during the year was \$0.10, calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	Period ended October 30, 2019	Year ended January 31, 2019
Share price	\$ 0.10	-
Risk-free dividend rate	1.56%	-
Expected life of options	5	-
Dividend rate	0.00%	-
Annualized volatility	120%	-

e) Warrants:

A summary of changes in warrants during the period is as follows:

	Number of warrants	Weighted average exercise price
Outstanding and exercisable January 31, 2019	-	\$ -
Granted	402,500	\$ 0.10
Outstanding and exercisable October 31, 2019	402,500	\$ 0.10

**VOLATUS CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED OCTOBER 31, 2019**  
(Expressed in Canadian dollars)  
(Unaudited – Prepared by Management)

**5. SHARE CAPITAL** (continued)

e) Warrants: (continued)

The following warrants were outstanding at October 31, 2019:

Expiry Date	Exercise Price	Number of warrants	Number of warrants Exercisable
August 29, 2021	\$0.10	402,500	402,500

The weighted average fair value of each finder's warrant granted during the year was \$0.10, calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	Period ended October 30, 2019	Year ended January 31, 2019
Share price	\$ 0.10	-
Risk-free dividend rate	1.40%	-
Expected life of warrants	2	-
Dividend rate	0.00%	-
Annualized volatility	120%	-

**6. RELATED PARTY BALANCES AND TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. During the period ended October 31, 2019, the Company incurred \$66,171 in share-based payments to directors and officers.

**7. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

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**8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK**

The Company's financial instruments consist of cash, GST receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments approximates their carrying values.

An entity classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Fair Value of Financial Instruments**

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

**Fair value**

The fair value of the Company's financial instruments approximates their carrying value as at October 31, 2019 because of the demand nature or short-term maturity of these instruments.

**Financial risk management objectives and policies**

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) **Currency risk**

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities.

(ii) **Interest rate risk**

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

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**8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)**

(iii) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

**9. SEGMENTED INFORMATION**

The Company has one operating segment, being the exploration of exploration and evaluation assets in Canada. The Company's exploration and evaluation assets at October 31, 2019 were \$113,978 (January 31, 2019 - \$92,996).

**10. SUBSEQUENT EVENT**

Subsequent to the period ended October 31, 2019, the Company entered into a loan agreement with a related party to lend \$100,000. The principal amount of the loan plus accrued interest of 12% per annum shall be payable on demand after November 20, 2020 and the borrower has pledged marketable securities in the value of \$112,000 as collateral against repayment of the loan and accrued interest.