

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you should consult an independent professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

This document constitutes an AIM admission document relating to Cornish Metals Inc. and has been drawn up in accordance with the AIM Rules for Companies. This document does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of FSMA and is not required to be issued as a prospectus pursuant to section 85 of FSMA. Accordingly, this document has not been drawn up in accordance with the Prospectus Regulation Rules and has not been approved by, or filed with, the Financial Conduct Authority.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom's Financial Conduct Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

Application has been made for the Enlarged Issued Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Common Shares will commence on AIM at 8.00 a.m. on 16 February 2021. The Common Shares are currently listed for trading on the TSX Venture Exchange. Apart from the application for Admission, the Common Shares are not dealt in on any other recognised investment exchange and no application has been, or is intended to be, made for the Common Shares to be admitted to trading on any other such exchange. It is emphasised that no application is being made for the admission of the Common Shares to the Official List.

The Directors, whose names appear on page 6 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document and for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the whole text of this document and should be aware that an investment in the Company involves a high degree of risk. In particular, the attention of prospective investors is drawn to Part III of this document which sets out certain risk factors relating to any investment in the Common Shares. All statements regarding the Group's business, financial position and prospects should be viewed in light of these risk factors.

Cornish Metals Inc.

(incorporated and registered in Canada under the Canada Business Corporations Act with company number 423627-1)

**Fundraising of 117,226,572 New Shares each at 7 pence per share
and**

Admission of the Enlarged Issued Share Capital to trading on AIM

Nominated Adviser & Joint Broker



Joint Broker



The Fundraising is conditional, amongst other things, on Admission taking place on or before 16 February 2021 (or such later date as the Company, S.P. Angel Corporate Finance LLP and H&P Advisory Limited may agree, but in any event not later than 26 February 2021). The New Shares will, on Admission, rank *pari passu* in all respects with the Existing Common Shares including the right to receive all dividends or other distributions declared, made or paid after Admission.

This document does not constitute an offer of, or the solicitation of an offer to buy or subscribe for, Common Shares to any person to whom, or in any jurisdiction in which, such offer or solicitation is unlawful and is not for distribution in or into the United States, Australia, Canada or Japan. The Common Shares have not been, and will not be, registered under the US Securities Act or qualified for sale under the laws of any state of the United States or under any applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Common Shares may not be offered for sale or subscription, or sold or subscribed, directly or indirectly, within the United States, Australia, Canada or Japan or to, or for the account or benefit of, any US persons (as such term is defined in Regulation S under the US Securities Act) or any national, resident or citizen of Australia, Canada or Japan.

S.P. Angel Corporate Finance LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser and joint broker to the Company in connection with the Fundraising and Admission. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. S.P. Angel Corporate Finance LLP is acting exclusively for the Company and for no one else in connection with the Fundraising and Admission. S.P. Angel Corporate Finance LLP will not regard any other person (whether or not a recipient of this document) as its customer in relation to the Fundraising and Admission and will not be responsible to any other person for providing the

protections afforded to customers of S.P. Angel Corporate Finance LLP or for providing advice in relation to the Fundraising, Admission or any transaction or arrangement referred to in this document.

H&P Advisory Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as joint broker to the Company in connection with the Fundraising and Admission. H&P Advisory Limited is acting exclusively for the Company and for no one else in connection with the Fundraising and Admission. H&P Advisory Limited will not regard any other person (whether or not a recipient of this document) as its customer in relation to the Fundraising and Admission and will not be responsible to any other person for providing the protections afforded to customers of H&P Advisory Limited or for providing advice in relation to the Fundraising, Admission or any transaction or arrangement referred to in this document.

The release, publication or distribution of this document in certain jurisdictions may be restricted by law. No action has been taken or will be taken by the Company, the Directors, S.P. Angel Corporate Finance LLP or H&P Advisory Limited to permit a public offer of Common Shares or to permit the possession or distribution of this document in any jurisdiction where action for that purpose may be required. This document may not be distributed in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes are required by the Company, the Directors, S.P. Angel Corporate Finance LLP and H&P Advisory Limited to inform themselves about and to observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of the relevant jurisdiction.

Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, S.P. Angel Corporate Finance LLP or H&P Advisory Limited. Without prejudice to the Company's obligations under the AIM Rules, neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Group since the date of this document or that the information contained in this document is correct as of any time subsequent to the date of this document. S.P. Angel Corporate Finance LLP and H&P Advisory Limited have not authorised the contents of this document and, without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by S.P. Angel Corporate Finance LLP or H&P Advisory Limited as to the contents of this document and no responsibility or liability whatsoever is accepted by S.P. Angel Corporate Finance LLP or H&P Advisory Limited for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document, for which the Company and the Directors are solely responsible.

The contents of this document are not to be construed as legal, financial or tax advice. Prospective investors should consult their own professional advisers for legal, financial or tax advice in relation to an investment or proposed investment in the Common Shares.

Copies of this document will be available free of charge to the public during normal business hours on any day (except Saturdays, Sundays and public holidays) from the date of this document until the date which is one month after the date of Admission at the offices of S.P. Angel Corporate Finance LLP and from the Company's website (www.cornishmetals.com).

Forward-looking statements

This document contains statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "anticipates", "believes", "could", "envisages", "estimates", "expects", "intends", "may", "plans", "projects", "should", "will" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs and current expectations of the Company or the Directors concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Company and the industry in which the Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The actual results, performance or achievements of the Company or developments in the industry in which the Group operates may differ materially from the future results, performance or achievements or industry developments expressed or implied by the forward-looking statements contained in this document.

Prospective investors are strongly recommended to read the risk factors set out in Part III of this document for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Group operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

The forward-looking statements contained in this document speak only as at the date of this document. The Company undertakes no obligation to update or revise publicly the forward-looking statements contained in this document to reflect any change in expectations or to reflect events or circumstances occurring or arising after the date of this document, except as required in order to comply with its legal and regulatory obligations (including under the Market Abuse Regulation 596/214 EU as applied in the UK and the AIM Rules).

No forecasts or estimates

Nothing in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per share for the Company for the current or future financial years will necessarily match or exceed the historical published earnings or earnings per share for the Company.

Market data

Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) implementing measures in the UK (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that the New Shares are: (i) compatible with an end target market of (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Fundraising. Furthermore, it is noted that, notwithstanding the Target Market Assessment, S.P. Angel Corporate Finance LLP and H&P Advisory Limited will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Shares and determining appropriate distribution channels.

Exchange rate

The exchange rate used in this document for Canadian Dollars to Pounds Sterling is 1:1.75 being the relevant exchange rate on 10 February 2021 (being the latest practicable date prior to the publication of this document). This exchange rate was obtained from Bloomberg.

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FUNDRAISING STATISTICS

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|---|-----------------|
| Placing Price | 7 pence |
| Number of Existing Common Shares in issue before Admission | 149,918,585 |
| Number of Common Shares being issued pursuant to the Fundraising | 117,226,572 |
| Number of Common Shares in issue immediately following the Fundraising and Admission | 267,145,157 |
| Percentage of the Enlarged Issued Share Capital represented by the New Shares | 43.9 per cent. |
| Number of Common Shares under Option or Warrant immediately following the Fundraising and Admission | 21,777,222 |
| Number of Common Shares on a fully diluted basis immediately following the Fundraising and Admission ⁽¹⁾ | 288,922,379 |
| Gross proceeds of the Fundraising receivable by the Company | c.£8.2 million |
| Estimated net proceeds of the Fundraising receivable by the Company | £7.1 million |
| Market capitalisation of the Company on Admission at the Placing Price | c.£18.7 million |
| ISIN | CA21948L1040 |
| TSX-V and AIM symbol | CUSN |
| SEDOL | BNQRZ66 |

(1) Assuming exercise of all outstanding Options and Warrants, further details of which are set out in paragraphs 9 and 10, respectively, of Part VI of this document.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

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| Date of publication of this document | 11 February 2021 |
| Admission and commencement of dealings on AIM ⁽¹⁾ | 8.00 a.m. on 16 February 2021 |
| CREST accounts credited (where applicable) | 16 February 2021 |
| Despatch of definitive share certificates (where applicable) | by 1 March 2021 |

(1) Subject to TSX-V conditional approval.

Note: All references to times in this timetable are to London times. The times and dates may be subject to change.

DIRECTORS, SECRETARY AND ADVISERS

| | |
|--|---|
| Directors | Patrick Fergus Neill Anderson (<i>Non-Executive Chairman</i>) Richard David Williams (<i>President and Chief Executive Officer</i>) David Grenville Thomas (<i>Non-Executive Director</i>) Kenneth Andrew Armstrong (<i>Non-Executive Director</i>) Donald Robert Njegovan (<i>Non-Executive Director</i>) John Francis Gerald McGloin (<i>Non-Executive Director</i>) |
| Senior Managers | Owen Daniel Mihalop (<i>Chief Operating Officer</i>) Matthew Hird (<i>Chief Financial Officer</i>) |
| Corporate Secretary | Brenda Nowak |
| Registered Office | Suite 960 789 West Pender Street Vancouver British Columbia V6C 1H2 Canada |
| Nominated Adviser and Joint Broker | S.P. Angel Corporate Finance LLP Prince Frederick House 4th Floor 35-39 Maddox Street London W1S 2PP |
| Joint Broker | H&P Advisory Limited 2 Park Street London W1K 2HX |
| English Solicitors to the Company | Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT Stephens Scown LLP Curzon House Southernhay Exeter EX1 1RS |
| Canadian Counsel to the Company | Lawson Lundell LLP Suite 1600 Cathedral Place 925 West Georgia Street Vancouver British Columbia V6C 3L2 Canada |
| Solicitors to the Nominated Adviser and Joint Brokers | Haynes and Boone CDG, LLP 1 New Fetter Lane London EC4A 1AN |

Reporting Accountants**Crowe U.K. LLP**

55 Ludgate Hill
London
EC4M 7JW

Competent Person**P&E Mining Consultants Inc.**

201 County Court Boulevard
Suite 304
Brampton
Ontario
L6W 4L2
Canada

Financial PR**Blytheweigh Communications Limited**

4-5 Castle Court
London
EC3V 9DL

Auditors**Davidson & Company, LLP**

1200 – 609 Granville Street
P.O. Box 10372, Pacific Centre
Vancouver
British Columbia
V7Y 1G6
Canada

Canadian Transfer Agent and Registrar**Computershare Investor Services Inc.**

3rd Floor
510 Burrard Street
Vancouver
British Columbia
V6C 3B9
Canada

Depository Interest Agent**Computershare Investor Services plc**

The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Website

<https://www.cornishmetals.com/>

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

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| “2023 Warrants” | the common share purchase warrants of the Company issued in connection with the Company’s private placement financing that closed on 3 February 2020 |
| “Admission” | admission of the Enlarged Issued Share Capital to trading on AIM becoming effective in accordance with the AIM Rules |
| “AIM” | the AIM market, a market operated by the London Stock Exchange |
| “AIM Rules for Companies” or “AIM Rules” | the rules for companies whose securities are admitted to trading on AIM, as published by the London Stock Exchange from time to time |
| “AIM Rules for Nominated Advisers” | the rules setting out the eligibility requirements, ongoing obligations and certain disciplinary matters in relation to nominated advisers, as published by the London Stock Exchange from time to time |
| “Articles” | the articles of arrangement of the Company as amended on 15 January 2018 conditional on Admission and as amended on 24 July 2020, a summary of certain provisions of which is set out in paragraph 5.2 of Part VI of this document |
| “Barkerville” | Barkerville Gold Mines Ltd., a corporation existing under the laws of the province of British Columbia, Canada and a wholly-owned subsidiary of Osisko Development |
| “By-laws” | the by-laws of the Company as amended on 15 January 2018 conditional on Admission, a summary of certain provisions of which is set out in paragraph 5.3 of Part VI of this document |
| “Canadian Dollar” or “C\$” | Canadian dollars, the lawful currency of Canada |
| “CBCA” | the Canada Business Corporations Act, R.S.C. 1985, c.C-44, as amended from time to time |
| “CDS” | the Canadian Depository for Securities Limited |
| “Central Mining District” | the Camborne, Pool and Redruth district which emerged in the 18th century as Cornwall’s central mining district |
| “certificated” or “in certificated form” | in relation to a Common Share, recorded on the Company’s register as being held in certificated form (that is not in CREST) |
| “CML” | Cornish Minerals Limited, a company incorporated and registered in Bermuda with registration number EC40513 and a wholly owned indirect subsidiary of the Company |
| “CML Debenture” | the debenture dated 11 February 2021 entered into by CML and Osisko relating to the Osisko Royalties described in paragraph 16.5 of Part VI of this document |
| “CML UK” | Cornish Metals Limited (formerly Strongbow Exploration (UK) Limited), a company incorporated and registered in England and Wales with number 10026453 and a wholly owned direct subsidiary of the Company |

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| “CML UK Share Charge” | the share charge dated 11 February 2021 entered into by CML UK and Osisko relating to the Osisko Royalties described in paragraph 16.4 of Part VI of this document |
| “Common Shares” | common shares without par value in the share capital of the Company |
| “Companies Act” | the Companies Act 2006 of the United Kingdom, as amended from time to time |
| “Company” or “Cornish Metals” | Cornish Metals Inc. (formerly Strongbow Exploration Inc.), a company incorporated and registered under the CBCA with number 423627-1 and listed on the TSX-V |
| “Competent Person” or “P&E” | P&E Mining Consultants Inc, 201 County Court Boulevard, Suite 304, Brampton, Ontario, L6W 4L2, Canada |
| “Competent Person’s Report” or “CPR” | the competent person’s report entitled “Competent Person’s Report on the assets of Cornish Metals Inc., Cornwall, UK” prepared by the Competent Person in respect of the United Downs Project and the South Crofty Project, a copy of which is reproduced in Part V of this document |
| “Cornish Lithium” | Cornish Lithium Ltd, a company incorporated and registered in England and Wales with number 10205021 |
| “Cornish Minerals” | Cornish Minerals Limited, a company now dissolved but formerly incorporated and registered in England and Wales with number 07022896 |
| “Cornwall Royalty Agreement” | the royalty agreement dated 11 February 2021 between CML and Osisko whereby CML has granted Osisko a perpetual 0.5 per cent. NSR royalty on all mineral rights in England (other than those associated with the South Crofty Underground Planning Permission Area) held by CML or its affiliates described in paragraph 16.2 of Part VI of this document |
| “COVID-19” | the Corona Virus Disease 2019 as designated by the World Health Organisation |
| “CREST” | the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations |
| “CREST Regulations” | the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) of the United Kingdom, as amended from time to time |
| “Deed Poll” | the deed poll dated 8 February 2021 executed by the Depositary in relation to the issue of Depositary Interests by the Depositary, described in paragraph 23.1 of Part VI of this document |
| “Depositary” | Computershare Investor Services plc acting in its capacity as depositary pursuant to the terms of the Deed Poll |
| “Depositary Interest” | an uncertificated depositary interest issued by the Depositary in the ratio of one for one in respect of each Common Share deposited with the Depositary for conversion to a Depositary Interest |

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| “Directors” or “Board” | the directors of the Company whose names are set out on page 6 of this document or the directors of the Company from time to time as the context may require |
| “DTRs” | the Disclosure Guidance and Transparency Rules of the FCA |
| “Enlarged Issued Share Capital” | the entire issued share capital of the Company immediately following Admission comprising the Existing Common Shares and the New Shares |
| “Euroclear” | Euroclear UK & Ireland Limited, the operator of CREST |
| “Existing Common Shares” | the 149,918,585 Common Shares in issue on 10 February 2021 (being the latest practicable date prior to the publication of this document) and which are listed for trading on the TSX-V |
| “FCA” | the United Kingdom Financial Conduct Authority |
| “FSMA” | the Financial Services and Markets Act 2000 of the United Kingdom, as amended from time to time |
| “Fundraising” | the Placing and Subscription |
| “Galena” | Galena Special Situations Master Fund Limited, a company incorporated and registered in the Cayman Islands and part of the Trafigura Group |
| “GIA” | the guarantee and indemnity agreement dated 11 February 2021 between Osisko and the Company relating to the Osisko Royalties described in paragraph 16.3 of Part VI of this document |
| “Group” | the Company and its subsidiaries (as defined in the Companies Act) |
| “Group Financial Information” | the audited, consolidated financial information of the Group for the three years ended 31 January 2020 |
| “Hannam & Partners” | H&P Advisory Limited, a joint broker to the Company, which is authorised and regulated by the FCA |
| “HM Land Registry” | HM Land Registry, the register of land and property ownership in England and Wales |
| “HMRC” | Her Majesty’s Revenue & Customs of the United Kingdom |
| “IA” | the implementation agreement dated 11 February 2021 between the Company, CML, Osisko and Osisko Development relating to the Osisko Royalties described in paragraph 16.1 of Part VI of this document |
| “Incentive Warrants” | the common share purchase warrants of the Company issued on 9 November 2020 in connection with the completion of the Company’s early warrant exercise incentive programme |
| “ISIN” | International Security Identification Number |
| “Land Area” | all areas of mineral rights that CML owns in Devon and Cornwall as at 18 January 2017, subject to adjustment |
| “LEI” | legal entity identifier |
| “LME” | London Metals Exchange |

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| “Licensed Minerals” | lithium contained in hot spring brines and associated geothermal energy |
| “Lock-in Agreements” | the lock-in agreements described in paragraph 13.2 of Part VI of this document |
| “London Stock Exchange” | London Stock Exchange plc |
| “MI 61-101” | Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions issued by the Ontario Securities Commissions, which prescribes rules in respect of certain transactions |
| “Mineral Planning Authority” | Cornwall Council acting as the mineral planning authority for the purposes of the Town and Country Planning Act 1990 |
| “Minexia Limited” | a company incorporated and registered in England and Wales with number 08984482 whose registered address is at Hampton House, High Street, East Grinstead, West Sussex RH19 3AW |
| “New Shares” | the Placing Shares and Subscription Shares |
| “NI 43-101” | National Instrument 43-101 – Standards of Disclosure for Mineral Projects issued by the Canadian Securities Administrators, which provides standards of disclosure of scientific and technical information regarding mineral projects |
| “NI 52-110” | National Instrument 52-110 – Audit Committees, issued by the Canadian Securities Administrators, which prescribes rules applicable to the audit committees of all reporting issuers in Canada |
| “NI 58-101” | National Instrument 58-101 – Disclosure of Corporate Governance Practices, issued by the Canadian Securities Administrators, which prescribes disclosure of corporate governance practices |
| “NI 62-104” | National Instrument 62-104 – Take-Over Bids and Issuer Bids, issued by the Canadian Securities Administrators, which prescribes the conduct of takeover bids and issuer bids |
| “NOBOs” | Shareholders who under Canadian securities law categorise themselves as “non-objecting” shareholders who do not object to their shareholdings and their details being disclosed to the Company |
| “NP 58-201” | National Policy 58-201 – Corporate Governance Guidelines issued by the Canadian Securities Administrators, which sets forth certain non-prescriptive effective corporate governance guidelines |
| “OBOs” | Shareholders who under Canadian securities law categorise themselves as “objecting shareholders” who object to their shareholdings and their details being disclosed to the Company |
| “Official List” | the Official List of the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA |
| “Options” | the options to acquire Common Shares issued from time to time pursuant to the Stock Option Plan |
| “Osisko” | Osisko Gold Royalties Ltd, a company incorporated under the laws of the province of Québec, Canada |

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| “Osisko Development” | Osisko Development Corp., a company continued pursuant to the laws of Canada and registered in Québec with company number 1176022367, listed on the TSX-V and currently controlled by Osisko and the Company’s principal Shareholder which is expected to hold, through its wholly-owned subsidiary, Barkerville, 20.17 per cent. of the Enlarged Issued Share Capital on Admission |
| “Osisko Royalties” | the royalties granted to CML to Osisko pursuant to the Royalty Agreements |
| “Placee” | an investor to whom Placing Shares are issued pursuant to the Placing |
| “Placing” | the conditional placing by SP Angel and Hannam & Partners of the New Shares with institutional and other investors at the Placing Price pursuant to the Placing Agreement |
| “Placing Agreement” | the conditional agreement dated 5 February 2021 made between the Company, the Directors, SP Angel and Hannam & Partners relating to the Fundraising and which is summarised in paragraph 13.1 of Part VI of this document |
| “Placing Price” | 7 pence per New Share |
| “Placing Shares” | the 114,285,715 new Common Shares to be allotted and issued by the Company pursuant to the Placing |
| “Prospectus Regulation Rules” | the prospectus regulation rules made by the FCA under Part VI of FSMA |
| “QCA” | Quoted Companies Alliance |
| “QCA Code” | the Corporate Governance Code 2018 published by the QCA, as amended or replaced from time to time |
| “Relationship Agreement” | the relationship agreement dated 5 February 2021 made between the Company, SP Angel and Osisko Development relating to Osisko Development’s conduct as a significant shareholder in the Company described in paragraph 13.3 of Part VI of this document |
| “Royalty Agreements” | the South Crofty Royalty Agreement and the Cornwall Royalty Agreement |
| “SCL” | South Crofty Limited (formerly Western United Mines Limited), a company incorporated and registered in England and Wales with number 06242518 and a wholly owned indirect subsidiary of the Company |
| “Sellers” | Galena and Tin Shield |
| “Senior Managers” | the senior managers of the Company whose names are set out on page 6 of this document |
| “SMM” | Shanghai Metals Market |
| “Shareholders” | registered holders of Common Shares from time to time |
| “South Crofty” or “South Crofty Project” | the Company’s project of developing the South Crofty Surface Area and the South Crofty Underground Planning Permission Area which includes the South Crofty Mine |

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| “South Crofty Mine” | the historic South Crofty tin mine located in the town of Pool in Cornwall which operated until 1998 |
| “South Crofty Part Owned Unregistered Mineral Rights” | the unregistered minerals in which CML owns a share relating to the South Crofty Project |
| “South Crofty PEA” | the independent NI 43-101 technical report and preliminary economic assessment entitled “Technical Report and Preliminary Economic Assessment on the South Crofty Tin Project, Cornwall, United Kingdom” prepared by P&E with an effective date of 16 February 2017 and a signing date of 31 March 2017 in respect of the South Crofty Project |
| “South Crofty Registered Mineral Rights” | the freehold mines and minerals comprised within the titles CL188226, CL188227, CL188228, CL169822 and CL169823 registered at HM Land Registry in the name of CML and the title CL343162 registered at HM Land Registry in the name of SCL, relating to the South Crofty Project |
| “South Crofty Royalty Agreement” | the royalty agreement dated 11 February 2021 between CML and Osisko whereby CML has granted Osisko a perpetual 1.5 per cent. NSR royalty pertaining to all mineral rights associated with the South Crofty Underground Planning Permission Area described in paragraph 16.2 of Part VI of this document |
| “South Crofty Surface Area” | the area which has the benefit of the Surface Planning Permission and in respect of which SCL is the registered holder of the South Crofty Surface Area Titles |
| “South Crofty Surface Area Planning Permission” | planning permission PA10/04564 granted by Cornwall Council to SCL on 3 November 2011 for surface infrastructure required to operate the mine at South Crofty, as amended by eleven non-material amendment permissions (i) PA17/01476 dated 15 March 2017, (ii) PA17/05030 dated 19 June 2017, (iii) PA17/09982 dated 19 October 2017, (iv) PA17/11351 dated 22 December 2017, (v) PA17/11336 dated 22 December 2017, (vi) PA17/11372 dated 22 December 2017, (vii) PA18/02078 dated 2 April 2018, (viii) PA/02318 dated 3 April 2018, (ix) PA18/02551 dated 3 April 2018, (x) PA18/06724 dated 15 August 2018 and (xi) PA19/01166 dated 7 March 2019 |
| “South Crofty Surface Area Titles” | the freehold land comprised within the titles CL243928, CL279163, CL290289, CL340650 and CL340653 registered at HM Land Registry in the name of SCL relating to the South Crofty Project |
| “South Crofty Unregistered Mineral Rights” | the South Crofty Wholly Owned Unregistered Mineral Rights and the South Crofty Part Owned Unregistered Mineral Rights |
| “South Crofty Underground Planning Permission” | planning permission PA10/05145 granted by the Mineral Planning Authority to SCL on 7 January 2013 for the underground winning and working of minerals relating to the South Crofty Project |
| “South Crofty Underground Planning Permission Area” | the underground area which has the benefit of the South Crofty Underground Planning Permission and in respect of which CML holds the South Crofty Registered Mineral Rights and the South Crofty Unregistered Mineral Rights |
| “South Crofty Wholly Owned Unregistered Mineral Rights” | the unregistered mineral rights wholly owned by CML relating to the South Crofty Project |

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| “SP Angel” | S.P. Angel Corporate Finance LLP, nominated adviser and joint broker to the Company, which is authorised and regulated by the FCA |
| “Stock Option Plan” | the Company’s stock option plan dated 17 August 2016, details of which are set out in paragraph 9 of Part VI of this document |
| “Subscriber” | an investor procured by Minexia to whom Subscription Shares are issued pursuant to the Subscription |
| “Subscription” | the conditional subscriptions for the Subscription Shares by the Subscribers at the Placing Price pursuant to the Subscription Letters |
| “Subscription Letters” | the conditional letter agreements entered into between the Company and the Subscribers, details of which are set out in paragraph 13.4 of Part VI of this document |
| “Subscription Shares” | the 2,940,857 new Common Shares to be allotted and issued by the Company pursuant to the Subscription |
| “Takeover Code” | the City Code on Takeovers and Mergers, as amended from time to time |
| “Tin Shield” | Tin Shield Production Inc, a company incorporated and registered at 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3, Canada |
| “Trafigura Group” | the commodity trading and logistics group of which Trafigura Group Pte Ltd is the holding company |
| “TSX-V” | the TSX Venture Exchange, on which the Existing Common Shares are currently listed for trading |
| “TSX-V Rules” | the rules and policies, appendices and forms of TSX-V as set forth in the TSX-V Corporate Finance Manual, as amended from time to time |
| “Unaudited Interim Group Financial Information” | the unaudited, consolidated interim financial information of the Group for the nine months ended 31 October 2020 |
| “United Kingdom” or “UK” | the United Kingdom of Great Britain and Northern Ireland |
| “uncertificated” or “in uncertificated form” | in relation to a Common Share, recorded on the Company’s register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST |
| “United Downs” or “United Downs Project” | the Company’s project of exploring for copper-tin in the United Downs Project Area which is located approximately 8km east of South Crofty within a densely mined district, historically referred to as Gwennap |
| “United Downs Project Area” | the underground area comprising the United Downs Registered Mineral Right and the West Cusgarne Registered Mineral Right |
| “United Downs Registered Mineral Right” | the freehold mines and minerals comprised within the title CL100170 registered at HM Land Registry in the name of CML relating to the United Downs Project |
| “United Downs Unregistered Mineral Rights” | the unregistered mineral rights wholly owned by CML adjacent to and in the vicinity of the United Downs Project |

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| “US Securities Act” | United States Securities Act of 1933, as amended |
| “VAT” | value added tax |
| “Warrants” | the 12,647,222 outstanding warrants to subscribe for Common Shares as at 10 February 2021 (being the latest practicable date prior to the publication of this document), details of which are set out in paragraph 10 of Part VI of this document |
| “Water Discharge Permit” | the water discharge permit granted on 19 October 2017 to SCL for the South Crofty Project by the Environment Agency with permit number EPR/PP3936YU |
| “West Cusgarne Registered Mineral Right” | the freehold mines and minerals comprised within the title CL121547 registered at HM Land Registry in the name of South Crofty Limited, a company incorporated and registered in England and Wales with number 1724635 and dissolved on 22 March 2016 |
| “Westhaven Gold Corp.” | Westhaven Gold Corp. (formerly Westhaven Ventures Inc.), a company incorporated under the Business Corporations Act (British Columbia) and listed on the TSX-V with its head and records office located at Suite 1056, 409 Granville Street, Vancouver, British Columbia, V6C 1T2, Canada V6C 1T2 and of which Mr D. Grenville Thomas is a director |
| “Winshear Gold Corp.” | Winshear Gold Corp. (formerly Helio Resource Corp.), a company incorporated under the Business Corporations Act (British Columbia) and listed on the TSX-V with its head and registered office located at Suite 580, 625 Howe Street, Vancouver, British Columbia, V6C 2T6, Canada and of which Mr Richard D. Williams is the CEO and a director and Mr D. Grenville Thomas is a former director |
| “US\$” or “US Dollars” or “USD” | US dollars, the lawful currency of the United States |
| “£” or “Pounds Sterling” | UK pounds sterling, the lawful currency of the United Kingdom |

GLOSSARY OF TECHNICAL TERMS

| | |
|-------------------------------------|---|
| “assays” | the testing of a metal or ore to determine its ingredients and quality |
| “brownfield” | denoting the fact that previously developed land that is currently not in use may be contaminated |
| “Co” | the chemical symbol for cobalt |
| “Cu” | the chemical symbol for copper |
| “EVs” | electric vehicles |
| “geothermal energy” | thermal energy generated and stored in the earth |
| “ha” | hectare (1 ha = 2.47 acres) |
| “Indicated Mineral Resource” | an Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a probable mineral reserve. |
| “Inferred Mineral Resource” | an Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a mineral reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. An Inferred Mineral Resource is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes |
| “killas” | a local Cornish term for a series of metasedimentary and metavolcanic rocks and associated hornfels and skarns, that occur in close proximity to the granite contact |
| “km” | kilometre |
| “kt” | thousand tonnes |
| “kV” | kilovolt (1kV = 1,000 volts) |
| “lodes” | a vein of metal ore in the earth |
| “m³” | cubic metres |
| “Measured Mineral Resource” | a Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical |

characteristics are estimated with confidence sufficient to allow the application of mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a proven mineral reserve or to a probable mineral reserve

“metasedimentary rocks”

a rock of sedimentary origin that has been subject to metamorphism

“Mineral Resource”

a Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling

“Mt”

million tonnes

“Ni”

the chemical symbol for nickel

“NPV”

Net Present Value

“PEA”

a preliminary economic assessment, a study of the potential viability of a mineral project

“NSR”

net smelter return

“Sn”

the chemical symbol for tin

“Zn”

the chemical symbol for zinc

PART I

KEY STRENGTHS

This Part I sets out what the Directors believe to be the Group's key strengths and the United Downs Project's key attributes.

Prospective investors should read the whole of this document which provides additional information on the Company and should not rely only on the statements in this Part I of this document. In particular, the attention of prospective investors is drawn to Part II of this document which sets out information on the Group, Part III of this document which contains certain risk factors relating to any investment in the Common Shares and Part V of this document which contains a copy of the Competent Person's Report.

The United Downs Project Area is located within the boundaries of, or adjacent to, four former copper, tin and zinc producing mines. Over the next three years, Cornish Metals plans to conduct a phased exploration programme at United Downs to delineate further the known mineralised structures, conduct in-fill drilling, and subject to exploration success, estimate Mineral Resources, and produce the required technical studies to demonstrate the feasibility of conducting mining operations in the area.

The first phase of the exploration programme will be to delineate further the mineralised structures, complete initial drilling and estimate a maiden Mineral Resource. This will be followed by a preliminary economic assessment or scoping study.

If the first phase proves successful, further infill drilling will be conducted in order to provide sufficient data for an updated Mineral Resource and a feasibility study of a proposed mining operation to feed ore to a processing facility to be located at the South Crofty Mine. Full planning permission to construct a new processing facility at South Crofty has been granted by Cornwall Council.

The Group holds extensive mineral rights in an underexplored region in the UK

The Group's mineral rights cover an area of approximately 15,000ha scattered throughout Cornwall, including the majority of the United Downs Project Area and the past producing South Crofty Mine. Some of these mineral rights cover old mines, such as the Wheal Alfred copper mine at Gwinear, that were historically worked for copper, tin, zinc and tungsten. Through these extensive mineral rights, the Company has exposure to three essential battery metals through two significant projects (copper, tin) and a free carried interest on a third (lithium).

Cornwall has a rich history in mining high grade copper lodes, with an estimated 1Mt of copper mined over the past centuries, mostly using primitive methods. Whilst there have been over 2,000 documented mines in Cornwall, there has been very little modern exploration applied to this region, the last period being in the 1960s when four new mines were discovered and put into production. The discovery of high-grade copper and tin mineralisation within 100m of surface at United Downs is testament to the exploration potential of the region.

New discovery at United Downs is a near surface, high-grade copper-tin discovery

The United Downs Project provides a new focus for the Company. It is located within the historic Gwennap copper and tin mining district. Gwennap was the richest copper producing region in Cornwall (and the world) in the 18th and early 19th centuries, and at that time was referred to as "the richest square mile in the old world."

The United Downs Project covers, or is located immediately adjacent to, four former copper, tin and zinc producing mines: Consolidated Mines and United Mines, both copper and tin producers, are located to the north and south, respectively, of the main target area; and, the Mount Wellington mine and the former Rio Tinto Wheal Jane mine to the east.

Assays from recent drilling returned 14.69m grading 8.45 per cent. Cu, 1.19 per cent. Sn, and 0.15 per cent. Zn from 90.60m to 105.29m downhole length. This was one of the highest grade copper intercepts drilled and reported worldwide in 2020. The semi-massive sulphide mineralisation is similar in style to that

mined at Wheal Jane and Mount Wellington mines, located 1.5km along strike to the east; and copper grades reflect recorded historical mine production from United Mines located approximately 200m to the south.

The Wheal Maid decline developed to explore for tin mineralisation in the 1980s provides access to two known tin and copper-tin lodes, namely Tregarlands and Whiteworks, and appears to have stopped within metres of the newly discovered high-grade copper-tin lode.

The South Crofty tin project – a strategic asset for the long term

The South Crofty Mine was the most important tin mine in the UK, with mine production spanning over 400 years, from 1592 to 1998. The South Crofty Underground Planning Permission Area encloses 26 former producing mines within an area of 1,490 ha to a working depth of 1,500m below surface. Forty seven lodes were mined historically, initially for copper (up to the mid-19th century) and then for tin from the 1850s to closure of the South Crofty Mine in 1998.

It is a strategic asset for the Company providing the opportunity for a central processing unit for the Company's projects. The Company benefits from South Crofty's existing mine infrastructure preserved for future mining activities, including four shafts with an aggregate depth of 2,960m and 1.1km of decline. The South Crofty Project has an active mine permit valid to 2071, planning permission to construct a new processing plant and an environmental permit to dewater the mine consisting of the South Crofty Underground Planning Permission, the South Crofty Surface Area Planning Permission and the Water Discharge Permit.

Since acquiring South Crofty and other mineral rights in Cornwall in 2016, the Company has published a NI 43-101 Mineral Resource Estimate in 2016 and advanced the South Crofty Project to PEA in 2017. The South Crofty PEA assumed a grade of 1.8% Sn (in the lower portion of the ore body) and NPV of US\$130.5m demonstrating that South Crofty hosts one of the highest grade tin resources globally, and its potential to be a viable mining operation.

In 2020, Cornish Metals completed a diamond drill programme to demonstrate the potential to materially increase the existing resource base, and the ability to conduct a feasibility study drill programme from surface without having to dewater the South Crofty Mine. The programme was successful in all aspects and intersected multiple high-grade tin-bearing lodes, including one of the highest grade tin intercepts ever recorded at the South Crofty Mine. The capital cost of dewatering and refurbishing South Crofty is expected to be lower than the capital cost of developing a comparably sized new mine thereby making it one of the lowest cost tin projects in the world.

Favourable copper, tin and lithium market conditions with security of supply and ethical supply becoming key issues

Copper, tin and lithium are fundamental to growth in the technology sector and the transition to a low carbon economy and are used in key fast growing technological applications including batteries, robotics, solar power, 5G and cloud storage.

Independent market analysts are predicting a growing deficit of supply for the copper market from 2025, for the lithium market from 2025 to 2027 and from the tin market over the next four to five years. Tin and lithium are the metals most impacted by new technology. Copper supply is also projected to fall behind demand as the shift to electric vehicles, roll-out of 5G networks and growth in the internet of things continues.

Expansion of existing copper mines accounts for the majority of new copper production scheduled to come online by 2024, after which new projects will be required to bridge the growing gap expected by analysts. Tin production from two of the major producing regions of the world, China and Peru, has been in decline since 2015 for a variety of reasons.

There is no primary tin production in Europe or North America and security of a supply is a key issue with tin being listed as a critical mineral by the US government. Compounding the problem is the lack of investment into exploration, discovery and development of new tin deposits as well as increasing scrutiny over supply chains and requirements for "clean tin" i.e. low environmental impact, non-exploitation of child

labour and not funding conflict. Cornish Metals is in a position to potentially deliver copper and tin to meet some of the UK's domestic needs.

Both copper and tin have shown positive price increases through 2020 as investors anticipate strong investment into infrastructure as global economies recover from the COVID-19 pandemic. This price strength is projected to continue – for example, copper recently reached a 7-year high and is projected to have a supply deficit of 327,000 tonnes in 2022.

Strong community and local government support in a stable and supportive jurisdiction

The UK has an established, stable and transparent planning and environmental regime. Furthermore, there has been a recent shift in policy at local and central government levels which has seen growth in support for new mining projects in the UK. The Company's projects provide a significant opportunity for the remediation of brownfield areas and the impact of the Company's operations will be minimised due to the focus on high grade underground mining.

Cornwall is designated as a 'High Potential Opportunity' region by the UK government and there is strong community and local support for the development of new mines due to the potential for the creation of new permanent, high-skilled jobs. Cornish Metals has engaged with the region's stakeholders and the support from local authorities and the local community as evidenced by the grant of the Group's planning permissions and the expansion of Cornish Lithium's projects.

The South Crofty PEA indicates the potential for creation of over 250 new direct jobs and up to 1,000 indirect jobs. The Company is focused on hiring locally wherever possible and ensuring that its footprint is very small due to the focus on high-grade underground mining opportunities. Cornish Metals follows best practices and has a commitment to sustainability and to contributing to the socio economic development of the region where it operates.

Free carried interest and royalty on lithium projects in Cornwall

Cornish Metals has exposure to Cornwall's lithium and geothermal potential through its agreement with Cornish Lithium whereby Cornish Metals granted Cornish Lithium the right to explore for lithium contained in hot spring brines and associated geothermal energy on all mineral rights owned by Cornish Metals in Devon and Cornwall.

Cornish Metals has a 25 per cent. free carried interest on Cornish Lithium's first project up to bankable feasibility study and a 10 per cent. free carried interest on its subsequent projects and a 2 per cent. gross revenue royalty from any production of metals from brines and from any geothermal energy produced and sold to the national grid or other system.

Planning permission to construct a new processing plant

Cornish Metals has full planning permission pursuant to the South Crofty Surface Area Planning Permission to construct a new processing plant in Pool at the site of the South Crofty Project. This plant could serve as a central processing facility for any mining project located within reasonable trucking distance.

Furthermore, the site is well serviced by local power, road and rail infrastructure which will benefit the construction and operation of any future processing plant. The site is located within an industrial area with highly developed power supply and regional distribution. The site also has ready access to fresh water supplied by the local utility provider. Additionally, site infrastructure remains from prior mining and development operations, including office and warehouse buildings, which could be readily used to support any future processing plant.

Strong cornerstone shareholder and industry validation

On Admission, Osisko Development, a subsidiary of Osisko, is expected to control 20.15 per cent. of the Enlarged Issued Share Capital through Barkerville. Osisko holds a further 140,398 Warrants. Osisko invested C\$7.17 million in the Company through a senior secured convertible loan note agreement which it subsequently converted into the Osisko Royalties over the Group's projects in England (further details of

the Osisko Royalties are set out in paragraph 16 of Part VI of this document). Osisko has an enviable track record in global mining circles. Between 2003 and 2011, Osisko acquired, discovered and built one of Canada's largest gold mines, Canadian Malartic, before selling it in 2014 to Yamana Gold and Agnico Eagle for C\$4.3 billion.

A Board with a track record of deposit discovery, mine building and generating shareholder value

A number of the Directors have had significant success in monetising mineral discoveries.

Patrick Anderson, Non-Executive Chairman, is the President and CEO of Dalradian Resources Inc., a private gold development company advancing the 6 million ounce Curraghinalt gold deposit through permitting of a new mine in Northern Ireland. Prior to this, Mr. Anderson was CEO of Aurelian Resources Inc., which discovered the 14 million ounce Fruta del Norte gold deposit in Ecuador, and which was acquired by Kinross Gold Corporation for C\$1.2 billion in 2008.

Grenville Thomas, Non-Executive Director, was the founder of Aber Resources Ltd, the company that discovered the Diavik diamond mine in northern Canada.

John McGloin, Non-Executive Director, was the Chairman and CEO of Amara Mining, the developer of the Yaoure gold project in Côte d'Ivoire, which was acquired by Perseus Mining for £68 million in 2016.

Donald Njegovan, Non-Executive Director, is the Chief Operating Officer of Osisko Mining Inc., which is developing the Windfall gold project of over 5 million ounces in Québec.

Strong management team

Richard Williams, Chief Executive Officer, is a professional geologist with a B.Sc. (Hons) degree in Geology from Portsmouth University, and a M.Sc degree in Mineral Exploration from Queen's University, Ontario. He also serves as CEO of Winshear Gold Corp., an exploration company with gold projects in Peru. He has over 30 years of experience in the mining and mineral exploration sector principally in southern Africa, and South and Central America. Richard has spent the last 18 years in public company corporate management, and has developed a wide network of business and financial contacts. He co-founded, and is CEO and director of, Winshear Gold Corp. (formerly Helio Resource Corp) which previously discovered the 1 million ounce SMP gold project in Tanzania.

Owen Mihalop, Chief Operating Officer, has over 20 years' experience in the mining industry, ranging from grass-roots exploration through to production mining. He started his career as an exploration geologist and then gained experience in mining engineering and production in both open-pit and underground mines, following which he became a mining consultant specialising in feasibility studies, project management and project evaluation, gaining broad experience in the mining industry as a whole. In recent years, he has concentrated on project development, advancing projects in Europe and Africa towards production. Owen is a Chartered Mining Engineer and a graduate of Camborne School of Mines and he is supported by a strong team of geologists and mining engineers from the local area who have a deep understanding of the United Downs Project and the South Crofty Project.

Matthew Hird, Chief Financial Officer, is an experienced finance professional from the natural resources sector who brings a wealth of expertise in driving the strategic analysis, financing, reporting and governance of mining companies. Matthew spent over eight years at KAZ Minerals plc, the FTSE 250 copper producer, including six years as Chief Financial Officer. Prior to his appointment at KAZ Minerals plc, he was Company Secretary and Group Reporting Manager at Vedanta Resources plc. He has also served as Chief Financial Officer at African Minerals Limited and more recently, as Chief Financial Officer at Sierra Rutile Limited until its acquisition by Iluka Resources Limited. Prior to his work in the natural resources sector, he spent nine years at Deloitte. Matthew is a Chartered Accountant and holds an MA in Natural Sciences (Geological Sciences) from the University of Cambridge.

PART II

INFORMATION ON THE GROUP

1. Introduction

Cornish Metals is a Canadian mineral exploration and development company focused on its mineral projects in Cornwall, United Kingdom with its flagship projects being the United Downs Project and the South Crofty Project. It also maintains an interest in the Nickel King project, an exploration property which is prospective for nickel in the Northwest Territories in Canada and the Sleitat project, an exploration property which is prospective for tin and tungsten in Alaska. In addition, the Group holds a royalty on two non-producing tungsten assets located in the Northwest Territories and the Yukon, Canada.

The United Downs Project Area covers, or is located immediately adjacent to, four former copper and tin producing mines: Consolidated Mines and United Mines to the west; and, Mount Wellington and Wheel Jane mines to the east (see Figure 1 below). The main mineralised structures in all four mines trend east-north-east and dip steeply to the north. All the mineralisation exploited historically is related to either quartz veins or quartz-tourmaline veins hosted within “killas”, the local name for metasedimentary rocks that overlie granite intrusions.

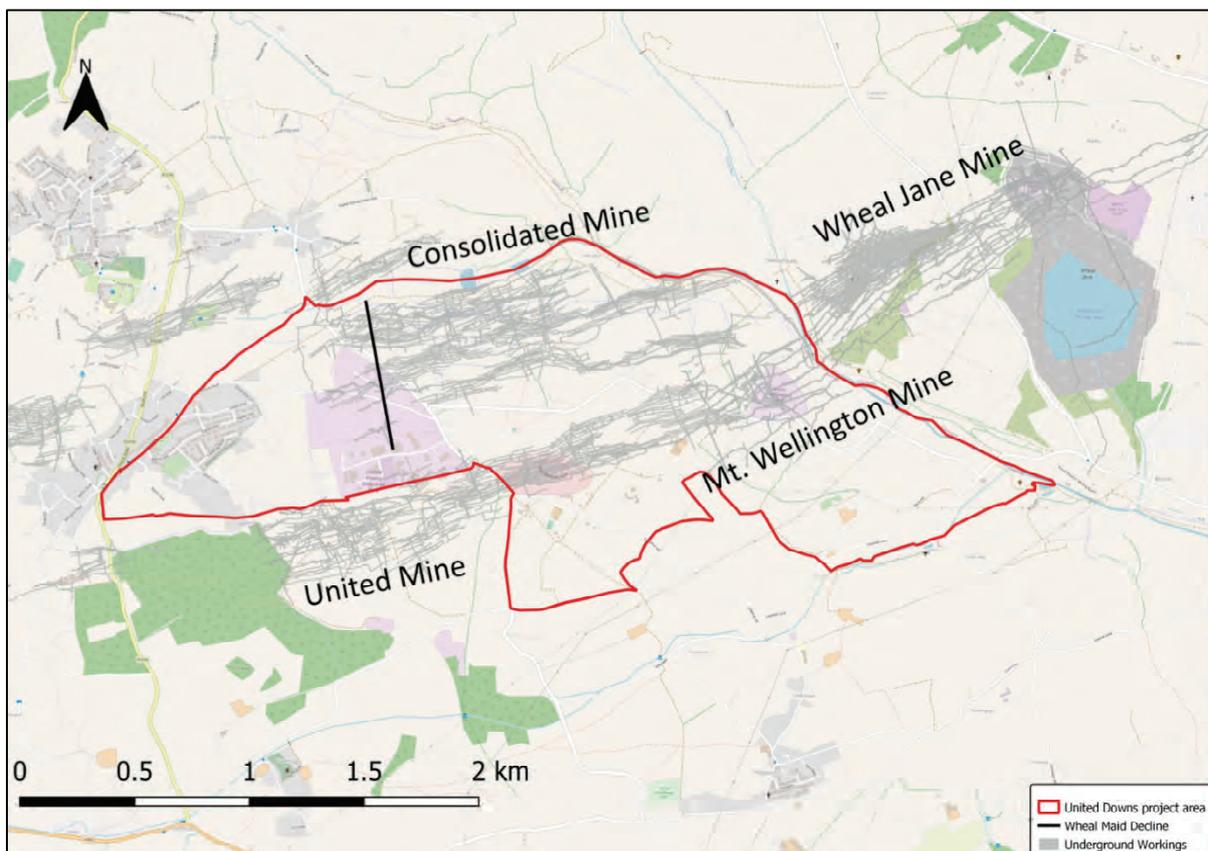


Figure 1: The United Downs Project Area

In addition to the United Downs Project Area, the Company's other projects include:

- The South Crofty Project, the Company's 1,490ha South Crofty Underground Planning Permission encompasses over 26 historic mining operations, including two of the most significant mines in the Cornish tin mining district, being the South Crofty and Dolcoath mines;
- Nickel King, a 2,380ha nickel property located in the Northwest Territories, Canada, approximately 145km northeast of Stony Rapids, Saskatchewan;
- Sleitat, a 1,425ha tin property located approximately 137km north east of the community of Dillingham, Alaska; and

- Exposure to lithium through its agreement with Cornish Lithium whereby Cornish Lithium has the right to explore for and potentially develop lithium in hot brine springs and associated geothermal energy on all mineral rights held by Cornish Metals in Devon and Cornwall in return for free carry rights and a 2 per cent. gross revenue royalty.

The Company is seeking admission to AIM and to raise up to £8.2 million, before expenses, to complete a 9,100m, high impact drilling programme at United Downs over the next 18 months to define a mineral resource, and complete a scoping study or PEA. The Company will also bring forward exploration planned for other projects within trucking distance of South Crofty, including Gwinear by conducting mapping, soil sampling, geophysics and drilling, if required. Details of the proposed use of funds are outlined in paragraph 7 of this Part II of this document.

The Common Shares will continue to be listed and traded on the TSX-V following Admission and application will be made to the TSX-V for the New Shares to be admitted to be listed and admitted to trading on the TSX-V.

2. Group structure of Cornish Metals

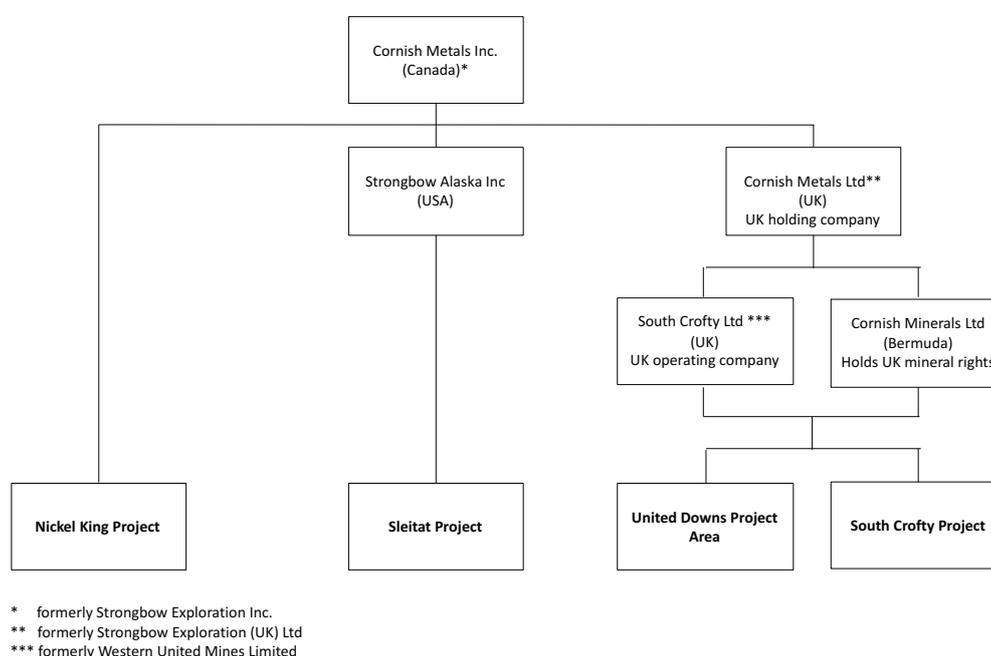


Figure 2: Group structure

All projects listed above are 100 per cent. owned by the Group

Cornish Metals is incorporated federally in Canada under the CBCA with registered number 423627-1 and is listed on the TSX-V. The Company's Common Shares trade under the ticker (symbol) CUSN.

The Company's 100 per cent. interest in United Downs is held through Cornish Minerals Limited, which is a wholly-owned subsidiary of Cornish Metals Limited, itself a wholly-owned subsidiary of the Company.

The Company's 100 per cent. interest in South Crofty is held through Cornish Minerals Limited and South Crofty Limited, which is a wholly-owned subsidiary of Cornish Metals Limited.

The Company's registered office is located at Suite 960, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2, Canada and its principal place of business is Suite 580, 625 Howe Street, Vancouver, British Columbia, V6C 2T6, Canada.

3. History of the Group

The Company, originally called Strongbow Exploration Inc., was formed as a result of a business combination by way of a plan of arrangement under the Canada Business Corporations Act (CBCA) and a resulting

amalgamation of Strongbow Resources Inc. and Navigator Exploration Corp. which was completed in May 2004. The Company's original focus was on gold, diamond and base metals exploration assets in British Columbia and Northern Canada.

In May 2007, the Company completed a plan of arrangement to re-organise its exploration assets dividing them between the Company and North Arrow Minerals Inc. which then commenced trading on the TSX-V. North Arrow Minerals Inc. acquired the Company's mineral exploration assets in the Northwest Territories and Nunavut, and the Company retained its 100 per cent. interest in the Snowbird nickel project and the Nickel King property, as well as its various interests in a number of gold properties in the Spences Bridge gold belt of British Columbia, including the Skoonka Creek property.

The Company's goal was to identify potentially economic nickel-copper mineralisation within the Snowbird tectonic zone in northern Saskatchewan and south eastern Northwest Territories and gold and gold-copper mineralisation in central and southern British Columbia. In September 2010, the Company acquired the Midway gold project within the Haile-Brewer gold trend in South Carolina, USA.

During the year ended 31 January 2014, due to financial constraints, the Company sold its exploration interests in the south eastern United States in exchange for a 1 per cent. NSR royalty applicable to certain properties in the Midway and Ridgeway areas in South Carolina, USA.

In 2015, the Company acquired a 100 per cent. interest in each of the Sleitat and Coal Creek tin properties in Alaska, USA. from Osisko and Ronald K. Netolizky, a then director of the Company through their respective wholly-owned subsidiaries, Brett Alaska Resources Inc. and Thor Gold Alaska Inc. Consideration for the properties was satisfied through the issue of Common Shares which resulted in Osisko (and now Barkerville, a wholly-owned subsidiary of Osisko Development, an entity controlled by Osisko) becoming the largest shareholder in the Company. The Coal Creek property was relinquished by the Company on 1 December 2019.

Osisko supports the Company's strategy of acquiring high quality projects in good locations and has participated in subsequent equity investment rounds since 2015 as well as investing C\$7.17 million in the Company by way of a senior secured convertible loan note in January 2018.

In March 2016, CML UK and the Company entered into an agreement with Galena and Tin Shield to acquire the South Crofty Project and additional mineral rights located in Cornwall, including those relating to the majority of the United Downs Project Area and shares in SCL to be issued to Galena on the closing of the acquisition in return for the capitalisation of its debt. These additional mineral rights cover an area of approximately 15,000ha and are scattered throughout Cornwall. In July 2016, CML UK and the administrator managing the affairs of SCL and Cornish Minerals (in administration and the sole shareholder of SCL and CML) entered into a sale and purchase agreement pursuant to which CML UK acquired from Cornish Minerals the entire issued share capital in SCL and CML owned by Cornish Minerals and thereby its rights to the United Downs Project and the South Crofty Project. The closing of the acquisitions was announced on 12 July 2016 which gave the Company a 100 per cent. interest in SCL and CML.

The following further consideration is due from CML UK as purchaser under the agreement with the Sellers as follows:

- (a) the issue to the Sellers, in aggregate, of 2,000,000 Common Shares on delivery of a positive feasibility study or commencement of commercial production for South Crofty, whichever occurs first; and
- (b) a cash and/or Common Share payment to the Sellers equal to 25 per cent. of the NPV of the South Crofty Project upon making a decision to go into production. In the event that the Company's market capital is less than the NPV of the South Crofty Project when a production decision is made, CML UK will pay the equivalent of 25 per cent. of the Company's market capital to the Sellers and the balance (between the 25 per cent. of market capital and 25 per cent. of the NPV of the project) will be paid out as a 5 per cent. net profits interest from the date of the production decision.

In the event that CML UK transfers any assets, rights, or entitlements to the United Downs Registered Mineral Right and the United Downs Unregistered Mineral Rights to a third party that is not an affiliate of the Company before the agreed consideration has been paid to Galena, then Galena will be entitled to receive a payment equal to 10 per cent. of any consideration received for such rights, up to a maximum of C\$1,000,000.

A summary of the material terms of the agreements relating to the acquisition of the United Downs Project Area and the South Crofty Project can be found in paragraph 14 of Part VI of this document.

Since acquiring the South Crofty Project, the Company has published a NI 43-101 Mineral Resource Estimate, published the South Crofty PEA, successfully completed a 4 month water treatment trial and received the Water Discharge Permit and a water abstraction licence.

The South Crofty Project has the South Crofty Underground Planning Permission which is valid to 2071 and the South Crofty Surface Area Planning Permission to construct a new processing plant, so is fully permitted for mining, with a production decision subject to completion of a feasibility study.

In January 2017, CML UK entered into a deed granting exploration rights to Cornish Lithium, a privately funded UK-based company, in respect of lithium contained in hot spring brines and associated geothermal energy on all mineral rights CML owns in Devon and Cornwall. CML retained the rights to any hard rock mineralisation.

The deed granted options to Cornish Lithium to take mining leases for the extraction and commercial exploitation of the Licensed Minerals in the Land Area. The Company will have a free carried interest of 25 per cent. in the first project to have a bankable feasibility study completed on it and a 10 per cent. free carried interest in each subsequent project that has a bankable feasibility study completed on it (the free carries ceasing after the completion of the bankable feasibility studies). The Company will also have a 2 per cent. gross revenue royalty payable from any production of metals from brines and a 2 per cent. gross revenue royalty payable from any geothermal energy produced and sold to the national grid or other system.

Further details of the deed are set out in paragraph 15 of Part VI of this document.

The exploration rights granted to Cornish Lithium were extended on 18 January 2021 for a further year to 18 January 2022.

In early 2020, Cornish Lithium completed two diamond drill holes (GWDD-001 and GWDD-002) for a total length of 1,858m. A new zone of high-grade copper-tin mineralisation located near surface between the historic United Mines and Consolidated Mines was made in drill hole GWDD-002.

In July 2020, the Company changed its name to “Cornish Metals Inc.” to reflect the Company’s focus on bringing back the tin and copper mining industry to Cornwall.

On 11 February 2021 Osisko entered into the IA and the Royalty Agreements to convert its senior secured convertible loan note into the Osisko Royalties comprising a perpetual 1.5 per cent. NSR royalty pertaining to all mineral rights associated with the South Crofty Underground Planning Permission Area and a perpetual 0.5 per cent. NSR royalty on all mineral rights in England (other than those associated with the South Crofty Underground Planning Permission Area) held by CML or its affiliates. Further details of the Osisko Royalties are set out in paragraph 16 of Part VI of this document.

4. United Downs Project

History

Cornwall is a richly endowed mineral province with over 2,000 documented mines. There is archaeological evidence to indicate mining activities in Cornwall date back to the Bronze Age, approximately 2150 BC.

The United Downs Project Area is located within the historic Gwennap copper and tin mining district which was the richest copper producing region in Cornwall (and the world) in the 18th and early 19th centuries, and at that time was referred to as “the richest square mile in the old world”. Together with the nearby South Crofty Mine, these areas form part of the Central Mining District (the towns of Redruth, Pool, and Camborne) of Cornwall, which has seen production of tin, copper, zinc, tungsten and arsenic, predominantly over the last 400 years with over 450,000 tonnes of tin having been produced from the Central Mining District, a large part of which was produced from within the Company’s South Crofty Underground Planning Permission Area.

At the nearby South Crofty Mine, copper-tin-zinc-tungsten mineralisation hosted within the killas passes into tin mineralisation at depth as the mineralised vein-like structures pass into the underlying granitic host rock. The same zonation potentially exists at United Downs, where only the killas-hosted mineralisation has

been exploited to date. The underlying granite, which is a target for further tin mineralisation, was encountered in GWDD-002 between 300m and 600m and again at 700m vertical depth.

The nearby Wheal Jane mine was discovered and developed into a modern mine in the late 1960s, initially by Consolidated Goldfields, and thereafter by Rio Tinto Zinc. Mining activities at Wheal Jane ceased in early 1991, due largely to the Tin Crisis of 1985, but processing of South Crofty ore continued until March 1998, when ongoing low tin prices forced its eventual closure.

As part of the intense exploration period that Cornwall enjoyed between the 1960s and 1985, an underground exploration drive was developed during the 1980s westwards from Mount Wellington mine at 6 level elevation, whilst an exploration decline (the Wheal Maid decline) was developed to explore for tin mineralisation similar in style to that which was exploited in the Mount Wellington and Wheal Jane mines. This exploration work was stopped after the tin price collapse in 1985, despite the great promise for the discovery of polymetallic mineralisation.

Project location

The United Downs Project Area lies approximately 8km south west of the city of Truro and 1.6km east of St Day (50.23°N 5.16°W) as shown in Figure 3 below. Historically, the area that was explored and mined lies between the villages of Twelveheads, to the east, and Carharrack, to the west.

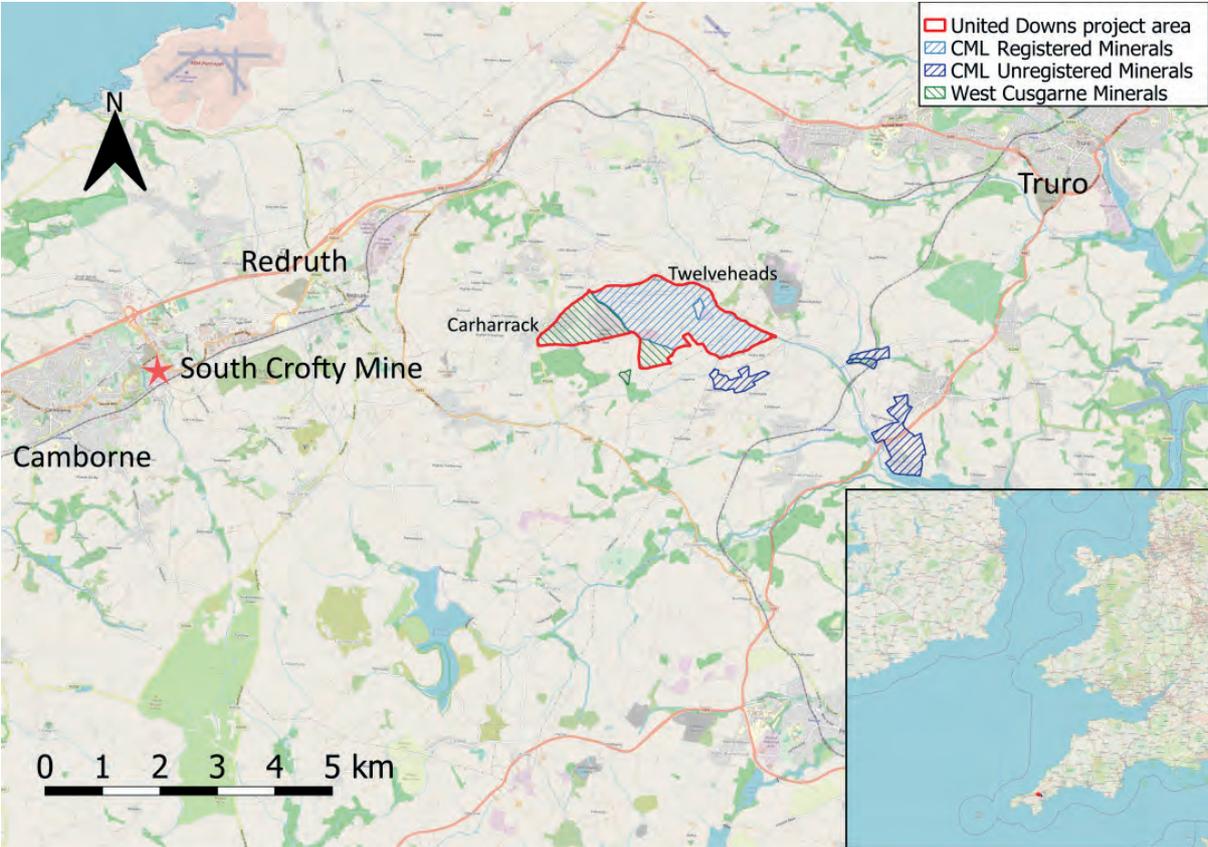


Figure 3: The location of the United Downs Project Area in Cornwall

Today, the site is within Area A6i (the Gwennap Mining District) of the Cornwall and West Devon Mining Landscape World Heritage Site. At Consolidated Mines, several of the shafts at the mine are still open, but covered with “Clwyd Caps”, which are pyramidal wire mesh in construction. These include Bawden’s shaft, Michell’s shaft, and Woolf’s shaft which was sunk in 1826 and at 300 fathoms (1,800ft or 548.6m) was one of the deepest in the area. There are a few ruined buildings, a tall chimney and two derelict engine houses. A clock tower survives at the former site of Wheal Maid.

An area to the northwest is covered by a large modern tailings dam facility which was constructed by Canadian-based Cornwall Tin & Mining Ltd in 1976 to accommodate its tailings from the nearby Mount Wellington mine.

This intensively mined brownfield landscape has a few areas that support little if any plant growth, but heather and gorse have colonised most of the slopes, together with a range of trees, shrubs and other plants (see Figure 4 below).



Figure 4: The intensively mined brownfield landscape of the United Downs Project Area

Ownership

Cornish Metals holds title to its United Downs mineral rights through its 100 per cent. owned subsidiary, CML. The United Downs Project Area consists of the United Downs Registered Mineral Right freehold mines and mineral title registered in the name CML at HM Land Registry. The Company also holds title to a number of unregistered minerals rights adjacent to or in the vicinity of United Downs that lie outside the United Downs Project Area.

Also contained within the United Downs Project Area are the freehold mines and minerals within the West Cusgarne Registered Mineral Right registered at HM Land Registry in the name of South Crofty Limited, a company incorporated and registered in England and Wales with number 1724635, which was dissolved on 22 March 2016. When the company was dissolved, any assets that were held free from any trusts are considered *bona vacantia* (ownerless property) and will eventually vest in the Duchy of Cornwall, as the company's registered office was located within the County of Cornwall at the time of dissolution.

Even if legal title to the West Cusgarne Registered Mineral Right is not acquired by the Group, the Directors believe this would be immaterial to the ability of the Group to explore the United Downs Project as approximately 90 per cent. of the Company's planned drilling programme is within the United Downs Registered Mineral Title and only minor parts are in the West Cusgarne Registered Mineral Right, although drill hole GWDD-002 is located over the West Cusgarne Registered Mineral Rights. The Company is taking steps to secure the vesting of this title in CML and is in discussions with the Duchy.

Figure 5 below shows the United Downs Project Area and the location of the registered and unregistered mineral right areas.

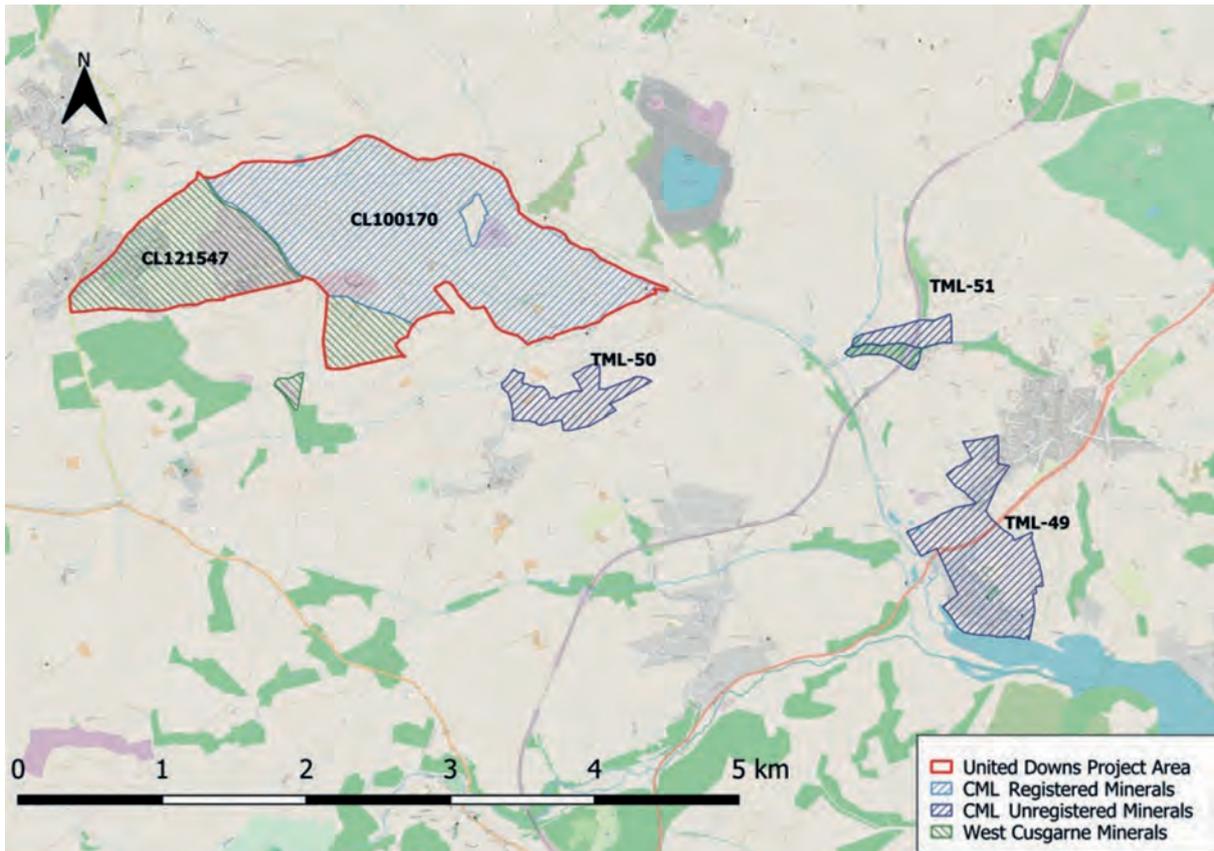


Figure 5: The United Downs Project Area and mineral rights

The location of the United Downs Project Area in relation to South Crofty is shown in Figure 6 below. The United Downs Project Area is shown tinted blue, while the South Crofty Project is tinted red.

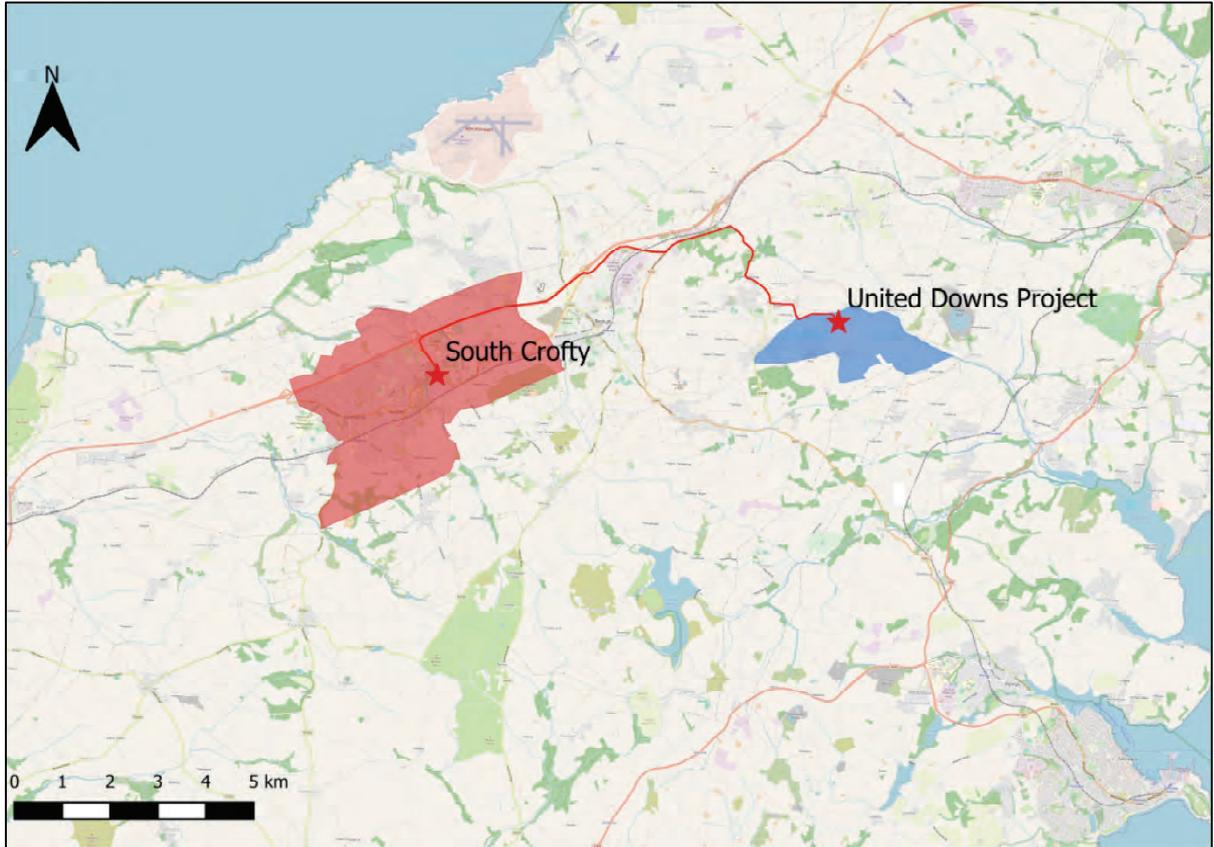


Figure 6: The location of United Downs in relation to South Crofty

The Group does not own any part of the freehold or leasehold surface title within the United Downs Project Area. The Company intends to enter into surface access agreements with the relevant landowners for temporary use of their land in relation to those parts of the United Downs Project Area that the Company wishes to enter to carry out exploration drilling works. Based on the informal discussions the Company has had to date with various landowners within the United Downs Project Area about access for the project, the Directors are confident that they will be able to secure surface access agreements. Failing the securing of such agreements with the relevant landowners, the Company would rely on the rights to enter onto, and to explore, the surface areas that are attached to the United Downs Registered Mineral Right.

Project history

Within the boundaries of the United Downs Project Area lie two groups of historical mines, namely United Mines and Consolidated Mines: later these were combined to form Clifford Amalgamated Mines. These mines were worked primarily for copper between the 1750s and the 1870s. To the east of the United Downs Project Area, lies Mount Wellington mine. Mount Wellington was first exploited in the 1920s and 1930s and then operated from 1974 to 1991. Between 1980 and closure in 1991, Mount Wellington was operated in conjunction with the Wheal Jane mine that lies immediately to the east but outside the United Downs Project Area.

Also in the United Downs Project Area is the Wheal Maid decline, an exploration tunnel driven in the early 1980s to explore for extensions of the mineralised structures along strike from Mount Wellington. Two new copper-tin lodes were discovered in the decline, Tregarlands and Whiteworks. In 1984 and 1985 approximately 35,000 tonnes of ore was mined from the Whiteworks lode and transported to Wheal Jane for processing.

A plan showing the location of these mines within the United Downs Project Area is given in Figure 7 below. An idealised cross-section through these two mines is presented in Figure 8 below.

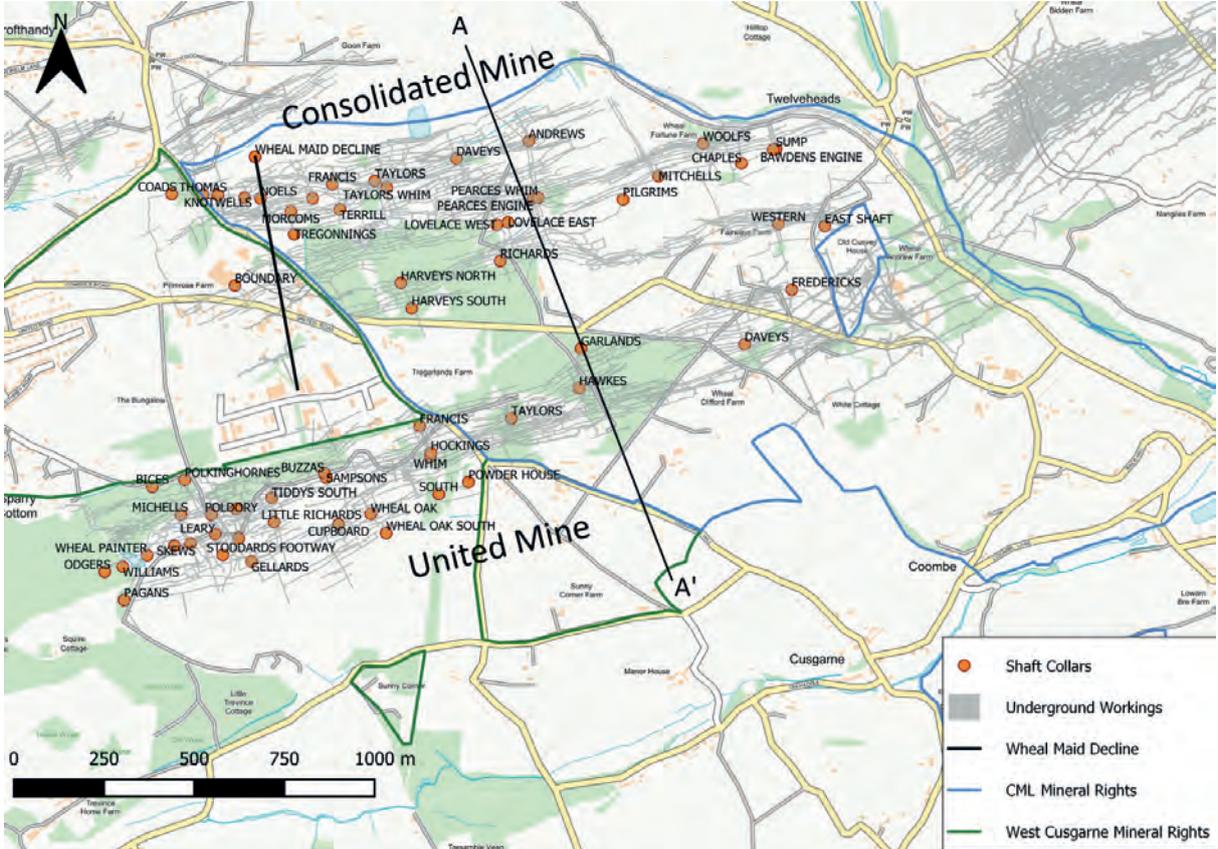


Figure 7: A plan showing the location of the United Mines and Consolidated Mines including the position of the main shafts and section line A-A'

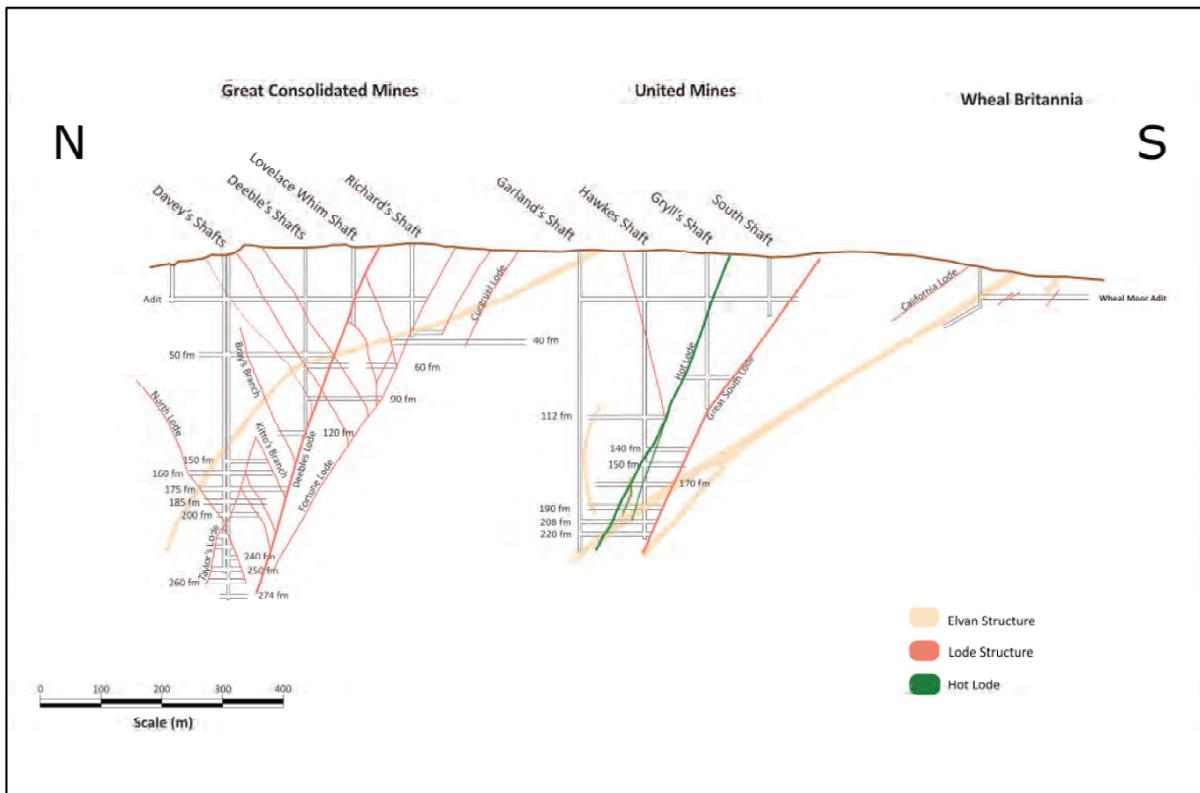


Figure 8: Idealised cross section A-A' through United Mines and Consolidated Mines

Proposed exploration targets

A number of initial exploration drill targets have been identified by Cornish Metals within the United Downs Project Area. These are described below.

Wheal Maid decline

In its short development history, the Wheal Maid decline intersected two significant structures, namely the copper-tin Tregarlands and Whiteworks lodes, from which a small amount of production was extracted from Whiteworks main lode. Neither structure was drilled in detail along strike or from surface, nor was there any attempt to significantly drill at depth below the structures from within the decline itself.

New lode discovery by Cornish Lithium – west of the Wheal Maid decline

In 2019, Cornish Lithium provided notice of its intention to conduct diamond drill testing for lithium in brine in the United Downs Project Area. Two diamond drill holes (GWDD-001 and GWDD-002) were completed in early 2020, for a total length of 1,924.86m.

Figure 9 below shows the collar locations of these two diamond drill holes.

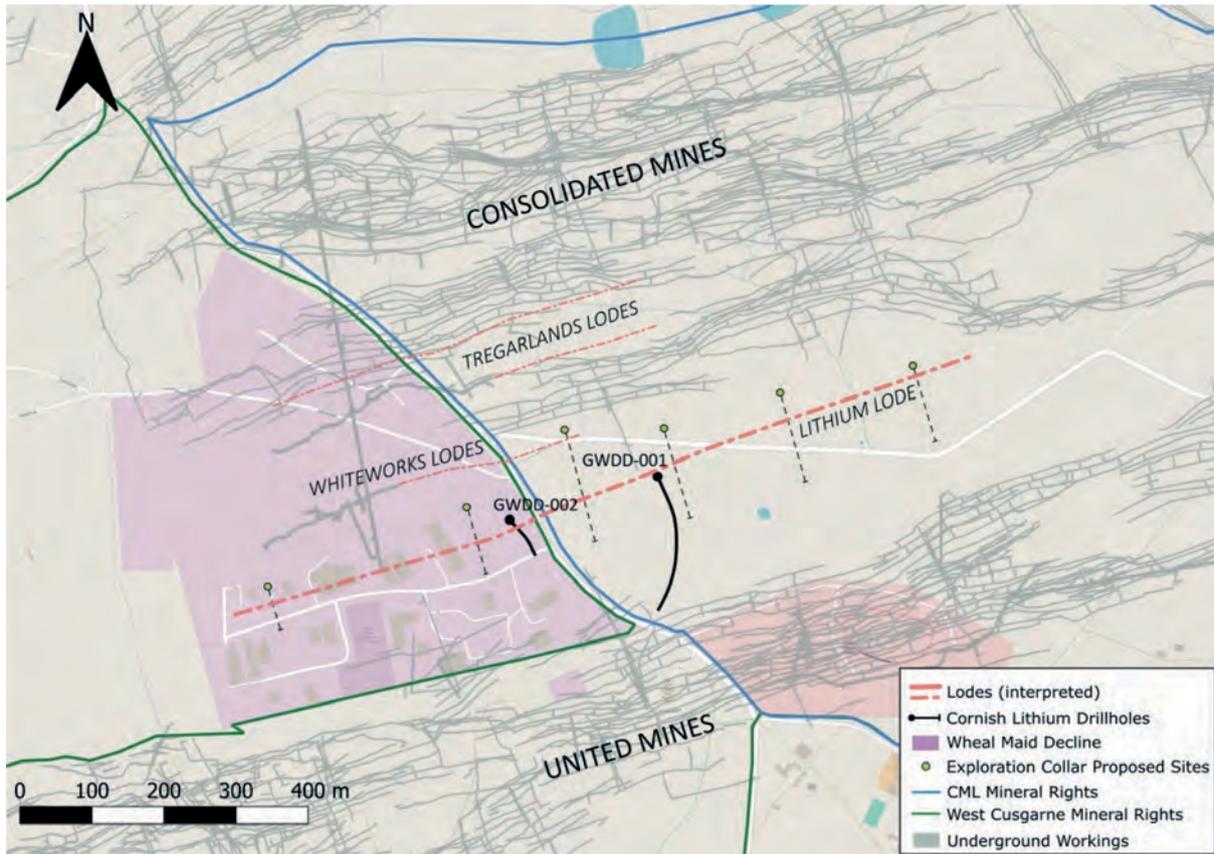


Figure 9: The collar locations of drill holes GWDD-001 and GWDD-002

The two drillholes intersected numerous zones of copper, tin, and sulphide mineralisation. Cornish Metals was given access to core logs and the core to select prospective zones for sampling. Since Cornish Metals is not in possession of the drill core, sampling was focused on the most prospective zones only. Highlights from the sampling are given in the table below with significant intersections shown in photographs of the drill core. As the drill holes were targeting structures at depth and intending to investigate fluid flow rather than mineralisation, the holes were not ideally orientated to determine widths of structures and as such further drilling at shallower angles is required to determine the true widths of the intersected structures.

Highlight sampling intervals from GWDD-001 and GWDD-002

| Hole ID | From (m) | To (m) | Length (m) | Copper (%) | Tin (%) |
|-----------|----------|--------|------------|------------|---------|
| GWDD-001 | 621.90 | 628.81 | 6.91 | 0.81 | |
| Including | 625.00 | 627.75 | 2.75 | 1.08 | |
| GWDD-002 | 90.60 | 105.29 | 14.69 | 8.45 | 1.19 |
| GWDD-002 | 513.33 | 515.78 | 2.45 | | 0.90 |
| Including | 513.33 | 513.65 | 0.32 | | 3.57 |
| GWDD-002 | 636.11 | 637.71 | 1.60 | | 0.98 |
| GWDD-002 | 638.85 | 642.89 | 4.04 | 4.44 | 2.06 |
| GWDD-002 | 770.06 | 773.00 | 2.94 | | 0.95 |
| Including | 771.06 | 771.96 | 0.90 | | 3.05 |
| GWDD-002 | 781.02 | 782.90 | 1.88 | | 0.90 |
| Including | 781.02 | 782.00 | 0.98 | | 1.39 |

Potentially the most significant intersection is the new zone of high-grade copper-tin mineralisation located near surface in drill hole GWDD-002. Drill hole GWDD-002 is located over the West Cusgarne Registered Mineral Right which is registered in the name of a now dissolved company. As referred to above, the Company is in discussions with the Duchy of Cornwall to secure the vesting of this title in CML.

The main highlights of this new structure include:

- GWDD-002 intersected semi-massive sulphide mineralisation between 90.60m and 105.29m downhole depth;

- Assays returned 14.69m grading 8.45 per cent. Cu, 1.19 per cent. Sn, and 0.15 per cent. Zn from 90.60m to 105.29m downhole length;
- Further drilling is required to confirm the true width, as well as the strike and dip, of the mineralised zone;
- The main mineralised structures in all four mines within this area trend east-north-east and dip steeply to the north;
- Three individual sample intervals returned assays of 24.0 per cent. Cu, 23.8 per cent. Cu and 26.2 per cent. Cu respectively;
- The semi-massive sulphide mineralisation is similar in style to that mined at the Wheal Jane and Mount Wellington mines, located 1.5km along strike to the east; and
- Copper grades reflect recorded historical mine production from United Mines located approximately 200m to the south.

A photograph of the mineralised intersection encountered between 90.60m and 105.29m is shown in Figure 10 below along with grades of copper recorded for each sample interval.

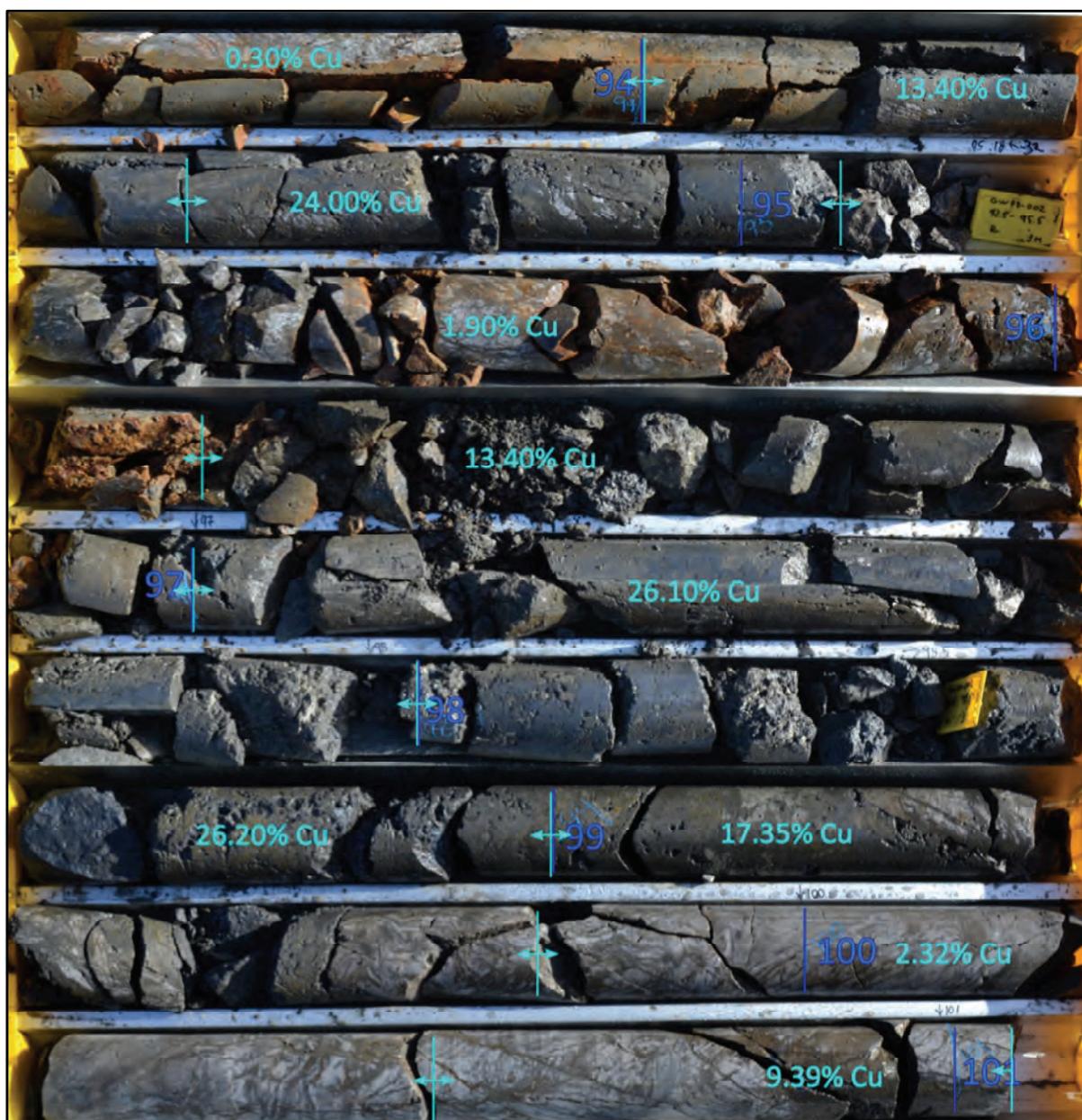


Figure 10: Mineralised intersection in GWDD-002 from 93.48m to 101.05m downhole



Figure 12: Core photos of semi-massive sulphide mineralisation recovered in drill holes GWDD-001 and GWDD-002

The CPR recommends that, in the initial exploration phase at United Downs, the Company should prioritise further exploration drilling from surface, both along strike and at depth, of both the Wheal Maid targets and the new structure identified in the Cornish Lithium drilling.

Project infrastructure

The United Downs Project Area site has excellent transportation infrastructure including the A30 trunk road located 5km north of United Downs, accessed via the B3298 past the villages of Crofthandy and St. Day.

At the western side of the United Downs Project Area is the United Downs Industrial Estate, where the United Downs geothermal project is also located. Adjacent to the industrial estate is the SITA United Downs Household Recycling Centre. There is opportunity at the industrial estate to install site infrastructure for exploration activities such as core logging sheds, offices and storage facilities.

North of the industrial estate is the portal to the Wheal Maid decline located in Poldice Valley, which provided access to the Whiteworks and Tregarlands lodes. The decline was commenced in 1984 and is 655m in length at an incline of 1 in 7 (approximately 14 per cent.), with dimensions of 3.5m wide and 3.2m high. The portal is presently covered with earthworks to prevent access by the public.

South of the site is the former United Downs landfill facility which covers part of the former United Mines area. The landfill ceased operation in 2010 and has been restored to a natural state of agricultural pasture, heathland and moorland.

The site is located 13.7km by road from the South Crofty Mine. The South Crofty Surface Area Planning Permission includes permission for the Company to construct a processing plant. It is envisaged that the United Downs Project will share this infrastructure with any potential production from South Crofty Mine.

Competent Person's Report

The Competent Person's Report concludes that the prospectivity of the United Downs Project, combined with the advanced stage permitting and infrastructure that exists at South Crofty, provides a unique opportunity to develop a fast-track route to a new mineral project in a mature mining district.

United Downs has had little or no mineral exploration since the mid-1980s and as such, an opportunity exists to conduct exploration in an area with well-understood geology and mineralisation style. The new discoveries in Cornish Lithium's drill holes GWDD-001 and GWDD-002 demonstrate that there is an opportunity to discover potentially economic mineral deposits and develop these into mining projects. Historic production, combined with results from the recent drilling, confirms the continued potential for high-grade copper and high-grade tin mineralisation in the area.

The CPR recommends that over the next three years, Cornish Metals conducts a phased work programme at United Downs to further delineate the known mineralised structures, conduct in-fill drilling, and subject to exploration success, estimate Mineral Resources and produce the required technical studies to demonstrate the feasibility of conducting mining operations in the area.

Phase 1 of the work programme will be to further delineate the mineralised structures, complete initial in-fill drilling and estimate initial Mineral Resources. This will be followed by a preliminary economic assessment ("PEA") or scoping study.

If phase 1 proves successful, a second phase of drilling will be conducted to provide sufficient data for a feasibility study for a proposed mining operation to feed a processing facility to be constructed at the South Crofty Mine.

The estimated costs of the work programme are summarised below:

Table 1: Proposed United Downs work programme expenditures

| | Year 1 | | Year 2 | | Year 3 | | Total (GB£) |
|-----------------------|----------------|----------------|------------------|------------------|------------------|----------------|------------------|
| | H1 | H2 | H1 | H2 | H1 | H2 | |
| <i>Phase 1</i> | | | | | | | |
| Surface Drilling | 460,000 | 497,000 | 895,000 | | | | 1,852,000 |
| Technical Study | 0 | 0 | 55,000 | | | | 55,000 |
| Exploration Staff | 156,000 | 202,000 | 209,000 | | | | 567,000 |
| Subtotal (GB£) | 616,000 | 699,000 | 1,159,000 | | | | 2,474,000 |
| <i>Phase 2</i> | | | | | | | |
| Surface Drilling | | | | 3,041,000 | 2,359,000 | 32,000 | 5,432,000 |
| Technical Study | | | | 55,000 | 563,000 | 620,000 | 1,238,000 |
| Exploration Staff | | | | 282,000 | 282,000 | 209,000 | 773,000 |
| Subtotal (GB£) | | | | 3,378,000 | 3,204,000 | 861,000 | 7,443,000 |
| Total (GB£) | 616,000 | 699,000 | 1,159,000 | 3,378,000 | 3,204,000 | 861,000 | 9,917,000 |

The phase 1 drilling programme will consist of up to 9,100m of diamond drilling over the first 18 months at an estimated all-in cost of £197/m drilled.

The phase 2 drilling programme, over a second 18 month period, is planned for up to a further 28,900m of diamond drilling at an estimated all-in cost of £184/m drilled.

The exploration target zones identified by the Company within the United Downs Project Area are shown in Figure 13 and comprise:

- Target Zone A – the deeper extensions of Consolidated Mines;
- Target Zone B – the principal target zone and includes the newly discovered mineralisation in the Cornish Lithium drill holes, the known mineralisation around the Wheal Maid decline and the deeper extensions of United Mines;
- Target Zone C – the down-dip targets on the known Mount Wellington lodes below 7 Level; and
- Target Zone D – Trenares lode which has been inferred from surface drilling south of Mount Wellington.

The CPR recommends that all these targets be followed up with the initial exploration focussing on Target Zone B.

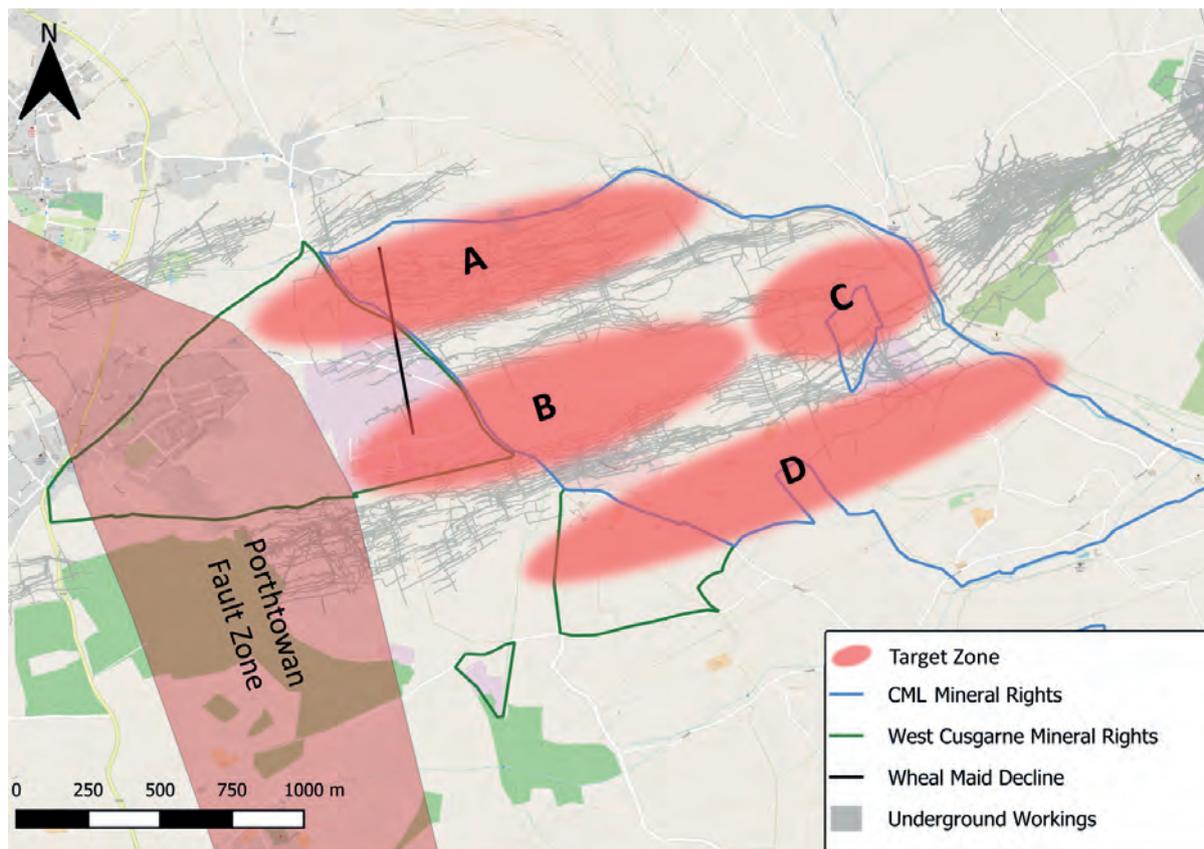


Figure 13: Target Zones within the United Downs Project Area.

5. South Crofty Project

The South Crofty Project is Cornish Metals' other main asset in Cornwall and until early 2020 was the principal focus of its activities in the UK. The project is a past-producing underground tin mine located in the town of Pool in the historic Central Mining District of south west England.

The South Crofty Project fits into Cornish Metals' objective of acquiring high quality mining assets in good jurisdictions in the strategic metals space. It is the Directors' view that South Crofty represents one of the best tin opportunities currently available globally. There is strong community and local government support for new mining development in the Cornwall area, including that of Cornwall Council as evidenced by the grant of the Group's planning permissions and the expansion of Cornish Lithium's projects. The Directors view these developments as positive for the potential future re-development of South Crofty.

The South Crofty Project benefits from the extensive 1,490ha South Crofty Underground Planning Permission Area that extends over 26 historic mining operations, including two of the most significant mines in the Cornish tin mining district, being the South Crofty Mine to the east and the Dolcoath mine to the west.

The South Crofty Underground Planning Permission Area includes the six South Crofty Registered Mineral Rights, as well as areas of mineral rights that are unregistered.

The South Crofty Project is currently on care and maintenance. It used to operate under planning permissions that were granted in 1952 which were updated in 2006 with environmental conditions imposed. Replacement planning applications for surface and underground developments were approved by Cornwall Council and the Mineral Planning Authority in 2011 and 2013, respectively, which increased the South Crofty Underground Planning Permission Area to 1,490ha with a working depth of 1,500m below surface.

The two principal planning permissions held by the Company are:

- The South Crofty Underground Planning Permission, a sub-surface planning permission (mining permit) granted in 2013 that allows for the “winning and working” of minerals by means of underground mining methods; and
- The South Crofty Surface Area Planning Permission, a surface planning permission granted in 2011 that allows for the re-development of the surface to include a new processing facility, water treatment plant, paste backfill plant, offices, workshops and other ancillary infrastructure.

Both planning permissions are valid until 2071.

SCL owns approximately 8.37ha of freehold surface land comprising the five South Crofty Surface Area Titles which are registered with HM Land Registry over which the South Crofty Surface Area Planning Permission is granted.

The South Crofty Project is located within an industrial area with highly developed power supply and regional distribution, two 33 kV overhead power lines traverse South Crofty and a dedicated 11 kV power supply is currently connected to the site at the New Cook’s Kitchen shaft. The project also has ready access to fresh water supplied by the local South West Water utility. Site infrastructure from prior mining and development operations includes office and warehouse buildings, and the partially refurbished New Cook’s Kitchen shaft. A modern decline extends to a vertical depth from surface of 120m at an average gradient of 16 per cent., with a western branch providing access to the Upper Mine Dolcoath mineralisation while an east branch, mined in the 1980s, was developed to provide trackless vehicle access/secondary egress into the South Crofty Mine. Processing plant facilities from prior operations have been dismantled and removed.

Since acquiring the South Crofty Project in 2016, Cornish Metals has completed and published a maiden NI 43-101 Mineral Resource Estimate for South Crofty using the vast archive of historical production data and more recent drilling completed between 2007 and 2013. In 2017, Cornish Metals completed the South Crofty PEA that demonstrated the economic viability of re-opening the South Crofty Mine. Additionally, Cornish Metals has undertaken extensive pilot-scale water treatment trials and successfully applied for and received the Water Discharge Permit and an abstraction licence necessary to abstract, treat and discharge mine water in order to dewater South Crofty.

Since early 2020, the South Crofty Project is no longer the principal focus of Cornish Metals’ activities and the project has been placed on care and maintenance pending an uplift in tin prices and a change in market sentiment towards the project. A description of the South Crofty Project is set out in paragraph 24 of the CPR set out in Part V of this document.

6. Other assets

In addition to the United Downs and South Crofty Projects and its free carry and royalty interest in certain of Cornish Lithium’s projects, the Company also holds various interests in certain assets located in Canada and in Alaska, United States, as summarised below, none of which are considered material to the Company’s business as at the date of this document:

- **Nickel King:** the Company maintains a 100 per cent. interest in the Nickel King 2,380ha nickel property, located in the Northwest Territories, Canada approximately 145km northeast of Stony Rapids, Saskatchewan. A 2009 NI 43-101 compliant Mineral Resource estimates the deposit contains a 11.1 Mt grading 0.40 per cent. Ni, 0.10 per cent. Cu and 0.018 per cent. Co Indicated Mineral Resource; and a 33.1 Mt grading 0.36 per cent. Ni, 0.09 per cent. Cu and 0.017 per cent. Co Inferred Mineral Resource (at a 0.2 per cent. Ni cut-off grade). The project is not currently considered a core asset or

a material property of the Company and the Company is considering seeking joint venture partners to advance the project;

- **Sleitat:** the Sleitat tin property is comprised of the CAS 1 through 22 State of Alaska mining claims totalling 1,425ha acquired in 2015 from Osisko and Ronald Netolitzky. The property is located approximately 137km northeast of the community of Dillingham, Alaska;
- **Cantung:** the Company holds a 1 per cent. NSR royalty on the Cantung tungsten project in the Northwest Territories, Canada; and
- **Mactung:** the Company holds a 4 per cent. NSR royalty on the Mactung tungsten project in the Yukon and Northwest Territories, Canada.

7. Use of proceeds of the Fundraising

The Directors intend to use the net proceeds of approximately £7.12 million receivable by the Company from the Fundraising as follows:

| | £ |
|------------------------------------|---------------------|
| United Downs exploration programme | 2.47m |
| South Crofty holding costs | 0.85m |
| Corporate overheads | 1.85m |
| Working capital | 1.95m |
| Total | <u><u>7.12m</u></u> |

8. Strategy

The Directors believe that the Fundraising will result in the Company being fully funded to the completion of a maiden JORC resource on the United Downs Project.

Forward plan

Following Admission, the Directors intend to:

- Commence an 18 month 9,100m initial drilling programme at United Downs to advance the project to Inferred Mineral Resource definition, fully funded from the £8.2 million Fundraising;
- Subject to the outcome of the initial drilling programme, to undertake a subsequent 28,100m in-fill drilling programme at United Downs to advance the project to feasibility within 3 years;
- To test 3 lodes with a 1,000m of strike length to a depth of 500m in the initial phase. The Directors believe there are up to 7 further mineralised lode structures with a total resource potential of 4Mt to 10Mt;
- Subject to funding, capitalise on the existing South Crofty Surface Area Planning Permission for construction of a processing plant at South Crofty to serve as a central processing facility for ore from United Downs and other projects in Cornwall; and
- Evaluate other near-surface, high potential, exploration targets within trucking distance of the processing plant site e.g. Gwinear.

In the longer term, the Directors intend to:

- Develop the high-grade South Crofty tin resource as and when economic conditions and cashflows are supportive.

9. Industry background

Uses of copper

Copper's widespread application in most sectors of the economy such as homebuilding and commercial construction mean that the metal is often viewed as a reliable leading indicator of economic health. Copper is principally used in electrical engineering, as copper is considered the best conductor of electricity

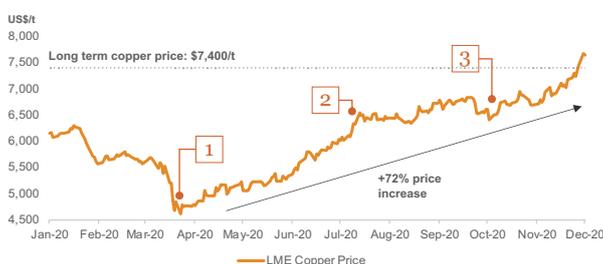
compared to other base and precious metals due to its unique electromagnetic and atomic properties. Gold, for example, is also a solid current conductor but copper is cheaper and lighter. Copper is also strong, ductile, and resistant to corrosion. As such, it is ideally suited for use in wiring, tubing and industrial machinery.

Copper wires are essential to global communications infrastructure; copper pipes are an integral part of many construction projects around the world. Looking ahead, trends in copper use may further rise as more copper is required for new technologies, such as electric vehicles (EVs) and renewable energy infrastructure of all sorts. The batteries, motors and charging infrastructure required for EVs requires significant copper content, as much as 5 times more than conventional internal combustion engines. This does not include the copper required to build the necessary network of charging stations. The EV market looks promising as several European countries have expressed the intention of banning sales of new petrol and diesel cars by 2040 with the UK announcing in November 2020 that it will stop selling new petrol and diesel cars as part of a “green industrial revolution” from 2030. China will continue to be a notable player in the EV market as attested by the rapid growth of EVs in the country – of the 7.2 million EVs on the world’s roads in 2019, 47 per cent. were in China (compared to about 17,000 EVs on the world’s roads in 2010).

Copper demand and prices

Current demand for copper has been depressed by the global downturn triggered by the COVID-19 pandemic. The World Bureau of Metal Statistics has forecast a 2.5 per cent. decline in copper consumption in 2020 to 23 million tonnes. However, demand is expected to increase going forward as economic activity improves in major markets.

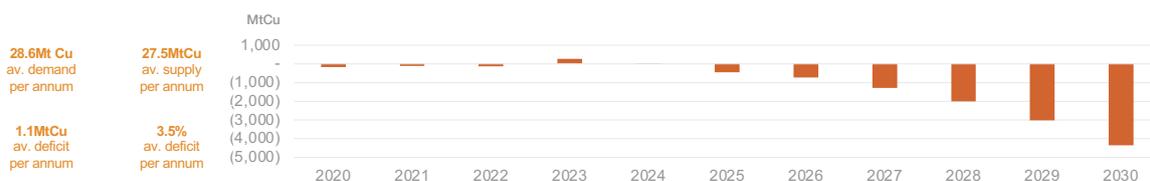
Copper prices fell sharply in the first 4 months of 2020, partly in response to pandemic-related headwinds, reaching a low of US\$4,620/tonne in March. Prices have improved, on the back of strong demand principally from China (which accounts for half of global demand) reaching highs of over US\$8,000 per tonne in December 2020 as the country recovered from COVID-19 led restrictions and benefited from a broad-based infrastructure stimulus (see Figure 14 below).



1 Commodity price trough on COVID-19 global effects 2 Recovery of global demand and reduced restrictions on supply chains 3 Global resurgence in COVID-19 cases rising fears of a 'second wave'

Figure 14: LME copper price in 2020

It is expected that prices for copper will continue to strengthen alongside economic recovery. Such recovery may be aided in part by government stimulus packages that target copper-consumptive industries such as infrastructure, housing and renewable energy. China has announced close to US\$900 billion in investment to develop the country’s power grids over the next 5 years, power being responsible for a majority of copper consumption in China. An expected widening market deficit in the copper sector in the second half of the current decade will put further pressure on copper prices. Figure 15 below shows the forecasted copper supply/demand balance over the decade.



Source: McKinsey Minespans
October 2020

Figure 15: Forecasted copper supply/demand balance over the decade

Global copper market

The South American nations of Peru and Chile account for approximately 45 per cent. of all global exports of copper. Other major exporters include the Democratic Republic of the Congo, Kazakhstan, Russia and Australia. The key market for copper is Asia: China alone accounts for over half of all copper imports. South Korea and Japan are also significant importers, alongside the US and the EU (principally Germany).

Uses of tin

Tin is principally obtained from the mineral cassiterite which is a tin oxide (SnO_2). Tin is a soft, malleable, ductile and crystalline silvery-white metal. Being so soft, tin is rarely used as a pure metal. Instead it is combined with other metals in order to make alloys that possess tin's numerous beneficial properties. These include a low toxicity level and a high resistance to corrosion.

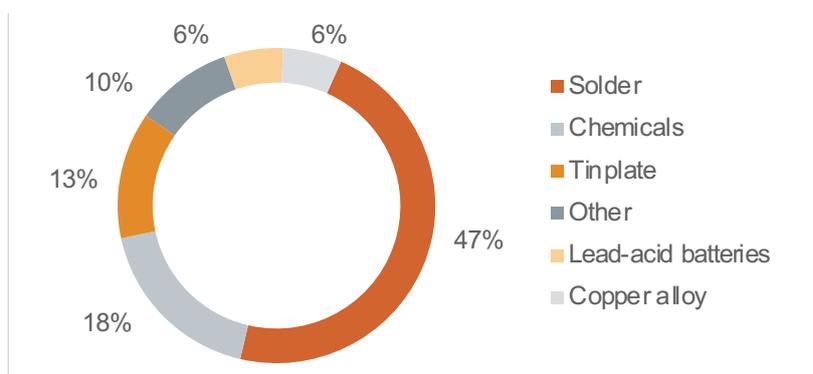
Tin is an important metal used in a wide range of manufacturing sectors, including electronics, automotive, consumer goods, packaging and construction. The metal's main uses are as a lead-free solder in high tech electronics (e.g. circuits), tin plating and chemicals.

The most important alloy compositions of tin are those required to support the ever-growing electronics sector, providing a wide range of highly specialised solders of higher or lower melting temperature, and physical properties that allow all new product designs to be manufactured successfully. Solder is necessary for conductive joints in almost every electronic product and the material also maintains its use for traditional industrial applications, such as joining copper water pipes.

Tinplate (steel with a thin tin coating) is used in packaging for food and beverages and for product containers. Tin coatings provide the essential corrosion protection vital to these applications and that, together with other benefits, allows this important method of food preservation to remain successful and favoured even in today's competitive world of modern packaging.

Tin chemicals are also employed in a wide range of everyday applications. The largest use is of organic tin chemicals to stabilise PVC for use in construction products, such as doors and windows, to stop them degrading in heat and sunlight. The most important applications for inorganic tin chemicals are as catalysts for a wide range of industrial processes, glass coatings, electroplating baths, fire retardants and in the ceramics and cement industries. Energy conservation has become a major technological driver and significant growth is expected in the use of tin catalysts for the production of polyurethane foam thermal insulation and in tin oxide coatings for low emissivity 'e-glass', widely used in modern 'green' buildings.

Other alloys of tin such as bronze and brass can be found as components in a multitude of consumer and industrial products. Tin is also essential for the process of making float glass, in which molten glass is floated on the surface of molten tin, thereby creating a sheet of uniform thickness and with a very flat surface. Figure 16 below shows the global use of tin by application.



Source: International Tin Association

Figure 16: Global tin use by application

Tin demand and prices

Current annual tin consumption is approximately 350,000 tonnes, of which around 280,000 tonnes comes from active mining operations and the remainder comes from recycling. Tin production is dominated by companies based in China and Southeast Asia, along with a few South American producers. There is currently no primary tin mine production in Europe or North America despite tin being designated a critical mineral by the US government.

There is an increasing demand for “clean tin”, that is tin with no child labour connections, which does not fund conflict and which does not adversely affect the environment.

Tin prices have been affected by global restrictions implemented in the wake of the COVID-19 pandemic, including following the ‘second wave’. However, prices strengthened over the course of 2020, exceeding pre-pandemic levels and continuing to increase in response to recovering demand and reduced restrictions on supply chains. Figure 17 below shows LME tin prices in 2020.



1 Commodity price trough on COVID-19 global effects 2 Recovery of global demand and reduced restrictions on supply chains 3 Global resurgence in COVID-19 cases rising fears of a 'second wave'

Figure 17: LME tin price in 2020

The International Tin Association anticipates that global tin demand will increase alongside a ‘technology supercycle’. Tin consumption is closely aligned to evolving and emerging technologies such as batteries, robotics, renewable energy, energy storage and electric vehicles. Massachusetts Institute of Technology has identified tin demand as the most significant potential gain from the technology supercycle, greater than other battery metals such as lithium, cobalt and nickel. Security of supply will be critical in light of tin’s importance to the high-tech, low-carbon economy.

Uses of lithium

Lithium is typically associated with lithium-ion batteries, used in consumer electronics and allowing long-lasting recharges. Battery technology continues to dominate global uses of lithium as higher-capacity batteries are developed for evolving technologies such as smartphones, smart watches, renewable energy and EVs. Recently the automotive industry has been the largest driver of lithium demand with a revenue share of 40.8 per cent. in 2019 and is expected to maintain its lead over the following years on account of rapid growth in EV production.

Beyond technology, lithium continues to be used in the production of glass and ceramics, given lithium’s unique properties. Lithium enhances melting properties and lowers viscosity, while alumina and silica in the mineral concentrates are also part of the product mix that forms glass.

Lithium demand and prices

Demand for lithium is expected to increase over the next decade in line with the ‘technology supercycle’, given lithium’s enduring appeal as a key battery metal. Rapidly growing demand for EVs is a key driver of this increase: demand for lithium carbonate equivalent in EV applications was 59kt in 2018, increasing to 93kt in 2019, growth of approximately 57 per cent.



Figure 18: SMM lithium price overview since 2018

Lithium prices have fallen since 2018 as planned and realised lithium supply raced ahead of demand, leading to a sharp correction in prices. However, the Directors believe that lithium prices are approaching an inflection point, with significant upside potential in the face of the surge in lithium-consumptive technological development. Figure 18 above shows SMM lithium prices since 2018.

Global lithium market

Global lithium production is dominated by Australia, producing approximately 54 per cent. of global output in 2019. This is followed by South America, particularly Chile. China is also a significant producer, responsible for approximately 10 per cent. of output in 2019. China is also the world's largest consumer due to its manufacturing capacity. Europe's share of global supply is minimal and forecast to grow only marginally by 2025, raising the appeal of potential producers in the region.

10. Mineral rights and permitting

The Group's mineral rights

Except for gold, silver and coal, the rights to non-hydrocarbon minerals in the UK are typically owned by the freehold owner of the relevant land unless a previous owner excluded the mineral rights from a subsequent sale of the land. These rights extend from the surface, or just below, to the centre of the Earth. Information regarding who owns mineral rights, together with information about who owns the respective land, is in the majority of cases where land is registered held by the HM Land Registry. In order to extract minerals, a mining company is required to obtain agreement from the mineral rights owner.

The Group's principal mineral rights in the UK are the United Downs Registered Mineral Right, the United Downs Unregistered Mineral Rights, the South Crofty Registered Mineral Rights and the South Crofty Unregistered Mineral Rights.

Permitting

Mineral development proposals in the United Kingdom are subject to two different but linked approval processes: planning permission and environmental permitting.

In England, the majority of spatial planning is regulated by the Town and Country Planning Act 1990. In the case of minerals, the planning consent is the primary approval for a development and is administered by local minerals planning authorities (MPAs). The MPA for United Downs and South Crofty is Cornwall Council. Planning consent is obtained through the preparation and submission of a planning application, which includes, in certain circumstances, an environmental statement prepared as part of an environmental impact assessment process. The application is reviewed by the MPA following consultation with relevant stakeholders and having regard to both national and local planning policies, environmental impacts and other material matters.

Environmental permission is regulated by the Environmental Permitting (England and Wales) Regulations 2010. It is a separate but parallel process to planning permission and is used to develop operating

performance criteria. In England, environmental permission is administered by the local authority and the Environment Agency, depending on the facilities being permitted. The Environment Agency also advises the MPA in setting environmental conditions on the planning permission. There are some activities, for example water abstraction and discharge, which are not incorporated in either permission system and require separate permits.

While the Group has been granted the South Crofty Surface Planning Permission, the South Crofty Underground Planning Permission and the Water Discharge Permit and therefore has all material permits required for the South Crofty Project, it will need to apply for the appropriate planning and environmental permissions for United Downs as the project progresses.

In addition, as both projects are progressed, the Group and its contractors will require various secondary permits or approvals for the conduct of operations. These secondary permits may include environmental permits, water discharge permits, ecological licences, land drainage consents and spoil management permits.

11. Financial record

Set out in Part IV of this document is a range of financial information of the Group:

Part IV – Section A: Accountants' report on the historical financial information of the Group

Part IV – Section B: Historical financial information of the Group

Part IV – Section C: Unaudited interim financial information of the Group.

As required by the TSX-V Rules and applicable Canadian securities laws and regulatory policies, the Company announces its results quarterly.

12. Current trading and future prospects

The Directors wish to commence an exploration programme at United Downs as described above, with the intention to delineate an initial Mineral Resource and to complete a PEA or scoping study as important next stages in the development of the United Downs Project.

As detailed in paragraph 7 of this Part II of this document, part of the proceeds of the Fundraising will be used to complete an initial drilling campaign which will enable Inferred Mineral Resources to be delineated at United Downs. The results of the drilling campaign will be used in the preparation of a PEA or scoping study which will enable the Directors to establish the most appropriate strategy for developing the United Downs Project.

Further infill drilling will be required to enable Measured and Indicated Mineral Resources to be delineated. This can be used as the basis for a feasibility study of any proposed mining operation at United Downs. Further funding will be required for the infill drilling programme and technical studies required for a full feasibility study (which the Directors intend to complete within 3 years) for a proposed mining operation to feed a processing facility to be constructed at the South Crofty Mine.

Minimal holding costs will also be incurred to maintain South Crofty on care and maintenance, and should economic conditions permit, further funds may be raised to construct a water treatment plant with a view to commence dewatering of South Crofty.

Following Admission, the Group will have sufficient working capital for its present requirements, that is for at least a 12 month period following Admission.

13. Directors and senior management

Brief biographies of the Directors are set out below. Paragraphs 7 and 12 of Part VI of this document contains further details of the current and past directorships and certain other important information regarding the Directors.

Directors

Patrick F.N. Anderson (age 52), Non-Executive Chairman

Mr. Anderson is an exploration geologist and business executive with over 26 years' of experience in the resource sector. He is the founder, CEO and a director of Dalradian Resources Inc. where he has led the discovery of over 6 million ounces of gold at the Curraghinalt deposit in Northern Ireland, resulting in a takeover by Orion Mine Finance in 2018. He remains as the CEO and a director of the now private Dalradian Resources which is currently permitting the Curraghinalt project. Mr. Anderson was a director, President, Chief Executive Officer and co-founder of Aurelian Resources Inc., which discovered a 13.7 million ounce gold deposit in 2006 and was acquired by Kinross Gold in 2008. Mr. Anderson sits on the board of Osisko Mining Inc. as lead independent director. He was named one of the "Mining Men of the Year" by The Northern Miner in 2009 and received the PDAC's Thayer Lindsley award for an international mineral discovery in 2008.

Richard D. Williams (age 54), President and Chief Executive Officer

Mr. Williams is a professional geologist with a B.Sc. (Hons) degree in Geology from Portsmouth University, and a M.Sc degree in Mineral Exploration from Queen's University, Ontario. He also serves as CEO of Winshear Gold Corp., an exploration company with gold projects in Peru. He has over 30 years' of experience in the mining and mineral exploration sector principally in southern Africa, and South and Central America. Richard has spent the last 18 years in public company corporate management, and has developed a wide network of business and financial contacts.

D. Grenville Thomas (age 79), Non-Executive Director

Mr. Thomas has over 50 years' experience in the mining industry, during which time he has built an impressive track record of discovery, most notably the world-class Diavik diamond mine and the Thor Lake rare metals deposit, both in the Northwest Territories, Canada. He was the founder (and held the positions of Chairman, President and director) of Toronto-based Aber Resources Ltd. (now Dominion Diamond Corp). Mr Thomas is also Chairman, CEO and a director of North Arrow Minerals Inc.; President, CEO and a director of Westhaven Gold Corp.; and was Chairman of Winshear Gold Corp. Mr Thomas' discoveries have earned him many honours, including the PDAC's "Prospector of the Year Award" for 1999; "Man of the Year" by The Northern Miner newspaper in 2001; and in January 2009, Mr. Thomas was one of four individuals inducted into The Canadian Mining Hall of Fame.

Kenneth A. Armstrong (age 51), Non-Executive Director

Mr. Armstrong has over 20 years' of experience in the exploration industry, a decade of which, from 2005 to 2015, was spent as President and CEO of the Company. Prior to that, he worked as a geologist for a number of companies including Rio Tinto, Aber Resources (now Dominion Diamond Corporation) and Navigator Exploration. Mr. Armstrong currently serves as President, CEO and a Director of North Arrow Minerals Inc. He is a graduate of the University of Western Ontario (1992) and Queen's University (1995) and is a registered Professional Geoscientist in Ontario, Nunavut and the Northwest Territories.

Donald R. Njegovan (age 50), Non-Executive Director

Mr. Njegovan is the Chief Operating Officer of Osisko Mining Inc. He was a director of St. Andrew Goldfields until it was acquired by Kirkland Lake Gold in 2016 and is currently on the board of directors of DLP Resources Inc., Sable Resources Ltd and Ascot Resources Ltd, both of which are listed on the TSX-V. He was formerly Managing Director of Global Mining at Scotiabank from August 2010 to June 2014. Prior to that, he was an investment banker at Toll Cross Securities Inc. from June 2005 to July 2010. Mr. Njegovan has over 30 years' of experience in the mining industry starting work underground in 1989 for Hudson Bay Mining & Smelting Co., Ltd. Mr. Njegovan holds a Bachelor of Science Mining Engineering from Michigan Technological University and a Bachelor of Arts from the University of Manitoba.

John F. G. McGloin (age 56), Independent Non-Executive Director

Mr. McGloin is based in the UK and currently serves as a non-executive director of Perseus Mining Limited, a non-executive independent director of Caledonia Mining plc and as the non-executive Chairman of Oriole Resources PLC, and is the former Chairman and Chief Executive of Amara Mining plc.

Mr. McGloin is a geologist and graduate of Camborne School of Mines and worked for many years in Africa within the mining industry before moving into consultancy. He joined Arbuthnot Banking Group following

four years at Evolution Securities as their mining analyst. He is also the former Head of Mining at Collins Stewart.

Senior management

Owen D. Mihalop, MIMMM, C.Eng., (age 47), Chief Operating Officer

Mr. Mihalop has over 20 years' experience in the mining industry, ranging from grass roots exploration through to production mining. He started his career as an exploration geologist and then gained experience in mining engineering and production in both open-pit and underground mines, following which he became a mining consultant specialising in feasibility studies, project management and project evaluation, gaining broad experience in the mining industry as a whole. In recent years, he has concentrated on project development, advancing projects in Europe and Africa towards production.

Matthew Hird (age 48), Chief Financial Officer

Mr. Hird is an experienced finance professional from the natural resources sector who brings a wealth of expertise in driving the strategic analysis, financing, reporting and governance of mining companies. Mr. Hird spent over eight years at KAZ Minerals plc, the FTSE 250 copper producer, including six years as Chief Financial Officer. Prior to his appointment at KAZ Minerals plc, he was Company Secretary and Group Reporting Manager at Vedanta Resources plc. He has also served as Chief Financial Officer at African Minerals Limited and more recently, as Chief Financial Officer at Sierra Rutile Limited until its acquisition by Iluka Resources Limited. Prior to his work in the natural resources sector, he spent nine years at Deloitte. Mr. Hird is a Chartered Accountant and holds an MA in Natural Sciences (Geological Sciences) from the University of Cambridge.

14. Warrants and Options

The Company has issued the 2023 Warrants in connection with a private placement financing conducted in Canada which closed on 3 February 2020. Each whole 2023 Warrant entitles the holder to purchase one Common Share at a price of C\$0.07 until 3 February 2023.

In addition, the Company has issued the Incentive Warrants pursuant to an early warrant exercise incentive programme completed by the Company on 9 November 2020. Each whole Incentive Warrant entitles the holder to purchase one Common Share at a price of C\$0.10 until 9 November 2022.

The Company has a "10 per cent. rolling" Stock Option Plan. The maximum aggregate number of Common Shares issuable pursuant to Options awarded under the Stock Option Plan, together with the number of Common Shares issuable under outstanding options granted otherwise than under the Stock Option Plan, may not exceed 10 per cent. of the issued and outstanding Common Shares. In accordance with the TSX-V Rules, the Stock Option Plan was re-approved by the Shareholders at the annual general and special meeting of the Company held on 8 July 2020.

As at 10 February 2021 (being the latest practicable date prior to the publication of this document), the Company had issued or granted the following outstanding securities:

- 12,647,222 Warrants; and
- 9,130,000 Options.

Further details of the Warrants and Options are set out at paragraph 9 and 10, respectively, of Part VI of this document.

15. Details of the Fundraising

SP Angel and Hannam & Partners have entered into the Placing Agreement with the Company and the Directors. Under the Placing Agreement, each of SP Angel and Hannam & Partners has conditionally and severally agreed, as agent of the Company, to use its reasonable efforts to procure subscribers for the Placing Shares at the Placing Price to raise approximately £8.0 million (before expenses) for the Company. The Placing Shares are being placed with institutional and other investors. The Placing is not being underwritten.

The Placing is conditional, amongst other things, on the conditional approval of the TSX-V to list the New Shares on the TSX-V and on Admission taking place on or before 16 February 2021 (or such later date as SP Angel and Hannam & Partners may agree, but in any event not later than 26 February 2021) and on the Placing Agreement becoming unconditional and not being terminated prior to Admission.

The Placing is not conditional upon the admission of the Placing Shares to the TSX-V.

In addition, the Subscribers procured by Minexia have entered into the Subscription Letters with the Company pursuant to which the Subscribers have agreed, conditional, amongst other things, on the conditional approval of the TSX-V and on Admission taking place on or before 16 February 2021 (or such later date as SP Angel and Hannam & Partners may agree, but in any event, not later than 26 February 2021), to subscribe for the Subscription Shares at the Placing Price to raise approximately £205,860 (before expenses) for the Company.

The New Shares will be issued credited as fully paid and will, on Admission, rank *pari passu* in all respects with the Existing Common Shares including the right to receive all dividends or other distributions declared, made or paid after Admission. The New Shares will represent approximately 43.9 per cent. of the Enlarged Issued Share Capital. The New Shares: (i) have not been qualified for distribution by prospectus in Canada, and (ii) may not be offered or sold in Canada during the course of their distribution except pursuant to a Canadian prospectus or in reliance on an available prospectus exemption.

After deduction of fees, commissions and expenses payable by the Company, the net proceeds of the Fundraising receivable by the Company will be approximately £7.1 million. A commentary on the proposed use of the net proceeds of the Fundraising is given in paragraph 7 of this Part II of this document.

Further details of the Placing Agreement and the Subscription Letters are set out in paragraphs 13.1 and 13.4 of Part VI of this document.

16. Lock-in Agreements and the Relationship Agreement

Lock-in Agreements

Each of the Directors and the Senior Managers, who will together be beneficially interested in a total of 11,626,628 Common Shares on Admission (representing 4.35 per cent. of the Enlarged Issued Share Capital), have undertaken in a Lock-in Agreement to the Company, SP Angel and Hannam & Partners that, except in limited circumstances, they will not, and will procure that their associates will not, dispose of any Common Shares during the period of 12 months from Admission and that they will, and will procure that their associates will, except in certain specified circumstances, during the period of 12 months from the first anniversary of the date of Admission, only dispose of any Common Shares either through SP Angel or Hannam & Partners (or any nominated adviser or broker appointed to act for the Company in place of either or both of SP Angel and/or Hannam & Partners).

As at 10 February 2021 (being the latest practicable date prior to the publication of this document): (i) Barkerville, a wholly-owned subsidiary of Osisko Development an entity Osisko currently controls, holds 53,833,333 Common Shares (and is on Admission expected to hold 20.15 per cent. of the Enlarged Issued Share Capital); and (ii) Osisko directly holds 140,398 Warrants.

Barkerville has therefore given undertakings in a Lock-in Agreement to the Company, SP Angel and Hannam & Partners that, except in limited circumstances, it will not, and procure that its associates will not, dispose of any Common Shares (whilst such Common Shares are admitted to trading on AIM) during the period of 12 months from Admission. Barkerville has additionally agreed that it will, and will procure that its associates will, except in certain specified circumstances, during the period of 12 months from the first anniversary of the date of Admission, only dispose of any Common Shares (whilst such Common Shares are admitted to trading on AIM and whilst it and they are interested in a total of 10 per cent. or more of the Common Shares in issue) either through SP Angel or Hannam & Partners (or any nominated adviser or broker appointed to act for the Company in place of either or both of SP Angel and/or Hannam & Partners).

Accordingly, on Admission, a total of 65,459,961 Common Shares will be subject to the Lock-in Agreements described above representing 24.50 per cent. of the Enlarged Issued Share Capital.

Further details of the Lock-in Agreements are set out in paragraph 13.2 of Part VI of this document.

Relationship Agreement

Osisko Development has entered into the Relationship Agreement with the Company and SP Angel. The purpose of the Relationship Agreement is to ensure that the Company will at all times be capable of carrying on its business independently of Osisko Development and its associates, and that all transactions or arrangements entered into between any member of the Group on the one hand and Osisko Development and/or its associates on the other will be made at arm's length and on a normal commercial basis.

Further details of the Relationship Agreement are set out in paragraph 13.3 of Part VI of this document.

17. Corporate governance

The Canadian corporate governance guidelines currently applied by the Company

As a result of being incorporated under the federal laws of Canada, its listing on the TSX-V and being a reporting issuer in the Canadian provinces of British Columbia, Alberta and Ontario, the Company is subject to, among other laws and regulations, the CBCA, the TSX-V Rules and certain instruments and policies published by the Canadian Securities Administrators. These instruments and policies include NI 58-101, NP 58-201 and NI 52-110.

As the Company is a TSX-V listed issuer, the TSX-V Rules generally require the Company to comply with, among other things, NI 58-101, NP 58-201 and NI 52-110. NI 58-101 prescribes certain corporate governance disclosure requirements with which the Company is required to comply. NP 58-201, on the other hand, is a set of corporate governance focused guidelines (the "**Canadian Guidelines**"), which are not prescriptive and with which the Company is not bound to comply. NI 52-110 prescribes certain rules applicable to the audit committees of all reporting issuers in Canada.

Accordingly, the Company has established corporate governance practices and processes (the "**Corporate Governance Standards**") it believes are appropriate for a publicly listed company of its size, industry and stage in business development and taking into account the requirements applicable to the Company under, among other laws and regulations, the CBCA, the TSX-V Rules, NI 58-101, NP 58-201 (as deemed by the Directors to be appropriate for the Company) and NI 52-110. While the Company had taken efforts to ensure the Corporate Governance Standards largely comply with the Canadian Guidelines established under NP 58-201, there are certain portions of the Canadian Guidelines which are not currently considered suitable for the Company. Therefore, not all of the Canadian Guidelines have been adopted and applied by the Company.

The general extent to which the Company's Corporate Governance Standards will, following Admission, comply with, or depart from, the Canadian Guidelines is outlined below.

(a) Management supervision by the Board

Although the Canadian Guidelines recommend that independent directors (as such independence is assessed in accordance with the Canadian Guidelines) hold regularly scheduled meetings where management and non-independent directors are not represented, the Company considers that management is effectively supervised by the independent Directors on an informal basis. The size of the Company is such that all the Company's operations are conducted by a small management team which is also represented on the Board and the independent Directors are actively and regularly involved in reviewing and supervising the operations of the Company and have regular and full access to management. The independent Directors are able to meet at any time without management or non-independent Directors being present. Further, the independent Directors meet from time-to-time with the Company's auditors without management being in attendance.

(b) Board mandate and position descriptions

The Board has adopted a policy on board mandate and audit committee organization in accordance with the Canadian Guidelines. The board mandate and committee organization policy explicitly acknowledges responsibility for the stewardship of the Company, and details position descriptions of the chair of the Board, the chair of the audit committee and the Chief Executive Officer.

(c) *Orientation and continuing education*

The Canadian Guidelines recommend that the Board ensures that all new directors receive comprehensive orientation and provides continuing education opportunities for directors. The Board takes the following steps to ensure that all new directors receive orientation regarding the role of the Board, its committees and directors, and the nature and operations of the Company:

- an assessment is made of the new director's set of skills and professional background. This allows the orientation to be customised to that director's needs since different information regarding the nature and operations of the Company's business will be necessary and relevant to each new director. Once this is determined, one or more of the existing directors, who may be assisted by the Company's management, provide the new director with the appropriate orientation through a series of meetings, telephone calls and other correspondence;
- technical presentations are conducted at most Board meetings to ensure that the directors maintain the skills and knowledge necessary for them to meet their obligations as directors of the Company. All Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations.

Further, Board members have full access to the Company's records.

(d) *Ethical business conduct*

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to Shareholders. The Board has responsibility for the stewardship of the Company including responsibility for strategic planning, identification of the principal risks of the Company's business and implementation of appropriate systems to manage these risks. In addition, the Board is responsible for succession planning and the integrity of the Company's internal controls. The Board seeks to foster a culture of ethical conduct by striving to ensure that the Company conducts its business in line with high business and moral standards and applicable legal and financial requirements.

In light of the Canadian Guidelines, the Board:

- encourages management to consult with legal and financial advisers to ensure that the Company is in compliance with legal and financial requirements;
- is aware of the Company's continuous disclosure obligations and reviews prior to their distribution such material disclosure documents including, but not limited to, the interim and annual financial statements and management's discussion and analysis of the financial statements;
- relies on its audit committee to review and discuss the Company's systems of financial controls with the external auditor;
- actively monitors the Company's compliance with the Board's directives to ensure that all material transactions are reviewed and authorised by the Board before being undertaken by management;
- has adopted a whistleblower policy which establishes procedures for confidential, anonymous submission of any concerns which employees may have regarding questionable accounting or auditing matters;
- has, in accordance with the Canadian Guidelines, adopted a written code of business conduct and ethics designed to promote integrity, and which establishes the standards and values which the Company expects its directors, officers and employees to follow in their dealings with stakeholders;
- has adopted an anti-bribery and anti-corruption policy to ensure that its directors, officers, employees and consultants adhere to anti-corruption laws affecting their activities;
- has adopted a corporate disclosure and insider trading policy, further details of which are set out in paragraph 19 of this Part II of this document; and
- has adopted an environmental policy, confirming the Company's commitment to the development, implementation, maintenance and continual improvement of the Company's environmental health and safety programme.

In addition, the Board must comply with the conflict of interest provisions of the CBCA in addition to applicable Canadian securities laws and the TSX-V Rules, in order to ensure that the Directors exercise independent judgement in considering transactions and agreements in respect of which a Director or executive officer has a material interest.

(e) *Nomination of Directors*

At the Company's present stage of development, the Board does not believe that a separate nominations committee is required, which is a departure from the Canadian Guidelines. Accordingly, the Board currently assumes responsibility for identifying potential Board candidates.

(f) *Board assessments*

The Board will conduct informal annual assessments of the Board's effectiveness, the individual directors and its audit and remuneration committees. Based on the Company's size, the number of individuals serving on the Board and on its audit and remuneration committees, and the nature of the relationships among the Board members, the Board has determined that regular, formal assessments are not required at the present time, which is a departure from the Canadian Guidelines.

The additional QCA corporate governance guidelines to be adopted by the Company from Admission

The QCA has published the QCA Code, a set of corporate governance guidelines, which include a code of best practice for growing UK companies, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters.

With effect from Admission, the Board will, in addition to the Canadian Guidelines, have regard to the recommendations set out in the QCA Code (and, where appropriate, the Remuneration Committee Guide published by the QCA) concerning the roles and responsibilities of directors, the independence of directors, the establishment and work of the remuneration committee and the appointment of new Directors and succession planning.

In particular, the Board intends to:

- follow the QCA's guidance in terms of the assessment of the independence of, and the number of independent non-executive directors;
- operate an audit committee in line with instrument, NI 52-110, which sets forth rules applicable to the audit committees of reporting issuers in Canada;
- reconfigure its existing compensation committee as a remuneration committee and operate that committee in accordance with the QCA Code (and, where appropriate, the Remuneration Committee Guide published by the QCA);
- require the Board to consider the principles of the QCA Code on matters of nomination and succession in addition to its board and executive officer diversity policy and guidelines for the composition of the board of directors; and
- put in place letters of appointment for its chairman and non-executive directors which follow the general principles in the QCA Code on the roles and responsibilities of non-executive directors.

Board

On 20 June 2017, the Board adopted a policy on board mandate and audit committee organisation which will be further amended with effect from Admission. Under the policy, the Board is responsible for supervising the management of and overseeing the conduct of the business of the Company, providing leadership and direction to management, evaluating management, setting policies appropriate for the business of the Company and approving corporate strategies and goals.

Whilst day-to-day management of the business and affairs of the Company is delegated by the Board to the President and Chief Executive Officer, the Board has certain specific duties and responsibilities including, amongst other things, approving, supervising and providing guidance on the strategic planning process, identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage those risks, ensuring the Company has management of high calibre, overseeing the

integrity of the Company's internal control and management information systems, approving all capital plans and establishing priorities for the allocation of funds to ongoing operations and capital projects.

The Board must meet not less than three times during each year and will endeavour to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the President and Chief Executive Officer or, subject to the By-laws, of any Director.

On Admission, the Board will comprise six Directors, of whom one will be an executive Director and five will be non-executive Directors. The Board considers John F.G. McGloin to be independent for the purposes of the QCA Code.

None of the other non-executive directors (including the Chairman) are considered to be independent for the purposes of the QCA Code by virtue of the Options granted to them. In addition, Donald R. Njegovan is the nominated board representative of Osisko Development and D. Grenville Thomas and Kenneth A. Armstrong have served on the Board for more than nine years from the date of their first appointment.

The Board intends, subject to identifying a suitable candidate, to appoint an additional UK-based independent non-executive director within 12 months of Admission.

The Board has established an audit committee and, with effect from Admission, will establish a remuneration committee with formally delegated duties and responsibilities, as described below.

Audit committee

The primary function of the audit committee is to assist the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. The audit committee's primary duties and responsibilities are to serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements, to review and appraise the performance of the Company's external auditors and to provide an open avenue of communication among the Company's auditors, financial and senior management and the Board. The audit committee comprises Kenneth A. Armstrong, Patrick F.N. Anderson and John F.G. McGloin and is chaired by Kenneth A. Armstrong. The audit committee will meet at least four times a year or more frequently as circumstances dictate. The audit committee will meet at least annually with the Chief Financial Officer and the Company's external auditor in separate sessions.

Remuneration committee

The remuneration committee will be constituted with effect from Admission and will be responsible for determining and agreeing with the Board the framework for the remuneration of the executive Directors and other key employees and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of non-executive Directors will be a matter for the Chairman and the executive members of the Board. No Director will be involved in any decision as to his or her own remuneration.

The remuneration committee will initially comprise Patrick F.N. Anderson and John F.G. McGloin. Following the appointment of an additional UK-based independent non-executive director, it will comprise John F.G. McGloin and that independent non-executive director. The remuneration committee will meet at least twice a year and otherwise as required.

Board and executive officer diversity policy

On 4 June 2020, the Board adopted a board and executive officer diversity policy relating to diversity, including gender diversity, among the Board, executive management and the general organisation of the Company.

The purpose of the policy is to promote an environment for the consideration of diversity of the Board and the composition of management. Under the policy, the potential benefits of a diverse leadership to the sustained success of the Company are recognised and the Board is tasked to consider, in its director

nomination recommendations, an appropriate level of diversity, including gender diversity. Under the policy, the Board is responsible for identifying individuals qualified to become new Board members based on the guidelines for the composition of the Board also adopted on 4 June 2020.

The guidelines include a commitment for the Board to seek out highly qualified individuals diverse in gender, ethnicity, race, age, and culture to include in the pool from which Board nominees are evaluated and chosen as and when required for board expansion or the normal renewal process of change.

The Board may consider setting targets, and making recommendations related thereto for consideration and approval of the Board, with respect to the diversity of the Board and executive management as and when determined appropriate given the size and stage of the Company.

Board nominations

In view of the size of the Company, the Board will not establish a nominations committee. However, with effect from Admission the Company's policy on board mandate and audit committee reorganisation will require the Board to consider the principles of the QCA Code on matters of nomination and succession in addition to its board and executive officer diversity policy.

18. Dividend policy

The Company does not plan to pay cash dividends on the Common Shares for the foreseeable future. The Board anticipates that the Company's financial resources will be utilised to finance the development of the Group's activities. The Board will, however, review periodically the Company's dividend policy.

19. Corporate disclosure and insider trading policy

The Company has a corporate disclosure and insider trading policy in respect of its listing on the TSX-V which applies to its Directors, officers, employees and consultants of the Company. This disclosure policy outlines the Company's approach towards the determination and dissemination of material information, the circumstances under and methods through which the confidentiality of information will be maintained, and restrictions on the trading of the Company's securities.

The Company has adopted, with effect from Admission, a revised policy on corporate disclosure and insider trading for Directors, officers, other persons discharging managerial responsibilities and employees of the Group for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules relating to dealings in the Company's securities (including, in particular, rule 21 of the AIM Rules) and the Market Abuse Regulation 596/2014 EU as applied in the UK. The Directors consider that this policy is appropriate for a company whose shares are admitted to trading on AIM.

The Company will take proper steps to ensure compliance by the Directors and applicable employees with the terms of the corporate disclosure and insider trading policy and the relevant provisions of the AIM Rules (including rule 21).

20. TSX-V Approval

Pursuant to the TSX-V Rules, the Fundraising is conditional on conditional approval from the TSX-V. The Company will prior to Admission apply for conditional approval for the Fundraising with respect to the New Shares, subject only to the satisfaction by the Company of customary post-closing conditions imposed by the TSX-V in similar circumstances. Subject to obtaining all applicable regulatory approvals, including the approval of the TSX-V, it is expected that admission of the New Shares on the TSX-V will become effective on or around 16 February 2021 (or such other date as SP Angel and Hannam and Partners may agree, but in any event not later than 26 February 2021). The Fundraising is not conditional on the admission of the New Shares to the TSX-V.

21. Admission, settlement and dealing arrangements

The Common Shares are listed and traded on the TSX-V. Application has been made to the London Stock Exchange for the Existing Common Shares and the New Shares to be admitted to trading on AIM. It is

expected that Admission will become effective and that dealings in the Common Shares will commence on AIM on 16 February 2021.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. Securities issued by non-UK companies cannot be held or traded in the CREST system. To enable investors to settle such securities through the CREST system, a depositary or custodian can hold the relevant foreign securities and issue dematerialised Depositary Interests representing the underlying securities.

With effect from Admission, it will be possible for CREST members to hold and transfer interests in Common Shares of the Company within CREST pursuant to a Depositary Interest arrangement established by the Company with the Depositary. CREST is a voluntary system and holders of Common Shares who wish to remain outside CREST may do so and will have their details recorded on the Company's share register in accordance with applicable laws.

The Depositary will issue Depositary Interests in respect of the underlying Common Shares pursuant to the terms of the Deed Poll. Under the terms of the Deed Poll, the Depositary will hold as bare trustee all of the rights pertaining to the relevant underlying securities for the benefit of, and on behalf of, the Depositary Interest holder. Any rights or entitlements to cash distributions, to information to make choices and elections, and to attend and vote at general meetings shall be passed to the Depositary Interest holder by the Depositary. Under the Deed Poll, a Depositary Interest holder can cancel its Depositary Interests and request the transfer to it of the underlying Common Shares by giving instructions to the Depositary.

The Depositary Interests will be independent securities constituted under English law and will be held on a register maintained by the Depositary. Depositary Interests will have the same ISIN as the underlying Common Shares and do not require a separate admission to AIM.

Each Depositary Interest will be treated as one Common Share for the purposes of, for example, determining eligibility for dividend payments. Any payments received by the Depositary, as holder of the Common Shares, will be passed on to each Depositary Interest holder noted on the Depositary Interest register as the beneficial owner of the relevant Common Shares.

Application has been made by the Depositary for Depositary Interests, which represent the underlying Common Shares, to be admitted to CREST on Admission.

Further details of the Deed Poll are set out in paragraph 23.1 of Part VI of this document.

All Common Shares will remain admitted to trading on the TSX-V, with trades settled electronically on the Canadian register through CDS. Common Shares held on the Canadian registry cannot be settled through CREST on AIM and similarly, Common Shares (or Depositary Interests) held on the UK registry cannot be settled through CDS on the TSX-V. However, Common Shares held through CDS on the Canadian registry may be transferred into Depositary Interests held through CREST on the UK registry and *vice versa*.

Shareholders wishing to undertake such a transfer will generally need to contact their broker and allow a reasonable time for the transfer to be effected. Furthermore, Shareholders will need to establish an account with a broker in the market to which they are transferring their Common Shares in order to trade their Common Shares on that market.

The New Shares will be issued in reliance upon an exemption from the prospectus requirements under applicable Canadian securities laws. The New Shares: (i) have not been qualified for distribution by prospectus in Canada, and (ii) may not be offered or sold in Canada during the course of their distribution except pursuant to a Canadian prospectus or in reliance on an available prospectus exemption. Accordingly, the New Shares will be restricted securities under applicable Canadian securities laws and will therefore be subject to a hold period applicable only in Canada which will expire four months and a day following the issuance of the New Shares. Consequently, any Common Shares transferred from the UK registry to the Canadian registry before the expiry of the hold period will be issued in certificated form only bearing a legend noting the hold period.

22. Canadian takeover law

Although the Common Shares will be admitted to trading on AIM, the Company will not be subject to takeover regulation in the UK and the Takeover Code will not apply to the Company. However, Canadian laws, regulations, rules and policies applicable to the Company set forth certain requirements for takeover bids made to security holders in various jurisdictions in Canada and for early warning disclosures, as well as methods by which an offeror can acquire 100 per cent. ownership of the target through a second step transaction. The summary that follows is intended to be a broad, high-level overview of these matters as at the date of this document and is qualified in its entirety by reference to the full text of NI 62-104, MI 61-101, the policies of the TSX-V and the applicable provisions of the CBCA referred to herein.

Takeover bid rules

In Canada, securities laws relating to formal takeover bids are harmonised across Canadian jurisdictions under the instrument NI 62-104. Under NI 62-104, a takeover bid is defined as “an offer to acquire outstanding voting securities or equity securities of a class made to one or more persons, any of whom is in the local jurisdiction or whose last address as shown on the books of the offeree issuer is in the local jurisdiction, where the securities subject to the offer to acquire, together with the offeror’s securities, constitute in the aggregate 20 per cent. or more of the outstanding securities of that class of securities at the date of the offer to acquire but does not include an offer to acquire if the offer to acquire is a step in an amalgamation, merger, reorganization or arrangement that requires approval in a vote of security holders”.

Additional rules and requirements in respect of certain takeover bids are also imposed on certain reporting issuers under MI 61-101 and the policies of the TSX-V.

(a) *General requirements*

The following is a general summary of a number of key features of the Canadian takeover bid regime:

- generally, a bidder may make an offer to acquire any percentage of the outstanding securities of the target at any price; provided, however:
 - the offer must be made on the same terms to all of the target’s security holders (take-up is *pro rata* across tendering security holders);
 - under the “**pre-bid integration rules**”, if the bidder has acquired securities of the target within the 90 days immediately preceding the takeover bid, then (i) the consideration per security offered in the takeover bid must be at least equal to and in the same form as the highest consideration that was paid on a per security basis in the prior transaction, or at least the cash equivalent of that consideration; and (ii) the bidder must bid for a percentage of the outstanding target securities that is at least equal to the highest percentage that the number of target securities acquired from any seller in any such prior transaction was of the total number of target securities owned by that seller at the time of that prior transaction; and
 - more than 50 per cent. of all outstanding target securities owned or held by persons other than the bidder and its joint actors must be tendered and not withdrawn before the bidder can take up any securities under the bid (the “**minimum tender condition**”);
- the bid may be subject to conditions, except for financing conditions;
- the offer must remain open for a minimum of 105 days, subject to a target board’s ability to reduce the bid period to not less than 35 days (the “**initial deposit period**”). Securities may be withdrawn by depositing security holders at any time before the expiration of the initial deposit period;
- at the expiry of the initial deposit period, if all of the conditions of the bid are satisfied, including the minimum tender condition, the bidder must extend the period during which securities may be deposited under the bid for a period of at least 10 days;
- the rules are the same for unsolicited or hostile offers as they are for consensual offers;
- if a takeover bid is made by an insider of the target (e.g. a holder of 10 per cent. or more of the target’s securities), a valuation of the target’s securities and of any non-cash consideration being offered may be required unless an exemption is available; and

- in Québec, offering materials must be in French or in French and English. French translation can significantly increase the transaction cost for the bidder.

(b) *Early warning disclosure*

Under Canadian securities legislation, any person who acquires beneficial ownership of (or the power to exercise control or direction over) 10 per cent. or more of any class of voting or equity securities of an issuer must promptly (and in any event, no later than the opening of trading on the business day following the acquisition) issue a press release to that effect and, within two business days, file an early warning report with the applicable securities regulators.

If there is already a formal takeover bid outstanding for the securities of that issuer, any person who acquires beneficial ownership of (or the power to exercise control or direction over) 5 per cent. or more of the securities subject to the bid must, before the opening of trading on the next business day, issue a press release to that effect.

A person is deemed to have acquired and to be the beneficial owner of a security, including an unissued security, if the person is the beneficial owner of a security convertible into the security within 60 days following that date or has a right or obligation, whether or not on conditions, to acquire beneficial ownership of the security within 60 days.

If an early warning report is required to be filed, the purchaser and its joint actors are prohibited from making additional acquisitions of the securities that are the subject of the report or securities convertible to such securities until the expiry of one business day from the date the report is filed, unless the purchaser and its joint actors already own 20 per cent. or more of that class of securities.

A change in a material fact in the most recently filed early warning report, or the further acquisition or subsequent disposition of 2 per cent. or more of the same class of securities that was the subject of the most recent early warning report required to be filed, requires the issuance of a further press release and the filing of a new early warning report.

Second step transaction

An offeror may not acquire all of a target issuer's securities in a takeover bid. As a result, some form of second step transaction may be necessary to obtain 100 per cent. ownership, which form may depend on the percentage of target company securities that the offeror owns following completion of the takeover bid early warning report.

Compulsory acquisition

Pursuant to section 206 of the CBCA, the governing corporate statute of the Company, if, within 120 days after the commencement of a takeover bid, the bid has been accepted by holders of not less than 90 per cent. of the shares of the target issuer (other than any shares of the target issuer held by the offeror at the date of the commencement of the takeover bid), the offeror is entitled, upon complying with the requirements set out under section 206 of the CBCA, to acquire the shares held by the dissenting shareholders.

(a) *Business combination*

If the statutory compulsory acquisition procedure noted above is unavailable because the offeror acquires less than 90 per cent. of the shares of the target issuer under a takeover bid, the offeror may, depending on the number of shares taken up under the takeover bid, elect to pursue other means of acquiring all of the remaining shares of the target issuer by way of a business combination (such as an amalgamation) or a related party transaction that "squeezes out" the remaining minority shareholders (on the same terms that the offeror acquired the shares under the takeover bid).

Any such business combination or related party transaction must comply with the additional requirements under MI 61-101, adopted by the Ontario Securities Commission and incorporated by reference under the policies of the TSX-V, which, among other things and subject to certain exemptions, may require the offeror to prepare a valuation of the affected securities (and any non-cash consideration being offered therefor) and provide the holders of the affected securities with a summary of such valuation.

A second step business combination or related party transaction may require a special meeting of the shareholders of the target issuer to vote on the transaction. In certain circumstances, subject to certain conditions, the offeror may be entitled to treat the shares of the target issuer acquired under the takeover bid as “minority” shares and vote such shares at the special meeting of shareholders.

Foreign takeover bid exemption

It should be noted that a takeover bid is exempt from Part 2 of NI 62-104 in the case of a “**foreign takeover bid**”. Such an exemption may be available where all of the following conditions are satisfied:

- (a) security holders whose last address as shown on the books of the offeree issuer is in Canada hold less than 10 per cent. of the outstanding securities of the class subject to the bid at the commencement of the bid;
- (b) the offeror reasonably believes that security holders in Canada beneficially own less than 10 per cent. of the outstanding securities of the class subject to the bid at the commencement of the bid;
- (c) the published market on which the greatest volume of trading in securities of that class occurred during the 12 months immediately preceding the commencement of the bid was not in Canada;
- (d) security holders in the local jurisdiction are entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class;
- (e) at the same time as material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction;
- (f) if the bid materials referred to in paragraph (e) are not in English, a brief summary of the key terms of the bid prepared in English, and in Québec in French or French and English, is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction at the same time as the bid materials are filed and sent; and
- (g) if no material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid but a notice or advertisement of the bid is published by or on behalf of the offeror in the jurisdiction where the offeree issuer is incorporated or organized, an advertisement of the bid specifying where and how security holders may obtain a copy of, or access to, the bid documents is filed and published in English, and in Québec in French or French and English, in at least one major daily newspaper of general and regular paid circulation in the local jurisdiction.

23. Rule 17 of the AIM Rules

When acquiring shares in the Company, Shareholders are entitled under Canadian securities laws to categorise themselves as “objecting” (“**OBOs**”) or “non-objecting” (“**NOBOs**”). By registering as such, which they usually do through the entity through which they acquired their shares, OBOs are noting that they object to their interest and their details being disclosed to the Company, in respect of interests up to 10 per cent. of the issued share capital of the Company after which level Canadian securities law makes disclosure mandatory. NOBOs on the other hand are noting the fact that they do not object to their shareholdings and their details being disclosed to the Company.

Rule 17 of the AIM Rules requires, *inter alia*, that an AIM quoted company must notify the market of any changes of which it is aware to its Shareholders’ interests in 3 per cent. or more of the Common Shares and changes thereto (of any movements through a percentage point upwards or downwards). The Shareholders approved on 15 January 2018 a resolution to amend the By-laws, effective from Admission and conditional upon the continued admission of the Common Shares to trading on AIM, to require that Shareholders holding interests in 3 per cent. or more of the Common Shares inform the Company thereof and to inform the Company of relevant subsequent changes thereto.

24. Taxation information for investors

The attention of investors is drawn to the information regarding taxation set out in paragraph 22 of Part VI of this document. This information is intended only as a general guide to the current tax position under UK and Canadian taxation law for certain types of investor. **Investors who are in any doubt as to their tax**

position or who are subject to tax in jurisdictions other than the UK and Canada are strongly advised to consult their professional advisers.

25. Further information

Prospective investors should read the whole of this document, which provides additional information on the Company and should not rely on summaries or individual parts only. The attention of prospective investors is drawn to the financial and other information set out in Parts III to VI inclusive of this document, which provide additional information on the Company. In particular, prospective investors are advised to consider carefully the risk factors relating to any investment in Common Shares set out in Part III of this document.

PART III

RISK FACTORS

The Directors believe that an investment in the Common Shares may be subject to a number of risks. Shareholders and prospective investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including in particular the risks described below (which are not set out in any order of priority), before making any investment decision.

The information below does not purport to be an exhaustive list. Shareholders and prospective investors should consider carefully whether an investment in Common Shares is suitable for them in the light of information in this document and their personal circumstances. The Common Shares should be regarded as a highly speculative investment and an investment in Common Shares should only be made by those with the necessary expertise to fully evaluate the investment. Prospective investors are advised to consult an independent professional adviser authorised under FSMA.

If any of the following risks relating to the Group were to materialise, the Group's business, financial condition and results of operations could be materially adversely affected. In such cases, the market price of the Common Shares could decline and an investor may lose part or all of his, her or its investment.

Additional risks and uncertainty not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company or the Group. In addition to the usual risks associated with an investment in a company, the Directors consider the following risk factors to be significant to potential investors:

1. Risks related to the business and operations of the Group

Dependence on the United Downs Project and South Crofty Project

Whilst the Group also has other exploration interests in North America, the only material projects currently held by the Group are the United Downs Project and the South Crofty Project. As a result, the near-term success of the Group is almost entirely dependent on the success of these projects. Unless the Group acquires additional properties or projects or continues to progress its other mineral projects, any adverse developments affecting the United Downs Project or the South Crofty Project or the Group's rights to develop either project, could materially adversely affect the Group's business, financial condition and results of operations.

The Company may not discover or develop an economic mineral deposit at United Downs and South Crofty

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. As part of its strategy, the Company must undertake exploration activities in order that it can fully understand the geology across its projects and successfully develop these assets to fully exploit resources. Exploration activities are speculative and are often unproductive. These activities also often require substantial expenditure to establish the Mineral Resources through drilling and metallurgical and other testing techniques, determine appropriate recovery processes to extract the minerals from the ore and construct, renovate or expand mining and processing facilities. Once the Mineral Resource is defined, it can take several years to determine whether mineral reserves exist. During this time the economic viability of the deposits may change. Success in this process involves (amongst other things):

- discovery and proving-up, or acquiring, an economically recoverable resource or reserve;
- access to adequate capital throughout the acquisition/discovery and project development phases;
- obtaining required development consents and approvals necessary for the acquisition, mineral exploration, development and production phases; and

- accessing the necessary experienced operational staff, the applicable financial management staff and recruiting skilled contractors, consultants and employees.

While historic data, and recent studies and test work give confidence to the Directors that the Company is allocating capital appropriately and, in United Downs and South Crofty, the Board believes the Company has potential quality resources, there can be no assurance that exploration on the Company's current projects or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral deposit.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The Company's operations are dependent upon the acquisition, grant, renewal or continuance in force of mineral and surface access rights, planning and environmental permissions and other appropriate licences which may be revoked if their conditions are not complied with

The Company's current exploration operations are dependent upon the acquisition, grant, renewal or continuance in force of mineral and surface access rights, planning and environmental permissions and other appropriate licences, permits, authorisations, regulatory approvals and consents and contractual agreements which may be valid only for a defined time period, may be subject to limitations and may provide for termination, revocation or withdrawal in certain circumstances.

While CML owns the United Downs Registered Mineral Right, which accounts for the majority of the surface area comprising the United Downs Project Area, drill hole GWDD-0002 is located above the West Cusgarne Registered Mineral Right. That mineral title is registered at HM Land Registry in the name of South Crofty Limited, a company incorporated and registered in England and Wales with number 1724635, which was dissolved on 22 March 2016. Title to the Group's rights to the United Downs Project has changed hands a number of times. The Company understands that the vendor from which CML acquired its mineral rights before CML was acquired by the Group believed that it owned the West Cusgarne Registered Mineral Right. However, in fact the West Cusgarne Registered Mineral Right was not transferred to CML and it remained with the South Crofty Limited company referred to above until it was dissolved. As that company's registered office was within the Duchy of Cornwall its assets at the time of dissolution vest in the Duchy as *bona vacantia* (ownerless property) if those assets were held free from any trusts at the time of dissolution.

The Company has explored several possible routes for having the West Cusgarne Registered Mineral Right vested in or transferred to CML, of which the most viable is agreeing with the Duchy of Cornwall that the title is vested in the Duchy *bona vacantia* so that a commercial agreement can be reached to transfer the title from the Duchy of Cornwall to CML. The Company is actively engaged with the Duchy's legal advisors to complete the acquisition of the West Cusgarne Registered Mineral Right by CML. Until the West Cusgarne Registered Mineral Right is vested in CML, the Group has no legal title to the mineral rights in that part of the United Downs Project Area comprised within the West Cusgarne Registered Mineral Right. However, even if legal title to the West Cusgarne Registered Mineral Right is not granted to CML, the Directors believe this would be immaterial to the ability of the Group to implement the United Downs Project, as approximately 90 per cent. of the Company's planned drilling programme is within CML's United Downs Registered Mineral Title and only minor parts are in the West Cusgarne Registered Mineral Right.

The Group does not own any part of the freehold or leasehold surface title within the United Downs Project Area. The Company intends to enter into surface access agreements with the relevant landowners for temporary use of their land in relation to those parts of the United Downs Project Area that the Company wishes to enter to carry out exploration drilling works. If it fails to secure such agreements, the Company intends to rely on the rights to enter onto, and to explore, the surface that are attached to the United Downs Registered Mineral Right.

Should the Company define an economically viable resource at United Downs it will need to apply to Cornwall Council, the Mineral Planning Authority and the Environment Agency for the appropriate planning permissions and environmental approvals, respectively, and to secure any other mineral and surface access rights, permits, authorisations, regulatory approvals, consents and contractual agreements that will be required for the development, construction and operation of a mine.

Notwithstanding the current steps being taken by the Company, there can be no assurance that such mineral and surface access rights, planning and environmental permissions and any other appropriate licences, concessions, permits, authorisations, regulatory approvals or consents or contractual agreements will be acquired, granted, secured, entered into, renewed or continue in force, that such acquisition, grant or renewal will not be delayed, or that such mineral and surface access rights, planning and environmental permissions and other appropriate licences, permits, authorisations, regulatory approvals and consents and contractual agreements will be acquired or granted on favourable conditions or at all. The failure to acquire or secure, or any delay in acquiring, securing or renewing such mineral and surface access rights, planning and environmental permissions and other appropriate licences, permits, authorisations, regulatory approvals and consents and contractual agreements or the failure to be granted or enter into the same on favourable conditions may result in no, or a delay in, investment in, or the development of, a resource and may have a material adverse impact on the Company's business, operating results, cash flows and financial condition.

The South Crofty Surface Area Planning Permission and South Crofty Underground Planning Permission and the Group's other permits, approvals and consents contain a range of conditions and obligations on the Group, and there may be adverse consequences of breach of these conditions and obligations, ranging from penalties to, in extreme cases, suspension, termination, revocation or withdrawal of the South Crofty Surface Area Planning Permission, South Crofty Underground Planning Permission, permits, approvals and consents. While the Company diligently manages its planning permissions, permits, approvals and consents to ensure full compliance with their terms, suspension, termination, revocation or withdrawal of its planning permissions, permits, approvals and consents in respect of any of the Company's operations may have a material adverse impact on the Company's business, operating results, cash flows and financial condition.

Title risks

Certain areas of the freehold mineral rights which are important to the United Downs Project and the South Crofty Project are registered at HM Land Registry. These registered mineral rights are all registered with qualified title.

A qualified title to a property is less certain than title to a property registered with title absolute. The effect of the qualification to the title is that the registration does not defeat or prejudice any alternative title to the mines and minerals which pre-dates the date of registration (August 1994, in the case of the United Downs Project and April 2001 for the South Crofty Project). HM Land Registry is not, in awarding a qualified title, guaranteeing that there is no such alternative title, which can continue to be asserted.

It should be noted that title to mines and minerals can usually only be registered with a qualified title. This is because it is generally much more difficult to establish a sufficiently good title to mines and minerals for HM Land Registry to award title absolute than it is in respect of title to surface land. Consequently an absolute title to mines and minerals is rarely awarded by HM Land Registry.

Requirement for additional capital and potential further dilution

The ability of the Company to fund in full the exploration and development of its projects is dependent upon the Company successfully raising additional finance. The proceeds of the Fundraising are sufficient only for the work programme and use of proceeds set out in paragraphs 4 and 7 respectively of Part II of this document although, taking into account the proceeds of the Placing, the Company has sufficient working capital for its present requirements, that is for the next 12 months.

Accordingly, as is often the case for exploration companies, the Company expects to seek additional sources of financing to implement its strategy (including delivery of a feasibility study for United Downs), to invest in its project portfolio and to cover corporate costs. Any further fundraising will be subject to prevailing market conditions and the availability of funds. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. Any resulting dilution would be in addition to that as set out in the risk factor below entitled "*Dilution and risk of default arising pursuant to the terms of the acquisition of the South Crofty Project*".

While the Company will endeavour to continue to communicate effectively to the market, to seek to raise capital in a timely manner, to ensure its cash needs forecasting is accurate and its expenditure controls are in place to optimise cash resources, there is no guarantee that the Group will be able to secure any additional funding or be able to secure funding on terms favourable to the Group.

Dilution and risk of default arising pursuant to the terms of the acquisition of the South Crofty Project

On 11 July 2016, the Group acquired the South Crofty Project out of administration.

Under the acquisition agreement with the Sellers the balance of the consideration due from CML UK as purchaser is as follows:

- (i) the issue to the Sellers, in aggregate, of 2,000,000 Common Shares on delivery of a positive feasibility study or commencement of commercial production for South Crofty, whichever occurs first; and
- (ii) a cash and/or Common Share payment to the Sellers equal to 25 per cent. of the NPV of the South Crofty Project upon making a decision to go into production. In the event that the Company's market capitalisation is less than the NPV of the South Crofty Project when a production decision is made, CML UK will pay the equivalent of 25 per cent. of the Company's market capital to the Sellers and the balance (between the 25 per cent. of market capital and 25 per cent. of the NPV of the project) will be paid out as a 5 per cent. net profits interest from the date of the production decision.

In the event that CML UK transfers any assets, rights, or entitlements to the United Downs Registered Mineral Right and the United Downs Unregistered Mineral Rights to a third party that is not an affiliate of the Company before the agreed consideration has been paid to Galena, then Galena will be entitled to receive a payment equal to 10 per cent. of any consideration received for such rights, up to a maximum of C\$1,000,000.

In the event that CML UK defaults in making the payment due to the Sellers referred to in (i) above and does not cure such default within 60 days after receiving written notice of the default from Galena, Galena will have the right, exercisable by written notice to CML UK, to require CML UK to transfer to Galena all the shares in CML and SCL and any other assets, rights and entitlements which the Company or its affiliates, including CML UK, CML and SCL, hold in relation to the mineral and surface rights that pertain to the South Crofty tin mine and exploration properties, for one Canadian Dollar in respect of the CML shares and one Canadian dollar in respect of the SCL shares and on the basis that all inter-company debt between CML UK, the Company or any of their affiliates and CML shall be capitalised prior to the transfer of the CML and SCL shares to Galena.

Please refer to paragraph 14 of Part VI of this document for further details of the payments to be made. Any issue of new Common Shares to the Sellers in accordance with the terms of the agreement would result in dilution to the Shareholders.

No current revenue source and a history of operating losses

Natural resource project appraisal and exploration activities are capital intensive and inherently uncertain in their outcome. The Company has no assets producing positive cash flow or other revenue source and its ultimate success will depend on its ability to generate cash flow from active mining operations in the future and its ability to access equity markets for its development requirements. All of the Company's activities are directed to the exploration and, if warranted, development of its existing properties and to the search for and the development of new mineral deposits. Significant capital investment will most likely be required to achieve commercial production. The Company has a history of operating losses and is likely to generate operating losses for the foreseeable future. The Company is unlikely to achieve revenues or profitability for some time, if at all.

Environmental risks and liabilities

The Company's current and future operations, including exploration and project development activities, are subject to environmental regulations promulgated by the UK government from time to time. The Company is subject to potential risks and unanticipated liabilities associated with the pollution of the environment and the disposal of waste products from its exploration activities, including water. Previous operations have caused environmental damage at certain of the Company's properties. In terms of heavy metal contaminated mine water that currently discharges into the local rivers, which is the main environmental liability identified by the Company, it is clear that the historical liabilities rest with the local authorities.

Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect operations at the Company's projects. Environmental hazards may exist on the Company's properties which are unknown to the Company at present.

To the extent that the Company is subject to environmental liabilities, the payment of any liabilities or the costs that may be incurred to remedy environmental impacts would reduce funds otherwise available for exploration. If the Company is unable to fully remedy an environmental problem it may be required to suspend exploration activities or enter into interim compliance measures pending completion of the required remedy and the result could be future exploration activities are more difficult to successfully permit.

Dependence on key executives and personnel

The Group's development and prospects are dependent upon retaining the services of its directors, senior management and other key personnel of the appropriate calibre as the business develops. In particular, the Directors plan to employ experienced mining personnel to conduct all exploration operations in order to ensure that its activities can be undertaken in accordance with applicable restrictions and reduce some of the administration burden.

The industry has experienced, and continues to experience, significant competition for appropriately qualified technical personnel which could potentially result in increased costs of employment. Even if the Group is able to maintain all key directors and managers and attract, integrate and retain new qualified technical personnel, this may be achieved on uneconomic terms.

Any failure by the Group to retain its current workforce, hire comparable personnel in the future and/or establish successful relationships with contractors, service providers and co-operative parties could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Security has been granted in favour of Osisko

On 11 February 2021, the Company, CML and Osisko entered into the IA and the Royalty Agreements.

All monies, liabilities and other obligations at any time due, owing or payable to Osisko by CML, pursuant to the Royalty Agreements or the liquidated damages provisions in the IA, together with the security documents (the "**Secured Obligations**") are secured by the CML UK Share Charge. Upon an event of default, the security becomes immediately enforceable and Osisko may take ownership and control of the CML shares. Furthermore, pursuant to the CML Debenture all of CML's interest in its present and future assets is charged in favour of Osisko as security for the Secured Obligations. Upon an event of default or a demand being made by Osisko for the payment of the Secured Obligations, the security will become immediately enforceable and Osisko may take ownership and control of the charged assets.

Fluctuations in mineral prices could adversely affect operations

The value of the Company's assets and potential future earnings and profitability and long term viability will depend, in large part, on the global market price of copper and tin and the marketability of such minerals extracted from the Company's projects. Resource market prices are affected by numerous factors beyond the Company's control, including inflation, global and regional consumption patterns, demand and supply, speculative activities, international political and economic trends, currency exchange fluctuations, interest rates, production costs and increased production due to new and improved extraction and production methods. The aggregate effect of these factors on resource prices is impossible for the Company to predict. The Company monitors commodity prices in forecasting its cash flow requirements for the funding of its ongoing exploration and corporate activities and estimated development costs in bringing assets into production. The Company does not presently invest in commodity hedges to mitigate this risk. While the Company seeks to manage its capital and operating expenditures to maximise shareholder returns, the value of the Company's projects and its financial performance may be highly dependent on commodity prices.

Foreign currency risk

The Company has its most significant exposure to foreign currency risk through expenditure incurred on its projects in the United Kingdom. Most of the Company's expenditure incurred on its mineral properties is in Pounds Sterling, therefore the fluctuation of the Canadian Dollar in relation to this currency will consequently

have an impact on the value of the Company's assets and financial results, which are not necessarily related to the Company's underlying operations. The Company does not presently invest in foreign denominated currency contracts to mitigate this risk, but will closely monitor this risk. Accordingly, the depreciation of the pound and/or the appreciation of the Canadian Dollar relative to Pounds Sterling could result in a translation loss on consolidation which is taken directly to shareholder equity.

COVID-19

The outbreak of COVID-19 (commonly referred to as coronavirus) has negatively impacted economic conditions globally and is having an adverse and disruptive effect on the global economy. The Group's way of operating has adapted and is likely to need to continue to adapt over the coming months in response to the developments relating to the COVID-19 outbreak. Part of the use of proceeds from the private placement undertaken by the Company in February 2020 was to commence a 'proof of concept' drill programme at South Crofty. As a result of the travel and workplace restrictions imposed by the UK government, the commencement of the drill programme was delayed to June 2020 and the initial phase of the programme was completed in September 2020, a few weeks later than originally planned. During the lockdown period in the UK in March and April 2020, certain staff deemed essential to the operations of the South Crofty Project attended work on-site with enhanced health and safety protocols in place. All other staff worked from home. Notwithstanding continuing travel and workplace restrictions, all staff who are continuing to work at the mine site are doing so under the enhanced health and safety protocols.

The effect on the economy may impact the Company in varying ways, which could lead to a direct bearing on the Company's ability to raise funds for working capital purposes. The inability to gauge the length of such disruption further adds to this uncertainty. Management is closely monitoring the COVID-19 pandemic. With the net proceeds of the Fundraising, the Company will have access to sufficient working capital to continue operations for at least the next 12 months following the date of this document

While the economic slowdown caused by the pandemic is anticipated to reverse once COVID-19 is brought under control, the exact ramifications of the pandemic are highly uncertain and it is difficult to predict its duration, its full effect on global and local economies and the effectiveness of the Company's response in relation to the adverse impacts which may result from COVID-19. If the COVID-19 pandemic continues for a prolonged period of time, this may further affect the Company's operations. The COVID-19 pandemic may therefore have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2. Risks related to companies operating in the mining industry

Risks and hazards inherent in the mining industry

The Company's operations are and will continue to be subject to all of the hazards and risks normally incidental to exploring, developing and exploiting natural resources. Some of these risks include, but are not limited to, environmental hazards, industrial accidents, industrial and labour disputes, unusual or unexpected geological formations or other geological or grade problems, unanticipated changes in metallurgical characteristics and mineral recovery, unanticipated ground or water conditions, cave-ins, flooding, rock bursts, periodic interruptions due to bad or hazardous weather conditions, unfavourable operating conditions, cost overruns, land claims and other unforeseen events.

Should any of these risks and hazards adversely affect the Group's mining operations or activities, it may cause an increase in the cost of operations to the point where it is no longer economically feasible to continue, it may require the Group to write down the carrying value of the Company's projects, it may cause delays or a stoppage in mineral exploration, development or production, it may result in damage to or destruction of mineral properties or processing facilities, and may result in personal injury or death or legal liability, all of which may have a material adverse effect on the Group's financial condition, results of operation, and future cash flows.

Uncertainty of Mineral Resource estimates

There are numerous uncertainties inherent in estimating Mineral Resources and the future cash flows that might be derived from their production. Accordingly, the figures for Mineral Resources and future cash flows contained in this document are estimates only. The estimation of mineralisation is a subjective process and the accuracy of estimates is a function of quantity and quality of available data, the accuracy of statistical

computations, and the assumptions and judgments made in interpreting engineering and geological information. In respect of ore reserve and Mineral Resource estimates, no assurance can be given that the anticipated tonnage and grades will be achieved, that the indicated level of recovery will be realised or that ore can be mined or processed profitably. In addition, in respect of future cash flows, actual cash flows may differ materially from estimates.

Estimates of Mineral Resources, and future cash flows to be derived from the production of such Mineral Resources necessarily depend upon a number of variable factors and assumptions, including, among others, geological and mining conditions that may not be fully identified by available exploration data or that may differ from experience in current operations, historical production from the area compared with production from other producing areas, the assumed effects of regulation by governmental agencies and assumptions concerning metal prices, exchange rates, interest rates, inflation, operating costs, development and maintenance costs, reclamation costs and the availability and cost of labour, equipment, raw materials and other services required to mine and refine the ore.

Estimates may have to be recalculated based on changes in mineral prices or further exploration or development activity. This could materially and adversely affect estimates of the volume or grade of mineralisation, estimated recovery rates or other important factors that influence estimates. Market price fluctuations for minerals, increased production costs or reduced recovery rates, or other factors can adversely affect the economic viability of a project.

There can be no assurance that mineral recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. For these reasons, estimates of the Company's Mineral Resources in this document, including classifications thereof based on probability of recovery, and any estimates of future cash flows expected from the production of those Mineral Resources may vary substantially. The actual volume and grade of ore mined and processed and the actual cash flows derived from that production, may not be as currently anticipated in such estimates. If the Company's actual Mineral Resources or cash flows are less than its estimates, the Company's results of operations and financial condition may be materially impaired.

Uncertainty of Inferred Mineral Resources

Inferred Mineral Resources are not reserves and do not have demonstrated economic viability and are considered too speculative geologically to have economic considerations applied to them to enable them to be categorised as reserves. The estimates of Mineral Resources contained in this document include estimates of Inferred Mineral Resources. Due to the uncertainty which may attach to Inferred Mineral Resources, there is no assurance that the estimated tonnage and grades as stated will be achieved or that they will be upgraded to measured and Indicated Mineral Resources or proven and probable ore reserves as a result of continued exploration.

Insurance risk

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing and processing facilities, personal injury or death, environmental damage, delays in mining, and monetary losses and possible legal liability. Where considered practical to do so, the Company maintains insurance against risks in the operation of its business and in amounts believed to be consistent with industry practice. Such insurance, however, contains exclusions and limitations on coverage. Accordingly, the Company's insurance policies may not provide coverage for all losses related to the Company's business and the payment of any such liabilities not covered by such insurance policies would reduce the funds available to the Company and could have a material and adverse effect on the Company's profitability, results of operation and financial condition. Furthermore, there can be no assurance that such insurance will continue to be available, or that it will be available on terms and conditions acceptable to the Company.

Legal, tax and regulatory risks

Capacity to explore and mine and sell products, as well as industry profitability generally can be affected by changes in government policy which are beyond the control of the Group. Legal, tax and regulatory changes could occur during the operations of the Group, which may adversely affect the Group and its activities. Moreover, the tax laws and their interpretation in the jurisdictions in which the Group operates might be subject to amendments, possibly with retroactive effect, which might adversely affect the tax position of the

Group. The Company's operations are carried on by subsidiary companies outside Canada. The return the Company receives from these subsidiary companies will be reduced by irrecoverable withholding or other local taxes in the United Kingdom or Bermuda and this may reduce any net return derived by investors from a shareholding in the Company.

Litigation

While the Group currently has no outstanding litigation, there can be no guarantee that the current or future actions of the Group will not result in litigation since the mining industry, as all industries, is subject to claims, both with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Owing to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Group's financial position or results of operations.

Risks related to climate change

The physical effects of climate change, which may include extreme weather events, resource shortages, changes in rainfall and storm patterns, water shortages and changing sea levels and temperatures may have an adverse effect on the Group's operations. Events or conditions such as flooding or inadequate water supplies could disrupt exploration and development operations damage the Group's property or equipment and/or could increase health and safety risks on mining sites. Such events or conditions could also have other adverse effects on the Group's operations, the Group's workforce and on the local communities surrounding the Group's projects.

Furthermore, the Group's operations depend on consistent supplies of essential commodities and other essential inputs to operate efficiently. In the event that the effects of climate change, including extreme weather events, cause prolonged disruptions to the delivery of essential commodities and other essential inputs, or affect the prices or availability thereof, the Group's production at its operations may be reduced, delayed or halted, and as a result the profitability of the Group's business may be materially affected.

Currently, a number of governments or governmental bodies throughout the globe have introduced or are contemplating regulatory changes in response to the potential impacts of climate change in an effort to curb greenhouse gas emissions. Additionally, ongoing international negotiations may result in the introduction of climate change regulations or frameworks on an international scale. These developments, and the costs associated with complying with such kind of measures, may have an adverse impact on the Group's operations and the profitability of the Group's business.

3. Risks relating to the Common Shares

Share price volatility and liquidity

AIM is a trading platform designed principally for growth companies, and as such, tends to experience lower levels of trading liquidity than larger companies quoted on the Official List or some other stock exchanges. Following Admission, there can be no assurance that an active or liquid trading market for the Common Shares will develop or, if developed, that it will be maintained. The Common Shares may therefore be subject to large fluctuations on small volumes of shares traded. As a result, an investment in shares traded on AIM carries a higher risk than those listed on the Official List.

Prospective investors should be aware that the value of an investment in the Group may go down as well as up and that the market price of the Common Shares may not reflect the underlying value of the Group. There can be no guarantee that the value of an investment in the Group will increase. Investors may therefore realise less than, or lose all of, their original investment. The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which the Common Shares are quoted and the price which investors may realise for their Common Shares may be influenced by a large number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Group and its operations. These factors include, without limitation, (i) the performance of the overall stock market, (ii) large purchases or sales of Common Shares by other investors, (iii) financial and operational results of the Group, (iv) changes in research analysts' recommendations and any failure by the Group to meet the expectations of the analysts, (v) changes in legislation or regulations and changes in general economic, political or regulatory conditions, and (vi) other factors which are outside of the control of the Group.

Shareholders may sell their Common Shares in the future to realise their investment. Sales of substantial amounts of Common Shares following Admission and/or termination of the Lock-in Agreements (the terms of which are summarised in paragraph 13.2 of Part VI of this document), or the perception that such sales could occur, could materially adversely affect the market price of the Common Shares available for sale compared to the demand to buy Common Shares. There can be no guarantee that the price of the Common Shares will reflect their actual or potential market value or the underlying value of the Group's net assets and the price of the Common Shares may decline below the Placing Price. Shareholders may be unable to realise their Common Shares at the quoted market price or at all.

Investment risk

An investment in a quoted company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time or to lose their investment principal. While various investment opportunities are available, potential investors should consider the risks that pertain to mining professional services companies in general.

Substantial Shareholder

On Admission, Osisko, through Osisko Development (which holds its interest through Barkerville), is expected to control approximately 20.15 per cent. of the Enlarged Issued Share Capital. Osisko will directly hold 140,398 Warrants. Under the terms of the Relationship Agreement Osisko Development has the right under the IA to nominate one individual as a director of the Company from time to time so long as its and its affiliates' equity interest in the Company is not less than 10 per cent. Notwithstanding the terms of the Relationship Agreement with Osisko Development, the Articles and applicable laws and regulations, Osisko and Osisko Development could exercise influence over the Company and the Group's operations, business strategy and those corporate actions which require the approval of Shareholders.

Determination of the Placing Price

Placees and Subscribers will subscribe for the New Shares at the Placing Price, which is a fixed price, prior to satisfaction of all conditions for the New Shares to be issued. The Placing Price may not accurately reflect the trading value of the Common Shares when issued, or the Company's potential earnings or any other recognised criteria of value.

Dilution

In addition to the risk set out above entitled, "*Dilution and risk of default arising pursuant to the terms of the acquisition of the South Crofty Project*", if the Company were to offer equity securities for sale in the future, Shareholders not participating in these equity offerings may become diluted and pre-emptive rights may not be available to certain Shareholders. The Company may also in the future issue Common Shares, warrants and/or options to subscribe for new Common Shares, including (without limitation) to certain advisers, employees, directors, senior management and consultants. The exercise of such warrants and/or options may also result in dilution of the shareholdings of other investors.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Common Shares.

Potential investors should consider that an investment in the Company is speculative and that any Common Shares purchased carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Common Shares.

PART IV

FINANCIAL INFORMATION OF THE GROUP

SECTION A – ACCOUNTANT’S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP



11 February 2021

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Dear Sirs,

Introduction

We report on the audited consolidated historical financial information of Cornish Metals Inc. (the “Company”) and its subsidiaries (together, the “Group”) for the three years ended 31 January 2020 (together, the “Group Financial Information”).

Opinion on financial information

In our opinion, the Group Financial Information gives, for the purposes of the Company’s AIM admission document dated 11 February 2021 (the “Document”), a true and fair view of the state of affairs of the Group as at 31 January 2018, 31 January 2019 and 31 January 2020 and of its results, cash flows and changes in equity for the years then ended in accordance with the basis of preparation set out in note 2 to the Group Financial Information.

Responsibilities

The directors of the Company (the “Directors”) are responsible for preparing the Group Financial Information on the basis of preparation set out in note 2 to the Group Financial Information

It is our responsibility to form an opinion on the Group Financial Information and to report our opinion to you.

Basis of preparation

The Group Financial Information has been prepared for inclusion in Section (B) “*Historical Financial Information of the Group*” of Part IV “*Financial Information of the Group*” of the Document, on the basis of the accounting policies set out in note 3 to the Group Financial Information. This report is given for the purpose of complying with Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that requirement and for no other purpose.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. We are independent of the Company in accordance with the Financial Reporting Council's Revised Ethical Standard 2019, as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Group Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Group Financial Information and whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Declaration

For the purposes of Paragraph A of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of this Document and we declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully,

Crowe U.K. LLP*Chartered Accountants*

SECTION B – HISTORICAL FINANCIAL INFORMATION OF THE GROUP

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

The audited, consolidated statements of comprehensive income of the Group for the years ended 31 January 2018, 31 January 2019 and 31 January 2020 are set out below:

| | <i>Audited</i> <i>Year ended</i> <i>31 January</i> <i>2018</i> <i>C\$'000</i> | <i>Audited</i> <i>Year ended</i> <i>31 January</i> <i>2019</i> <i>C\$'000</i> | <i>Audited</i> <i>Year ended</i> <i>31 January</i> <i>2020</i> <i>C\$'000</i> |
|--|---|---|---|
| Continuing operations | | | |
| Total operating expenses | (2,229) | (2,496) | (1,776) |
| Interest income | – | 28 | 8 |
| Foreign exchange loss | (11) | (64) | (23) |
| Unrealised gain on marketable securities | 12 | 839 | 164 |
| Realised gain on marketable securities | 12 | 2,048 | 30 |
| Write-off of deferred financing fees | 6 | (148) | (29) |
| Loss on disposal of property, plant and equipment | 9 | (29) | – |
| Impairment of royalties | 10 | – | (1,500) |
| Impairment of exploration and evaluation assets | 11 | – | (880) |
| | <u>(2,646)</u> | <u>178</u> | <u>(4,006)</u> |
| (Loss)/profit before income taxes | | | |
| Income tax recovery | 7 | – | – |
| Foreign currency translation | – | – | 150 |
| | <u>(2,639)</u> | <u>178</u> | <u>(3,856)</u> |
| (Loss)/profit for the year | | | |
| Other comprehensive income for the year | | | |
| <i>Available for sale financial assets:</i> | | | |
| Fair value movement arising during the year | 12 | 48 | – |
| | <u>(2,591)</u> | <u>178</u> | <u>(3,856)</u> |
| Total comprehensive (loss)/profit for the year | | | |
| Basic (loss)/profit per Common Share | 8 | C\$ (0.04) | C\$ 0.00 |
| Diluted (loss)/profit per Common Share | 8 | C\$ (0.04) | C\$ 0.00 |
| Weighted average number of Common Shares outstanding: | | | |
| Basic | 8 | 67,239,691 | 83,474,393 |
| Diluted | 8 | 67,239,691 | 84,856,815 |
| | | 86,768,585 | 86,768,585 |

STATEMENT OF FINANCIAL POSITION

The audited, consolidated statements of financial position of the Group as at 31 January 2018, 31 January 2019 and 31 January 2020 are set out below:

| | | <i>Audited As at 31 January 2018 C\$'000</i> | <i>Audited As at 31 January 2019 C\$'000</i> | <i>Audited As at 31 January 2020 C\$'000</i> |
|---|--------------|--|--|--|
| | <i>Notes</i> | | | |
| Assets | | | | |
| Deposits | | 29 | 67 | 37 |
| Property, plant and equipment | 9 | 1,508 | 5,000 | 5,967 |
| Royalty interest | 10 | 1,500 | 1,500 | – |
| Exploration and evaluation assets | 11 | 5,742 | 7,379 | 7,929 |
| | | <u>8,779</u> | <u>13,946</u> | <u>13,933</u> |
| Non-current assets | | | | |
| Current Assets | | | | |
| Marketable securities | 12 | 516 | 1,169 | 548 |
| Trade and other receivables | 13 | 158 | 15 | 23 |
| Prepaid expenses | | 134 | 133 | 54 |
| Cash and cash equivalents | | 6,949 | 2,162 | 1,305 |
| | | <u>7,757</u> | <u>3,479</u> | <u>1,930</u> |
| Total current assets | | <u>7,757</u> | <u>3,479</u> | <u>1,930</u> |
| TOTAL ASSETS | | <u><u>16,536</u></u> | <u><u>17,425</u></u> | <u><u>15,863</u></u> |
| Equity | | | | |
| Share capital | 14 | 35,181 | 37,272 | 37,272 |
| Share subscriptions received in advance | 14/23 | – | – | 1,175 |
| Share-based payment reserve | 14 | 4,868 | 816 | 732 |
| Investment revaluation reserve | | 61 | – | – |
| Capital contribution | 14 | 508 | 508 | 2,008 |
| Retained deficit | | (34,789) | (30,330) | (34,281) |
| Foreign currency translation reserve | | – | – | 150 |
| | | <u>5,829</u> | <u>8,266</u> | <u>7,056</u> |
| Total equity attributable to owners of the Company | | <u>5,829</u> | <u>8,266</u> | <u>7,056</u> |
| Commitment to issue Common Shares | | 2,000 | – | – |
| | | <u>7,829</u> | <u>8,266</u> | <u>7,056</u> |
| Total equity and Common Shares to be issued | | <u>7,829</u> | <u>8,266</u> | <u>7,056</u> |
| Non-current liabilities | | | | |
| Lease liabilities | 15 | – | – | 20 |
| Osisko Line of Credit | 16/19 | 1,283 | 1,476 | – |
| Osisko Note | 17/19 | 3,917 | 4,526 | 5,211 |
| Osisko Royalty Option | 17/19 | 2,887 | 2,887 | 2,887 |
| | | <u>8,087</u> | <u>8,889</u> | <u>8,118</u> |
| Total non-current liabilities | | <u>8,087</u> | <u>8,889</u> | <u>8,118</u> |
| Current liabilities | | | | |
| Trade and other payables | 18 | 620 | 270 | 610 |
| Lease liabilities | 15/19 | – | – | 79 |
| | | <u>620</u> | <u>270</u> | <u>689</u> |
| Total current liabilities | | <u>620</u> | <u>270</u> | <u>689</u> |
| Total liabilities | | <u>8,707</u> | <u>9,159</u> | <u>8,807</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>16,536</u></u> | <u><u>17,425</u></u> | <u><u>15,863</u></u> |

STATEMENT OF CHANGES IN EQUITY

The audited, consolidated statements of consolidated changes in equity of the Group for the years ended 31 January 2018, 31 January 2019 and 31 January 2020 are set out below:

| | Common Shares Number | Common Shares C\$'000 | Share sub- scriptions received in advance C\$'000 | Share- based payment reserve C\$'000 | Investment revaluation reserve C\$'000 | Capital contribution C\$'000 | Foreign currency translation reserve C\$'000 | Retained deficit C\$'000 | Total equity C\$'000 |
|--|----------------------|-----------------------|---|--|---|------------------------------------|--|--------------------------------|----------------------------|
| As at 31 January 2017 | | | | | | | | | |
| Private placements | 60,573,360 | 32,724 | - | 4,448 | 13 | 508 | - | (32,150) | 5,543 |
| Share issue costs | 15,714,228 | 2,200 | - | - | - | - | - | - | 2,200 |
| Common Shares issued upon warrant exercise | - | (37) | - | - | - | - | - | - | (37) |
| Common Shares issued pursuant to a property option agreement | 569,500 | 114 | - | - | - | - | - | - | 11 |
| Share-based compensation | 1,000,000 | 180 | - | - | - | - | - | - | 180 |
| Fair value movement on marketable securities | - | - | - | 420 | - | - | - | - | 420 |
| Loss for the year | - | - | - | - | 48 | - | - | - | 48 |
| | | | | | | | | (2,639) | (2,639) |
| As at 31 January 2018 | 77,857,088 | 35,181 | - | 4,868 | 61 | 508 | - | (34,789) | 5,829 |
| Reclassification on the adoption of IFRS 9 | - | - | - | - | (61) | - | - | 61 | 91 |
| Common Shares issued upon warrant exercise | 454,833 | 91 | - | - | - | - | - | - | - |
| Common Shares issued pursuant to a property option agreement | 8,456,664 | 2,000 | - | - | - | - | - | - | 2,000 |
| Share-based compensation | - | - | - | 168 | - | - | - | - | 168 |
| Reclassification of share-based payment reserve | - | - | - | (4,220) | - | - | - | 4,220 | - |
| Profit for the year | - | - | - | - | - | - | - | 178 | 178 |
| As at 31 January 2019 | 86,768,585 | 37,272 | - | 816 | - | 508 | - | (30,330) | 8,266 |
| Foreign exchange translation | - | - | - | - | - | - | 150 | - | 150 |
| Commitment to issue Common Shares pursuant to fundraising | - | - | 1,175 | - | - | - | - | - | 1,175 |
| Share issue costs | - | (29) | - | - | - | - | - | - | (29) |
| Settlement of line of credit | - | - | - | - | - | 1,500 | - | - | 1,500 |
| Forfeiture and expiry of stock options and warrants | - | 29 | - | (84) | - | - | - | 55 | - |
| Loss for the year | - | - | - | - | - | - | - | (4,006) | (4,006) |
| As at 31 January 2020 | 86,768,585 | 37,272 | 1,175 | 732 | - | 2,008 | 150 | (34,281) | 7,056 |

STATEMENT OF CONSOLIDATED CASH FLOWS

The audited, consolidated statements of cash flows of the Group for the years ended 31 January 2018, 31 January 2019 and 31 January 2020 are set out below:

| | <i>Audited</i> <i>Year ended</i> <i>31 January</i> <i>2018</i> <i>C\$'000</i> | <i>Audited</i> <i>Year ended</i> <i>31 January</i> <i>2019</i> <i>C\$'000</i> | <i>Audited</i> <i>Year ended</i> <i>31 January</i> <i>2020</i> <i>C\$'000</i> |
|---|---|---|---|
| Cash flows from operating activities | | | |
| (Loss)/profit for the year | (2,639) | 178 | (4,006) |
| <i>Adjustments for:</i> | | | |
| Accretion of Osisko Note and Osisko Line of Credit | 167 | 484 | 218 |
| Depreciation of property, plant and equipment | 3 | 8 | 91 |
| Finance costs | – | – | 4 |
| Generative exploration costs | (117) | – | – |
| Share-based compensation | 420 | 168 | – |
| Unrealised gain on marketable securities | – | (839) | (164) |
| Realised gain on marketable securities | – | (2,048) | (30) |
| Write-off of deferred financing fees | 406 | 148 | 29 |
| Loss on disposal of property, plant and equipment | – | 29 | – |
| Income tax recovery | (7) | – | – |
| Impairment of royalties | – | – | 1,500 |
| Impairment of exploration and evaluation assets | – | – | 880 |
| Foreign exchange loss | – | – | 23 |
| <i>Changes in:</i> | | | |
| – trade and other receivables | (151) | 144 | 70 |
| – trade and other payables | 95 | (217) | 24 |
| Tax paid | – | – | – |
| Net cash used in operating activities | <u>(1,823)</u> | <u>(1,945)</u> | <u>(1,361)</u> |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | (517) | (3,673) | (18) |
| Proceeds from the sale of property, plant and equipment | – | 1 | – |
| Acquisition of exploration and evaluation assets | (1,315) | (1,331) | (1,366) |
| Increase in deposits | (20) | (38) | – |
| Proceeds from sale of investments | – | 2,326 | 880 |
| Acquisition of marketable securities | – | (25) | – |
| Net cash used in investing activities | <u>(1,852)</u> | <u>(2,740)</u> | <u>(504)</u> |
| Cash flows from financing activities | | | |
| Proceeds from fundraising received in advance of | | | |
| Common Share issue | – | – | 1,175 |
| Common Share issue costs | – | – | (1) |
| Debt | 4,037 | – | – |
| Royalty option | 2,887 | – | – |
| Common Shares issued | 2,277 | 91 | – |
| Increase in deferred financing fees | (298) | (193) | (71) |
| Lease payments | – | – | (86) |
| Net cash flows from/(used in) financing activities | <u>8,903</u> | <u>(102)</u> | <u>1,017</u> |
| Net increase/(decrease) in cash and cash equivalents | <u>5,228</u> | <u>(4,787)</u> | <u>(848)</u> |
| Impact on foreign exchange on cash | – | – | (9) |
| Cash and cash equivalents at beginning of year | 1,721 | 6,949 | 2,162 |
| Cash and cash equivalents at end of year | <u>6,949</u> | <u>2,162</u> | <u>1,305</u> |

NOTES TO THE GROUP FINANCIAL INFORMATION

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated federally under the laws of the CBCA. The Company changed its name from Strongbow Exploration Inc. to Cornish Metals Inc. on 29 July 2020.

The Company trades on the TSX-V, (TSX-V – CUSN) and its head office is located at Suite 960 – 789 West Pender Street, Vancouver, British Columbia, Canada V6C 1H2. The Company has two wholly-owned subsidiaries: Strongbow Alaska, Inc. which is incorporated under the laws of Alaska, USA and CML UK, which was incorporated under the laws of England and Wales in February 2016. CML UK itself has two wholly owned subsidiaries: CML, a company incorporated and registered in Bermuda and SCL, a company incorporated and registered in England and Wales.

The Group's principal business activity is the acquisition and exploration of mineral assets. To date, the Group has not generated significant revenues from operations and is considered to be in the exploration stage.

The Group is in the process of acquiring and exploring its exploration and evaluation assets and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Group to obtain the financing necessary to complete the development of its exploration and evaluation assets and upon future profitable production.

2. BASIS OF PRESENTATION

Statement of compliance

The Group Financial Information has been prepared in accordance with IFRS and interpretations of the International Financial Reporting Interpretations Committee. The Group Financial Information has been prepared on a historical basis except for certain financial assets measured at fair value. All amounts are presented in C\$ and rounded to the nearest thousand, unless otherwise specified.

Going concern assessment

The Group Financial Information has been prepared on a going concern basis with the assumption that the Group will be able to realise its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. However, the Group has sustained substantial losses from operations since inception and has no current source of revenue. Continued operations of the Group and further exploration and development of its exploration and evaluation assets is dependent on the Group's ability to obtain additional financing and generate profitable operations in the future. These material uncertainties may cast significant doubt about the Group's ability to continue as a going concern. This Group Financial Information does not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of expenses and the classification of Statement of Financial Position items if the going concern assumption was inappropriate. These adjustments could be material.

Adoption of new IFRS pronouncements – leases

On 1 February 2019, the Company adopted IFRS 16 "Leases", which is effective for annual periods commencing on or after 1 January 2019. This new standard eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model which requires the lessee to recognise assets and liabilities for all significant leases with a term of longer than 12 months.

The Directors have analysed the Group's contracts to identify whether they are, or contain a lease arrangement within them that qualifies them as, leases as defined in IFRS 16 "Leases". The only substantive lease arrangement in place relates to the Company's office located in Vancouver, Canada that has a lease term expiring on 30 April 2021. The Directors have applied the recognition exemptions in IFRS 16 "Leases" for "low value" leases and leases that end within 12 months of the date of initial application, and accounts

for them as low value and short-term leases, respectively. The Group also has several mineral leases, which are in the process of being extended, but they are all scoped out of IFRS 16 “Leases”.

As the Group advances the South Crofty Project, further lease contracts may be entered into in due course.

Effects of adoption of IFRS 16 “Leases”

The Company has adopted IFRS 16 “Leases” using the modified retrospective application method, where comparatives are not restated under the specific transition provisions in the standard. The reclassifications and adjustments arising from IFRS 16 “Leases” are therefore applicable from 1 February 2019. Prior to this date, leases were classified as operating leases and payments were charged to profit or loss over the period of the lease.

On adoption of IFRS 16 “Leases”, the Group has recognised a right-of-use asset and a lease liability at the transition date for the lease arrangement noted above for an amount of C\$187,000 (Note 15 “Lease liability” to the Group Financial Information). The lease liability was initially measured at the present value of the lease payments, discounted using the Company’s estimated incremental borrowing rate, rather than the interest rate implicit in the lease, as that rate could not be readily determined. Each lease payment is allocated between the lease liability and finance cost. The finance cost, or amortisation of the discount, is charged to profit or loss using the effective interest method. Lease payments for the interest and principal portion of the lease liability are shown in the consolidated statement of cash flows.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and is included within property, plant and equipment. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. Since the lease arrangement for the Company’s Vancouver office is considered part of corporate activities, depreciation is charged to profit or loss.

Subsequent to the initial measurement of the lease liability, it is re-measured when there is a change in future lease payments arising from a change in payment rates. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

A lease modification is accounted for as a separate lease if there is an increase in the scope of a lease and a corresponding increase in consideration, such as adding the right to use one or more underlying assets in a contract. Otherwise, a lease modification is considered a re-measurement of the lease liability.

Change in functional currency

On 1 February 2019, the functional currency of the Company’s UK subsidiaries was changed to £ on a prospective basis. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21 “*The Effects of Changes in Foreign Exchange Rates*”, namely:

- the currency of funds provided to the Company’s UK subsidiaries by the Company for their ongoing activities is denominated in £;
- expenditure incurred on exploration and evaluation assets, and property, plant and equipment, the most significant assets recorded in the Company’s UK subsidiaries, is denominated in £; and
- the currency of any substantial fundraising in the UK is with reference to budgets and projections prepared in £.

New standards not yet adopted

The Company has not yet adopted certain standards, interpretations to existing standards and amendments that have been issued but have an effective date of later than the date of this Document. All of these updates are not relevant to the Company and are therefore not discussed herein.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Significant accounting estimates and judgements

The preparation of the Group Financial Information requires the Directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the Directors on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods.

Significant areas requiring the use of management judgment and estimates include:

- recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty with respect to their impairment and it is reasonably possible, based on existing knowledge, that changes in future conditions could require a material change in the recognised amount;
- share-based payments – the Directors use the Black-Scholes Option Pricing Model for the valuation of share-based payments. Option pricing models require the input of the subjective assumptions including expected price volatility, interest rate, expiry date, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Group's net income/loss and share-based payment reserve;
- valuation of debt and royalty option – the Company has issued a convertible note which is convertible into a 1.5 per cent. NSR on all metals and minerals produced from the Group's South Crofty Project. The Company bifurcated the convertible note into debt and a royalty option with the debt portion being the more easily measured value. The debt portion is initially recorded at its fair value using a 14 per cent. discount rate based on an estimated number of years to reach mine production. The debt will then be accreted over this estimated term. The remaining balance of the convertible note is attributed to the royalty option. The Directors have determined that the Company's royalty option is a non-financial liability;
- impairment – the Directors apply significant judgment in assessing each cash-generating unit and assets for the existence of indicators of impairment at the reporting date. Internal and external factors are considered in assessing whether indicators of impairment are present that would necessitate impairment testing. Significant assumptions regarding commodity prices, operating costs, capital expenditures and discount rates are used in determining whether there are any indicators of impairment. These assumptions are reviewed regularly by the Directors and compared, when applicable, to relevant market consensus views;
- valuation of marketable securities (private shares) – shares which are not traded in an active market are adjusted at the period end to reflect the Directors' estimated fair value. The most reliable indicator of fair value is the most recent third party sale/purchase transaction in the shares, but if this is not available, significant judgement is applied by the Directors in estimating fair value which may involve subjective assessments of results, business plans and other developments of the investee company that are not based on observable market data; and
- functional currency – items included in the accounts of each of the Group's entities are measured using the currency of the primary economic environment in which an entity operates. For those entities resident in the UK, the Directors have determined the functional currency to be £. Judgement is required to be exercised in determining the functional currency, including assessing the underlying transactions, events and conditions which are relevant to an entity. The Directors have considered the currency of funds raised from financing activities and in which most expenditure is denominated as being most relevant in reaching its determination for those entities resident in the UK.

(b) **Principles of consolidation**

The Group Financial Information includes the financial information of the Company and the subsidiaries listed below:

| <i>Name of subsidiary</i> | <i>Place of incorporation</i> | <i>Ownership interest</i> | <i>Principal activity</i> |
|---------------------------|-------------------------------|---------------------------|-------------------------------------|
| Strongbow Alaska Inc. | Alaska, USA | 100% | Exploration and development company |
| CML UK | United Kingdom | 100% | Holding company |
| SCL | United Kingdom | 100% subsidiary of CML UK | Exploration and development company |
| CML | Bermuda | 100% subsidiary of CML UK | Holding company for mineral leases |

Subsidiaries are entities controlled by the Group. Control exists when the Group possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. All inter-company transactions and balances have been eliminated upon consolidation.

(c) **Foreign currencies**

Presentational and functional currency

The Group Financial Information is presented in C\$.

Items included in the accounts of each of the Group entities are measured using the currency of the primary economic environment in which an entity operates (the “functional currency”). The functional currency of the Company is the C\$, and for its UK subsidiaries, the functional currency is the £. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 “*The Effects of Changes in Foreign Exchange Rates*”.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Translation of subsidiary results into the presentation currency

The results and financial position of all the Group’s subsidiaries with functional currencies different from the presentation currency (none of which has the currency of a hyperinflationary economy) are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of the Statement of Financial Position;
- income and expenses for each Statement of Comprehensive Income are translated at average exchange rates, unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions; and
- all resulting exchange differences are recognised within “*other comprehensive income*”.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognised within “*other comprehensive income*”. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale of investment.

(d) **Share-based compensation**

The Directors grant share purchase options to buy Common Shares to themselves, officers, employees and service providers. The Directors grant such options for periods of up to five years, with vesting periods determined at their sole discretion and at prices equal to or greater than the closing market price on the

day preceding the date the options were granted. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of the options is measured at the grant date, using the Black-Scholes option pricing model. The fair value of the share purchase options considers the terms and conditions upon which the share purchase options were granted. The fair value of the options granted is recognised as a share-based compensation expense with a corresponding increase in equity. The fair value is measured at the grant date and each tranche is recognised on a graded-vesting basis over the period during which the options vest. At each financial position reporting date, the amount recognised as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest. The share-based payment reserve reflects the fair value of unexpired options outstanding at the period end.

Share-based compensation arrangements in which the Group receives goods or services as consideration for the Company's own equity instruments are accounted for as equity-settled share-based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Group receives the goods or the services.

If vested options or warrants are forfeited, cancelled or are not exercised at the expiry date, the amount previously recognised in share-based compensation is transferred to deficit.

(e) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognised in profit or loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the period end and, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realised or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognised in income in the period that substantive enactment occurs.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities that do not affect accounting or taxable profit; and
- goodwill.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(f) (Loss)/profit per Common Share

Basic (loss)/profit per Common Share is computed by dividing (loss)/profit available to Shareholders by the weighted average number of Common Shares outstanding during the period. The computation of diluted (loss)/profit per Common Share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the (loss)/profit per Common Share.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property, plant and equipment is comprised of its purchase price and any directly attributable costs in bringing the assets to their working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognised as an expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the assets beyond the originally assessed standard of performance, the expenditures are capitalised as an additional cost of property, plant and equipment.

Depreciation is provided for annually at the following rates:

| | |
|----------------------|------------------------|
| Computer equipment | 3 years straight line |
| Software | 3 years straight line |
| Furniture & fixtures | 10 years straight line |
| Motor vehicles | 4 years straight line |
| Equipment | 5 years straight line |
| Right-of-use assets | the term of the lease |

Land is not depreciated.

The water treatment plant (in progress) is currently not depreciated. Depreciation will commence once the asset is complete and available for use.

The remaining useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each financial year-end to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised when either it has been disposed or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gains or losses arising on the retirement and disposal of an item of property, plant and equipment are included in the Statement of Comprehensive Income in the period of retirement or disposal.

(h) Exploration and evaluation assets

Exploration and evaluation assets are capitalised under intangible assets on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No costs are capitalised until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through development and exploitation, the capitalised expenditure is transferred to tangible assets and depreciated over the expected productive life of the asset. Costs for a producing prospect are amortised on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment reviews for deferred exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a single cash generating unit. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- unexpected geological occurrences are identified that render the resource uneconomic;
- title to the asset is compromised;
- fluctuations in metal prices render the project uneconomic; and
- lack of available financing to progress the project.

Where the Group enters into exploration option agreements with third parties, the Group may acquire or dispose of mineral rights and certain benefits attached to those mineral rights. Due to the fact that these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not

recorded. Option payments are recorded as exploration and evaluation assets when payments are made, or as recoveries when payments are received, either against exploration and evaluation assets or as income within profit or loss depending on the nature of the option agreement.

The recoverability of the amounts capitalised for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Group's interest in the underlying mineral claims, the ability to develop its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production.

(i) **Financial Instruments**

Financial instruments are classified into one of the following categories:

- financial instruments at "*fair value through profit or loss*";
- "*available-for-sale*" financial instruments;
- "*held-to-maturity*" investments;
- loans and receivables; and
- other financial liabilities.

The classification is determined at initial recognition and depends on the nature and purpose of the financial instrument.

Financial instruments at "fair value through profit or loss"

Financial instruments are classified as "*fair value through profit or loss*" when the financial instrument is held for trading or it is designated as "*fair value through profit or loss*".

A financial instrument is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Group manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial instruments classified as "*fair value through profit or loss*" are stated at fair value with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised incorporates any dividend or interest earned on the financial instrument.

The Directors have classified the Group's marketable securities as "*fair value through profit or loss*".

"Available-for-sale" financial instruments

Investments held by the Group that are classified as "*available-for-sale*" are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the investment revaluation reserve. Interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss rather than equity. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investment revaluation reserve is included in profit or loss for the period.

The fair value of "*available-for-sale*" monetary assets denominated in a foreign currency is translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences due to a change in amortised cost of the asset is recognised in profit or loss, while all other changes are recognised in equity.

"Held-to-maturity" investments

"*Held-to-maturity*" investments are recognised on a trade-date basis and are initially measured at fair value, including transaction costs.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognised at the transaction value and subsequently carried at amortised cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Directors have classified the Group's receivables as loans and receivables.

Financial liabilities

The Directors classify the Group's financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

"Fair value through profit or loss": This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the Statement of Financial Position at fair value with changes in fair value recognised in profit or loss.

Other financial liabilities: These are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

The Directors have classified the Group's lease liabilities, trade and other payables and non-current liabilities as other financial liabilities.

Effective interest method

The effective interest method calculates the amortised cost of a financial instrument and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial instruments classified as *"fair value through profit or loss"*.

Impairment of financial assets

Financial instruments, other than those at *"fair value through profit or loss"*, are assessed for indicators of impairment at each period end. Financial instruments are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial instrument, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganisation.

For financial instruments carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial instrument's original effective interest rate.

The carrying amount of all financial instruments, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of “available for sale” equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial instrument cannot exceed its amortised cost had impairment not been recognised.

De-recognition of financial assets

A financial instrument is derecognised:

- when the contractual right to the asset’s cash flows expire; or
- if the Group transfers the financial instrument and all risks and rewards of ownership to another entity.

De-recognition of financial liabilities

Financial liabilities are derecognised when the Group’s obligations are discharged, cancelled or they expire.

Fair value hierarchy

The inputs used in making fair value measurements, are classified within a hierarchy that prioritises their significance. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

(j) Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbances are caused by the exploration or development of exploration and evaluation assets due to statutory, contractual, constructive or legal obligations. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalised at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises.

The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets. The Directors’ estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the rehabilitation provision. The Directors’ estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Directors’ estimates of reclamation costs, are charged to profit or loss for the period. The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred.

(k) Royalty interests

Royalty interests in mineral properties include acquired royalty interests in exploration stage properties. In accordance with IAS 38 “Intangible Assets”, the cost of acquired royalty interests in mineral properties is capitalised as intangible assets.

Acquisition costs of royalty interests on exploration stage mineral properties, where there are no estimated reserves, are not amortised. At such time as the associated exploration stage mineral interests are converted

to estimated reserves, the cost basis is amortised over the remaining life of the mineral property, using the estimated reserves. The carrying values of exploration stage mineral interests are evaluated for impairment at such time as information becomes available indicating that production will not occur in the future.

(l) Marketable securities

Marketable securities are measured at fair value.

(m) Deferred financing fees

Legal fees, professional fees and other expenses related to equity financings are deferred until these financings close, at which time they will be offset against proceeds from the financing to which they relate. Should the financings not close as contemplated, these deferred financing fees will be expensed.

(n) Impairment

At the end of each reporting period the carrying amounts of the Group's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised in profit or loss. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(o) Warrants issued in equity financing transactions

The Group engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of Common Shares or units. A unit comprises a certain number of Common Shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional Common Shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are valued based on the residual value method and included in share capital with the Common Shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other compensatory transactions costs are accounted for as share-based payments.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short-term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project from part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Even though exploration and evaluation assets can be qualifying assets, they generally do not meet the “*probable economic benefits*” test and are also rarely debt funded. Any related borrowing costs incurred during this phase are therefore generally recognised in profit or loss in the period they are incurred.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group’s financial instruments consist of cash, marketable securities, trade and other receivables, trade and other payables, lease liabilities, debt and a line of credit. The carrying value of trade and other receivables and trade and other payables approximate their fair values due to their immediate or short-term maturity and have been classified at amortised cost. Cash is recorded at amortised cost. Marketable securities which are publicly traded, have been classified as “*fair value through profit or loss*” and are recorded at fair value based on the quoted market prices in active markets at the period end, which is consistent with Level 1 of the fair value hierarchy; marketable securities that are not publicly traded are recorded at fair value using estimates consistent with Level 3 of the fair value hierarchy (inputs are not based on observable market data). Lease liabilities, debt and the line of credit are initially recorded at fair value and subsequently carried at amortised cost.

The Group is exposed to a variety of financial risks by virtue of its activities, including liquidity risk, credit risk, foreign currency risk, interest rate risk, equity market risk and commodity price risk. The Directors’ objective with respect to risk management is to minimise potential adverse effects on the Group’s financial performance and position. The Directors’ provide direction and guidance to management with respect to risk management. The Directors’ are responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations as they become due. The Group’s ability to continue as a going concern is dependent on the Directors’ ability to raise the funds required through future equity financings and asset sales, or a combination thereof. The Group has no regular cash inflow from its operating activities. The Directors manage the Group’s liquidity risk by projecting cash flow requirements for the Group’s planned exploration, future development and corporate activities and anticipating investing and financing activities. Failure to realise additional funding, as required, could result in the delay or indefinite postponement of further exploration of the Group’s properties, and could result in the Group being unable to meet the continued listing requirements of the TSX-V. As at 31 January 2020, the Group had current assets of C\$1,931,000 (2019: C\$3,479,000, 2018: C\$7,757,000) to settle current liabilities of C\$689,000 (2019: C\$270,000, 2018: C\$620,000).

Credit risk

Credit risk is the risk of financial loss to the Group if a counter-party to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk at the reporting date is the carrying value of the Group’s receivables and cash. The Group’s receivables consist primarily of sales tax receivables due from the Canadian and UK governments. The Directors limit the Group’s exposure to credit risk on liquid financial assets through maintaining the Group’s cash with high-credit quality financial institutions.

Foreign currency risk

The Group has its most significant exposure to foreign currency risk through expenditures incurred on its exploration and evaluation assets and property, plant and equipment in the United Kingdom. Most of the Group’s expenditure incurred on its exploration and evaluation assets, and property, plant and equipment is in £, therefore the fluctuation of the C\$ in relation to the £ will consequently have an impact on the value of the Group’s assets. The Group does not presently invest in foreign denominated currency contracts to mitigate this risk, but will closely monitor this risk depending on the amount and currency of any fundraising for the exploration, evaluation and future development of the South Crofty Project. For the year ended 31 January 2020, with other variables unchanged, a 5 per cent. increase or decrease of the £ and the US\$ against the C\$ would increase or decrease financial assets and liabilities by approximately C\$8,000 (2019: C\$35,000, 2018: C\$28,000).

Interest rate risk

The Group is exposed to interest rate risk to the extent that the future cash flows of a financial instrument fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk is minimal as cash is placed in deposits held with Canadian and British financial institutions that generate modest investment returns and furthermore, the Group has no financial liabilities subject to variable interest rates.

Equity market risk

The Group is exposed to equity price risk arising from its marketable securities, which are classified as "fair value through profit or loss". The Group sells its marketable securities as market conditions permit, or as is required to finance the Group's operations from time-to-time.

Commodity price risk

The Group is exposed to price risk with respect to commodity prices, particularly tin. The ability of the Group to explore and develop its exploration and evaluation assets and the future profitability of the Group are directly related to the market price of commodities. The Group monitors commodity prices in projecting its cash flow requirements for the funding of its ongoing exploration and corporate activities and estimated development costs in bringing assets into production. The Group does not presently invest in commodity hedges to mitigate this risk.

5. SEGMENTAL INFORMATION

The Group operates in one business segment, being the exploration and evaluation of mineral properties in North America and the United Kingdom as follows:

| | <i>As at 31 January 2018</i> | | | | <i>As at 31 January 2019</i> | | | | <i>As at 31 January 2020</i> | | | |
|--------------------------------------|------------------------------|------------------------|-----------------------|--------------------------|------------------------------|------------------------|-----------------------|--------------------------|------------------------------|------------------------|-----------------------|--------------------------|
| | <i>Canada C\$'000</i> | <i>USA C\$'000</i> | <i>UK C\$'000</i> | <i>Total C\$'000</i> | <i>Canada C\$'000</i> | <i>USA C\$'000</i> | <i>UK C\$'000</i> | <i>Total C\$'000</i> | <i>Canada C\$'000</i> | <i>USA C\$'000</i> | <i>UK C\$'000</i> | <i>Total C\$'000</i> |
| Deposits | 11 | – | 18 | 29 | 11 | – | 57 | 68 | 11 | – | 26 | 37 |
| Property, plant & equipment | 7 | – | 1,501 | 1,508 | 15 | – | 4,985 | 5,000 | 115 | – | 5,852 | 5,967 |
| Royalties | 1,500 | – | – | 1,500 | 1,500 | – | – | 1,500 | – | – | – | – |
| Exploration and evaluation assets | – | 804 | 4,938 | 5,742 | – | 859 | 6,520 | 7,379 | – | – | 7,929 | 7,929 |

6. WRITE-OFF OF DEFERRED FINANCING FEES

During the year ended 31 January 2020, the Group wrote off deferred financing fees of C\$29,000 (2019: C\$148,000, 2018: C\$406,000), which consisted primarily of legal, accounting and related professional fees incurred in connection with a listing of the Company's Common Shares and a concurrent financing on the Alternative Investment Market ("AIM") in London, UK.

7. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

| | <i>Audited</i> <i>Year ended</i> <i>31 January</i> <i>2018</i> <i>C\$'000</i> | <i>Audited</i> <i>Year ended</i> <i>31 January</i> <i>2019</i> <i>C\$'000</i> | <i>Audited</i> <i>Year ended</i> <i>31 January</i> <i>2020</i> <i>C\$'000</i> |
|--|---|---|---|
| (Loss)/income before income taxes | (2,646) | 178 | (4,006) |
| Combined federal and provincial income tax rate | 27% | 27% | 27% |
| Expected income (recovery)/tax | (714) | 48 | (1,081) |
| Permanent difference | 224 | (356) | 386 |
| Change in statutory, foreign tax, foreign exchange rates and other | (74) | 99 | (85) |
| Share issue cost | (109) | – | – |
| Adjustment to prior year's provision versus statutory returns | (82) | (22) | 212 |
| Changes in un-recognised deductible temporary differences | 748 | 231 | 568 |
| Income tax expense/(recovery) | (7) | – | – |

The significant components of the Group's unrecorded deferred tax assets and liabilities are as follows:

| | <i>Audited</i> <i>As at</i> <i>31 January</i> <i>2018</i> <i>C\$'000</i> | <i>Audited</i> <i>As at</i> <i>31 January</i> <i>2019</i> <i>C\$'000</i> | <i>Audited</i> <i>As at</i> <i>31 January</i> <i>2020</i> <i>C\$'000</i> |
|--|--|--|--|
| <i>Deferred tax assets/(liabilities)</i> | | | |
| Exploration and evaluation costs | 4,152 | 4,112 | 4,202 |
| Property and equipment and other | 151 | 330 | 488 |
| Allowable capital losses | 991 | 708 | 566 |
| Non-capital losses available for future period | 2,176 | 2,551 | 3,013 |
| | 7,470 | 7,701 | 8,269 |
| Unrecognised deferred tax assets | (7,470) | (7,701) | (8,269) |
| Net deferred tax assets | – | – | – |

The significant components of the Group's temporary differences, unused tax credits and unused tax losses that have not been included in the Statement of Financial Position are as follows:

| | | <i>Audited</i> <i>As at</i> <i>31 January</i> <i>2018</i> <i>C\$'000</i> | <i>Audited</i> <i>As at</i> <i>31 January</i> <i>2019</i> <i>C\$'000</i> | <i>Audited</i> <i>As at</i> <i>31 January</i> <i>2020</i> <i>C\$'000</i> |
|---|---------------------|--|--|--|
| | <i>Expiry dates</i> | | | |
| Exploration and evaluation assets | No expiry date | 13,390 | 14,007 | 14,359 |
| Property and equipment and other | 2020 onwards | 1,705 | 1,320 | 1,806 |
| Allowable capital losses | No expiry date | 3,671 | 2,621 | 1,964 |
| Non-capital losses available for future period: | 2029 onwards | 8,269 | 9,377 | 11,624 |
| – Canada | 2029 to 2040 | 7,702 | 8,402 | 10,049 |
| – USA | 2036 onwards | 24 | 37 | 44 |
| – UK | no expiry date | 543 | 938 | 1,531 |

8. (LOSS)/PROFIT PER COMMON SHARE

| | <i>Audited</i> <i>Year ended</i> <i>31 January</i> <i>2018</i> <i>C\$'000</i> | <i>Audited</i> <i>Year ended</i> <i>31 January</i> <i>2019</i> <i>C\$'000</i> | <i>Audited</i> <i>Year ended</i> <i>31 January</i> <i>2020</i> <i>C\$'000</i> |
|--|---|---|---|
| Comprehensive (loss)/profit attributable to Shareholders | (2,591) | 178 | (3,856) |
| Weighted average number of Common Shares, basic | 67,239,691 | 83,474,393 | 86,768,585 |
| <i>Plus net incremental Common Shares from assumed conversion:</i> | | | |
| Options | — | 1,382,422 | — |
| Weighted average number of Common Shares, diluted | <u>67,239,691</u> | <u>84,856,815</u> | <u>86,768,585</u> |
| (Loss)/profit per Common Share, basic | C\$ (0.04) | C\$ 0.00 | C\$ (0.04) |
| (Loss)/profit per Common Share, diluted | C\$ (0.04) | C\$ 0.00 | C\$ (0.04) |

For the periods where the Group records a loss, the Group calculates diluted loss per Common Share using the basic weighted average number of Common Shares. If the diluted weighted average number of Common Shares were used, the result would be a reduction in the loss, which would be anti-dilutive.

9. PROPERTY, PLANT AND EQUIPMENT

| | Computer equipment & software C\$'000 | Furniture & fixtures C\$'000 | Land & site C\$'000 | Motor vehicles C\$'000 | Right- of-use asset C\$'000 | Equip- ment C\$'000 | Water treatment plant (in progress)* C\$'000 | Total C\$'000 |
|--|--|------------------------------------|---------------------------|------------------------------|--------------------------------------|---------------------------|--|------------------|
| Cost | | | | | | | | |
| As at 31 January 2017 | 53 | 6 | 665 | 33 | – | 306 | – | 1,063 |
| Additions | 60 | 20 | – | – | – | 21 | 561 | 662 |
| Disposals | (2) | – | – | – | – | – | – | (2) |
| As at 31 January 2018 | 111 | 26 | 665 | 33 | – | 327 | 561 | 1,723 |
| Additions | 25 | 4 | 847 | – | – | – | 2,660 | 3,536 |
| Capitalised borrowing costs** | – | – | 99 | – | – | – | 219 | 318 |
| Disposals*** | (50) | (6) | – | – | – | (56) | – | (112) |
| Transfers**** | – | 1 | – | (14) | – | 13 | (198) | (198) |
| As at 31 January 2019 | 86 | 25 | 1,611 | 19 | – | 284 | 3,242 | 5,267 |
| Adoption of IFRS 16 | – | – | – | – | 187 | – | – | 187 |
| Lease modification and re-measurement | – | – | – | – | (7) | – | – | (7) |
| Additions | 12 | 3 | – | – | – | 3 | 389 | 407 |
| Capitalised borrowing costs** | – | – | 119 | – | – | – | 372 | 491 |
| Foreign exchange translation | – | – | (14) | – | – | 3 | 45 | 34 |
| As at 31 January 2020 | 98 | 28 | 1,716 | 19 | 180 | 290 | 4,048 | 6,379 |
| Accumulated depreciation | – | – | – | – | – | – | – | – |
| As at 31 January 2017 | (45) | (1) | – | (6) | – | (53) | – | (105) |
| Depreciation | (3) | – | – | – | – | – | – | (3) |
| Capitalised depreciation | (17) | (3) | – | (8) | – | (79) | – | (107) |
| As at 31 January 2018 | (65) | (4) | – | (14) | – | (132) | – | (215) |
| Depreciation | (8) | – | – | – | – | – | – | (8) |
| Capitalised depreciation | (22) | (6) | – | (4) | – | (95) | – | (127) |
| Disposals | 47 | 3 | – | – | – | 33 | – | 83 |
| Transfers**** | – | – | – | 6 | – | (6) | – | – |
| As at 31 January 2019 | (48) | (7) | – | (12) | – | (200) | – | (267) |
| Depreciation | (9) | – | – | – | (82) | – | – | (91) |
| Capitalised depreciation | (11) | (2) | – | (5) | – | (32) | – | (50) |
| Foreign currency translation | (1) | – | – | – | – | (3) | – | (4) |
| As at 31 January 2020 | (69) | (9) | – | (17) | (82) | (235) | – | (412) |
| Net book value | – | – | – | – | – | – | – | – |
| As at 31 January 2018 | 46 | 22 | 665 | 19 | – | 195 | 561 | 1,508 |
| As at 31 January 2019 | 38 | 18 | 1,611 | 7 | – | 84 | 3,242 | 5,000 |
| As at 31 January 2020 | 29 | 19 | 1,716 | 2 | 98 | 55 | 4,048 | 5,967 |

* The water treatment plant (in progress) is currently not depreciated. Depreciation will commence once the asset is complete and available for its intended use.

** Borrowing costs of C\$491,000 (2019: C\$318,000, 2018: C\$nil) were capitalised to the water treatment plant and land acquisition.

*** Assets with a net book value of C\$29,000 were scrapped or sold during the year ended 31 January 2019, resulting in a loss on disposal of C\$29,000.

**** Certain costs from the year ended 31 January 2018 included in the water treatment plant (C\$198,000) were reclassified in the year ended 31 January 2019 to “exploration and evaluation assets” to ensure consistency in categorisation. The Directors have also reclassified certain of the Group’s assets to ensure consistency in categorisation.

As set out in Note 2 “Basis of Presentation” to the Group Financial Information, upon adoption of IFRS 16 “Leases”, the Group recognised a right-of-use asset and a lease liability at the transition date for the lease arrangement relating to its office located in Vancouver, Canada. Previously, this lease was classified as an operating lease. Right-of-use assets are now included in property, plant and equipment as shown in the table above.

As at 1 February 2019, the Directors reviewed the Group's depreciation method and remaining useful lives for all assets other than the right-of-use asset to reflect the most consistent expected pattern of economic benefits derived from property, plant and equipment. After completion of this review, the depreciation method was changed to a straight line basis, previously a reducing basis, with the remaining useful lives set out in Note 3 g) "Property, plant and equipment" to the Group Financial Information.

10. ROYALTY INTEREST

Mactung and Cantung royalty acquisition

In March 2016, the Group purchased from Teck Resources Limited a 4 per cent. NSR on the Mactung tungsten project (one-half of which (2 per cent.) may be purchased by the property owner at any time for C\$2,500,000) and a 1 per cent. NSR on the Cantung tungsten project. The Mactung tungsten project (non-producing) is located in the Yukon and the Northwest Territories in Canada; the Cantung tungsten project (non-producing) is located in the Northwest Territories in Canada. The Group paid C\$1,500,000 to Teck Resources Limited upon closing of the acquisition and will make a further C\$1,500,000 payment to Teck Resources Limited on the earlier of a development decision on the Mactung tungsten project or the re-commencement of commercial production at the Cantung tungsten project.

Osisko, a significant shareholder of the Group, provided a C\$1,500,000 interest-free line of credit to the Group to complete the royalty acquisition which has since been settled in full (see Note 16 "Line of Credit" to the Group Financial Information).

During the year ended 31 January 2020, the Group impaired the royalties as the Directors believe that a sustained improvement in tungsten prices is required before the Mactung tungsten project and Cantung tungsten project become viable. This assessment is supported by the likely capital requirements to develop the two projects, their remote location and that neither of the projects is in operation. The Directors continue to review the ongoing joint marketing of the projects being conducted by the Government of the Northwest Territories and the Government of Canada.

11. EXPLORATION AND EVALUATION ASSETS

| | <i>Tin Properties Alaska USA C\$'000</i> | <i>South Crofty, Cornwall UK C\$'000</i> | <i>Total C\$'000</i> |
|------------------------------|--|--|--------------------------|
| Cost | | | |
| As at 31 January 2017 | 753 | 3,634 | 4,387 |
| Additions | 51 | 1,304 | 1,355 |
| As at 31 January 2018 | 804 | 4,938 | 5,742 |
| Additions | 55 | 1,384 | 1,439 |
| Transfers | – | 198 | 198 |
| As at 31 January 2019 | 859 | 6,520 | 7,379 |
| Additions | 21 | 1,409 | 1,430 |
| Impairment | (880) | – | (880) |
| As at 31 January 2020 | – | 7,929 | 7,929 |

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Group has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties is in good standing.

South Crofty Project, Cornwall, UK

On 16 March 2016, the Group entered into a share purchase agreement with Galena and Tin Shield. Under the terms of this SPA, on 11 July 2016, the Group acquired, from administration, a 100 per cent. interest in the South Crofty Project and associated mineral rights in Cornwall, UK. The Group, through its wholly-owned

subsidiary, CML UK, owns a 100 per cent. interest in SCL and CML. SCL and CML hold the rights to the South Crofty underground mine permission area, plus additional mineral rights located in various parts of Cornwall, UK.

In addition to the cash and Common Share consideration of C\$1,853,000 paid on 11 July 2016, the Group agreed to the following additional payments and share issuances under the terms of the share purchase agreement:

- the Company to make a C\$2,000,000 payment to Galena and Tin Shield on the second anniversary of the approval vote by creditors for SCL's exit from administration (date set at 10 June 2018). While the Company had the right to settle 50 per cent. of this payment in cash, the Company decided to settle 100 per cent. of this payment with the issuance of Common Shares and recorded a commitment to issue shares totaling C\$2,000,000 at the date of acquisition. During the year ended 31 January 2019, the Company issued 8,456,664 Common Shares in satisfaction of this commitment;
- the Company to issue 1,000,000 Common Shares to Galena and Tin Shield upon receipt of a permit to increase water discharge from the old mine workings from 10,000m³ per day to 25,000m³ per day (issued 1 November 2017 at a value of C\$180,000);
- the Company to issue 2,000,000 Common Shares to with Galena and Tin Shield on delivery of a positive feasibility study or commencement of commercial production, whichever occurs first;
- the Company to make a cash and / or Common Share payment with Galena and Tin Shield equal to 25 per cent. of the net present value of the project upon making a decision to go into production. In the event that the Company's market capitalisation is less than the net present value of the project when a production decision is made, the Company will pay the equivalent of 25 per cent. of its market value to the Sellers and the balance (between the 25 per cent. of market value and 25 per cent. of the net present value of the South Crofty Project) will be paid out as a 5 per cent. net profits interest from the date of the production decision;
- in the event that the Company transfers any assets, rights, or entitlements to certain mineral rights which are not part of the core mineral rights to a third party before the agreed consideration has been paid to Galena, then Galena will be entitled to receive a payment equal to 10 per cent. of any consideration received for the other mineral rights, to a maximum of C\$1,000,000.

The value of the assets acquired as disclosed in above were calculated indirectly by reference to the fair values of the cash consideration plus the fair value of the share-based payments above, as it was considered that the fair value of the assets could not be determined directly on a reliable basis.

The share-based payments were calculated based on the share prices at the time of grant and the Directors' estimate of the probabilities of the milestones being reached. The share-based payments calculated were not considered material and not included.

On 26 January 2018, the Company completed a secured convertible note financing with Osisko for gross proceeds of C\$7,170,000 (see Note 17 "*Debt and Royalty Option*" to the Group Financial Information) which will be convertible into a 1.5 per cent. NSR on all metals and minerals produced from the South Crofty Project at Osisko's option. The convertible note is secured by a first-ranking lien on all of the Group's assets, including its interest in the South Crofty Project. Proceeds from the convertible note were intended to be used to construct a water treatment plant at the South Crofty Project and for general working capital.

Cornish Lithium Exploration Option Agreement

In January 2017, CML UK and Cornish Lithium, a private UK company, entered into an exploration option agreement whereby Cornish Lithium has the right to explore for, and potentially develop, lithium in hot springs brines and associated geothermal energy from the Group's mineral rights in Cornwall, UK. The Group will have a 25 per cent. free carried interest in the first project to have a bankable feasibility study completed on it, after which the Group will be required to contribute its share of development costs or be diluted. The Group will have a 10 per cent. free carried interest on subsequent development projects as well as a 2 per cent. gross revenue royalty payable from the production of metals from brines or from any geothermal energy produced and sold by Cornish Lithium.

Under the terms of the agreement, Cornish Lithium agreed to issue ordinary shares with a value US\$50,000 concurrently with its first financing (received in August 2017) and, to keep the agreement in good standing,

to issue Cornish Lithium ordinary shares with a value of US\$50,000 on the first, second, third and fourth anniversary of the agreement. From the fifth anniversary date of the agreement, Cornish Lithium will make annual payments of US\$100,000, in cash or ordinary shares, at its election. From the tenth anniversary date of the agreement, Cornish Lithium will make annual payments of US\$500,000 in cash or ordinary shares, at its election, of which 50 per cent. of the payment will be considered an advance royalty payment. During the year ended 31 January 2020, the Group recorded a recovery against exploration and evaluation assets of C\$64,000 (2019: C\$67,000, 2018: C\$124,000) for the fair value of the Cornish Lithium ordinary shares received.

Sleitat and Coal Creek Tin Properties, Alaska, U.S.A.

On 24 July 2015, the Group acquired the Sleitat and Coal Creek tin properties in Alaska, subject to the terms of a property purchase agreement with Osisko and Mr. R. Netolitzky, and their respective wholly-owned companies. Mr. Netolitzky was a director of the Group at the time of the acquisition. The Group acquired the Sleitat and Coal Creek tin properties for total consideration of 6,500,000 Common Shares of the Company and a 2 per cent. NSR on the properties. The Common Shares were issued at \$0.10 per Common Share for a value of C\$650,000 with transaction costs of C\$6,000 incurred.

In addition to the Common Shares and the NSR, the Group granted Osisko a first right of refusal on the sale of any future royalties on any of the Group's properties.

During the year ended 31 January 2020, the Group impaired all capitalised exploration and evaluation assets related to the Sleitat and Coal Creek tin properties due to limited exploration activities since their acquisition and also because substantive expenditure on further exploration activities on these properties is neither budgeted nor planned in the foreseeable future.

On 1 December 2019, the Group relinquished the Coal Creek tin property. The Group maintains its interest in the underlying mineral claim and mining leases for the Sleitat tin property by making annual payments.

Shovelnose, gold and base metal properties, British Columbia, Canada

The Group acquired, by staking, a 100 per cent. interest in certain mineral claims comprising the Shovelnose property in October 2005. The Group expanded the Shovelnose property by staking additional mineral claims in November 2008.

On 9 September 2015, the Group and Westhaven entered into a property purchase agreement. The Group sold its interest in the Shovelnose property in exchange for 2,000,000 common shares of Westhaven and a 2 per cent. NSR which can be reduced to 1 per cent., at Westhaven's option, for C\$500,000.

On 6 September 2019, the royalty on the Shovelnose property was transferred to Osisko for the settlement of the C\$1,500,000 line of credit (see Note 16 "Line of Credit" to the Group Financial Information).

12. MARKETABLE SECURITIES

The Group holds common shares in one TSX-V-listed companies (2019: two TSX-V listed companies, 2018: three TSX-V listed companies).

| | <i>Audited As at 31 January 2018</i> | | <i>Audited As at 31 January 2019</i> | | <i>Audited As at 31 January 2020</i> | |
|------------------------|--|---|--|---|--|---|
| | <i>Cost C\$'000</i> | <i>Fair market value* C\$'000</i> | <i>Cost C\$'000</i> | <i>Fair market value* C\$'000</i> | <i>Cost C\$'000</i> | <i>Fair market value* C\$'000</i> |
| Public company shares | 321 | 391 | 94 | 852 | 4 | 3 |
| Private company shares | 125 | 125 | 217 | 317 | 281 | 545 |
| Total | 446 | 516 | 311 | 1,169 | 285 | 548 |

* Includes nil (2019: 1,000,000, 2018: 3,500,000) common shares (2019: fair market value of C\$850,000, 2018: fair market value of C\$385,000) of Westhaven Ventures Inc., a company related to the Group by virtue of a common director (D. Grenville Thomas).

During the year ended 31 January 2020, the Group acquired common shares of a private company at a value of \$64,445 (2019: C\$92,000, 2018: C\$124,000), of which C\$64,445 (2019: C\$67,000, 2018: C\$124,000) was recorded as a recovery against exploration and evaluation assets (see Note 11 “*Exploration and Evaluation Assets*” to the Group Financial Information).

During the year ended 31 January 2020, the Group received net proceeds of C\$880,019 (2019: C\$2,326,000, 2018: C\$nil) and recognised a gain of C\$30,000 (2019: C\$2,048,000, 2018: C\$nil) from the sale of marketable securities, all of which related to the sale of Westhaven Ventures Inc. shares (2019: C\$2,047,000, 2018: C\$Nil).

During the year ended 31 January 2020, the Group recorded an unrealised gain of C\$164,344 (2019: C\$839,000, 2018: C\$48,000) associated with the change in fair value of marketable securities.

13. TRADE AND OTHER RECEIVABLES

| | <i>Audited</i> <i>As at</i> <i>31 January</i> <i>2018</i> <i>C\$'000</i> | <i>Audited</i> <i>As at</i> <i>31 January</i> <i>2019</i> <i>C\$'000</i> | <i>Audited</i> <i>As at</i> <i>31 January</i> <i>2020</i> <i>C\$'000</i> |
|--------------------------|--|--|--|
| VAT receivable | 150 | 11 | 19 |
| GST receivable | 8 | 4 | 2 |
| Related party receivable | – | – | 2 |
| Total | <u>158</u> | <u>15</u> | <u>23</u> |

14. CAPITAL AND RESERVES

Share Capital

As at 31 January 2020, the authorised share capital is an unlimited number of Common Shares without par value. All issued shares are fully paid.

On 3 February 2020, the Group closed a private placement financing by issuing 47,050,000 units at a price of C\$0.05 per unit for gross proceeds of C\$2,353,000 (see Note 23 “*Subsequent Events*” to the Group Financial Information). As at 31 January 2020, the Group received share subscriptions totaling C\$1,175,000.

During the year ended 31 January 2019, 454,833 Common Shares were issued in conjunction with the exercise of warrants resulting in net proceeds of C\$91,000 and 8,456,664 Common Shares were issued to Galena and Tin Shield to satisfy a C\$2,000,000 property option agreement (see Note 11 “*Exploration and Evaluation Assets*” to the Group Financial Information).

During the year ended 31 January 2018, the Group issued, on a private placement basis, 15,714,228 Common Shares at C\$0.14 per Common Share for gross proceeds of C\$2,200,000 and 569,500 Common Shares upon the exercise of warrants for gross proceeds of C\$114,000. The Group also issued 1,000,000 Common Shares at a value of C\$180,000 pursuant to the terms of the South Crofty Project acquisition agreement (see Note 11 “*Exploration and Evaluation Assets*” to the Group Financial Information).

Stock options and warrants

The Group has a 10 per cent. rolling stock option plan. The maximum aggregate number of Common Shares issuable pursuant to options awarded under the stock option plan and outstanding from time-to-time may not exceed 10 per cent. of the issued and outstanding Common Shares from time-to-time.

Under the terms of the stock option plan, options will be exercisable over periods of up to five years as determined by the Directors and must have an exercise price not less than the closing market price of the Company’s shares prevailing on the day that the option is granted. Under the stock option plan, the Directors may from time-to-time authorise the grant of options to themselves, officers, employees and consultants of the Group, or employees of companies providing management or consulting services to the Group.

The stock option plan provides that the Directors have the discretion to impose vesting of options and that, unless otherwise specified by the Directors, vesting will occur generally as to 20 per cent. on the grant date and 20 per cent. every three months thereafter, becoming fully vested one-year from the date of grant. In addition, the number of Common Shares which may be reserved for issuance to any one individual may not exceed 5 per cent. of the issued Common Shares on a yearly basis or 2 per cent. if the optionee is engaged in investor relations activities or is a consultant.

As at 31 January 2020, the following stock options were outstanding:

| | <i>Number of Common Shares</i> | <i>Exercise price C\$</i> | <i>Number exercisable</i> | <i>Expiry date</i> |
|----------------|--|-----------------------------------|-------------------------------|------------------------|
| Options | 2,020,000 | 0.11 | 2,020,000 | 23 October 2020 |
| | 2,275,000 | 0.15 | 2,275,000 | 3 January 2022 |
| | 2,130,000 | 0.20 | 2,130,000 | 3 November 2022 |

There were no warrants outstanding as at 31 January 2020 (2019: 18,376,000, 2018: 33,627,082).

Stock options

Stock option transactions are summarised as follows:

| | <i>Number of options</i> | <i>Weighted average exercise price C\$</i> |
|--|------------------------------|--|
| As at 31 January 2017 | 4,920,000 | 0.13 |
| Granted | 2,540,000 | 0.20 |
| As at 31 January 2018 | 7,460,000 | 0.16 |
| Expired/forfeited | (650,000) | 0.15 |
| As at 31 January 2019 | 6,810,000 | 0.16 |
| Expired/forfeited | (385,000) | 0.18 |
| As at 31 January 2020 | 6,425,000 | 0.15 |
| Number of options currently exercisable as at 31 January 2020 | 6,425,000 | 0.15 |

Warrants

Warrant transactions are summarised as follows:

| | <i>Number of warrants</i> | <i>Weighted average exercise price C\$</i> |
|------------------------------|-------------------------------|--|
| As at 31 January 2017 | 38,627,082 | 0.20 |
| Warrants exercised | (569,500) | 0.20 |
| Warrants expired | (4,430,500) | 0.20 |
| As at 31 January 2018 | 33,627,082 | 0.20 |
| Warrants exercised | (454,833) | 0.20 |
| Warrants expired | (14,796,249) | 0.20 |
| As at 31 January 2019 | 18,376,000 | 0.20 |
| Warrants expired | (18,376,000) | 0.20 |
| As at 31 January 2020 | — | — |

Share-based compensation

During the years ended 31 January 2020 and 31 January 2019, the Group granted no stock options.

During the year ended 31 January 2018, the Group granted 2,540,000 stock options to Directors, officers, employees and consultants with an estimated fair value of C\$445,000. With respect to this grant of stock options, the total share-based compensation expense recognised for granted and vested options during the year ended 31 January 20120 was C\$nil (2019: C\$168,000, 2018: C\$420,000).

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model, with the following range of assumptions:

| | |
|---------------------------------|-------------------|
| | <i>Audited</i> |
| | <i>Year ended</i> |
| | <i>31 January</i> |
| | <i>2018</i> |
| Risk-free interest rate | 1.63% |
| Expected dividend yield | 0% |
| Expected stock price volatility | 174% |
| Expected option life in years | 5 years |
| Forfeiture rate | 0% |

15. LEASE LIABILITIES

| | <i>Audited</i> | <i>Audited</i> | <i>Audited</i> |
|---------------------------------------|-------------------|-------------------|-------------------|
| | <i>As at</i> | <i>As at</i> | <i>As at</i> |
| | <i>31 January</i> | <i>31 January</i> | <i>31 January</i> |
| | <i>2018</i> | <i>2019</i> | <i>2020</i> |
| | <i>C\$'000</i> | <i>C\$'000</i> | <i>C\$'000</i> |
| Opening balance | – | – | 187 |
| Lease modification and re-measurement | – | – | (6) |
| Lease payments | – | – | (86) |
| Amortisation of discount | – | – | 4 |
| Ending balance | <u>–</u> | <u>–</u> | <u>99</u> |

Upon adoption of IFRS 16 “Leases”, the Group has recognised a right-of-use asset and a lease liability at the transition date for the lease arrangement relating to its office located in Vancouver, Canada. Previously, this lease was classified as an operating lease. The lease liability was initially measured at the present value of the lease payments, discounted using the Group’s estimated incremental borrowing rate of 5 per cent., rather than the interest rate implicit in the lease, as that rate could not be readily determined. Lease liabilities are now included within current and long-term liabilities in the Statement of Financial Position.

The reconciliation of prior year lease commitments and the impact of discounting to the opening lease liability balance of C\$187,000 is as follows:

| | |
|---|-------------------|
| | <i>Audited</i> |
| | <i>As at</i> |
| | <i>31 January</i> |
| | <i>2019</i> |
| | <i>C\$'000</i> |
| Minimum lease payments under operating leases as at 1 February 2019 | 203 |
| Effect from discounting at the estimated incremental borrowing rate as at 1 February 2019 | <u>(16)</u> |
| Opening lease liability as at 1 February 2019 | <u>187</u> |

The finance cost, or amortisation of the discount, is charged to profit or loss using the effective interest method.

The following table is a summary of the carrying amounts of the Group's lease liabilities that are recognised in the Consolidated Statement of Financial Position as of:

| | <i>Audited As at 31 January 2018 C\$'000</i> | <i>Audited As at 31 January 2019 C\$'000</i> | <i>Audited As at 31 January 2020 C\$'000</i> |
|---|--|--|--|
| Current portion of lease obligation | – | – | 79 |
| Non-current portion of lease obligation | – | – | 20 |
| Ending balance | <u>–</u> | <u>–</u> | <u>99</u> |

The table below analyses the Group's lease liabilities into relevant contractual maturity date groupings based on the remaining period at the reporting date to the contractual maturity date of the lease. The amounts shown in the table below are the contractual undiscounted cash flows related to lease liabilities.

| | <i>1 year or less C\$'000</i> | <i>1-2 years C\$'000</i> | <i>Total contractual cash flows C\$'000</i> | <i>Carrying amount C\$'000</i> |
|-------------------------------|---------------------------------------|------------------------------|---|--|
| Total contractual obligations | 88 | 24 | 113 | 99 |

The difference between the total contractual undiscounted cash flows related to lease payments to lessors and the carrying amount of the lease liability is the amortisation of the discount related to the lease liability.

During the year ended 31 January 2020, the Group continued its sub-lease agreements with two tenants within its office located in Vancouver, Canada. Both sub-lease agreements have been treated as operating leases in accordance with IFRS 16 "Leases". Income arising under these sub-lease agreements during the year ended 31 January 2020 was C\$40,000 (2019: C\$40,000, 2018: C\$30,000) and has been recognised in profit or loss.

16. OSISKO LINE OF CREDIT

| | <i>Audited As at 31 January 2018 C\$'000</i> | <i>Audited As at 31 January 2019 C\$'000</i> | <i>Audited As at 31 January 2020 C\$'000</i> |
|-----------------------|--|--|--|
| Opening balance | 1,116 | 1,283 | 1,476 |
| Accretion | 167 | 193 | 24 |
| Settlement | – | – | (1,500) |
| Ending balance | <u>1,283</u> | <u>1,476</u> | <u>–</u> |

On 15 March 2016, Osisko, a significant shareholder of the Group, provided a C\$1,500,000 interest-free line of credit to the Group to complete the acquisition of two royalties from Teck Resources Limited (see Note 10 "Royalty Interest" to the Group Financial Information). The Group was to repay the loan upon any sale of the Mactung tin project by the Government of the Northwest Territories. Repayment of the loan was to have been by conveyance of the royalties to Osisko at Osisko's election at any time after the sale of the Mactung tin project by the Government of the Northwest Territories, or in cash under certain other circumstances. Any failure to repay the loan would have been considered an event of default. In the event of a default, the C\$1,500,000 principal would be repayable immediately in cash and interest of 5 per cent. would also be payable, calculated from the drawdown date of the loan to the date of repayment. The loan was secured by a charge on the two royalties.

The estimated present value of this payment obligation was calculated using a discount rate of 15 per cent. As at 16 March 2016 acquisition date, the Group estimated that the Mactung tin project would be sold

within a three-year period, thereby triggering a repayment of the C\$1,500,000 line of credit. The C\$508,000 difference between the acquisition cost and the net present value of the loan was treated as a capital contribution to the Group from Osisko, since Osisko is a significant shareholder of the Group.

On 6 September 2019, the C\$1,500,000 loan was settled in return for the transfer of a royalty on the Shovelnose property held by Westhaven (see Note 11 “*Exploration and Evaluation Assets*” to the Group Financial Information). The purchase price paid by Osisko for the Shovelnose royalty was by way of set-off against the outstanding debt in full satisfaction of the loan. The Group has classified the gain of C\$1,500,000 arising from the settlement of the loan in exchange for the royalty over the Shovelnose property as a capital contribution.

17. OSISKO NOTE AND OSISKO ROYALTY OPTION

Osisko Note

| | <i>Audited</i> <i>As at</i> <i>31 January</i> <i>2018</i> <i>C\$'000</i> | <i>Audited</i> <i>As at</i> <i>31 January</i> <i>2019</i> <i>C\$'000</i> | <i>Audited</i> <i>As at</i> <i>31 January</i> <i>2020</i> <i>C\$'000</i> |
|--|--|--|--|
| Opening balance | 3,917 | 3,917 | 4,526 |
| Accretion – charged to profit or loss | – | 291 | 194 |
| Accretion – capitalised to property, plant and equipment | – | 318 | 491 |
| Ending balance | <u>3,917</u> | <u>4,526</u> | <u>5,211</u> |

On 26 January 2018, the Group completed a convertible note financing with Osisko, a significant shareholder of the Group, for gross proceeds of C\$7,170,000. The convertible note is convertible into a 1.5 per cent. NSR on all metals and minerals produced from the South Crofty Project. The convertible note is secured by a first-ranking lien on all of the assets of the Group and its subsidiaries. If an event of default occurs under either the convertible note or the Osisko NSR, Osisko has the right to realise upon its security and become the owner of all of the Group's assets.

Osisko may not make a demand on the convertible note until the commencement of commercial production at the South Crofty Project (or otherwise upon the occurrence of an event of default). No interest is to be payable on the principal amount outstanding under the convertible note until 31 December 2021 (or otherwise on the occurrence of an event of default), after which time interest will accrue at an annual rate of 10 per cent. If commercial production is not achieved at the South Crofty Project by 31 December 2025, all amounts owing under the convertible note would become due and payable.

Concurrently with this transaction, the Group and Osisko entered into a governance and financing agreement containing, among other things, the grant to Osisko of an option to purchase the Osisko NSR in exchange for the convertible note. If, as and when Osisko exercises the royalty option, the Group will enter into a royalty agreement with Osisko, and the Group's performance and payment obligations will continue to be secured by the first ranking lien of Osisko. Once the Group has made royalty payments in excess of US\$7,500,000, the scope of the first ranking liens will be reduced.

Osisko Royalty Option

The Group received gross proceeds of C\$7,170,000 from the sale of the convertible note, which was recorded at a fair value of C\$4,283,000 using a 14 per cent. discount rate. The carrying value of the debt, net of transaction costs totaling C\$3,917,000, will be accreted up to the convertible note's face value over the estimated term of the convertible note. The difference between the gross proceeds received and the fair value recorded for the convertible note has been recorded as a royalty option. The royalty option is a non-financial liability that has been recorded at a cost of C\$2,887,000. Transaction costs of C\$246,000 allocated to the royalty option on a pro-rata basis were expensed as professional fees in the year ended 31 January 2018.

18. TRADE AND OTHER PAYABLES

| | <i>Audited As at 31 January 2018 C\$'000</i> | <i>Audited As at 31 January 2019 C\$'000</i> | <i>Audited As at 31 January 2020 C\$'000</i> |
|-----------------------|--|--|--|
| Trade payables | 302 | 186 | 493 |
| Related party payable | 13 | 10 | 1 |
| Accrued liabilities | 305 | 74 | 116 |
| Total | <u>620</u> | <u>270</u> | <u>610</u> |

19. RECONCILIATION OF MOVEMENT IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | <i>Lease liabilities C\$'000</i> | <i>Osisko Line of Credit C\$'000</i> | <i>Osisko Note C\$'000</i> | <i>Osisko Royalty Option C\$'000</i> | <i>Total C\$'000</i> |
|---------------------------------|--|--|------------------------------------|--|--------------------------|
| As at 31 January 2017 | – | 1,116 | – | – | 1,116 |
| Accretion | – | 167 | – | – | 167 |
| Convertible note financing | – | – | 3,917 | 2,887 | 6,804 |
| As at 31 January 2018 | – | 1,283 | 3,917 | 2,887 | 8,087 |
| Accretion | – | 193 | 609 | – | 802 |
| As at 31 January 2019 | – | 1,476 | 4,526 | 2,887 | 8,889 |
| Adoption of IFRS 16 “Leases” | 187 | – | – | – | 187 |
| Lease payments | (86) | – | – | – | (86) |
| Other lease movements, non-cash | (2) | – | – | – | (2) |
| Accretion | – | 24 | 685 | – | 709 |
| Settlement | – | (1,500) | – | – | (1,500) |
| As at 31 January 2020 | <u>99</u> | <u>–</u> | <u>5,211</u> | <u>2,887</u> | <u>8,197</u> |

20. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with related parties not disclosed elsewhere in the Group Financial Information:

- paid C\$8,000 to North Arrow Minerals Inc., a company with two common directors, for office space and administrative services (2019: C\$18,000, 2018: C\$18,000) of which \$nil was included in accounts payable and accrued liabilities (2019: C\$4,000, 2018: C\$nil);
- paid C\$nil for office rent (2019: C\$nil, 2018: C\$18,000) and C\$nil as a cost reimbursement (2019: C\$3,000, 2018: C\$8,000) to Winshear Gold Corp., (previously Helio Resource Corp.), a company with a common director;
- received C\$6,000 from Winshear Gold Corp. relating to an apportionment of rent and similar expenditures for the Vancouver office (2019: C\$nil, 2018: C\$nil), of which C\$2,000 was included in receivables (2019: C\$nil, 2018: C\$nil); and
- on 31 January 2018, the Group entered into an office lease assignment agreement with Winshear Gold Corp., whereby Winshear Gold Corp.'s existing security deposit with the landlord of C\$11,000 was transferred to the Group upon payment of an additional C\$7,000 to Winshear Gold Corp. Winshear Gold Corp. had held a C\$4,000 security deposit from the Group pursuant to a sublease agreement for office space.

Key management includes the Directors and officers. Compensation awarded to key management was as follows:

| | <i>Audited</i> <i>Year ended</i> <i>31 January</i> <i>2018</i> <i>C\$'000</i> | <i>Audited</i> <i>Year ended</i> <i>31 January</i> <i>2019</i> <i>C\$'000</i> | <i>Audited</i> <i>Year ended</i> <i>31 January</i> <i>2020</i> <i>C\$'000</i> |
|------------------------------------|---|---|---|
| Salaries and benefits ¹ | 425 | 546 | 576 |
| Share-based payments ² | 315 | 109 | – |
| Total | <u>740</u> | <u>655</u> | <u>576</u> |

¹ Allocated C\$560,000 (2019: C\$482,000, 2018: C\$273,000) to salaries and benefits and C\$16,000 (2019: C\$64,000, 2018: C\$152,000) to professional fees.

² Share-based payments are the fair value of options that have been granted and vested to directors and key management personnel.

21. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended 31 January 2020 the significant non-cash transactions were:

- included in exploration and evaluation assets are capitalised depreciation of C\$50,000 and C\$31,000 which relates to trade and other payables;
- included in property, plant and equipment are capitalised borrowing costs of C\$491,000 (see Note 9 “*Property, Plant and Equipment*” to the Group Financial Information), the capitalised portion of the right-of-use real estate of C\$98,000 (see Note 15 “*Lease Liability*” to the Group Financial Information), deposits of C\$31,000 and C\$375,000 which relates to trade and other payables;
- exploration and evaluation assets have been reduced by C\$64,000 which represents the estimated fair value of Common Shares of a private company received pursuant to a property option agreement (see Note 11 “*Exploration and Evaluation Assets*” to the Group Financial Information).

During the year ended 31 January 2019 the significant non-cash transactions were:

- included in exploration and evaluation assets are capitalised depreciation of C\$127,000 and C\$70,000 which relates to trade and other payables;
- included in deferred financing fees is C\$61,000 which relates to trade and other payables;
- included in property, plant and equipment are capitalised borrowing costs of C\$318,000 (see Note 9 “*Property, Plant and Equipment*” to the Group Financial Information) and C\$8,000 which relates to trade and other payables;
- exploration and evaluation assets have been reduced by C\$67,000 which represents the estimated fair value of Common Shares of a private company received pursuant to a property option agreement (see Note 11 “*Exploration and Evaluation Assets*” to the Group Financial Information); and
- the issuance of 8,456,664 Common Shares with a value of C\$2,000,000 on 10 June 2018 pursuant to the terms of the South Crofty acquisition agreement (see Note 11 “*Exploration and Evaluation Assets*” to the Group Financial Information).

During the year ended 31 January 2018 the significant non-cash transactions were:

- included in exploration and evaluation assets is capitalised depreciation of C\$107,000 and C\$22,000 which relates to trade and other payables;
- included in deferred financing fees is C\$108,000 which relates to trade and other payables;
- included in property, plant and equipment is C\$144,000 which relates to trade and other payables;
- included in transaction costs (netted against debt) is C\$120,000 which relates to trade and other payables;

- exploration and evaluation assets have been reduced by C\$124,000 which represents the estimated fair value of Common Shares of a private company received pursuant to a property option agreement (see Note 11 “*Exploration and Evaluation Assets*” to the Group Financial Information); and
- a C\$117,000 recovery of generative exploration costs was recognised representing the estimated fair value of 1,300,000 common shares of Westhaven Ventures Inc. received.

22. COMMITMENTS

The Group has entered into contracts with utility providers and mineral lease owners, none of which are regarded as significant or non-routine in nature. Costs under these contracts are either expensed to profit or loss, or capitalised to exploration and evaluation assets depending on their nature.

The Group also has outstanding commitments relating to the construction of the water treatment plant for C\$270,000. The timing of payments relating to these commitments is uncertain, and would depend on the progress of construction.

Upon commencement of mining, the Group is liable to make payments to owners of mineral properties within the underground mine permission area of the South Crofty Project which the Group leases for the purposes of ore extraction. Payments will take the form of either:

- an advance royalty payment of £50,000 per annum (equivalent to C\$87,000 at the period end £/C\$ rate) during periods when there is no production from the respective owner’s mineral rights; and
- an NSR royalty payable for a minimum of £50,000 on ore extracted from property that falls within the mineral rights held by the owner which varies according to the prevailing tin price.

The advance royalty payments will be deducted from the NSR royalty payments as and when the NSR royalties become payable.

23. CAPITAL MANAGEMENT

The capital of the Group consists of the items included in capital and reserves. The Directors manage the Group’s capital structure based on the nature and availability of funding, and the timing of expected or committed expenditures. The Directors’ capital management policy is to maintain sufficient capital to support the acquisition, exploration and future development of the Group’s exploration and evaluation assets and to provide sufficient funds for the Group’s corporate activities.

The Group’s exploration and evaluation assets are in the exploration stage. As an exploration stage company, the Group is currently unable to self-finance its operations. The Group has historically relied on equity financings and asset sales, or a combination thereof, to finance its activities. The Directors project the Group’s future capital requirements by planning the exploration and future development activities to be undertaken on its exploration and evaluation assets, and assessing the level of corporate activities that are necessary to support the growth and development of the Group. The Group is not subject to any externally imposed capital requirements.

24. SUBSEQUENT EVENTS

Private placement financing

On 3 February 2020, the Group closed a private placement financing, issuing 47,050,000 units at a price of C\$0.05 per unit for gross proceeds of C\$2,353,000, of which C\$1,175,000 was received as at 31 January 2020 (see Note 14 “*Capital and Reserves*” to the Group Financial Information). Each unit comprises one Common Share and one half of one Common Share purchase warrant. Each full warrant will allow the holder to purchase one additional Common Share of the Company (each, a “Warrant Share”) at a price of C\$0.07 per Warrant Share for a period of 36 months from the closing date of the financing. In connection with the private placement, Osisko purchased a total of 20,000,000 units. Net proceeds from the financing amounted to C\$2,303,000.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Group to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Group's business or ability to raise funds.

Issuance of stock options

On 19 August 2020, the Group issued 5,150,000 stock options to Directors and senior management with an exercise price of C\$0.10 and exercisable for a period of five years. The options have a twelve-month vesting period, with 20 per cent. vesting immediately and 20 per cent. vesting every three months thereafter over the next twelve months.

Warrant exercise

As at 31 October 2020, 6,272,857 Warrants had been exercised at a price of C\$0.07 for gross proceeds of C\$439,000, of which C\$410,000 had been received by 31 October 2020 and C\$29,000 was received on 11 November 2020. Pursuant to the exercise of these Warrants, 6,272,857 Common Shares were issued on 9 November 2020, thereby increasing the number of Common Shares outstanding to 140,091,442. Incentive Warrants of 5,222,222 were also issued on 9 November 2020.

On 22 January 2021, a further 9,577,143 Warrants were exercised at a price of C\$0.07 for gross proceeds of C\$670,000. Pursuant to the exercise of these Warrants, 9,577,143 Common Shares were issued, thereby increasing the number of Common Shares outstanding to 149,668,585.

On 26 January 2021, a further 250,000 Warrants were exercised at a price of C\$0.10 for gross proceeds of C\$25,000. Pursuant to the exercise of these Warrants, 250,000 Common Shares were issued, thereby increasing the number of Common Shares outstanding to 149,918,585.

25. NATURE OF THE GROUP FINANCIAL INFORMATION

The Group Financial Information presented above does not constitute statutory financial statements for the period under review.

SECTION C – UNAUDITED INTERIM FINANCIAL INFORMATION OF THE GROUP

UNAUDITED INTERIM STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

The unaudited interim statement of consolidated comprehensive income of the Group for each of the nine-month periods ended 31 October 2020 and 31 October 2019 are set out below:

| | | <i>Unaudited Nine months ended 31 October 2019 C\$'000</i> | <i>Unaudited Nine months ended 31 October 2020 C\$'000</i> |
|--|----|--|--|
| Expenses | | | |
| Accretion of Osisko Note and Osisko Line of Credit | | 160 | 208 |
| Advertising and promotion | | 371 | 108 |
| Depreciation | 6 | 69 | 67 |
| Finance Cost | | 1 | 5 |
| Insurance | | 59 | 58 |
| Office, miscellaneous and rent | | 14 | 29 |
| Professional fees | | 184 | 194 |
| Generative exploration costs | | 2 | 4 |
| Regulatory and filing fees | | 13 | 25 |
| Share-based compensation | 10 | – | 230 |
| Salaries and benefits | | 522 | 524 |
| | | <hr/> | <hr/> |
| Total operating expenses | | (1,395) | (1,452) |
| Interest income | | 8 | 5 |
| Foreign exchange loss | | (167) | – |
| Realised gain on marketable securities | 9 | 47 | – |
| Unrealised gain/(loss) on marketable securities | 9 | 164 | (47) |
| Write-off of exploration and evaluation assets | 8 | (880) | – |
| | | <hr/> | <hr/> |
| Loss before income taxes | | (2,223) | (1,494) |
| Income tax recovery | | – | – |
| Foreign currency translation | | 7 | (135) |
| | | <hr/> | <hr/> |
| Total comprehensive loss for the period | | (2,216) | (1,629) |
| Basic and diluted loss per Common Share | | C\$(0.03) | C\$(0.01) |
| Weighted average number of Common Shares outstanding: | | 86,768,585 | 133,475,155 |

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION

The unaudited interim statement of financial position of the Group as at 31 October 2020, together with the audited statement of financial position as at 31 January 2020, are set out below:

| | | <i>Audited</i> <i>As at</i> <i>31 January</i> <i>2020</i> <i>C\$'000</i> | <i>Unaudited</i> <i>As at</i> <i>31 October</i> <i>2020</i> <i>C\$'000</i> |
|---|--------------|--|--|
| | <i>Notes</i> | | |
| Assets | | | |
| Deposits | | 37 | 37 |
| Property, plant and equipment | 6 | 5,967 | 6,184 |
| Exploration and evaluation assets | 7 | 7,929 | 9,155 |
| | | <u>13,933</u> | <u>15,376</u> |
| Non-current assets | | | |
| Marketable securities | 8 | 548 | 501 |
| Trade and other receivables | | 23 | 50 |
| Deferred financing fees | 9 | – | 199 |
| Prepaid expenses | | 54 | 21 |
| Cash and cash equivalents | | 1,305 | 495 |
| | | <u>1,930</u> | <u>1,266</u> |
| Current assets | | | |
| | | <u>1,930</u> | <u>1,266</u> |
| TOTAL ASSETS | | <u><u>15,863</u></u> | <u><u>16,642</u></u> |
| Equity | | | |
| Share capital | | 37,272 | 39,603 |
| Share subscriptions received in advance | 10 | 1,175 | 439 |
| Share-based payment reserve | | 732 | 743 |
| Capital contribution | | 2,008 | 2,008 |
| Deficit | | (34,281) | (35,555) |
| Foreign currency translation reserve | | 150 | 15 |
| | | <u>7,056</u> | <u>7,253</u> |
| Total equity attributable to owners of the Company | | | |
| | | <u>7,056</u> | <u>7,253</u> |
| Non-current liabilities | | | |
| Lease liability | 11 | 20 | – |
| Borrowings | 12 | 5,211 | 5,787 |
| Royalty option | 12 | 2,887 | 2,887 |
| | | <u>8,118</u> | <u>8,674</u> |
| Total non-current liabilities | | | |
| | | <u>8,118</u> | <u>8,674</u> |
| Current liabilities | | | |
| Trade and other payables | | 610 | 675 |
| Lease liability | 11 | 79 | 40 |
| | | <u>689</u> | <u>715</u> |
| Total current liabilities | | | |
| | | <u>689</u> | <u>715</u> |
| Total liabilities | | | |
| | | <u>8,807</u> | <u>9,389</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>15,863</u></u> | <u><u>16,642</u></u> |

UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY

The unaudited interim statement of changes in equity of the Group for each of the nine-month periods ended 31 October 2020 and 31 October 2019 are set out below:

| | Notes | Number of Common Shares | Share capital C\$'000 | Share sub- scriptions received in advance C\$'000 | Share- based payment reserve C\$'000 | Capital contribution C\$'000 | Foreign currency translation reserve C\$'000 | Deficit C\$'000 | Total equity C\$'000 |
|---|-------|-------------------------------|-----------------------------|---|--|------------------------------------|--|--------------------|----------------------------|
| As at 31 January 2019 | | 86,768,585 | 37,272 | - | 816 | 508 | - | (30,330) | 8,266 |
| Foreign exchange translation | | - | - | - | - | - | 7 | - | 7 |
| Loss for the period | | - | - | - | - | - | - | (2,223) | (2,223) |
| Settlement of line of credit | | - | - | - | - | 1,500 | - | - | 1,500 |
| As at 31 October 2019 | | 86,768,585 | 37,272 | - | 816 | 2,008 | 7 | (32,553) | 7,550 |
| Foreign exchange translation | | - | - | - | - | - | 143 | - | 143 |
| Commitment to issue Common Shares pursuant to fundraising | | - | - | 1,175 | - | - | - | - | 1,175 |
| Share issue costs | | - | (29) | - | - | - | - | - | (29) |
| Forfeiture and expiry of stock options and warrants | | - | 29 | - | (84) | - | - | 55 | - |
| Loss for the period | | - | - | - | - | - | - | (1,783) | (1,783) |
| As at 31 January 2020 | | 86,768,585 | 37,272 | 1,175 | 732 | 2,008 | 150 | (34,281) | 7,056 |
| Share issuance pursuant to private placement financing | 10 | 47,050,000 | 2,353 | (1,175) | - | - | - | - | 1,178 |
| Share issue costs | | - | (22) | - | - | - | - | - | (22) |
| Forfeiture and expiry of stock options and warrants | 10 | - | - | - | (220) | - | - | 220 | - |
| Share-based compensation | | - | - | - | 231 | - | - | - | 231 |
| Commitment to issue shares pursuant to exercise of warrants | 10 | - | - | 439 | - | - | - | - | 439 |
| Foreign currency translation | | - | - | - | - | - | (135) | - | (135) |
| Loss for the period | | - | - | - | - | - | - | (1,494) | (1,494) |
| As at 31 October 2020 | | 133,818,585 | 39,603 | 439 | 743 | 2,008 | 15 | (35,555) | 7,253 |

UNAUDITED INTERIM STATEMENT OF CONSOLIDATED CASH FLOWS

The unaudited interim statement of consolidated cash flows of the Group for each of the nine-month periods ended 31 October 2020 and 31 October 2019 are set out below:

| | <i>Unaudited Nine months ended 31 October 2019 C\$'000</i> | <i>Unaudited Nine months ended 31 October 2020 C\$'000</i> |
|---|--|--|
| Cash flows from operating activities | | |
| Loss before tax for the period | (2,223) | (1,494) |
| <i>Adjustments for:</i> | | |
| Accretion of Osisko Note and Osisko Line of Credit | 160 | 208 |
| Depreciation | 69 | 67 |
| Share-based compensation | – | 230 |
| Finance costs | 1 | 5 |
| Realised gain on marketable securities | (47) | – |
| Unrealised (gain)/loss on marketable securities | (164) | 47 |
| Write-off of exploration and evaluation assets | 880 | |
| Foreign exchange loss | 207 | – |
| <i>Changes in:</i> | | |
| – trade and other receivables | (56) | 2 |
| – prepayments | 101 | 39 |
| – trade and other payables | (20) | 69 |
| Net cash used in operating activities | <u>(1,092)</u> | <u>(827)</u> |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (91) | (318) |
| Acquisition of exploration and evaluation assets | (988) | (1,104) |
| Proceeds from the sale of marketable securities, net | 642 | – |
| Decrease in deposits | 31 | – |
| Net cash used in investing activities | <u>(406)</u> | <u>(1,422)</u> |
| Cash flows from financing activities | | |
| Proceeds from private placement financing | – | 1,178 |
| Proceeds from warrant exercise | – | 410 |
| Share issue costs | – | (49) |
| Increase in deferred financing fees | (57) | (32) |
| Lease payments | (61) | (64) |
| Net cash flows (used in)/from financing activities | <u>(118)</u> | <u>1,443</u> |
| Net decrease in cash and cash equivalents | <u>(1, 616)</u> | <u>(806)</u> |
| Impact of foreign exchange on cash | (3) | (4) |
| Cash and cash equivalents at beginning of the period | <u>2,162</u> | <u>1,305</u> |
| Cash and cash equivalents at end of the period | <u><u>543</u></u> | <u><u>495</u></u> |

NOTES TO THE GROUP INTERIM FINANCIAL INFORMATION

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated federally under the laws of the CBCA. The Company changed its name from Strongbow Exploration Inc. to Cornish Minerals Inc. on 29 July 2020. The Company trades on the TSX-V, (TSX-V – CUSN) and its head office is located at Suite 960 – 789 West Pender Street, Vancouver, British Columbia, Canada V6C 1H2.

The Company has two wholly-owned subsidiaries: Strongbow Alaska, Inc., which is incorporated under the laws of Alaska, USA and CML UK, which was incorporated under the laws of England and Wales in February 2016. CML UK itself has two wholly owned subsidiaries: CML, a company incorporated and registered in Bermuda and SCL, a company incorporated and registered in England and Wales.

The Group's principal business activity is the acquisition and exploration of mineral assets. To date, the Group has not generated significant revenues from operations and is considered to be in the exploration stage.

The Group is in the process of acquiring and exploring its exploration and evaluation assets and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Group to obtain the financing necessary to complete the development of its exploration and evaluation assets and upon future profitable production.

2. BASIS OF PRESENTATION

Statement of compliance

The Group Interim Financial Information has been prepared in accordance with International Accounting Standards 34 "*Interim Financial Reporting*" using the same accounting policies and methods of application as the Group Financial Information included in Section B "*Historical Financial Information of the Group*" of Part IV "*Financial Information on the Group*" of this document. The Unaudited Interim Group Financial Information does not include all disclosures required by IFRS for annual audited consolidated financial statements and accordingly should be read in conjunction with the Group Financial Information included in Section B "*Historical Financial Information of the Group*" of Part IV "*Financial Information of the Group*" of this Document, prepared in accordance with IFRS as issued by the International Accounting Standards Board.

The policies applied in the Group Interim Group Financial Information are based on IFRS issued and outstanding as of 16 December 2020, the date the Directors approved that information.

Basis of presentation

The Group Interim Financial Information is expressed in C\$, the Company's functional and presentation currency, the currency of the primary economic environment in which it operates. The Group Interim Financial Information has 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, the Group Interim Financial Information has been prepared using the accrual basis of accounting except for cash flow information.

Going concern assessment

The Group Interim Financial Information has been prepared on a going concern basis with the assumption that the Group will be able to realise its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. However, the Group has sustained substantial losses from operations since inception and has no current source of revenue. Continued operations of the Group and further exploration and development of its exploration and evaluation assets is dependent on the Group's ability to obtain additional financing and generate profitable operations in the future. These material uncertainties may cast significant doubt about the Group's ability to continue as a going concern. This Group Interim Financial Information does not reflect the adjustments to the carrying values of assets and liabilities,

the reported amounts of expenses and the classification of Statement of Financial Position items if the going concern assumption was inappropriate. These adjustments could be material.

As at 31 October 2020, the Group had current assets of C\$1,266,000 to settle current liabilities of C\$715,000. Although the Group has positive working capital of C\$551,000 as at 31 October 2020, the Group may be required to delay discretionary expenditures if additional financing cannot be obtained on reasonable terms. Failure to obtain additional financing when required may result in the loss of some, or all, of the Group's exploration and evaluation assets (see Note 7 "Exploration and Evaluation Assets" to the Group Interim Financial Information).

3. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new IFRS pronouncements – leases

On 1 February 2019, the Company adopted IFRS 16 "Leases", which is effective for annual periods commencing on or after 1 January 2019. This new standard eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model which requires the lessee to recognise assets and liabilities for all significant leases with a term of longer than 12 months.

The Directors have analysed the Group's contracts to identify whether they are, or contain a lease arrangement within them that qualifies them as, leases as defined in IFRS 16 "Leases". The only substantive lease arrangement in place relates to the Company's office located in Vancouver, Canada that has a lease term expiring on 30 April 2021. The Directors have applied the recognition exemptions in IFRS 16 "Leases" for "low value" leases and leases that end within 12 months of the date of initial application, and accounts for them as low value and short-term leases, respectively. The Group also has several mineral leases, which are in the process of being extended, but they are all scoped out of IFRS 16 "Leases".

As the Group advances the South Crofty Project, further lease contracts may be entered into in due course.

Effects of adoption of IFRS 16 "Leases"

The Company has adopted IFRS 16 "Leases" using the modified retrospective application method, where comparatives are not restated under the specific transition provisions in the standard. The reclassifications and adjustments arising from IFRS 16 "Leases" are therefore applicable from 1 February 2019. Prior to this date, leases were classified as operating leases and payments were charged to profit or loss over the period of the lease.

On adoption of IFRS 16 "Leases", the Group has recognised a right-of-use asset and a lease liability at the transition date for the lease arrangement noted above for an amount of C\$187,000 (see Note 8 "Lease liability" to the Group Interim Financial Information). The lease liability was initially measured at the present value of the lease payments, discounted using the Company's estimated incremental borrowing rate, rather than the interest rate implicit in the lease, as that rate could not be readily determined. Each lease payment is allocated between the lease liability and finance cost. The finance cost, or amortisation of the discount, is charged to profit or loss using the effective interest method. Lease payments for the interest and principal portion of the lease liability are shown in the consolidated statement of cash flows.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and is included within property, plant and equipment. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Since the lease arrangement for the Company's Vancouver office is considered part of corporate activities, depreciation is charged to profit or loss.

Subsequent to the initial measurement of the lease liability, it is re-measured when there is a change in future lease payments arising from a change in payment rates. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

A lease modification is accounted for as a separate lease if there is an increase in the scope of a lease and a corresponding increase in consideration, such as adding the right to use one or more underlying assets in a contract. Otherwise, a lease modification is considered a re-measurement of the lease liability.

Change in functional currency

On 1 February 2019, the functional currency of the Company's UK subsidiaries was changed to £ on a prospective basis. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21 "*The Effects of Changes in Foreign Exchange Rates*", namely:

- the currency of funds provided to the Company's UK subsidiaries by the Company for their ongoing activities is denominated in £;
- expenditure incurred on exploration and evaluation assets, and property, plant and equipment, the most significant assets recorded in the Company's UK subsidiaries, is denominated in £; and
- the currency of any substantial fundraising in the UK is with reference to budgets and projections prepared in £.

New standards not yet adopted

The Company has not yet adopted certain standards, interpretations to existing standards and amendments that have been issued but have an effective date of later than the date of this Document. All of these updates are not relevant to the Company and are therefore not discussed herein.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's financial instruments consist of cash, marketable securities, trade and other receivables, trade and other payables, lease liabilities, debt and a line of credit. The carrying values of trade and other receivables and trade and other payables approximate their fair values due to their immediate or short-term maturity and have been classified at amortised cost. Cash is recorded at amortised cost. Marketable securities which are publicly traded, have been classified at "*fair value through profit or loss*" and are recorded at fair value based on the quoted market prices in active markets at the period end, which is consistent with Level 1 of the fair value hierarchy; marketable securities that are not publicly traded are recorded at fair value using estimates consistent with Level 3 of the fair value hierarchy (inputs are not based on observable market data). Lease liabilities, debt and the line of credit are initially recorded at fair value and subsequently carried at amortised cost.

The Group is exposed to a variety of financial risks by virtue of its activities, including liquidity risk, credit risk, foreign currency risk, interest rate risk, equity market risk and commodity price risk. The Group's objective with respect to risk management is to minimise potential adverse effects on the Company's financial performance and position. The Directors' provide direction and guidance to management with respect to risk management. The Directors' are responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations as they become due. The Group's ability to continue as a going concern is dependent on the Directors' ability to raise the funds required through future equity financings and asset sales, or a combination thereof. The Group has no regular cash flow from its operating activities. The Directors manage the Group's liquidity risk by projecting cash flow requirements for its planned exploration, future development and corporate activities and anticipating investing and financing activities. Failure to realise additional funding, as required, could result in the delay or indefinite postponement of further exploration of the Group's properties, and could result in the Group being unable to meet the continued listing requirements of the TSX-V. As at 31 October 2020, the Group had current assets of C\$1,266,000 (31 January 2020: C\$1,930,000) to settle current liabilities of C\$715,000 (31 January 2020: C\$689,000).

Credit risk

Credit risk is the risk of financial loss to the Group if a counter-party to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk at the reporting date is the carrying value of the Group's receivables and cash. The Group's receivables consist primarily of sales tax receivables due from the Canadian and UK governments. The Directors limit the Group's exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Foreign currency risk

The Group has its most significant exposure to foreign currency risk through expenditures incurred on its exploration and evaluation assets and property, plant and equipment in the United Kingdom. Most of the Group's expenditure incurred on its exploration and evaluation assets, and property, plant and equipment are in £, therefore the fluctuation of the C\$ in relation to this currency will consequently have an impact on the value of the Group's assets. The Group does not presently invest in foreign denominated currency contracts to mitigate this risk, but the Directors closely monitor this risk depending on the amount and currency of any fundraising for the exploration, evaluation and future development of the South Crofty Project.

Interest rate risk

The Group is exposed to interest rate risk to the extent that the future cash flows of a financial instrument fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk is minimal as cash is placed in deposits held with Canadian and British financial institutions that generate modest investment returns and furthermore, the Group has no financial liabilities subject to variable interest rates.

Equity market risk

The Group is exposed to equity price risk arising from its marketable securities, which are classified as "fair value through profit or loss". The Group sells its marketable securities as market conditions permit, or as is required to finance the Group's operations from time-to-time.

Commodity price risk

The Group is exposed to price risk with respect to commodity prices, particularly tin. The ability of the Group to explore and develop its exploration and evaluation assets and the future profitability of the Group are directly related to the market price of commodities. The Directors monitor commodity prices in projecting the Group's cash flow requirements for the funding of its ongoing exploration and corporate activities and estimated development costs in bringing assets into production. The Group does not presently invest in commodity hedges to mitigate this risk.

5. SEGMENTED INFORMATION

The Group operates in one business segment, being the exploration and evaluation of mineral properties in North America and the United Kingdom as follows:

| | <i>Audited</i> | | | <i>Unaudited</i> | | |
|-----------------------------------|------------------------------|----------------|----------------|------------------------------|----------------|----------------|
| | <i>As at 31 January 2020</i> | | | <i>As at 31 October 2020</i> | | |
| | <i>Canada</i> | <i>UK</i> | <i>Total</i> | <i>Canada</i> | <i>UK</i> | <i>Total</i> |
| | <i>C\$'000</i> | <i>C\$'000</i> | <i>C\$'000</i> | <i>C\$'000</i> | <i>C\$'000</i> | <i>C\$'000</i> |
| Deposits | 11 | 26 | 37 | 11 | 26 | 37 |
| Property, plant & equipment | 115 | 5,852 | 5,967 | 48 | 6,136 | 6,184 |
| Exploration and evaluation assets | – | 7,929 | 7,929 | – | 9,155 | 9,155 |

6. PROPERTY, PLANT AND EQUIPMENT

| <i>Cost</i> | <i>Computer equipment & software C\$'000</i> | <i>Furniture & fixtures C\$'000</i> | <i>Land & site C\$'000</i> | <i>Motor vehicles C\$'000</i> | <i>Right-of- use asset C\$'000</i> | <i>Equipment C\$'000</i> | <i>Water treatment plant (in progress) C\$'000</i> | <i>Total C\$'000</i> |
|----------------------------------|--|---|--|---------------------------------------|--|------------------------------|--|--------------------------|
| As at 31 January 2020 | 99 | 28 | 1,716 | 19 | 180 | 290 | 4,049 | 6,381 |
| Additions | 3 | – | – | – | – | 5 | – | 8 |
| Capitalised borrowing costs | – | – | 89 | – | – | – | 279 | 368 |
| Foreign exchange translation | (1) | – | (16) | – | – | (3) | (36) | (56) |
| As at 31 October 2020 | <u>101</u> | <u>28</u> | <u>1,789</u> | <u>19</u> | <u>180</u> | <u>292</u> | <u>4,292</u> | <u>6,701</u> |
| Depreciation | | | | | | | | |
| As at 31 January 2020 | (70) | (10) | – | (17) | (82) | (235) | – | (414) |
| Depreciation | (7) | – | – | – | (60) | – | – | (67) |
| Capitalised depreciation | (9) | (2) | – | (2) | – | (26) | – | (39) |
| Foreign currency translation | 1 | – | – | – | – | 2 | – | 3 |
| As at 31 October 2020 | <u>(85)</u> | <u>(12)</u> | <u>–</u> | <u>(19)</u> | <u>(142)</u> | <u>(259)</u> | <u>–</u> | <u>(517)</u> |
| Net book value | | | | | | | | |
| As at 31 January 2020 | <u>29</u> | <u>18</u> | <u>1,716</u> | <u>2</u> | <u>98</u> | <u>55</u> | <u>4,049</u> | <u>5,967</u> |
| As at 31 October 2020 | <u>16</u> | <u>16</u> | <u>1,789</u> | <u>–</u> | <u>38</u> | <u>33</u> | <u>4,292</u> | <u>6,184</u> |

7. EXPLORATION AND EVALUATION ASSETS

| | <i>Audited As at 31 January 2020 C\$'000</i> | <i>Expended during the period C\$'000</i> | <i>Unaudited As at 31 October 2020 C\$'000</i> |
|-------------------------------|--|---|--|
| South Crofty Project | | | |
| Exploration costs | 1,063 | 820 | 1,883 |
| Tenure and utility costs | 862 | 79 | 941 |
| Office and remuneration costs | 2,777 | 366 | 3,143 |
| Capitalised depreciation | 347 | 39 | 386 |
| Asset acquisition | 3,023 | – | 3,023 |
| Recovery of costs | (256) | – | (256) |
| Foreign currency translation | 113 | (78) | 35 |
| Total | <u>7,929</u> | <u>1,226</u> | <u>9,155</u> |

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Group has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties is in good standing.

South Crofty Project, Cornwall, UK

On 16 March 2016, the Group entered into a share purchase agreement with Galena and Tin Shield. Under the terms of the share purchase agreement, on 11 July 2016, the Group acquired, from administration, a 100 per cent. interest in the South Crofty Project and associated mineral rights in Cornwall, UK. The Group, through its wholly-owned subsidiary, CML UK, owns a 100 per cent. interest in SCL and CML. SCL and CML hold the rights to the South Crofty underground mine permission area, plus additional mineral rights located in various parts of Cornwall, UK.

The purchase price of the acquisition was as follows:

| | C\$'000 |
|---|--------------|
| 2,000,000 Common Shares issued | 400 |
| Cash consideration, including transaction costs | 1,453 |
| Commitment to issue Common Shares | 2,000 |
| Total | 3,853 |

In addition to the cash and Common Share consideration of C\$1,853,000 paid on 11 July 2016, the Group agreed to the following additional payments and share issuances under the terms of the share purchase agreement:

- the Group to make a C\$2,000,000 payment to Galena and Tin Shield on the second anniversary of the approval vote by creditors for SCL's exit from administration (date set at 10 June 2018). While the Group had the right to settle 50 per cent. of this payment in cash, the Group decided to settle 100 per cent. of this payment with the issuance of Common Shares and recorded a commitment to issue shares totaling C\$2,000,000 at the date of acquisition. During the year ended 31 January 2019, the Company issued 8,456,664 Common Shares in satisfaction of this commitment;
- the Company to issue 1,000,000 Common Shares to Galena and Tin Shield upon receipt of a permit to increase water discharge from the old mine workings from 10,000m³ per day to 25,000m³ per day (issued 1 November 2017 at a value of C\$180,000);
- the Company to issue 2,000,000 Common Shares to Galena and Tin Shield on delivery of a positive feasibility study or commencement of commercial production, whichever occurs first;
- the Company to make a cash and/or Common Share payment to Galena and Tin Shield equal to 25 per cent. of the net present value of the South Crofty Project upon making a decision to go into production. In the event that the Company's market capitalisation is less than the net present value of the South Crofty Project when a production decision is made, the Company will pay the equivalent of 25 per cent. of its market value to Galena and Tin Shield and the balance (between the 25 per cent. of market value and 25 per cent. of the net present value of the South Crofty Project) will be paid out as a 5 per cent. net profits interest from the date of the production decision; and
- in the event that the Group transfers any assets, rights, or entitlements to certain mineral rights which are not part of the core mineral rights to a third party before the agreed consideration has been paid to Galena, then Galena will be entitled to receive a payment equal to 10 per cent. of any consideration received for these mineral rights, to a maximum of C\$1,000,000.

Cornish Lithium Exploration Option Agreement

In January 2017, CML UK and Cornish Lithium, a private UK company, entered into an exploration option agreement whereby Cornish Lithium has the right to explore for, and potentially develop, lithium in hot springs brines and associated geothermal energy from the Group's mineral rights in Cornwall, UK. The Company will have a 25 per cent. free carried interest in the first project to have a bankable feasibility study completed on it, after which the Group will be required to contribute its share of development costs or be diluted. The Group will have a 10 per cent. free carried interest on subsequent development projects as well as a 2 per cent. gross revenue royalty payable from the production of metals from brines or from any geothermal energy produced and sold by Cornish Lithium.

Under the terms of the agreement, Cornish Lithium agreed to issue ordinary shares with a value US\$50,000 concurrently with its first financing (received – August 2017) and, to keep the agreement in good standing, to issue Cornish Lithium ordinary shares with a value of US\$50,000 on the first, second, third and fourth

anniversary of the agreement. From the fifth anniversary date of the agreement, Cornish Lithium will make annual payments of US\$100,000, in cash or ordinary shares of Cornish Lithium, at its election. From the tenth anniversary date of the agreement, Cornish Lithium will make annual payments of US\$500,000 in cash or ordinary shares of Cornish Lithium, at its election, of which 50 per cent. of the payment will be considered an advance royalty payment.

Sleitat and Coal Creek Tin Properties, Alaska, U.S.A.

On 24 July 2015, the Group acquired the Sleitat and Coal Creek tin properties in Alaska, subject to the terms of a property purchase agreement with Osisko and Mr. R. Netolitzky, and their respective wholly-owned companies. Mr. Netolitzky was a director of the Group at the time of the acquisition. The Group acquired the Sleitat and Coal Creek tin properties for total consideration of 6,500,000 Common Shares of the Company and a 2 per cent. NSR on the properties. The Common Shares were issued at \$0.10 per Common Share for a value of C\$650,000 with transaction costs of C\$6,000 incurred.

In addition to the Common Shares and the NSR, the Group granted Osisko a first right of refusal on the sale of any future royalties on any of the Group's properties.

During the nine-month period ended 31 October 2019, the Group impaired all capitalised exploration and evaluation assets related to the Sleitat and Coal Creek tin properties due to limited exploration activities since their acquisition and also because substantive expenditure on further exploration activities on these properties is neither budgeted nor planned in the foreseeable future.

On 1 December 2019, the Group relinquished the Coal Creek tin property. The Group maintains its interest in the underlying mineral claim and mining leases for the Sleitat tin property by making annual payments.

8. MARKETABLE SECURITIES

The Group holds common shares in one TSX-V listed company (31 January 2020: one TSX-V listed company) and in two private mineral exploration companies (31 January 2020: two private mineral exploration companies).

| | <i>Audited</i> | | <i>Unaudited</i> | |
|------------------------|------------------------|--------------------------|------------------------|--------------------------|
| | <i>As at</i> | | <i>As at</i> | |
| | <i>31 January 2020</i> | | <i>31 October 2020</i> | |
| | <i>Cost</i> | <i>Fair market value</i> | <i>Cost</i> | <i>Fair market value</i> |
| | <i>C\$'000</i> | <i>C\$'000</i> | <i>C\$'000</i> | <i>C\$'000</i> |
| Public company shares | 4 | 3 | 4 | 3 |
| Private company shares | 281 | 545 | 281 | 499 |
| Total | <u>285</u> | <u>548</u> | <u>285</u> | <u>501</u> |

During the nine months ended 31 October 2020, the Group recorded an unrealised loss of C\$47,000 (2019: gain of C\$164,000) associated with the change in fair value of marketable securities.

During the nine months ended 31 October 2019, the Group received net proceeds of C\$642,000 and recognised a gain of C\$47,000 from the sale of shares in Westhaven Ventures Inc., a company related to the Company by virtue of a common director, Mr. D. Grenville Thomas.

9. DEFERRED FINANCING FEES

Deferred financing fees of C\$199,000 (2020: C\$nil) consist primarily of legal, accounting and related professional fees incurred in connection with a proposed admission to trading of the Company's Common Shares and a concurrent financing on AIM in London, UK. The deferred financing fees will be applied against the gross proceeds on completion of the equity financing. In the event that a listing and concurrent equity financing on AIM are not completed, the deferred financing fees will be expensed.

10. CAPITAL AND RESERVES

Authorised Share Capital

At 31 October 2020, the authorised share capital is an unlimited number of Common Shares without par value. All issued shares are fully paid.

Share issuances

On 3 February 2020, the Company closed a private placement financing, issuing 47,050,000 units at a price of C\$0.05 per unit for gross proceeds of C\$2,353,000, of which C\$1,175,000 was received as at 31 January 2020. Each unit comprised one Common Share and one half of one Common Share purchase warrant. Each full warrant will allow the holder to purchase one additional Common Share (each, a "Warrant Share") at a price of C\$0.07 per Warrant Share for a period of 36 months from the closing date of the financing. In connection with the private placement, Osisko, a significant shareholder of the Company, purchased a total of 20,000,000 units. Net proceeds from the financing amounted to C\$2,302,000.

There were no share issuances during the nine months ended 31 October 2019.

Stock options and warrants

As at 31 October 2020, the following stock options and warrants were outstanding:

| | <i>Number of Common Shares</i> | <i>Exercise price C\$</i> | <i>Number exercisable</i> | <i>Expiry date</i> |
|-----------------|--|-----------------------------------|-------------------------------|--------------------|
| Options | 2,125,000 | 0.15 | 2,125,000 | 3 January 2022 |
| | 1,855,000 | 0.20 | 1,855,000 | 3 November 2022 |
| | 5,150,000 | 0.10 | 1,030,000 | 19 August 2025 |
| Warrants | 17,252,143 | 0.07 | 17,252,143 | 3 February 2023 |

Stock options

The Group has a 10 per cent. rolling stock option plan. The maximum aggregate number of Common Shares issuable pursuant to options awarded under the stock option plan and outstanding from time-to-time may not exceed 10 per cent. of the issued and outstanding Common Shares from time-to-time.

Under the terms of the stock option plan, options will be exercisable over periods of up to five years as determined by the Directors and must have an exercise price not less than the closing market price of the Common Shares prevailing on the day that the option is granted. Under the stock option plan, the Directors may, from time-to-time, authorise the grant of options to themselves, officers, employees and consultants of the Group, or employees of companies providing management or consulting services to the Group.

The stock option plan provides that the Directors have the discretion to impose vesting of options and that, unless otherwise specified by the Directors, vesting will occur generally as to 20 per cent. on the grant date and 20 per cent. every three months thereafter, becoming fully vested one-year from the date of grant. In addition, the number of Common Shares which may be reserved for issuance to any one individual may not exceed 5 per cent. of the issued Common Shares on a yearly basis or 2 per cent. if the optionee is engaged in investor relations activities or is a consultant.

Stock option transactions for the nine months ended 31 October 2020 are summarised as follows:

| | <i>Number of options</i> | <i>Weighted average exercise price C\$</i> |
|--|------------------------------|--|
| Balance as at 31 January 2020 | 6,425,000 | 0.15 |
| Granted | 5,150,000 | 0.10 |
| Forfeited | (425,000) | 0.18 |
| Expired | (2,020,000) | 0.11 |
| Balance as at 31 October 2020 | <u>9,130,000</u> | <u>0.13</u> |
| Number of options currently exercisable as at 31 October 2020 | <u>5,010,000</u> | <u>0.16</u> |

Warrants

Warrant transactions for the nine months ended 31 October 2020 are summarised as follows:

| | <i>Number of warrants</i> | <i>Weighted average exercise price C\$</i> |
|--|-------------------------------|--|
| Balance as at 31 January 2020 | – | – |
| Issued pursuant to a private placement financing | 23,525,000 | 0.07 |
| Exercised | (6,272,857) | 0.07 |
| Balance as at 31 October 2020 | <u>17,252,143</u> | <u>0.07</u> |

During the nine months ended 31 October 2020, the Company implemented an early Warrant exercise incentive program intended to encourage the early exercise of up to 23,525,000 Warrants that were issued in February 2020 pursuant to the private placement financing. Certain Warrant holders were restricted in their ability to participate in the Warrant exercise incentive program as set out under applicable securities laws.

Under the terms of the Warrant exercise incentive program, holders who exercised their Warrants received:

- the Common Shares to which they were entitled under the terms of the Warrant; and
- one additional Common Share purchase Warrant entitling the holder to acquire an additional Common Share at a price of C\$0.10 per Common Share for a period of two years from the date of issuance of such incentive Warrant.

As at 31 October 2020, holders exercised a total of 6,272,857 Warrants, of which 5,222,222 were under the Warrant exercise incentive program, for gross proceeds of C\$439,000. Of these proceeds, C\$410,000 were received by 31 October 2020, with the balance of the proceeds of C\$29,000 being received by the Company on 11 November 2020. As the Common Shares relating to these Warrant exercises were not issued until 9 November 2020, the Company has recorded C\$439,000 as a commitment to issue shares as at 31 October 2020. The incentive Warrants were also issued on 9 November 2020.

Share-based compensation

During the nine months ended 31 October 2020, the Company granted 5,150,000 (2019: nil) stock options to Directors and officers with an estimated fair value of C\$433,000 (2019: C\$nil).

During the nine months ended 31 October 2020, the Company recorded C\$230,000 (2019: C\$nil) in share-based compensation expense.

The Directors used the following assumptions to estimate a fair-value for the stock options granted during the nine months ended 31 October 2020:

| | <i>Unaudited Nine months ended 31 October 2020</i> |
|---------------------------------|--|
| Risk-free interest rate | 0.39% |
| Expected dividend yield | 0% |
| Expected stock price volatility | 142% |
| Expected option life in years | 5 years |
| Forfeiture rate | 0% |

11. LEASE LIABILITIES

| | <i>Audited As at 31 January 2020 C\$'000</i> | <i>Unaudited As at 31 October 2020 C\$'000</i> |
|---------------------------------------|--|--|
| Opening balance | 187 | 99 |
| Lease modification and re-measurement | (7) | – |
| Lease payments | (86) | (64) |
| Amortisation of discount | 4 | 5 |
| Ending balance | <u>99</u> | <u>40</u> |
| <i>Non-current liability</i> | 20 | – |
| <i>Current liability</i> | <u>79</u> | <u>40</u> |
| Total liability | <u><u>99</u></u> | <u><u>40</u></u> |

Upon adoption of IFRS 16 “Leases”, the Group has recognised a right-of-use asset and a lease liability at the transition date for the lease arrangement relating to its office located in Vancouver, Canada. Previously, this lease was classified as an operating lease. The lease liability was initially measured at the present value of the lease payments, discounted using the Group’s estimated incremental borrowing rate of 5 per cent., rather than the interest rate implicit in the lease, as that rate could not be readily determined. Lease liabilities are now included within current and long-term liabilities in the Statement of Financial Position.

The reconciliation of prior year lease commitments and the impact of discounting to the opening lease liability balance of C\$187,000 is as follows:

| | <i>C\$'000</i> |
|---|-------------------|
| Minimum lease payments under operating leases as at 1 February 2019 | 203 |
| Effect from discounting at the estimated incremental borrowing rate as at 1 February 2019 | <u>(16)</u> |
| Opening lease liability as at 1 February 2019 | <u><u>187</u></u> |

The finance cost, or amortisation of the discount, is charged to profit or loss using the effective interest method.

The table below analyses the Group’s lease liabilities into relevant contractual maturity date groupings based on the remaining period at the reporting date to the contractual maturity date of the lease. The amounts shown in the table below are the contractual undiscounted cash flows related to lease liabilities.

| | <i>1 year or less C\$'000</i> | <i>1-2 years C\$'000</i> | <i>Total contractual cash flows C\$'000</i> | <i>Carrying amount C\$'000</i> |
|--------------------------------------|---------------------------------------|------------------------------|---|--|
| Total contractual obligations | <u>48</u> | <u>–</u> | <u>48</u> | <u>40</u> |

The difference between the total contractual undiscounted cash flows related to lease payments to lessors and the carrying amount of the lease liability is the amortisation of the discount related to the lease liability.

During the nine months ended 31 October 2020, the Group continued its sub-lease agreements with two tenants within its office located in Vancouver, Canada. Both sub-lease agreements have been treated as operating leases in accordance with IFRS 16 “Leases”. Income arising under these sub-lease agreements during the nine months ended 31 October 2020 was C\$21,000 (31 October 2019: C\$30,000) and has been recognised in profit or loss.

12. DEBT AND ROYALTY OPTION

| | <i>Audited Year ended 31 January 2020 C\$'000</i> | <i>Unaudited Nine months ended 31 October 2020 C\$'000</i> |
|--|---|--|
| Opening balance | 4,526 | 5,211 |
| Accretion – charged to profit or loss | 194 | 208 |
| Accretion – capitalised to property, plant and equipment | 491 | 368 |
| Ending balance | <u>5,211</u> | <u>5,787</u> |

On 26 January 2018, the Group completed a secured convertible note financing with Osisko, a significant shareholder of the Company, for gross proceeds of C\$7,170,000. The note is convertible into a 1.5 per cent. NSR on all metals and minerals produced from the South Crofty Project. The note is secured by a first-ranking lien on all of the assets of the Group. If an event of default occurs under either the note or the Osisko NSR, Osisko has the right to realise upon its security and become the owner of all of the Group’s assets.

Osisko may not make a demand on the note until the commencement of commercial production at the South Crofty Project (or otherwise upon the occurrence of an event of default). No interest is to be payable on the principal amount outstanding under the note until 31 December 2021 (or otherwise on the occurrence of an event of default), after which time interest will accrue at an annual rate of 10 per cent. If commercial production is not achieved at the South Crofty Project by 31 December 2025, all amounts owing under the note would become due and payable.

Concurrently with this transaction, the Group and Osisko entered into a governance and financing agreement containing, among other things, the grant to Osisko of an option to purchase the Osisko NSR in exchange for the note. If, as and when Osisko exercises the royalty option, the Group will enter into a royalty agreement with Osisko, and the Group’s performance and payment obligations will continue to be secured by the first ranking lien of Osisko. Once the Group has made royalty payments in excess of US\$7,500,000, the scope of the first ranking liens will be reduced.

The Group received gross proceeds of C\$7,170,000 from the sale of the note, which was recorded at a fair value of C\$4,283,000 using a 14 per cent. discount rate. The carrying value of the debt, net of transaction costs totaling C\$3,917,000, will be accreted up to the debt’s face value over the estimated term of the debt. The difference between the gross proceeds received and the fair value recorded for the note has been recorded as a royalty option. The royalty option is a non-financial liability that has been recorded at a cost of \$2,887,000. Transaction costs of \$246,000 allocated to the royalty option on a pro-rata basis were expensed in professional fees in the year ended 31 January 2018.

13. CAPITAL MANAGEMENT

The capital of the Group consists of the items included in capital and reserves as set out in the consolidated statement of financial position. The Directors manage the Group's capital structure based on the nature and availability of funding, and the timing of expected or committed expenditures. The Directors' capital management policy is to maintain sufficient capital to support the acquisition, exploration and future development of the Group's exploration and evaluation assets and to provide sufficient funds for its corporate activities.

The Group's exploration and evaluation assets are in the exploration stage. As an exploration stage company, the Group is currently unable to self-finance its operations. The Group has historically relied on equity financings and asset sales, or a combination thereof, to finance its activities. The Directors project the Group's future capital requirements by planning the exploration and future development activities to be undertaken on its exploration and evaluation assets, and assessing the level of corporate activities that are necessary to support the growth and development of the Group.

The Group is not subject to any externally imposed capital requirements. There were no changes to the Directors' approach to capital management during the period.

14. COMMITMENTS

The Group has entered into contracts with utility providers and mineral lease owners, none of which are regarded as significant or non-routine in nature. Costs under these contracts are either expensed to profit or loss, or capitalised to exploration and evaluation assets depending on their nature.

The Group also has outstanding commitments relating to the construction of the water treatment plant for C\$270,000. The timing of payments relating to these commitments is uncertain, and would depend on the progress of construction

Upon commencement of mining, the Group is liable to make payments to owners of mineral properties within the underground mine permission area of the South Crofty Project which the Group leases for the purposes of ore extraction. Payments will take the form of either:

- an advance royalty payment of £50,000 per annum (equivalent to C\$86,000 at the period end £:C\$ rate) during periods when there is no production from the respective owner's mineral rights; or
- an NSR royalty payable for a minimum of £50,000 on ore extracted from property that falls within the mineral rights held by the owner which varies according to the prevailing tin price.

The advance royalty payments will be deducted from NSR royalty payments as and when the NSR royalties become payable.

15. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with related parties during the nine-month periods ended 31 October 2020 and 31 October 2019:

- paid C\$5,000 to North Arrow Minerals Inc., a company with two common directors, for office space and administrative services (31 October 2019: C\$6,000);
- received C\$8,000 from Winshear Gold Corp. (previously Helio Resource Corp.), a company with a common director, relating to an apportionment of rent and similar expenditures for the Vancouver office (31 October 2019: C\$nil), of which C\$1,000 was included in receivables (31 January 2020: C\$2,000); and
- recorded a receivable of C\$29,000 (31 January 2020: C\$nil) from Osisko for proceeds relating to the exercise of warrants which were received by the Company on 11 November 2020.

Key management includes the Directors and officers. Compensation awarded to key management was as follows:

| | <i>Unaudited Nine months ended 31 October 2019 C\$'000</i> | <i>Unaudited Nine months ended 31 October 2020 C\$'000</i> |
|------------------------------------|--|--|
| Salaries and benefits ¹ | 433 | 427 |
| Share-based payments ² | – | 230 |
| Total | <u>433</u> | <u>657</u> |

1 Allocated C\$422,000 (31 October 2019: C\$420,000) to salaries and benefits and C\$4,000 (31 October 2019: C\$14,000) to professional fees.

2 Share-based payments are the fair value of options that have been granted and vested to Directors and key management personnel.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the nine months ended 31 October 2020 the significant non-cash transactions were:

- included in exploration and evaluation assets are capitalised depreciation of C\$39,000, prepaid expenses of C\$6,000 and C\$198,000 which relates to trade and other payables;
- included in property, plant and equipment are capitalised borrowing costs of C\$368,000 and C\$65,000 which relates to traded and other payables; and
- included in deferred financing fees is C\$167,000 which relates to trade and other payables.

During the nine months ended 31 October 2019 the significant non-cash transactions were:

- included in exploration and evaluation assets is capitalised depreciation of C\$38,000, C\$117,000 in relation to trade and other payables and C\$7,000 in relation to trade and other receivables;
- included in property, plant and equipment is capitalised borrowing costs of C\$368,000, the capitalised portion of the right-to-use real estate of C\$125,000 and C\$308,000 which relates to trade and other payables; and
- included in deferred financing fees is C\$35,000 which relates to trade and other payables.

17. SUBSEQUENT EVENTS

Warrant exercise

As at 31 October 2020, 6,272,857 Warrants had been exercised at a price of C\$0.07 for gross proceeds of C\$439,000, of which C\$410,000 had been received by 31 October 2020 and C\$29,000 were received on 11 November 2020. Pursuant to the exercise of these Warrants, 6,272,857 Common Shares were issued on 9 November 2020, thereby increasing the number of Common Shares outstanding to 140,091,442. Incentive Warrants of 5,222,222 were also issued on 9 November 2020.

On 22 January 2021, a further 9,577,143 Warrants were exercised at a price of C\$0.07 for gross proceeds of C\$670,000. Pursuant to the exercise of these Warrants, 9,577,143 Common Shares were issued, thereby increasing the number of Common Shares outstanding to 149,668,585.

On 26 January 2021, a further 250,000 Warrants were exercised at a price of C\$0.10 for gross proceeds of C\$25,000. Pursuant to the exercise of these Warrants, 250,000 Common Shares were issued, thereby increasing the number of Common Shares outstanding to 149,918,585.

18. NATURE OF THE GROUP INTERIM FINANCIAL INFORMATION

The Group Interim Financial Information presented above does not constitute statutory financial statements for the periods under review.

PART V

COMPETENT PERSON'S REPORT

Competent Persons Report on Cornish Metals UK Assets



**COMPETENT PERSONS REPORT ON THE ASSETS OF
CORNISH METALS INC., CORNWALL, UK**

Prepared for

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This report has been prepared in compliance with AIM Rules for Companies

Technical Report No. 388

Author: Eugene Puritch, P.Eng., FEC, CET

Date: 5 February 2021

Statement of Independence

P&E Mining Consultants Inc. (“P&E”) will receive a fee for the preparation of this report in accordance with normal professional consulting practice. This fee is not contingent on the outcome of the Admission to the AIM Market of the London Stock Exchange and P&E will receive no other benefit for the preparation of this report. Neither P&E, the Competent Person, nor any directors of P&E have at the date of this report, nor have had within the previous two years, any shareholding in Cornish Metals Inc. (“the Company”), the assets or advisers of the Company. Consequently, P&E, the Competent Person, and the directors of P&E consider themselves to be independent of the Company.

Statement of Material Change

There has been no material change in the mineral assets of Cornish Metals Inc. as of the effective date of this report.

5 February 2021

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GLOSSARY OF TERMS

| Unit | Description |
|-----------------|---------------------|
| CDN\$ | Canadian dollar |
| cm | centimetre(s) |
| fm | fathom |
| ft | foot |
| ha | hectare(s) |
| km | kilometre(s) |
| km ² | Square kilometre(s) |
| lb | pound(s) |
| m | metre(s) |
| mm | millimetre(s) |
| M | millions |
| Ma | millions of years |
| MW | megawatts |
| ppm | parts per million |
| T | imperial ton(s) |
| t | metric tonne(s) |
| tpy | tonnes per year |
| \$ | US Dollar |
| % | percent |
| £ | Pounds Sterling |

| Abbreviation | Meaning |
|---------------------|--|
| Ag | silver |
| As | arsenic |
| Au | gold |
| CIM | Canadian Institute of Mining, Metallurgy and Petroleum |
| CMI | Cornish Metals Inc. |
| CML | Cornish Minerals Limited (Bermuda) |
| Company | Cornish Metals Inc. |
| Companies | South Crofty Ltd and CML (Bermuda) |
| Co | cobalt |
| Cornish Lithium | Cornish Lithium Ltd |
| Cornish Metals | Cornish Metals Inc. |
| CPR | Competent Persons Report |

| | |
|--------------|--|
| Cu | copper |
| DDH | diamond drill hole |
| DIT | Department of Industry and Trade |
| Elvan | Intrusive quartz or feldspar porphyry dyke |
| GPDO | General Permitted Development Order |
| GSSF | Galena Special Situations Fund |
| GSSMF | Galena Special Situations Master Fund |
| HHP | High heat production |
| Killas | Metasedimentary rocks |
| Osisko | Osisko Gold Royalties Ltd. |
| P&E | P&E Mining Consultants Inc. |
| PEA | Preliminary Economic Assessment |
| Project | United Downs Exploration Project |
| Property | United Downs Exploration Project |
| SCL | South Crofty Ltd |
| Sn | tin |
| South Crofty | South Crofty Project |
| Strongbow | Strongbow Exploration Inc. |
| Tin Shield | Tin Shield Production Inc |
| United Downs | United Downs Exploration Project |
| US\$ | United States of America dollar |
| W | tungsten |
| WUM | Western United Mines Limited |
| Zn | zinc |

1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

The purpose of this report is to provide summary disclosure of Cornish Metals Inc.'s ("Cornish Metals" or the "Company") mineral assets with the intent that the report will be used by Cornish Metals in accordance with admission requirements of the AIM Market of the London Stock Exchange.

The following report was prepared by P&E Mining Consultants Inc. ("P&E") to provide a Competent Persons Report ("CPR" or the "Report") on the United Downs Exploration Project ("United Downs Project", the "Project" or the "Property") located in Cornwall, United Kingdom, to which Cornish Metals owns the registered and unregistered Mineral Rights thereof. Cornish Metals is a TSX Venture Exchange listed Canadian-based company with its head office located in Vancouver, B.C., Canada.

Additionally, information is provided on the South Crofty Project ("South Crofty Project" or "South Crofty"). South Crofty is a past producing tin mine located in Cornwall, United Kingdom, in which Cornish Metals acquired a 100% interest on July 11, 2016, when it acquired the holding company, Western United Mines Ltd, now renamed South Crofty Ltd ("SCL"), from administration.

Whilst the focus of this CPR and subsequent AIM listing is on the exploration and development of the United Downs Project, South Crofty remains an integral asset of the Company. Cornish Metals is seeking to make use of the various licences and permits extant at South Crofty in order to process any potentially economic mineralised material that may be mined at United Downs in the future. It is the Company's intention to maintain the South Crofty site and its relevant permits to enable the South Crofty Project to be further developed in the future, either in conjunction with, or separately to, any potential development of the United Downs Project.

1.2 PROPERTY DESCRIPTION AND OWNERSHIP

The United Downs Project Area is located approximately 8km southwest of the City of Truro and 1.6km east of St. Day (50.23°N 5.16°W) in the County of Cornwall, in the far southwest of the United Kingdom. The Project lies in the Parish of Gwennap, between the villages of Twelveheads to the east and Carharrack to the west.

The Project, where Cornish Metals controls extensive exploration rights, is located within the boundaries or adjacent to, four former copper and tin producing mines: Consolidated Mines and United Mines to the west, and Mount Wellington and Wheal Jane Mines to the east.

The Wheal Jane Mine lies outside the Cornish Metals Project boundary, and prior to closing in 1991 the Wheal Jane and Mount Wellington Mines were operated as one operation. The main mineralised structures in all four mines trend ENE and dip at either a shallow or steep angle to the north. All the mineralisation exploited historically is related to either quartz veins or quartz-tourmaline veins which are hosted within “killas”, the local name for metasedimentary rocks that overlie granite intrusions.

At the nearby South Crofty Mine (located approximately 8km WNW), copper-tin-zinc-tungsten mineralisation is hosted within the killas passes into high-grade tin mineralisation at depth, as the mineralised vein-like structures pass into the underlying granitic host rock. The same zonation potentially exists at United Downs, where only the killas-hosted mineralisation has been exploited to date. The underlying granite, which is a target for further tin mineralisation, was encountered in recent drill holes drilled by Cornish Lithium Ltd with the granite encountered at the 1,050m down hole depth in hole GWDD-001 between 300 and 600m and again in GWDD-002 at 700m respective vertical depths.

In common with several areas in Cornwall, the United Downs Project was the subject of much exploration interest during the 1980’s, with plans well advanced to investigate the potential mineralisation remaining in the area. Unfortunately, the tin price crash of 1985 precluded the cessation of these activities, despite some encouraging initial results and the great promise for the discovery of additional polymetallic mineralisation.

Recent drilling results from the Project, combined with a more general re-evaluation of the mineral potential of Cornwall as a whole, make this area a prime target for additional exploration.

On July 11, 2016, Cornish Metals acquired a 100% interest in Cornish Minerals Limited (Bermuda) (“CML”), which holds the title to the United Downs mineral rights. The Project contains two freehold mineral titles which are registered with the Land Registry, as well as areas of Mineral Rights that are unregistered.

A summary of all Cornish Metals’ mineral assets is shown in Table 1.1.

| Table 1.1 - Summary Table of Cornish Minerals Inc. Assets | | | | | | |
|---|--------------------------------|--------------|-------------|---|-----------------------------|--|
| Minerals and Ore | | | | | | |
| Asset | Holder | Interest (%) | Status | License Expiry Date | License Area | Comments |
| United Downs Project, UK | Cornish Minerals (Bermuda) Ltd | 100% | Exploration | N/A | 345 hectares | Registered freehold mineral rights at United Downs, Cornwall, UK |
| South Crofty Mine, UK | South Crofty Ltd | 100% | Development | June 30, 2071 | 14.9 km ² | Active mine under care & maintenance, with planning permission and dewatering permits in place. |
| Other UK Mineral Rights | Cornish Minerals (Bermuda) Ltd | 100% | Exploration | N/A | Approx. 150 km ² | Other registered and un-registered freehold mineral rights across Cornwall, UK |
| Nickel King | Cornish Metals Inc. | 100% | Exploration | 2023 | 7,642 hectares | On certain leases, a 3% NSR and a 2% GOR applies. |
| Sleitat | Strongbow Alaska, Inc. | 100% | Exploration | Annual rent payments due by November 30th | 1,425 hectares | Early-stage properties prospective for tin. Annual rent payments are due to the State of Alaska to keep the claims in good standing by November 30 th . Annual reports on labour (or payment in-lieu) are due on September 1 st each year. |
| Mactung & Cantung Royalties | Cornish Metals Inc. | 100% | N/A | N/A | N/A | Osisko Gold Royalties Ltd provided a line of credit to Cornish Metals to acquire these royalties. The line of credit is secured by a charge on the two royalties. Neither of the underlying assets is presently in production. |

1.3 RELIANCE ON OTHER EXPERTS

P&E understands that all titles and leases relating to the United Downs Project, including permits required for exploration are current and valid. P&E has not reviewed requirements for the retention of these titles, or the terms of any royalties, back-in rights, payments, or other agreements and encumbrances to which the Property may be subject and has relied on Cornish Metals to have conducted the proper legal due diligence. P&E has relied on a legal opinion dated 5 February 2021 from Stephens Scown LLP, UK solicitors to Cornish Metals, to confirm that Cornish Metals has title to the United Downs Project.

Regarding the South Crofty Project, P&E has relied on a legal opinion dated 5 February 2021 from Stephens Scown LLP, UK solicitors to Cornish Metals, to confirm that Cornish Metals has title to the underground mine permission area and certain surface rights for the South Crofty Project. P&E has relied on a letter dated 5 February 2021 from Owen Mihalop, Chief Operating Office, Cornish Metals, to confirm that there has been no material change to the South Crofty Property, since the last Independent Qualified Person site visit on 15 September 2020.

1.4 HISTORY

Within the boundaries of the United Downs Project lie two groups of historical mines, namely United Mines and Great Consolidated Mines to the west, whilst along strike to the east lies the more modern Mount Wellington Mine, which operated between 1970 and 1991.

Underground mining at United and Great Consolidated Mines was almost exclusively focused on copper production, with peak output from these mines occurring in the period 1815-1857. Such was the significance of these operations that the area was at that time termed the 'richest square mile in the old world'. Overseas competition and the subsequent fall in copper prices was responsible for the closure of these two mines in 1869, by which time they had amalgamated to be effectively run as one operation.

The eastern part of the Project consists of more modern mining activity, with the exploration and subsequent development of the Mount Wellington underground mine occurring in the 1970's. Mount Wellington operated independently until 1978, after which time it was worked in conjunction with the neighbouring Wheal Jane mine to the east. Production comprised of tin, copper and zinc mineralisation from polymetallic hydrothermal veins hosted within the killas down to a maximum depth of approximately 300m from surface at Mount Wellington.

During the 1980's, the operators of Wheal Jane and Mount Wellington (Carnon Consolidated, a wholly owned subsidiary of Rio Tinto) were actively developing exploration plans to the west, in the area comprising United and Consolidated Mines. The tin price collapse of 1985 saw the cessation of these exploration activities, despite encouraging early results and the initial development of the Wheal Maid Western Decline from surface. The mines never recovered from the crash and were subsequently closed in 1991, although the Wheal Jane processing plant continued to operate until 1998 treating ore from South Crofty Mine.

1.5 GEOLOGICAL SETTING AND MINERALISATION

The Project locally comprises Devonian metasediments of the Mylor slates group. This package of metasediments and meta volcanics are locally termed "killas". The killas is intruded by ENE/WSW trending quartz/feldspar porphyry dykes locally termed "elvans". This follows the regional trend exhibited throughout the district. Lying to the west of the Project is the Carnmarth granite with the Eastern contact steeply dipping underneath the western edge of the Project.

The main mineralised structures ("Lodes") follow the same ENE strike and steeply north dipping trend as the intrusive dykes and have a strong association with these structures and are often, however, not exclusively found in the footwall contact of these elvans. A major feature of the region are later stage crosscutting faults ("crosscourses"). These crosscourses, cut across the main lithologies, intrusives and mineralised structures, and can offset them considerably.

Mineralogy of the Lode structures typically comprises quartz/ chlorite/ tourmaline with associated tin, chalcopyrite, sphalerite, pyrite and arsenopyrite. Different mineralised structures can exhibit different proportions of these mineral assemblages. The United and Consolidated mines (which comprise the majority of the Project Area) were typically worked primarily for copper, whereas the Mount Wellington (to the east of the Project) and Wheal Jane (outside the eastern boundary of the Project) mines were predominantly exploited for tin, copper and zinc.

1.6 EXPLORATION AND DRILLING

The Project has been subject to numerous phases of exploration. The main drilling exploration was carried out between the 1960's and mid-1980's. This was conducted by various companies at different times. As such, the drilling information is in various formats, and often the provenance is unverified. As such, the historic data available is unaudited and considered unverified.

Recent drilling on the Project has been conducted by Cornish Lithium Ltd in 2019/20. Cornish Metals entered into an agreement with Cornish Lithium Ltd in 2017 to allow Cornish Lithium the right to

explore Cornish Metals' mineral rights in Cornwall for lithium-in-brine, whilst Cornish Metals retains the rights to any hard-rock mineralisation encountered.

Two diamond drill holes (GWDD-001 and GWDD-002) were completed in early 2020 by Cornish Lithium, for a total length of 1,924.86m. Whilst these holes were primarily focused on investigation of a known potential brine-bearing structure at depth, the drilling encountered significant and previously unidentified polymetallic lode structures throughout their lengths, as summarised in Table 1.2.

| Hole ID | From (m) | To (m) | Length (m) | Copper (%) | Tin (%) |
|----------------|-----------------|---------------|-------------------|-------------------|----------------|
| GWDD-001 | 621.90 | 628.81 | 6.91 | 0.81 | |
| Including | 625.00 | 627.75 | 2.75 | 1.08 | |
| GWDD-002 | 90.60 | 105.29 | 14.69 | 8.45 | 1.19 |
| GWDD-002 | 513.33 | 515.78 | 2.45 | | 0.90 |
| Including | 513.33 | 513.65 | 0.32 | | 3.57 |
| GWDD-002 | 636.11 | 637.71 | 1.60 | | 0.98 |
| GWDD-002 | 638.85 | 642.89 | 4.04 | 4.44 | 2.06 |
| GWDD-002 | 770.06 | 773.00 | 2.94 | | 0.95 |
| Including | 771.06 | 771.96 | 0.90 | | 3.05 |
| GWDD-002 | 781.02 | 782.90 | 1.88 | | 0.90 |
| Including | 781.02 | 782.00 | 0.98 | | 1.39 |

1.7 SAMPLE PREPARATION, ANALYSIS, SECURITY AND DATA VERIFICATION

Whilst Cornish Metals has not carried out any drilling at United Downs, sampling relevant portions of drill core produced from Cornish Lithium's drillholes has been possible. The drill core was transferred from Cornish Lithium's site at United Downs to Cornish Metals' South Crofty Mine site for logging and sampling, under the care of Cornish Metals' Chief Geologist using a signed Chain of Custody letter. Drill core logging and sample preparation were carried out using generally accepted industry best practises.

Samples were submitted to ALS Laboratories in Loughrea, Co. Galway, Ireland. All samples were submitted for ALS' ME-XRF15b analyses where samples are analysed by XRF following a lithium borate fusion with the addition of strong acid digestion to decompose sulphide rich mineralisation. Elements analysed include Cu, Zn, As, Sn, Fe, W, S and Pb.

1.8 PROJECT INFRASTRUCTURE

The United Downs Project is located across a mixture of rural and semi-industrial land, with much of the undeveloped landscape consisting of former mining brownfield areas.

Much of the Project is readily accessible from a combination of the national road network and the former industrial tracks that bisect the site, most of which are amenable to initial drilling access as well as later providing potential development access for any subsequent mining operations.

The Project benefits from having access to several items of existing mining infrastructure left as a legacy from previous mining operations in the area, the most notable of these being the Wheal Maid Decline. This decline was commenced in 1984 and is 655m in length at a gradient of approximately -14% (1 in 7), with cross-sectional dimensions of 3.5m wide and 3.2m high. The decline portal is situated 250m away from the national road network, with an established, partly tarmacked track connecting the two.

In addition, there are numerous vertical (or sub-vertical) shafts that remain open in the Project, that could be utilised if necessary, for ventilation, dewatering, mine utilities or other mining purposes.

The presence of the adjacent United Downs Industrial Estate provides the additional benefit of ensuring ready access to the national grid for power utilisation. An electrical sub-station was previously installed adjacent to the portal of the Wheal Maid Decline which was fed from the national grid network and a similar system would be readily available to re-instate if required.

It is envisaged that any mineralised material from the United Downs Project will be processed at Cornish Metals' South Crofty mine site, approximately 14km distant by road. The roads that would be utilised in such a scenario are currently regularly used for industrial traffic and should therefore pose no logistical issue for moving material between the two sites.

The South Crofty site is fully permitted to enable construction and operation of a processing plant, capable of handling 0.5Mtpa of mineralised material. Additional permits are also extant for mine dewatering and water treatment, underground mining, underground tailings disposal facilities and all subsidiary construction and operation requirements for active underground mining and surface mineral processing.

Power requirements at South Crofty can be provided via 2 x 33kVa overhead power lines that run across the property, and the site also benefits from access to fresh water provided by South West Water, with a six-inch main running across the site. Additional non-potable water can be provided in significant quantities if required from numerous underground access points, both pre and post mine dewatering.

1.9 ENVIRONMENT, PERMITTING AND SOCIAL IMPACT

The Project is comprised of predominantly rural or industrial land with the majority being brownfield areas from historic mining operations. The western part of the Project is largely occupied by an industrial estate. At the western edge of the Project boundary lie the outskirts of the Village of Carharrack.

Much of the Project lies within part of the Cornwall and West Devon Mining Landscape UNESCO World Heritage Site land designation. As such an obligation exists to preserve the mining heritage and landscape of the area.

The designation of World Heritage Site status does not prohibit development of the area for future mineral extraction. However, it does mean that any operations must be conducted sympathetically in order to not harm the Outstanding Universal Value of the World Heritage Site.

Cornish Metals owns the Mineral Rights for the Project via its subsidiary CML. These titles give the owner the right to; enter, search for, work, and carry away minerals from within the title boundary.

As such, initial exploration drilling can be carried out under a General Permitted Development Order (“GPDO”) which negates the need for full planning permission, providing the operations do not exceed six months in duration. As part of the approval process for a GPDO, the operator must demonstrate that there will be little or no significant impact on the local community or the environment within the area of activity.

Cornish Metals has accordingly commissioned a noise survey from InAcoustic Ltd. to define acceptable limits for diamond drilling operations at the Project. The outcome of this survey concluded that there would be no significant impact for operations carried out during daytime hours.

Subsequent development of the Project beyond the exploration stage would be subject to approval of the relevant planning permissions, however, this would almost certainly benefit from the existing permits for processing and tailings disposal extant at South Crofty.

1.10 OTHER RELEVANT INFORMATION

The South Crofty Project is Cornish Metals other main asset in Cornwall and until early 2020 was the sole focus of its activities in the UK. The South Crofty Project is a past-producing underground tin mine located in the town of Pool in the historic Central Mining District of southwest England.

The South Crofty Project benefits from an extensive 1,490 ha underground permission area that extends over 26 historic mining operations, including two of the most significant mines in the Cornish tin mining district, being the South Crofty Mine to the east and the Dolcoath Mine to the west. The underground permission area includes five Mineral Rights, which are registered with the Land Registry as well as areas of Mineral Rights that are unregistered.

The South Crofty Project is currently on Care & Maintenance and operates under planning permissions that were granted in 1952 and updated in 2006 with environmental conditions imposed. Replacement planning applications for surface and underground developments were approved by Cornwall Council in 2011 and 2013, which increased the South Crofty Project area to 1,490 ha and to a working depth of 1,500 m below surface.

The two principal planning permissions held by the Company are: a sub-surface planning permission (mining permit) granted in 2013 that allows for the “winning and working” of minerals by means of underground mining methods; and, a surface planning permission granted in 2011 that allows for the re-development of the surface to include a new mineral processing facility, water treatment plant, paste backfill plant, offices, workshops and other ancillary infrastructure. Both permissions are valid until 2071. South Crofty Limited owns approximately 7.65 ha (18.9 acres) of freehold surface land over which the surface permission is granted.

The South Crofty Project is located in the highly mineralised Central Mining District of Cornwall. Mining is reported to have been undertaken in the region prior to 2000 BC during the Bronze Age of Western Europe. The modern ownership history may be considered as commencing in 1967 when South Crofty Ltd. became a wholly owned subsidiary of Siamese Tin Syndicate Ltd and Siamese Tin's subsidiary, St. Piran Ltd. In mid-1982, the company was acquired from St. Piran by Charter Consolidated, which subsequently disposed of 40% of its holdings to Rio Tinto Zinc (“RTZ”). In 1984, RTZ acquired Charter's remaining 60% interest and South Crofty became part of its subsidiary, Carnon Consolidated Ltd. (“Carnon”).

In October 1985, the price of tin dropped dramatically on the world markets following the collapse of the International Tin Agreement. Carnon became privately owned in June 1988 when the business and assets of the group were purchased from RTZ through a management buy-out. In 1994 South Crofty was purchased by Crew Natural Resources (“Crew”) of Canada. After several years of

depressed tin prices, South Crofty was closed in March 1998 and the mine was allowed to flood. At the time of its closure in 1998, South Crofty was the last remaining working tin mine in Cornwall.

Since acquiring the South Crofty Project in 2016, Cornish Metals has completed and published an Initial NI 43-101 Mineral Resource Estimate for South Crofty using the vast archive of historical production data and more recent drilling completed between 2007 and 2013. In 2017, Cornish Metals completed a Preliminary Economic Assessment (“PEA”) that demonstrated the potential economic viability of re-opening the mine. Additionally, Cornish Metals has undertaken extensive pilot-scale water treatment trials and successfully applied for and received the necessary environmental permits to abstract, treat and discharge mine water in order to dewater the mine. Planning permissions for the operation of the mine and re-development of the surface facilities have been secured and construction of the water treatment plant foundations commenced. The dewatering pumps with variable speed drives and new high-voltage power supply have been delivered to site.

Since early 2020, the South Crofty Project is no longer the principal focus of Cornish Metals’ activities and it has been placed on Care & Maintenance pending an increase in tin prices and a change in sentiment towards the project. This CPR includes relevant sections of the 2017 PEA, with the full document available on the Cornish Metals website. The cost of maintaining South Crofty and keeping all permits and permissions active is summarised in Table 1.3.

| Mine Section | Year 1 (GBP£) | Year 2 (GBP£) | Year 3 (GBP£) | 3-Year Total (GBP£) |
|--|--------------------------|--------------------------|--------------------------|--------------------------------|
| Insurance & Fees - Opex | 48,200 | 48,200 | 48,200 | 144,600 |
| Care & Maintenance Costs - Capitalised | 424,050 | 471,890 | 463,890 | 1,359,830 |
| | | | | |
| Total | 472,250 | 520,090 | 512,090 | 1,504,430 |

1.11 CONCLUSIONS

The prospectivity of the United Downs Project, combined with the advanced stage permitting and infrastructure that exists at South Crofty, provides a unique opportunity to develop a fast-track route to a new mineral project in a mature mining district.

United Downs has had little or no mineral exploration since the mid-1980’s and as such, an opportunity exists to conduct exploration in an area with well-understood geology and mineralisation style. The new discoveries in Cornish Lithium’s drill holes GWDD-001 and GWDD-002 demonstrates that there is still opportunity to discover potentially economic mineral deposits and

develop these into mining projects. Historic production, combined with results from the recent drilling, confirms the continued potential for high-grade copper and high-grade tin mineralisation in the area.

Cornish Metals has defined a two-phase work programme to develop the Project. P&E recommends that Phase 1 focuses on proving structural continuity and that Phase 2 focuses on increasing confidence in grade continuity of defined mineralised structures.

Several exploration targets have been identified within the United Downs Project, with the initial programme focused on further delineating the discovery in the Cornish Lithium hole GWDD-002, and subsequently investigating other prospective areas around the Wheal Maid Decline, and in the extension of known structures worked in the old Mount Wellington Mine.

In addition to the down-dip potential of structures previously worked at Mount Wellington, the potential that exists below the former copper producing United and Consolidated Mines is of considerable interest, as demonstrated by the recent Cornish Lithium drill holes.

The potential to prove similar mineral zonation to that encountered in the prolific copper and tin producing district of Camborne and Pool could be substantial. Considering the historic significance of the copper producing operations within the United Downs Project and their parallels with the world famous Dolcoath Mine in Camborne, the potential to identify a similar scale underlying tin deposit could be globally significant.

The recent and historic exploration that has taken place within the United Downs Project has identified several exploration targets including: the new near surface discoveries around Wheal Maid, the deeper targets beneath United and Great Consolidated Mines, the down-dip potential that exists at Mount Wellington Mine and the Trenares Lode to the south of Mount Wellington. Each of these identified opportunities represents a robust and valid exploration target with the potential to host economic base metal mineralisation, within a proven metallogenic district. P&E recommends that Cornish Metals continues with its exploration programme to delineate both the structural and grade continuity of these mineralised structures. If sufficient mineralised material exists within the Project, then P&E is of the opinion that, by taking a systematic approach to the exploration and completing the appropriate technical studies, it may be possible to outline a Mineral Resource Estimate and advance the Project towards a Feasibility Study within the scope and timeframe outlined in this CPR.

1.12 RECOMMENDATIONS

Over the next three years, Cornish Metals plans to conduct a phased work programme at United Downs to further delineate the known mineralised structures, conduct in-fill drilling, and subject to

exploration success, estimate Mineral Resources, and produce the required technical studies to demonstrate the feasibility of conducting mining operations in the area.

The first phase of the work programme will be to further delineate the mineralised structures, complete initial in-fill drilling and estimate initial Mineral Resources. This will be followed by a Preliminary Economic Assessment (“PEA”) or Pre-Feasibility Study.

If Phase 1 proves successful, a second phase of drilling will be conducted to provide sufficient data for a Feasibility Study for a proposed mining operation to feed a processing facility located at the South Crofty Mine. Advancing to Phase 2 is contingent on positive results from Phase 1.

The estimated costs of the work programme are summarised in Table 1.4.

| | Year 1 | | Year 2 | | Year 3 | | Total (GB£) |
|-----------------------|----------------|----------------|------------------|------------------|------------------|----------------|------------------|
| | H1 | H2 | H1 | H2 | H1 | H2 | |
| Phase 1 | | | | | | | |
| Surface Drilling | 460,000 | 497,000 | 895,000 | | | | 1,852,000 |
| Technical Study | 0 | 0 | 55,000 | | | | 55,000 |
| Exploration Staff | 156,000 | 202,000 | 209,000 | | | | 567,000 |
| Subtotal (GB£) | 616,000 | 699,000 | 1,159,000 | | | | 2,474,000 |
| | | | | | | | |
| Phase 2 | | | | | | | |
| Surface Drilling | | | | 3,041,000 | 2,359,000 | 32,000 | 5,432,000 |
| Technical Study | | | | 55,000 | 563,000 | 620,000 | 1,238,000 |
| Exploration Staff | | | | 282,000 | 282,000 | 209,000 | 773,000 |
| Subtotal (GB£) | | | | 3,378,000 | 3,204,000 | 861,000 | 7,443,000 |
| | | | | | | | |
| Total (GB£) | 616,000 | 699,000 | 1,159,000 | 3,378,000 | 3,204,000 | 861,000 | 9,917,000 |

The Phase 1 Drilling Programme, over the first 18-months, will consist of up to 9,100 m of diamond drilling at an estimated all-in cost of £197/m drilled.

The Phase 2 Drilling Programme, over the second 18-month period, is planned for up to a further 28,900 m of diamond drilling at an estimated all-in cost of £184/m drilled.

2 INTRODUCTION AND TERMS OF REFERENCE

2.1 Terms of Reference

The purpose of this report is to provide summary disclosure of Cornish Metals Inc.'s ("Cornish Metals" or the "Company") mineral assets with the intent that the report will be used by Cornish Metals in accordance with admission requirements of the AIM Market of the London Stock Exchange. The report has been prepared in consideration of AIM, *Note for Mining, Oil and Gas Companies* and follows the Canadian Securities Administrators National Instrument 43-101.

The following report was prepared to provide a Competent Persons Report ("CPR" or the "Report") on the United Downs Exploration Project ("United Downs Project", the "Project" or the "Property") located in Cornwall, United Kingdom. On July 11, 2016, Cornish Metals acquired a 100% interest in Cornish Minerals Limited (Bermuda) ("CML") which owns the registered and unregistered Mineral Rights to the United Downs Project.

Additionally, information is provided on the South Crofty Project ("South Crofty Project" or "South Crofty"). South Crofty is a past producing tin mine located in Cornwall, United Kingdom, in which Cornish Metals acquired a 100% interest on July 11, 2016, when it acquired the holding company, Western United Mines Ltd, now renamed South Crofty Ltd ("SCL"), from administration.

Until the early part of 2020, South Crofty was the principal asset that Cornish Metals were seeking to develop; however, the United Downs Project has now become the main focus of the Company, hence this CPR is primarily focussed on United Downs. South Crofty remains an important asset of the Company and Cornish Metals is seeking to make use of the various licences and permits that it holds for South Crofty in order to process any mineralised material mined at United Downs in the future. It is the Company's intention to maintain the South Crofty site and its permits to enable the South Crofty Project to be further developed in the future.

This CPR was prepared by P&E Mining Consultants Inc. ("P&E") at the request of Mr. Richard Williams, P.Geo., President & CEO of Cornish Metals Inc. Cornish Metals is a publicly listed company (TSX-Venture exchange; trading symbol CUSN) with its head office located at:

Suite 580 - 625 Howe Street
Vancouver, B.C.
V6C 2T6

Tel: 604-638-8005
Fax: 604-638-8011

Mr. Mark Owen, CGeol., a subcontractor of P&E and an independent Qualified Person under the regulations of NI 43-101, conducted a site visit to the United Downs Property on February 19, 2020, particularly to view drill core from a hole being drilled by Cornish Lithium, and subsequently on July 6, 2020 to view the overall site and local geology. Mr. Owen also conducted multiple visits to the South Crofty property between June and September 2020 to view drill core being drilled at the South Crofty Property.

Mr. Richard Routledge, P.Geo., of P&E, an independent Qualified Person under the regulations of NI 43-101, conducted a site visit to the South Crofty Property on November 17 to 21, 2014, particularly to review items pertaining to the Mineral Resource.

Mr. Andrew Bradfield, P.Eng., of P&E, an independent Qualified Person under the regulations of NI 43-101, conducted a site visit to the South Crofty Property on June 17-18, 2014, for a technical review.

There has been no material change to the scientific and technical information about the South Crofty Property since the 2014 site visits, other than the receipt of permit EPR/PP3936YU that allows for the discharge of treated mine water, and abstraction licence SW/049/0026/005 that allows for the abstraction of mine water for dewatering, awarded on January 20, 2020, and drillhole SDD20-001 drilled from surface at South Crofty between June and September 2020, however, the drill hole is not included in the Mineral Resource Estimate.

P&E will receive a fee for the preparation of this CPR in accordance with normal consulting practice. This fee is not contingent on the outcome of any transaction and P&E will receive no other benefit for the preparation of this CPR. P&E does not have any pecuniary or other interests that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Company's projects.

P&E does not have, at the date of this CPR, and has not ever had, any shareholding in or other relationship with the Company or its projects and consequently considers itself to be independent of the Company.

P&E is not aware of any material change in the Company's assets that would require disclosure in this CPR.

2.2 Sources of Information

In addition to the site visits, P&E held discussions with technical personnel from Cornish Metals regarding all pertinent aspects of the Project and carried out a review of available literature and

documented results concerning the Property. The reader is referred to those data sources, which are outlined in the References section of this report, for further detail.

The Mineral Resource Estimate for the South Crofty Project is prepared in compliance with the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions that were in force as of the effective date of this CPR.

2.3 Units and Currency

Unless otherwise stated all units used in this report are metric. Tin (Sn), copper (Cu) and zinc (Zn) assay values are reported in percentage (%) of metal. The Pound Sterling £ is used for the United Downs Project, however, the South Crofty Project is presented in US\$, unless specifically stated otherwise.

3 RELIANCE ON OTHER EXPERTS

P&E has assumed that all the information and technical documents listed in the References section of this CPR are accurate and complete in all material aspects. While we have carefully reviewed all the available information presented to us, we cannot guarantee its accuracy and completeness. We reserve the right, but will not be obligated, to revise our report and conclusions if additional information becomes known to us subsequent to the effective date of this CPR.

P&E has relied on a legal opinion dated 5 February 2021 from Stephens Scown LLP, UK solicitors to Cornish Metals, to confirm that Cornish Metals has title to the United Downs Project, the underground mine permission area and certain surface rights for the South Crofty Project. P&E has relied on a letter dated 5 February 2021 from Owen Mihalop, Chief Operating Office, Cornish Metals, to confirm that there has been no material change to the South Crofty Property, since the last Independent Qualified Person site visit on 15 September 2020.

P&E has not verified the legality of any underlying agreement(s) that may exist concerning the licenses or other agreement(s) between third parties and has relied on Cornish Metals to have conducted the proper legal due diligence.

A draft copy of the CPR has been reviewed for factual errors by Cornish Metals. Any changes made as a result of these reviews did not involve any alteration to the conclusions made. Hence, the statement and opinions expressed in this document are given in good faith and in the belief that such statements and opinions are not false and misleading at the effective date of this CPR.

4 PROPERTY DESCRIPTION AND LOCATION

4.1 Project Location

The United Downs Project Area is located approximately 8km southwest of the City of Truro and 1.6km east of St Day (50.23°N 5.16°W) in the County of Cornwall, in the far southwest of the United Kingdom, see Figure 4.1. The Property lies in the Parish of Gwennap, between the villages of Twelveheads to the east and Carharrack to the west.



Figure 4.1: Location of the United Downs Project Area in Cornwall

The area in the vicinity of United Downs was extensively mined for copper in the 18th and 19th centuries and is known as the “Gwennap Mining District”. It has been said that Gwennap was once the “richest square mile on earth” due to the amount of mining activity and the rich grades of copper mined from the area, particularly in the 18th century.

Today, the landscape within and around the Property still exhibits the scars of the intensive mining past. Traditional Cornish engine houses ((compressor and hoist rooms) are visible at various sites and a relatively modern tailings storage facility, which was constructed by Canadian based Cornwall Tin & Mining Ltd in 1976 to accommodate tailings from the nearby Mount Wellington Mine, occupies the Wheal Maid Valley. The whole area has a derelict atmosphere that supports little if any

plant growth, other than the heather and gorse that have colonised most of the slopes, together with a range of transient trees, shrubs and other plants, as can be seen in Figure 4.2.



Figure 4.2: The Intensively Mined “Brownfield” Landscape of the Project Area

There are many old mine shafts, several of which are still open, however, covered with "Clwyd Caps", which are pyramidal wire mesh in construction. These include Bawden's Shaft, Michell's Shaft, and Woolf's Shaft, which was sunk in 1826 to a depth of 548.6m and is one of the deepest in the area. There are many ruined buildings, chimneys and a clock tower which survives at the former site of Wheal Maid.

4.2 Project Overview

The United Downs Project Area, where Cornish Metals holds extensive exploration rights, is located within the boundaries or adjacent to, four former copper and tin producing mines: Consolidated Mines and United Mines to the west, and Mount Wellington and Wheal Jane Mines to the east (see Figure 4.3).

Although the Wheal Jane Mine lies outside the Cornish Metals Project Area, prior to closing in 1991 the Wheal Jane and Mount Wellington Mines were operated as one operation. The main mineralised

structures in all four mines trend ENE and dip at either a shallow or steep angle to the north. All of the mineralisation exploited historically is related to either quartz veins or quartz-tourmaline veins which are hosted within “killas”, the local name for metasedimentary rocks that overlie granite intrusions.

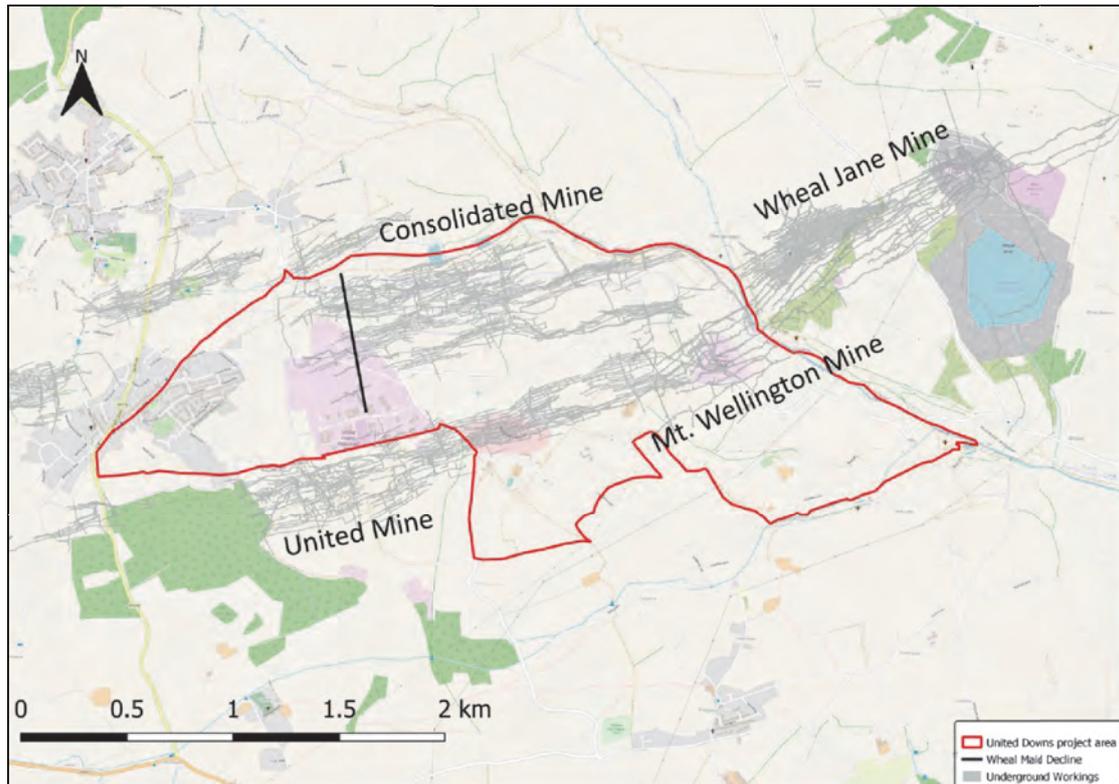


Figure 4.3: Former Mines within the United Downs Project Area

At the nearby South Crofty Mine (located approximately 8km WNW), copper-tin-zinc-tungsten mineralisation hosted within the killas passes into tin mineralisation at depth, as the mineralised vein-like structures pass into the underlying granitic host rock. The same zonation potentially exists at United Downs, where only the killas-hosted mineralisation has been exploited to date. The underlying granite, which is a target for further tin mineralisation, was encountered in a recent drill hole GWDD-002 drilled by Cornish Lithium Ltd between 300 and 600m and again at 700m vertical depth from surface.

The Wheal Jane Mine, adjacent to the Project, was discovered and developed into a modern mine in the late 1960s, initially by Consolidated Goldfields, and thereafter by Rio Tinto Zinc. Mining activities at Wheal Jane ceased in early 1991, due largely to the Tin Crisis of 1985, but processing of South Crofty ore continued at the Wheal Jane process plant until March 1998 when ongoing low tin prices forced its eventual closure.

During the 1980s, as part of the brief but intensive exploration period that Cornwall enjoyed between the 1960s and 1985, an underground exploration drive was developed westwards from Mount Wellington Mine at 6 Level elevation, whilst an exploration decline (the Wheal Maid Decline) was developed to explore for tin mineralisation similar in style to that which was exploited in Mount Wellington and Wheal Jane Mines. This exploration work was stopped after the tin price collapse in 1985, despite the potential for the discovery of polymetallic mineralisation.

Recent drilling results from the Project, combined with a more general re-evaluation of the mineral potential of Cornwall as a whole, make this area a prime target for additional exploration.

If the proposed exploration is successful, the ability to recommence underground mining activities within the Project is enhanced by the wealth of infrastructure available to Cornish Metals, such as the Wheal Maid Decline, which gives direct access to the mineralised structures and the fully permitted South Crofty mine site, less than 8km distant (13.7km by road), which has mineral processing and tailings management facilities under existing permits.

4.3 Tenure

Cornish Metals' UK assets are derived from assets formerly owned by South Crofty Plc and its subsidiaries. Following the closure of the South Crofty Mine in 1998, the assets of the Company were acquired in a management buyout and vested in the Wheal Jane Group of companies. In September 2000, the surface land, permits, leases and mineral rights associated with the South Crofty Mine were acquired by Baseresult Holdings Limited ("Baseresult"). Baseresult also secured an option to purchase the remainder of the mineral right estate, which included parcels of mainly unregistered mineral rights located throughout Cornwall, held in the subsidiary company Tehidy Minerals Ltd. The option was taken up and in November 2007, the whole mineral right estate was transferred to Baseresult. Also in November 2007, Baseresult formed a 50-50 joint venture with Galena Special Situations Fund ("GSSF"). Two new subsidiaries were formed, Western United Mines Limited ("WUML") held the assets of the South Crofty Mine, while Cornish Minerals Limited (Bermuda) ("CML"), held all mineral rights in Cornwall. Cornish Minerals Limited, a separate UK registered company, was created as a holding company over both WUML and CML with GSSF and Baseresult as 50-50 shareholders.

In 2011, Celeste Copper, a Canadian publicly listed company, entered into a joint venture agreement with WUML on the South Crofty Project. In 2013, due to poor market conditions, Celeste failed to meet its commitments under the terms of the joint venture, consequently GSSF placed WUML and Cornish Minerals Limited (UK) into administration to protect the UK assets. However, CML was not put into administration.

GSSF was the only secured creditor under administration. In 2014, GSSF reached an agreement with a Vancouver based private company, Tin Shield Production Inc (“Tin Shield”), whereby Tin Shield had the right to acquire a 100% interest in Cornish Minerals Limited (UK), WUML and CML. Tin Shield funded ongoing operational costs under the administration process in order to maintain the underground mining permissions in good standing and funded CML to ensure it also remained in good standing.

In March 2016, Strongbow Exploration Inc., now renamed Cornish Metals Inc., announced that it had reached agreement with GSSF and Tin Shield to acquire a 100% interest in both WUML and CML (collectively the “Companies”) by funding WUML’s exit from administration.

Cornish Metals acquired from administration a 100% interest in WUML and acquired a 100% interest in CML on July 11, 2016. In September 2020, WUML was renamed South Crofty Ltd (“SCL”).

The material terms of the agreement are as follows, all references to currency being in Canadian dollars unless otherwise specified:

- Cornish Metals entered into a purchase and sale agreement with the administrator managing the affairs of WUM and Cornish Minerals Limited (UK), the sole shareholder of the Companies (also in administration) to acquire the shares of the Companies and to fund the exit of WUM from administration by reaching a settlement of the claims owed to unsecured creditors. The unsecured creditors approved the proposal on June 10, 2016. Cornish Metals paid £143,000 (CDN\$249,000) for the exit from administration;
- GSSF, the only secured creditor, converted all debt owed to it into common shares of WUM and Cornish Metals acquired these shares, in return for future milestone payments, thereby completing the acquisition of 100% of the shares of the Companies;
- The UK holding company, Cornish Minerals Limited (in administration) released the intra group indebtedness owed to it by WUM, amounting to £11,525,758;
- Upon closing of the acquisition, Cornish Metals reimbursed Tin Shield CDN\$318,000 for operating costs incurred for the South Crofty Project from November 1, 2015 to February 29, 2016; Cornish Metals assumed responsibility for the monthly South Crofty Project operating costs as of March 2016. Also upon closing, Cornish Metals made a payment of US\$80,000 to Tin Shield to refund a shareholder loan made to Tin Shield; and
- On July 11, 2016, Cornish Metals issued 2,000,000 common shares with a value of CDN\$400,000 for the acquisition. A total of 1,050,000 common shares were issued to GSSF and 950,000 common shares were issued to Tin Shield. The common shares were subject to a hold period that expired November 12, 2016.

In addition to the reimbursement, loan repayment and shares issued on July 11, 2016, Cornish Metals agreed to the following additional payments and share issuances as part of the purchase and

sale agreement with GSSF and Tin Shield, whereby GSSF and Tin Shield would split the payments 52.5% to GSSF and 47.5% to Tin Shield:

- Cornish Metals will issue 1,000,000 common shares to GSSF / Tin Shield upon receipt of a permit to increase water discharge from the old South Crofty Mine workings from 10,000 m³ per day to 25,000 m³ per day. In a news release issued by Cornish Metals on November 6, 2017, it was announced that the share issue had been completed;
- Cornish Metals will make a payment to GSSF / Tin Shield totaling CDN\$2,000,000 (cash and / or common shares at Cornish Metals' election) on the second anniversary of the approval vote by creditors for WUM's exit from administration (date set at June 10, 2018);
- Cornish Metals will issue 2,000,000 common shares to GSSF / Tin Shield on delivery of a positive South Crofty Feasibility Study or commencement of commercial production, whichever occurs first;
- Cornish Metals will make a cash and / or common share payment to GSSF / Tin Shield equal to 25% of the Net Present Value ("NPV") of the South Crofty Project upon making a decision to go into production. In the event that Cornish Metals' market capitalization is less than the NPV of the South Crofty Project when a production decision is made, Cornish Metals will pay the equivalent of 25% of its market value to GSSF / Tin Shield and the balance (between the 25% of market value and 25% of the NPV of the South Crofty Project) will be paid out as a 5% Net Profits Interest from production; and
- In the event that Cornish Metals transfers any assets, rights, or entitlements to certain mineral rights which are not part of the core mineral rights (the "Other Mineral Rights") to a third party before the agreed consideration has been paid to GSSF / Tin Shield, then GSSF / Tin Shield will be entitled to receive a payment equal to 10% of any consideration received for the Other Mineral Rights, to a maximum of CDN\$1,000,000.

On September 16, 2016 the TSX Venture Exchange Inc. confirmed it accepted for filing the purchase and sale agreement entered into by Cornish Metals with the administrator managing the affairs of WUM and Cornish Minerals Limited (UK).

4.3.1 Mineral Rights

CML holds title to various registered and unregistered mineral rights within and adjacent to the United Downs Project Area. The Project Area contains two freehold mineral titles which are registered with the Land Registry and have the following title numbers:

- CL100170 – CML Registered Mineral Rights; and
- CL121547 – West Cusgarne.

The unregistered titles which CML holds adjacent to and within the vicinity of the Project Area comprise:

- TML 49 Devoran;
- TML 50 Coombe; and
- TML 51 Ringwell.

The landholdings are presented in Figure 4.4. The United Downs Project Area Mineral Rights are shown hatched light blue (CL100170) and green (CL121547). The project area itself is encircled by the red boundary. The unregistered mineral rights are shown hatched dark blue (TML 40 to 51).

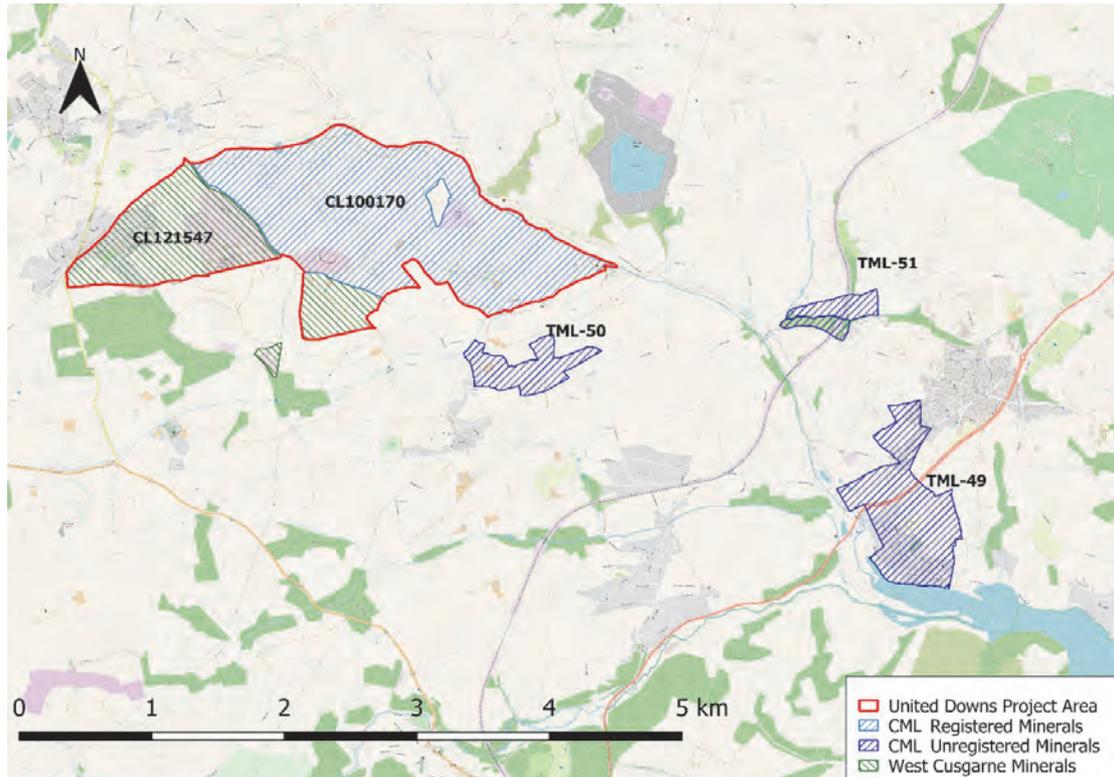


Figure 4.4: Plan showing the Location of United Downs Project Area and Mineral Rights

4.3.2 West Cusgarne Mineral Rights – CL121547

The freehold mines and minerals within title CL121547 are registered at HM Land Registry in the name of South Crofty Limited, a company incorporated and registered in England and Wales with number 01724635, which was dissolved on 22 March 2016. When the company was dissolved, any assets that were held free from any trusts are considered bona vacantia (ownerless property) and will eventually vest in the Duchy of Cornwall, as the company's registered office was located within the County of Cornwall at the time of dissolution. The Company is taking steps to secure the vesting of this title in CML and is in discussions with the Duchy.

Any failure to secure title to CL121547 is not considered to be material to the United Downs Project as, despite the fact that the discovery hole GWDD-002 is located on the boundary between

CL121547 and CL100170, the majority of the exploration potential is considered to be contained within CML's registered title CL100170 (see Section 26 of this report).

A summary of all Cornish Metals' mineral assets is shown in Table 4.1.

| Table 4.1 - Summary Table of Cornish Minerals Inc. Assets | | | | | | |
|---|--------------------------------|--------------|-------------|---|-----------------------------|--|
| Minerals and Ore | | | | | | |
| Asset | Holder | Interest (%) | Status | License Expiry Date | License Area | Comments |
| United Downs Project, UK | Cornish Minerals (Bermuda) Ltd | 100% | Exploration | N/A | 345 hectares | Registered freehold mineral rights at United Downs, Cornwall, UK |
| South Crofty Mine, UK | South Crofty Ltd | 100% | Development | June 30, 2071 | 14.9 km ² | Active mine under care & maintenance, with planning permission and dewatering permits in place. |
| Other UK Mineral Rights | Cornish Minerals (Bermuda) Ltd | 100% | Exploration | N/A | Approx. 150 km ² | Other registered and un-registered freehold mineral rights across Cornwall, UK |
| Nickel King | Cornish Metals Inc. | 100% | Exploration | 2023 | 7,642 hectares | On certain leases, a 3% NSR and a 2% GOR applies. |
| Sleitat | Strongbow Alaska, Inc. | 100% | Exploration | Annual rent payments due by November 30th | 1,425 hectares | Early-stage properties prospective for tin. Annual rent payments are due to the State of Alaska to keep the claims in good standing by November 30 th . Annual reports on labour (or payment in-lieu) are due on September 1 st each year. |
| Mactung & Cantung Royalties | Cornish Metals Inc. | 100% | N/A | N/A | N/A | Osisko Gold Royalties Ltd provided a line of credit to Cornish Metals to acquire these royalties. The line of credit is secured by a charge on the two royalties. Neither of the underlying assets is presently in production. |

4.4 Permits

In the UK, mineral ownership extends to the centre of the earth and Mineral Rights are considered property in the same way as the surface land. Minerals can be freehold or leasehold and owned independently of the surface landowner. There is no requirement to register mineral rights in the UK or disclose ownership. All Cornish Metals' Mineral Rights at United Downs are freehold and owned by the Company through its subsidiary CML and therefore do not expire.

Exploration rights at United Downs are given through rights reserved when the original landowner sold the surface land and reserved the rights to the underlying minerals. A typical mineral reservation is shown in the paragraph below and is entered on the Deeds of all surface properties that overly the Mineral Rights as and when they are sold and registered with the Land Registry. The mineral reservations give the mineral owner the power to enter the land and search for minerals so long as adequate compensation is paid for any damage to the surface land.

“TOGETHER with full power and authority at all times to enter upon the land or any part thereof to search for dig raise make merchantable and carry away the said mines and minerals without leaving any support for the surface of the land and with full liberty and power to make sink maintain and use all such pits shafts levels drains watercourses and reservoirs and to construct erect maintain and use all such spoil banks railroads tramroads and other roads bridges buildings works engines machinery and conveniences whatsoever and to do all such things in under upon through or over the land or any part thereof as may be necessary or convenient for all or any of the purposes aforesaid making from time to time nevertheless to the owners and occupiers for the time being of the surface of the land reasonable and adequate compensation for all damage thereby done or occasioned to the land or any buildings or growing crops thereon.”

Most exploration activities in England and Wales are considered to be “Permitted Development” and can be undertaken using the rights given by the *“Town and Country Planning (General Permitted Development) (England) Order 2015 (SI 2015/596)/SCHEDULE 2 Permitted Development Rights/Part 17 Mining and Mineral Exploration.”*

In the case of exploration drilling, the activities must take place in accordance with the conditions of the above act. In order to comply with the Act, the Company must give notice to the Local Planning Authority (“LPA”) of its intent to drill, the LPA then has 28 days to issue a General Permitted Development Order (“GPDO”) or require the applicant to seek full planning permission.

Cornish Metals does not currently have a GPDO in-hand for drilling at United Downs, however, has consulted with the LPA, local landowners, and has completed the required background surveys for noise and other likely environmental impacts. The formal application for the permit will only be

made 28 days in advance of the start of the drill programme as it is time-limited to six months. After six months has expired a further application must be made to extend the programme.

P&E understands that all titles and leases relating to the Project including permits required for exploration are current and valid. P&E has not reviewed requirements for the retention of these titles, or the terms of any royalties, back-in rights, payments, or other agreements and encumbrances to which the Property may be subject.

The reader is cautioned that P&E has relied on the other tenure information provided by an independent legal opinion dated 5 February 2021 conducted by Stephens Scown LLP, a law firm specialising in UK mineral law and solicitors to Cornish Metals. P&E has not verified the legality of any underlying agreement(s) that may exist concerning the licenses or other agreement(s) between third parties but has relied on Cornish Metals to have conducted the proper legal due diligence.

4.5 Royalties

On 18 January 2021 Cornish Metals and Osisko Gold Royalties Ltd (“Osisko”) entered into two royalty agreements.

Under the South Crofty Royalty Agreement, the Company grants to Osisko a perpetual 1.5% net smelter return (“NSR”) royalty, payable on all products mined from within the South Crofty Underground Planning Permission Area, with effect from the commencement of commercial production.

Under the Cornwall Royalty Agreement, the Company grants to Osisko a perpetual 0.5% NSR royalty, payable on all other products mined in England (excluding those associated with the South Crofty Underground Planning Permission Area), with effect from the commencement of commercial production. This effectively applies to any production from CML’s mineral rights in Cornwall other than those with the South Crofty Permission Area. Any future production from the Companies mineral rights within the United Downs Project Area would be subject to the Cornwall Royalty Agreement.

The Royalty Agreements are in similar form and define the commencement of commercial production as the operation of the relevant project or any portion thereof as a producing mine and the production of products therefrom, excluding bulk sampling, pilot plant or test operations.

Under the agreements, CML requires the prior consent of Osisko to transfer any interest or right in any of its mining rights (including the mineral rights it holds) or any rights in relation to any products extracted (save for any sale of products on arm's length terms). Osisko has security over the assets of CML.

5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 Access

The United Downs Project is located in a rural/semi-industrial area of mid-Cornwall between the towns of Redruth, Falmouth, and the City of Truro. The United Downs Industrial Estate and Recycling facility is located within the Property and consequently has good road links to the A30 trunk road. The South Crofty Project, which will share infrastructure with the United Downs Project, such as the proposed processing plant at South Crofty, is located 13.7km by the A30 trunk road as shown in Figure 5.1. Air services are available via flights from London Gatwick Airport to St. Mawgan Airport, Newquay, located 30km northeast of the Project. In addition, train services on the First Great Western line extend to Redruth and Truro from London.

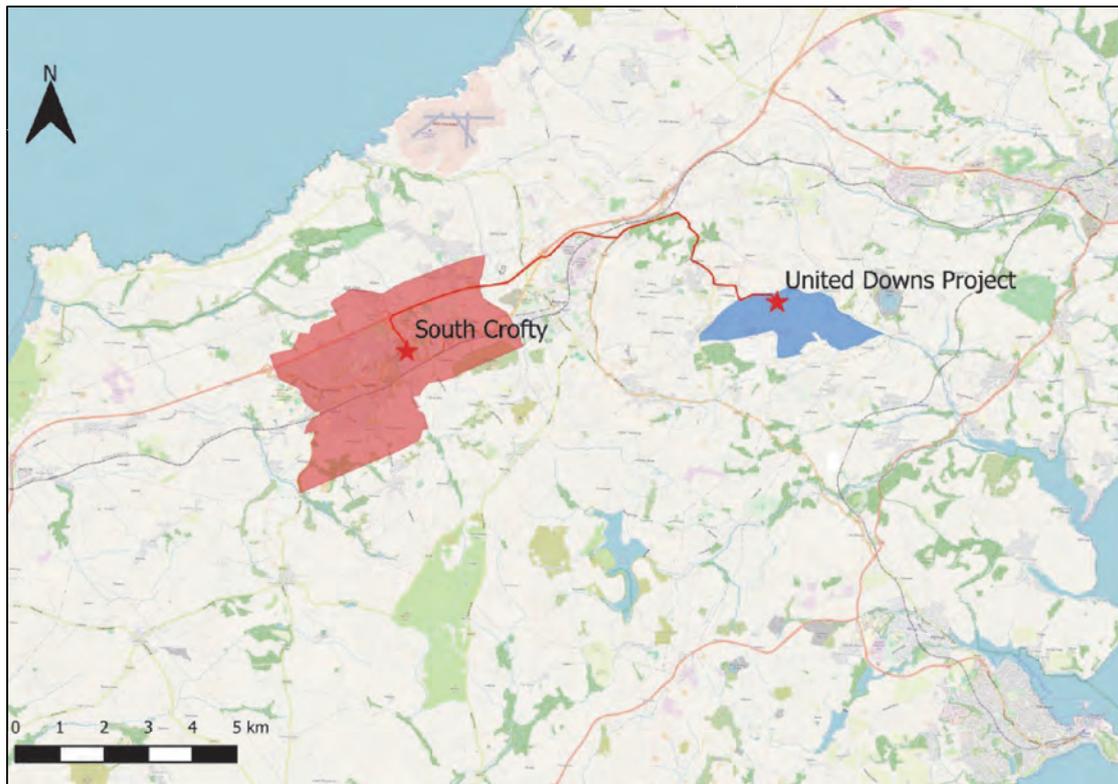


Figure 5.1 Map showing United Downs Project Location and Access Route to South Crofty Mine

5.2 Climate

Cornwall has a temperate oceanic climate with average annual temperatures of approximately 10°C. Climate data for Truro, Cornwall, located 8.5km east of the United Downs Project (Table 5.1) indicate that July and August are the warmest months with average high temperatures of 19°C, whilst

February is the coldest month with average lows of 5°C. November to January are the wettest months with an average of 119mm of precipitation.

Table 5.1 Climate Data for Truro, Cornwall

| Month | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------------------|-----|-----|-----|-----|------|------|-----|------|------|-----|-----|-----|
| Average High C° | 9 | 9 | 10 | 12 | 14 | 17 | 19 | 19 | 17 | 14 | 12 | 10 |
| Average Low C° | 6 | 5 | 6 | 7 | 10 | 12 | 14 | 14 | 13 | 11 | 8 | 7 |
| Precipitation mm | 118 | 91 | 76 | 66 | 59 | 57 | 61 | 68 | 72 | 109 | 115 | 125 |
| Daylight hours | 8.5 | 10 | 12 | 14 | 15.5 | 16.5 | 16 | 14.5 | 12.5 | 11 | 9 | 8 |

Source: *Truro Climate en.climate-data.org* retrieved 9th October 2020

5.3 Local Resources

Cornwall has a lengthy, strong history of mining, and historically has exported both technology and mining skills all around the globe. Although mining has experienced a considerable decline in the region, mining capability and knowledge is still present in the local workforce. With a local urban population of over 55,000 in the Redruth, Pool, and Camborne area, there are sufficient local human resources to staff many unskilled or partially skilled jobs at a mine.

The Camborne School of Mines, part of the University of Exeter, is located in Cornwall and is a major centre of higher learning for geology and mining engineering. Mining equipment supply, service support, and other logistical requirements are available, due to the presence of existing china clay open pit mining operations in Cornwall, as well as the Hemerdon tungsten-tin mine in the neighbouring County of Devon, owned by Tungsten West Ltd., which is projected to restart production in 2021. Additionally, a recent upsurge in exploration for lithium, tin-tungsten and geothermal energy in Cornwall offers potential synergies in terms of asset sharing and collaborative research.

The Wheal Jane site (also known as the Wheal Jane Earth Science Park) is 3km to the east, and currently maintain a tailings facility which once served the active Wheal Jane Mine. The site is now home to several mining consultancies and a mineral laboratory.

5.4 Infrastructure

The United Downs site has excellent transportation infrastructure including the A30 trunk road located 5km north of the Property, accessed via the B3298 past the villages of Crofthandy and St. Day. A general map of the features in the Project is shown in Figure 5.2.

At the western side of the mineral licence area is the United Downs Industrial Estate, where the United Downs Geothermal Project is also located. Adjacent to the industrial estate is the SITA United Downs Household Recycling Centre. There is opportunity at the Industrial Estate to install site infrastructure for exploration activities such as core logging sheds, offices and storage facilities.

North of the industrial estate is the portal to the Wheal Maid Decline located in Poldice Valley, which provided access to the Whiteworks and Tregarlands lodes. The decline was commenced in 1984 and is 655m in length at an incline of 1 in 7 (-14%), with dimensions of 3.5m wide and 3.2m high. The portal is presently covered with earthworks to prevent access by the public.

South of the site is the former United Downs Landfill facility which covers part of the former United Mines area. The landfill ceased operation in 2010 and has been restored to a natural state of agricultural pasture, heathland and moorland.

The site is located 13.7km by road from the South Crofty Mine. This site has planning permissions in place for a water treatment facility and processing plant. It is envisaged that the United Downs Project will share this infrastructure with any potential production from the South Crofty Mine.

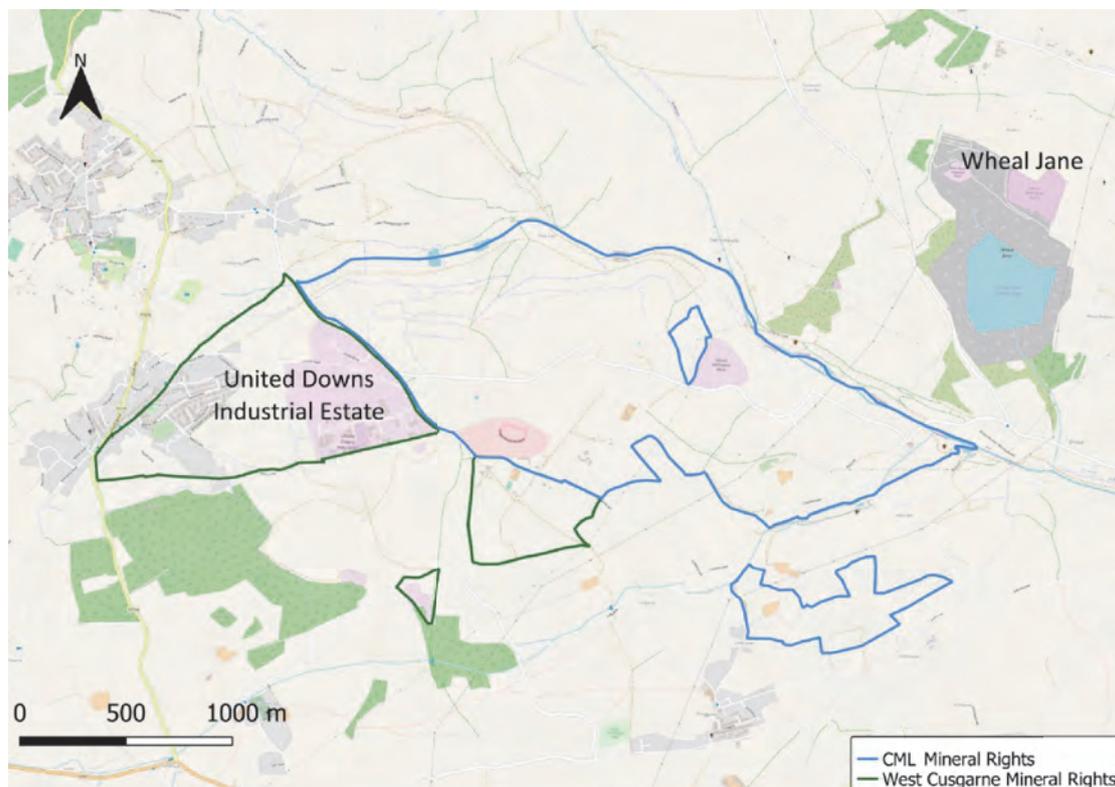


Figure 5.2 Map showing locations of the United Downs Industrial Park and Wheal Jane sites

5.5 Physiography

The topography of the United Downs site is generally characterised as areas of rolling plateau dropping steeply down to narrow valley bottoms to the north, such as the Poldice Valley. Many slopes bear evidence of intense mining activity across the area which is littered with derelict chimneys, engine houses, shafts, adits and other buildings. Hedges are dense across lower ground forming and linking to areas of broadleaved woodland along rivers and where old mine sites have become overgrown. The plantation at United Woods is a distinctive feature running along the ridge to the south of the Poldice Valley.

6 HISTORY

Within the boundaries of the United Downs Project lie two groups of historical mines, namely United Mines and Great Consolidated Mines, which were later combined to form Clifford Amalgamated Mines. Along strike to the east lies the more modern Mount Wellington Mine, which operated between 1970 and 1991.

A plan showing the location of these mines within the Property is presented in Figure 6.1. An idealised cross section through these two mines is shown in Figure 6.2 (after Dines 1956).

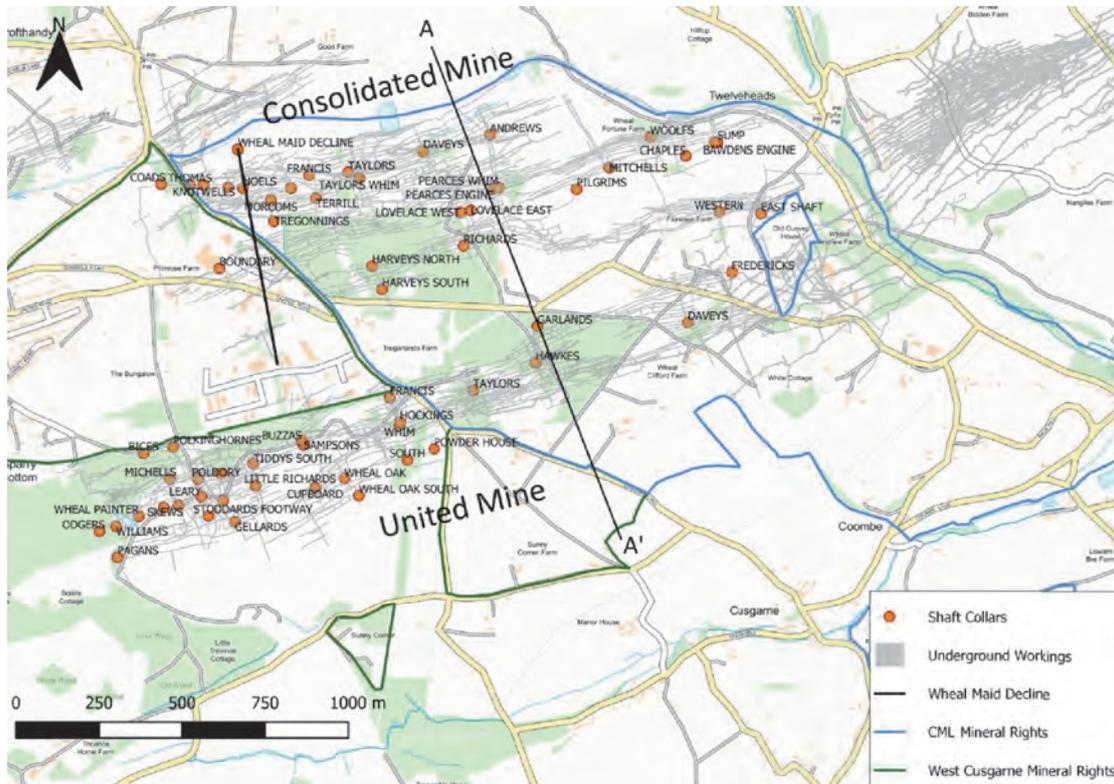


Figure 6.1: Plan View showing the Location of the United and Great Consolidated Mines including the Position of the Main Shafts and section line A-A'

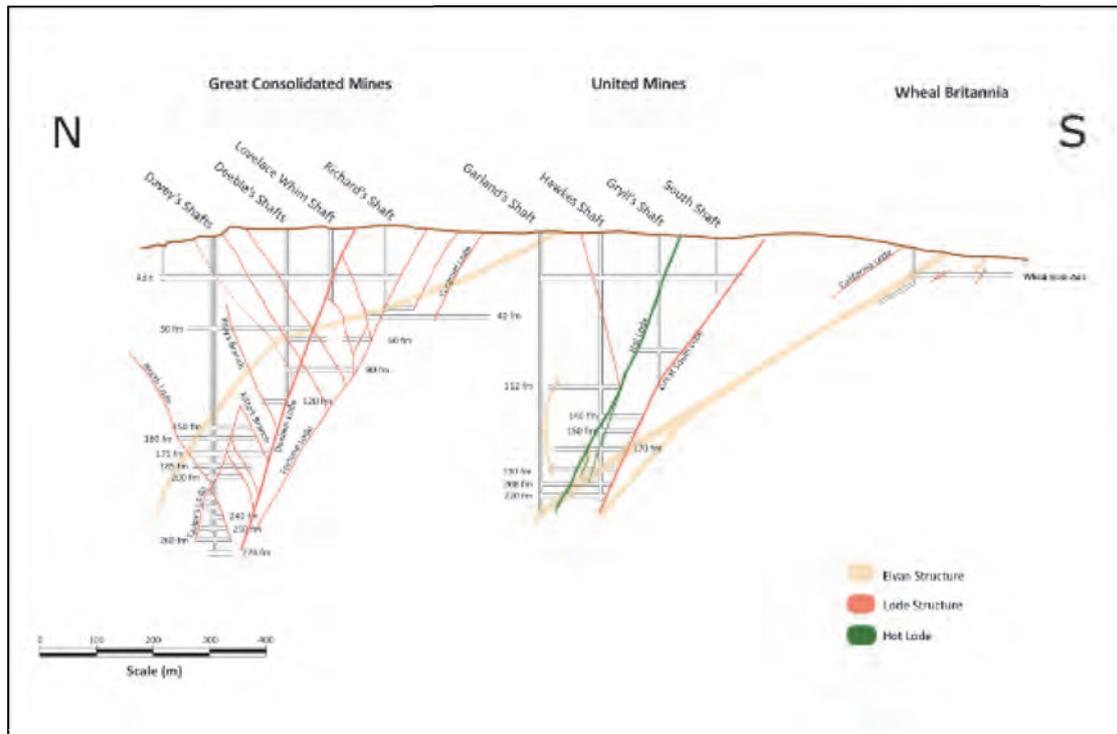


Figure 6.2: Idealised Cross-Section A-A' through United and Great Consolidated Mines

6.1 United Mines

These mines are located just to the south of the Great Consolidated Mines in the Parish of Gwennap and border the villages of St. Day and Crofthandy in the west and the Poldice and Carnon Valleys in the north.

United Mines (also known as Gwennap United Mines) was the name taken by the company consisting of the former Ale and Cakes Mine, Wheal Cupboard and Poldory who amalgamated in about 1780. Later the group was expanded to include East Ale and Cakes Mine and Wheal Britannia, Wheal Clifford, Wheal Moor, Wheal Squire, Wheal Andrew (or Friendship Mines) and Copper Hill Mine, which are all located within a distance of approximately 1km from United Downs.

Towards the end of the 18th century, as a result of competition from less expensive ore from Anglesey, United Mines became unprofitable and was closed. In 1811, when nearby Great Consolidated Mines was described as “totally abandoned”, United Mines was restarted and worked two main lodes: the 'Great South Lode' and, a little further to the north, 'Hot Lode', named for its extreme temperatures at depth.

United Mines continued to expand, and eventually in 1857 annexed the neighbouring Great Consolidated Mines which had ceased working in 1856, to form Clifford Amalgamated Mines. Wheal Clifford reportedly produced 50,167 tons of 6.5% copper ore and 365 tons of black tin during the years 1835-61. The other mines of the United Downs group reportedly produced 347,500 tons of 7.5% copper ore, 250 tons of black tin, 158 tons of arsenic, 1,290 tons of pyrite and 271 tons of zinc ore during the years 1815-61. Falling metal prices finally closed all the mines in 1869.

6.2 Great Consolidated Mines

Consolidated Mines, also known as Great Consolidated Mine, but most commonly called Consols or Great Consols was located about a mile ESE of the Village of St. Day. The mine was formed in 1782, by the amalgamation of a number of neighbouring mines including Wheal Virgin, East and West Virgin, Girl, Maid, Wheal Fortune and Cusvey, (Collins 1956, also mentions Old Carharrack, Wheal Lovelace, Deebles and Wheal Wentworth).

Primary production in the area was copper at that time, although there was some tin and ochre mined. Ore from the mines was shipped north to the Port of Portreath for smelting in South Wales, along the horse drawn Portreath Tramroad.

During its relatively short life, Great Consolidated Mines was a highly productive copper mine: between 1815 and 1857 it reportedly produced 442,400 tons of 8.5% copper ore, the largest quantity from any single mine in Cornwall, with the ore it had sold realising over £2 million. Such was its fame that many other mines were opened using the words "Consolidated" or "Consols" in their names, hoping to profit by association with the success story. According to Dines (1956) Wheal Virgin alone between 1821 and 1847 reportedly produced 22,974 tons of 7% copper ore.

From then on, the annual output fell steadily and Great Consolidated Mines ceased working in 1857. In 1861, it was amalgamated with the neighbouring United Mines and Wheal Clifford to form Clifford Amalgamated Mines, which continued in operation until 1870.

6.3 Mount Wellington and Wheal Jane Mines

6.3.1 Mount Wellington

Mount Wellington Mine was initially worked between the 1920's and 1939, with workings in the vicinity of Mount Wellington and ground to the east at Wheal Jane and West Wheal Jane. The mine reportedly closed in 1939 due to lack of finances.

In 1967, Cornwall Tin and Mining Ltd, a subsidiary of the Canadian company International Mine Services, began exploratory drilling at Mount Wellington. In 1974, mining operations commenced. It was the third new tin mine in Cornwall in three years.

The initial production was forecast to be 200ktpa of ore feeding into a gravity separation plant to recover approximately 1,600tpa of tin metal with copper, zinc and silver by-products. The shaft was planned to be deepened from 210m to 310m (with 292m attained prior to closure). The mine was initially planned to have a life of 25 years, with an estimated workforce of up to 300.

However, on April 20, 1978, Mount Wellington Mine closed due to severe difficulties attributed to limited ore production, lower than expected grades, excess water in the mine and poor tin recovery in the process plant. The closure of Mount Wellington resulted in an increased dewatering burden for Wheal Jane which, coupled with deteriorating results, in turn forced its closure. Fortunately, Government finance was available to keep the dewatering pumps operating at both mines until operations could recommence.

6.3.2 Wheal Jane Mine

Wheal Jane, located to the east of the Carnon River, was based upon a group of tin and copper mines worked up until 1913. In the 1960's Consolidated Goldfields Ltd began exploring the area and, after an expenditure of £6M, opened the new Wheal Jane mine in October 1971. The mine reportedly produced up to 205ktpa of ore which was treated through a new processing plant to yield high grade (38% tin) and low grade (18% tin) concentrates, plus a mixed sulphide concentrate containing copper, zinc and silver. Following the closure of the adjacent Mount Wellington Mine, the subsequent excess water pumping burden forced cessation of mining activities at Wheal Jane in 1978.

Carnon Consolidated Tin Mines Ltd (also known as Carnon Consolidated Ltd. or "Carnon") a wholly owned subsidiary of Rio Tinto Zinc Corporation ("RTZ") was subsequently formed and acquired Wheal Jane from Consolidated Goldfields Ltd in August 1979. Carnon also acquired the Mount Wellington Mine from Cornwall Tin and Mining Ltd.

Under Carnon's ownership, Wheal Jane and Mount Wellington were run as a single operation. By 1984, production had reached 300ktpa with the combined mines produced approximately 1,800t of tin-in-concentrate as well as 8,000t of zinc and 700t of copper annually.

Following the tin price collapse in 1985, Wheal Jane, incorporating Mount Wellington Mine, the Wheal Maid Decline and the Wheal Maid Tailings Lagoons, came under increased financial pressure and mining operations ceased in March 1991, although the Wheal Jane processing plant continued to operate until March 1998 treating ore from South Crofty Mine.

6.3.3 *Wheal Maid Decline*

In 1984, work on the Wheal Maid Decline commenced on land originally owned by Mount Wellington Mine. It was located at the western end of the United Downs Project. By December 31, 1985, the total length of the Wheal Maid Decline had reached 655m, on an incline of 1 in 7 (-14%) (cross-sectional dimensions of 3.5m wide and 3.2m high), as shown in Figure 6.3.

The purpose of the decline was to explore for potential tin and tin-copper lodes located south of Great South Lode Mine and Hot Lode in United Mines. Concurrently, an exploration heading was driven west from Mount Wellington Mine at 6 Level elevation to join up with the Wheal Maid Decline.

Two tin-bearing structures were intersected in the decline, “Tregarlands Lode” and “Whiteworks Lode”, from which on-lode development was undertaken. From the decline, Tregarlands Lode was developed 210m to the east and 130m to the west, but no stoping was undertaken. However, Whiteworks Lode was developed on two levels; on the upper level the structure was developed 65m to the east and 160m to the west of the decline, and the lower sub-level was developed over a 60m strike length. Production from Whiteworks Lode in 1984 and 1985 produced an estimated 35,000t of ore, which was trucked to surface and then directly to Wheal Jane for processing.

Exploration diamond drill holes intersected numerous additional lodes both below the Wheal Maid Decline, and immediately ahead of the decline face, but were not followed up as all exploration and mining activities ceased at the end of 1985 following a dramatic collapse in the price of tin.

6.3.4 Wheal Maid Historical Mineral Resource

Following the exploration and development activities in and around the Wheal Maid Decline, Carnon was able to estimate a Mineral Resource for Wheal Maid which was incorporated into the overall Wheal Jane Mineral Resource Estimate. In 1986, after the abandonment of the Project, a final Mineral Resource was reported following the guidelines of USGS Bulletin 831. The Mineral Resource quotes Indicated and Inferred Mineral Resources, as well as “Hypothetical” Mineral Resources which are similar to exploration results in current reporting standards. These Historical Mineral Resources are shown in Table 6.1 and Table 6.2. It should be noted that these estimates are historical in nature and not in accordance with current international reporting standards. They have not been audited or reviewed by a Competent Person and are not relied upon by the Company.

| Table 6.1: WHEAL MAID HISTORICAL MINERAL RESOURCE (1986) | | | | | |
|---|----------------|---------------|---------------|---------------|--------------|
| Category | Tonnes | Sn (%) | Zn (%) | Cu (%) | S (%) |
| Indicated | 6,400 | 1.17 | 0.04 | 0.39 | 0.23 |
| Inferred | 102,000 | 0.86 | 0.1 | 0.2 | 0.79 |
| Total | 108,400 | 0.88 | 0.09 | 0.21 | 0.76 |

| Table 6.2: WHEAL MAID HISTORICAL HYPOTHETICAL MINERAL RESOURCE (1986) | | |
|--|---------------|---------------|
| Range | Tonnes | Sn (%) |
| Maximum | 1,876,000 | 0.75 |
| Minimum | 477,000 | 0.85 |

The Historical Mineral Resource Estimates noted above were prepared according to the mine’s operational policy in 1986. The estimates predate the introduction of National Instrument 43-101 (“NI 43-101”). A Qualified Person (“QP”) has not carried out sufficient work to verify these historical estimates as current Mineral Resources and therefore, the Company is treating the numbers as historical and indicative only, and as such the estimates cannot be relied upon.

7 GEOLOGICAL SETTING AND MINERALISATION

7.1 Regional Geology

The geology of southwest England (Figure 7.1) comprises a series of weakly metamorphosed Devonian to Carboniferous argillaceous and arenaceous rocks. These are flanked to the south by metamorphic and igneous complexes of the Lizard and Start Point domains and intruded by an east-northeast trending 200km chain of Permo-carboniferous granitic intrusions, which are the surface expression of the Cornubian Batholith.

This package of metasediments and meta volcanics are locally termed “killas” and were formed during the Variscan Orogenic Event. Crustal thickening resulting from deformation of these Devonian sediments and associated volcanics during the initial phases of the Variscan Orogeny was followed by lithospheric extension, crustal subsidence and anatexis of metasediments to form the Cornubian Batholith.

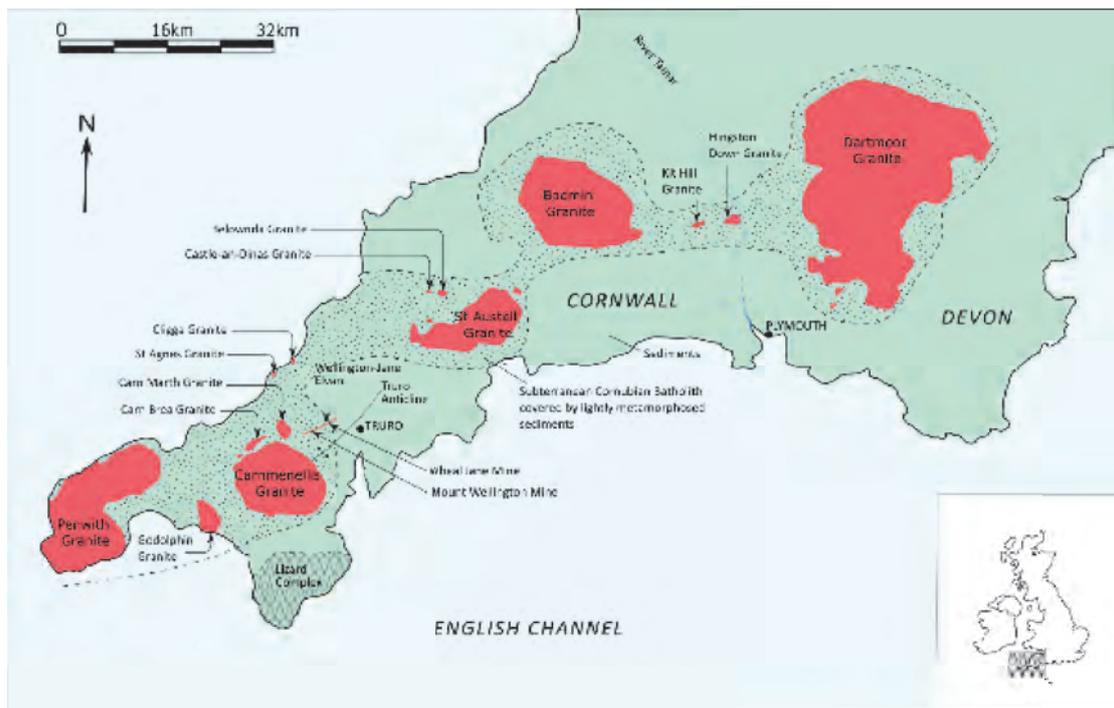


Figure 7.1: Regional Geology (British Geological Survey)

The Cornubian Granite Batholith is coarse grained and enriched in a variety of elements including potassium, lithium, uranium, thorium, tin, tungsten, copper, chlorine, fluorine, and rare earth elements. The enrichment in radiogenic elements such as potassium, uranium and thorium and strong thermal activity has resulted in it being classified as a high-heat producing (“HHP”) granite. In 2013 the British Geological Survey completed lidar, airborne radiometric and total field magnetic surveys of southwest England as part of the TELUS SW programme. Products of the survey include

airborne radiometric maps that show distribution of various radioactive elements including potassium shown in Figure 7.2 that effectively map the surface exposure of granitic intrusions.

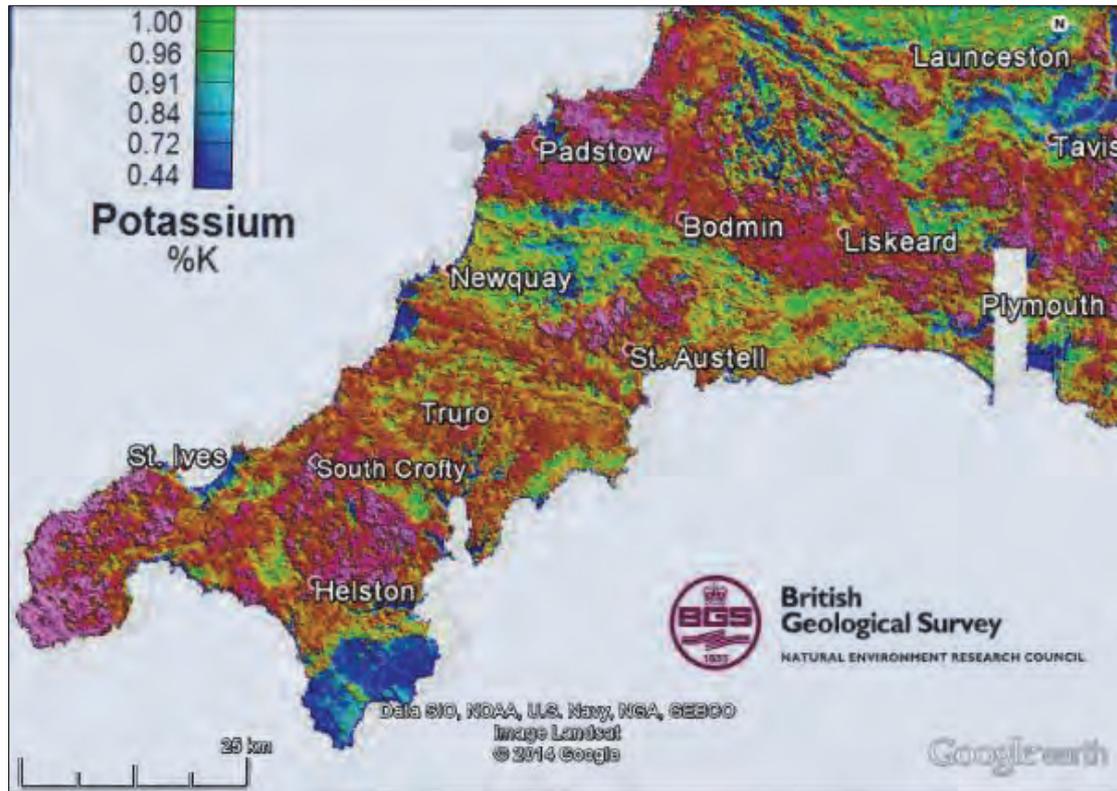


Figure 7.2: Airborne Radiometric Map of southwest England showing Potassium (K) Distribution (British Geological Survey “TELUS SW Project” overlain on Google Earth 2014.)

The enriched radiogenic element content of the Cornubian Granite Batholith combined with its metal content are key factors in the development of the Cornish mineral deposits. The radiogenic element enrichment and HHP characteristics resulted in a slow crystallization process and possibly internal reheating allowing for efficient fractionation of the contained metals into the residual late magmatic phases and fluids.

7.2 United Downs Project Geology

The Project locally comprises Devonian metasediments of the Mylor slates group. These are intruded by ENE/WSW trending quartz/feldspar porphyry dykes locally termed “elvans”. This trend follows the regional trend exhibited throughout the district. Lying to the west of the Project is the Carnmarth Granite with the Eastern contact steeply dipping underneath the western edge of the Project.

The main mineralised structures (Lodes) follow the same ENE strike and steeply north dipping trend as the intrusive dykes and have a strong association with these structures and are often but not exclusively found in the footwall contact of the porphyry dykes (“elvans”). A major feature of the region and locally, are later stage crosscutting faults (“crosscourses”). These crosscourses, cut across the main lithologies, intrusives and mineralised structures.

Mineralogy of the Lode structures typically comprises quartz/ chlorite/ tourmaline with associated tin, chalcopyrite, sphalerite, pyrite and arsenopyrite. Different mineralised structures can exhibit different proportions of these mineral assemblages. The United and Consolidated mines (which comprise the majority of the Project) were typically worked primarily for copper, whereas the Mount Wellington (to the east of the Project) and Wheal Jane (outside the eastern boundary of the Project) mines were predominantly exploited for tin and zinc.

7.2.1 Mount Wellington and Wheal Jane Mines Geology

After *Y. A. Kettaneh and J. P. N. Badham (1978)*

Six lodes were identified at Mount Wellington Mine; these were numbered No. 1, 2, and 3 (the main lodes), the Wheal Andrew, Trenares, and Hot Lode. Half the production came from No. 1 lode east of the Wellington Crosscourse and half from the No. 2 Lode, west of this fault (see Figures 7.3, 7.4 and 7.5). These main lodes contain Fe, Zn, Sn, As, Cu, Ti, and lesser Pb, Ag, Au, W, Bi, and Sb. They are grossly similar to the Wheal Jane Lodes studied by Raymerit et al. (1971) and both mines produced tin, copper, and zinc concentrates. A smaller lode at Mount Wellington, namely Hot Lode, was rich in copper which was profitably extracted in the nineteenth century only. Similarly, Wheal Andrew lode, which was worked sporadically in the 20th century, is not economic where it is exposed in the workings. The caunter lodes and crosscourses are weakly mineralised but are not of any economic significance either.

Major interest in the area was rekindled in the 1960’s and an extensive drilling programme was initiated in 1964. Of 69 holes drilled, 46 intersected the important No. 1 lode beneath an “elvan” (quartz-feldspar porphyry) dyke. Both elvan and lode are south-westerly extensions of the “B-elvan and B-Lode” identified in Wheal Jane Mine.

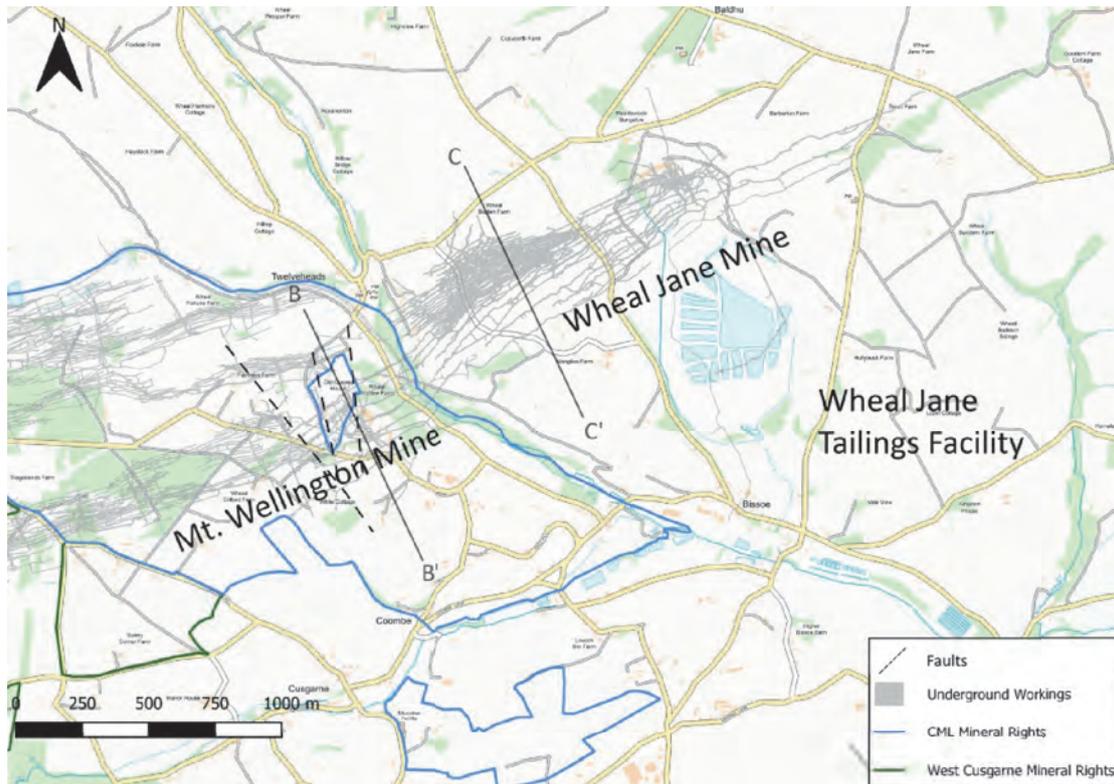


Figure 7.3: Plan View Showing the Location of the Mount Wellington and Wheal Jane Mines including the Position of Section Lines B-B' and C-C'

7.2.1.1 *The Elvans*

The Mylor Slates were intruded by a series of elvan dykes, particularly around the northern margins of the Carnmenellis granite. The elvans post-date the deformation and metamorphism of the killas, as well as most of the abundant quartz veining. In the Mount Wellington area, the numerous elvans are quartz-orthoclase porphyries. They have well-developed chilled margins and are usually separated by the killas. Up to seven adjacent dykes have been recognised at the mine and they are only separable because of their chilled margins. Goode (1973) suggests that some of these finer grained areas are not in fact chilled margins, but early intrusions re-intruded by coarser porphyritic elvans.

The most important elvan within the mine workings (Wellington elvan at Mount Wellington and “B” elvan at Wheal Jane) is the one which contains the main mineralisation (No. 1 lode) in its footwall. It strikes approximately 055°, dipping 35° NW, and has been traced along strike for over 6km. It is usually discrete but does join branches of other elvans to the west of the mine area (Cotton, 1972). The elvans are rather irregular in thickness and dip such that domes and basins can be recognised. The significance of these as a control of mineralization is discussed below. The Wellington Elvan has been extensively altered. Adjoining the mineralisation it has been sericitised, chloritised, and

tourmalinised, and silicified areas are locally developed. The elvan is also pervasively kaolinised, an alteration which appears to be overprinted by the others; it therefore presumably pre-dates them, but by how much is debatable. Nevertheless, there is evidence of early, hydrothermal kaolinisation.

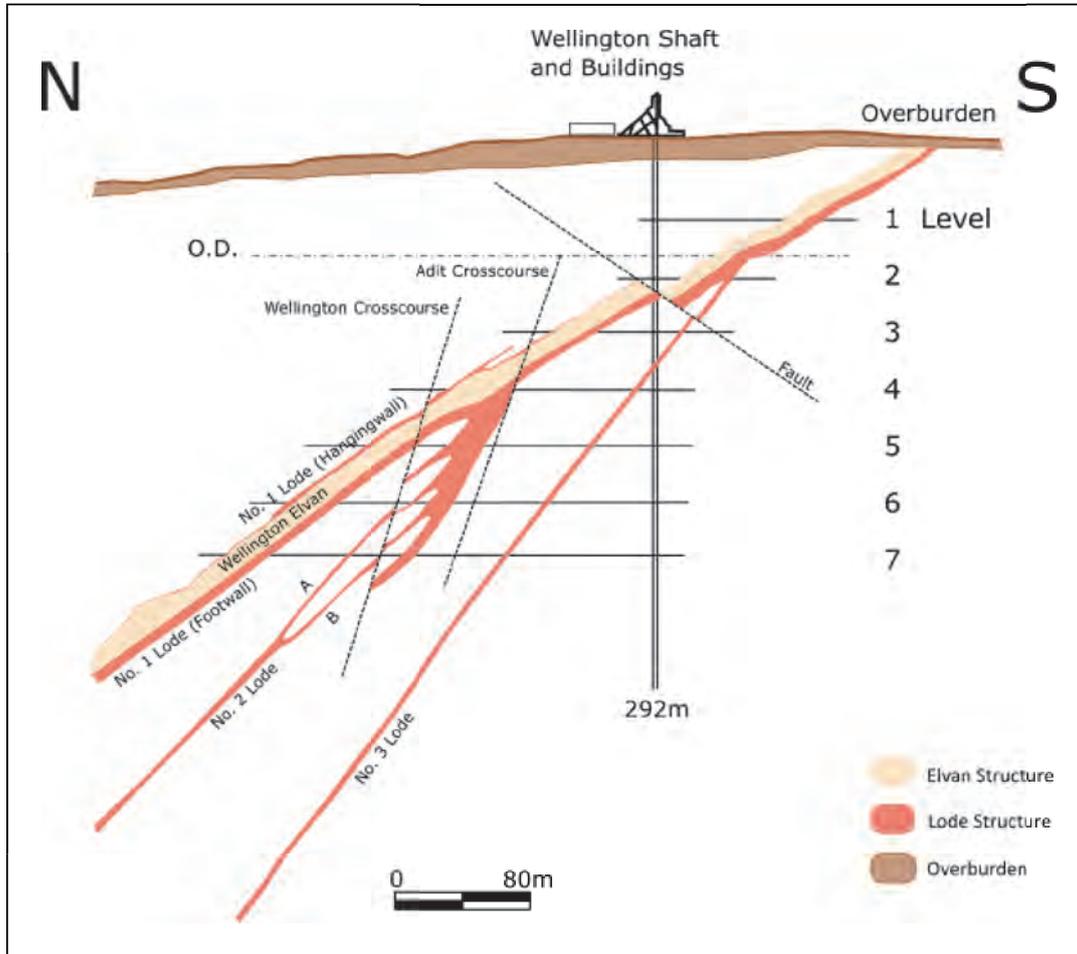


Figure 7.4: Cross-Section line B-B' from the Mount Wellington Mine

7.2.1.2 The Lodes

There are five lodes within the mine: a sixth, the Trenares Lode, is within the mining leases but not incorporated in the workings. The lodes are the numbers 1, 2, and 3, the Wheal Andrew, and the Hot Lodes. Of these, only the Wheal Andrew and the Trenares Lodes have not been studied. The No. 1 Lode lies in the footwall of the elvan (see Figure 7.4, Figure 7.6 and Figure 7.7) which has sharp contacts and is in places sheared, mineralised, and brecciated. It is possible that the elvan was replaced along an already brecciated plane in the killas, but the main brecciation occurred after elvan emplacement. The resultant breccia of killas and lesser amounts of chilled elvan and vein quartz were replaced by the lode. There is a thin, intermittent development of No. 1 Lode type mineralisation in the hanging wall of the elvan, but this was not economically recoverable. The lode

has a strike length of over 1.5km in the Mount Wellington Leases and a further 5km through the Wheal Jane Property. Its thickness varies between 1 and 19m at Mount Wellington, with an average of 3.6m. It has been recognized in drill core at 300m depth, but its full downdip extent remains unknown. The elvan is extensively altered next to the lode and, where there are, locally, sheets of killas between elvan and lode, these too are altered.

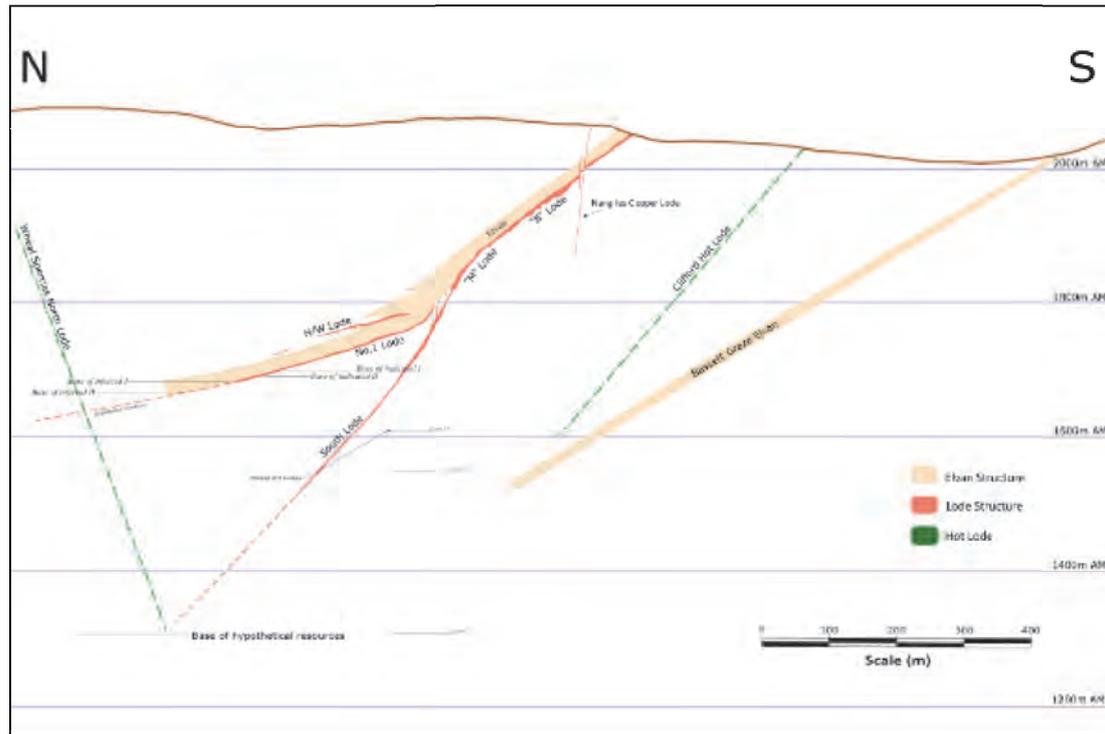


Figure 7.5: Geological Cross-Section C-C' through Wheal Jane Mine

The tin distribution is inhomogeneous and there are many uneconomic sections in the lode, particularly to the west of the Wellington Fault (Figure 7.4, Figure 7.6 and Figure 7.7). Nos. 2 and 3 Lodes are effectively identical. They strike in the same direction as the No. 1 Lode, but dip more steeply at approximately 50° NW. They join the No. 1 Lode between the 2 and 5 levels (Figure 7.4). The contact areas are extremely complex with lodes sometimes thinning, sometimes thickening, and at times ramifying (Figure 7.6). These two lodes also occupy brecciated fault zones and the complications at the junctions presumably reflect original complications at the intersections of two active fault systems and are not a reflection of complexities in the mineralising process.

In the junction areas, the tin grade is sometimes higher; an observation also made by Rayment (1974) at Wheal Jane but may also be so low as to be locally unpayable. No. 2 and 3 Lodes are thinner than the No. 1 Lode (2.4m and 1.8m averages, respectively) and the alteration halos are also

less extensive, recognisable over some 3m compared with up to 12m around the No. 1 Lode. These two lodes occupy less dilatant fault zones than that in the elvan footwall and this lack of dilatancy also inhibited the better development of the later (open space-filling) phases of mineralisation. The lack of any crosscutting relationship between Nos. 1, 2, and 3 Lodes and the similarities in their mineralisation and paragenesis suggest that the lodes are coeval. The No. 2 and 3 Lodes are not recognised in the elvan, which presumably acted as a structural barrier to the dilatant fault system and thence to the fluids travelling in it.

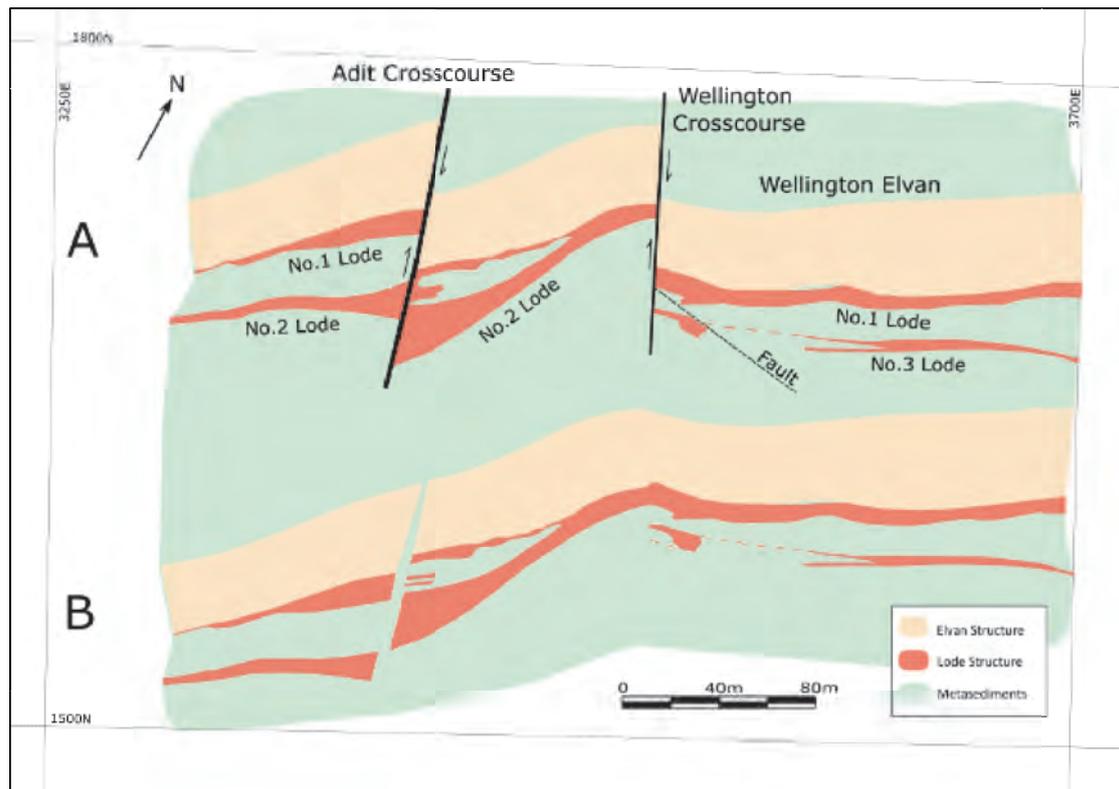


Figure 7.6: Geological Plan View from Level 4 of Mount Wellington Mine, showing observed geology (A) and geological reconstruction (B)

The Trenares Lode apparently belongs to this group of lodes as it dips 15° northwest and does not cut the elvan. The Wheal Andrew and Hot Lodes do cut the elvan and No. 1 Lode. The former, which was worked mainly for copper ores to the north-east of Mount Wellington, is shown, on the few available maps and sections, as cutting the elvan and No. 1 Lode near the boundary between the Wheal Jane and Mount Wellington leases. It has a strike and dip similar to the Hot Lode. Both lodes dip steeply with a strike of approximately 080°. The Hot Lode cuts the elvan and what is probably a branch of the elvan (Figure 7.7) and an exposure on the adit level shows it cutting No. 1 Lode. However, the nature of the mineralisation suggests that it fills a fracture generated during the later phases of the main mineralisation. This lode, whose thickness varies between 15cm and 3.4m, is

possibly the eastern extension of a similar lode outcropping in the Teagues Openworks some 2km east of the Carnmarth Granite (Figure 7.1).

7.2.1.3 Caunter Lodes and Crosscourses

Two sets of faults, known as Caunter Lodes and Crosscourses in the mines, cut the elvan and the other lodes. The caunter lodes usually strike 090° and dip at 40° to 60° south. The narrow fault planes are weakly mineralised with sulphides, chlorite, and quartz but are of no economic significance. Two important crosscourses in the mine offset earlier mineralisation and are weakly mineralised with what may be material remobilised from the main lodes. Although the lodes and elvan are significantly offset by the crosscourses, variations in style and tenor in the main lodes at these junctions suggest that there may have been some pre-mineralisation perturbation along the lines of these crosscourses.

The Adit Crosscourse (Figure 7.4, Figure 7.6 and Figure 7.7) trends 345° and dips 70° NE. It is up to 4m thick and consists usually of banded, open space-filling quartz (chalcedony) veins with a sheared and brecciated footwall margin. It is poorly mineralised, predominantly with marcasite. It has a considerable strike length (>800m), mostly to the north of the mine. It forms the eastern boundary of the workings (but not necessarily of the mineralisation) on the Fortune Lode (also called the Cusvey Lode) of the old Great Consolidated Mines, some 475m (parallel to the strike of the crosscourse) from the Wellington elvan and No. 1 Lode. If the mineralisation itself is stopped, then the early movement on the fault plane of the crosscourse must certainly have predated and controlled the main mineralisation. The Adit Crosscourse is a single plane in the upper levels of the Wellington Mine, however, splits into two at depth.

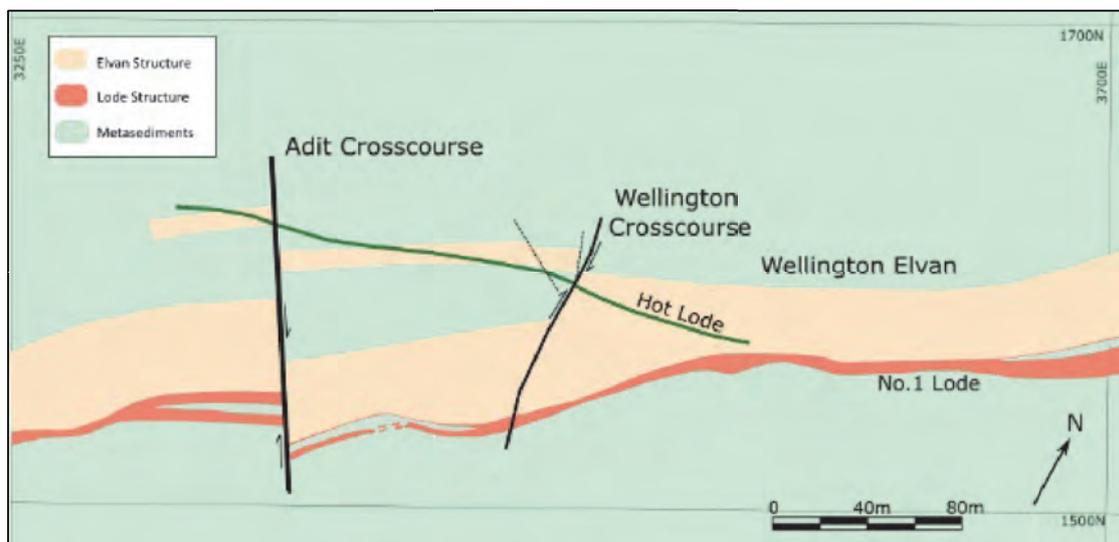


Figure 7.7: Geological Plan View from Level 1 of Mount Wellington Mine

The Wellington Crosscourse contains sulphides, chlorite, and quartz and varies between 15cm and 3m in thickness. It strikes 340° and dips 78° NE and has a strike length in excess of 500m. Its continuation appears to form the eastern boundary of workings on the Virgin Lode some 675m (parallel to the strike of the crosscourse) to the north of Wellington Elvan and No. 1 Lode and 274m north of the Fortune Lode. It also forms the western boundary to the workings in the Wheal Andrew Lode.

There is then some possible evidence that these faults may be reactivated planes that were present prior to the main mineralisation in the area. Apart from these two major faults there is a swarm of small-scale gravity faults which displace (by up to 2m) the Wellington Elvan and Lodes. These faults are predominantly east-west-striking (070° - 090°), but some strike northeast (030° - 040°). Both sets dip steeply south from 60° to vertical, averaging 80°. They are un-mineralised and usually contain fault clay. Many of these faults are situated in uneconomic parts of the lodes, but equally many others occur in areas of high-grade mineralisation, and some traverse both areas. The clay-bearing faults may have diluted the tin content of the lodes locally. There is no convincing evidence that these faults have played any significant role in controlling the mineralisation of the main lodes.

7.2.1.4 Mineralisation

The mineralisation of the three main lodes is so similar that separate descriptions are not required. Following emplacement and cooling of the elvan, extensive fracturing, both along the contacts of the elvan and along steeper fractures, permitted the introduction of mineralising fluids (Phase A). These fluids precipitated considerable amounts of quartz, tourmaline, and cassiterite in fractures between fragments of killas, quartz vein, and chilled elvan (Figure 7.8). This was probably responsible for tourmalinisation and sericitisation of elvan, killas, and fragments. The Phase A cassiterites are usually bipyramidal, twinned, and zoned and contain rutile inclusions. They are closely associated with the quartz and tourmaline. Minor amounts of wolframite are seen, but sulphides are virtually absent.

Phase A material was brecciated by renewed movements in the original fractures which permitted introduction of a second Phase B. Quartz, chlorite, and sulphides of this phase are abundant and replace fragments of Phase A (Figure 7.8). This Phase introduced no cassiterite and has therefore resulted in a dilution of the tin grade. The greater dilatancy of the elvan footwall-fracturing permitted better development of Phase B in No. 1 Lode, hence the thicker lodes but generally lower tin grades of this lode. Phase A cassiterite was fractured and corroded by Phase B faulting and the crystals are healed by sulphides. This is the main cause of the very fine grain size and the consequent extraction problems. Chlorite, quartz, pyrrhotite, arsenopyrite, and chalcopyrite were the first minerals precipitated by Phase B. These were followed by more quartz with sphalerite (containing an abundance of exsolved chalcopyrite) and rutile. Small grains of gold were probably formed at this stage. Minor amounts of galena were deposited and the phase was terminated by the precipitation of large amounts of pyrite. This developed as euhedral crystals overgrowing earlier minerals and

cementing the rock. Secondary marcasite and covellite have been seen in this association, but it is not clear when they formed.

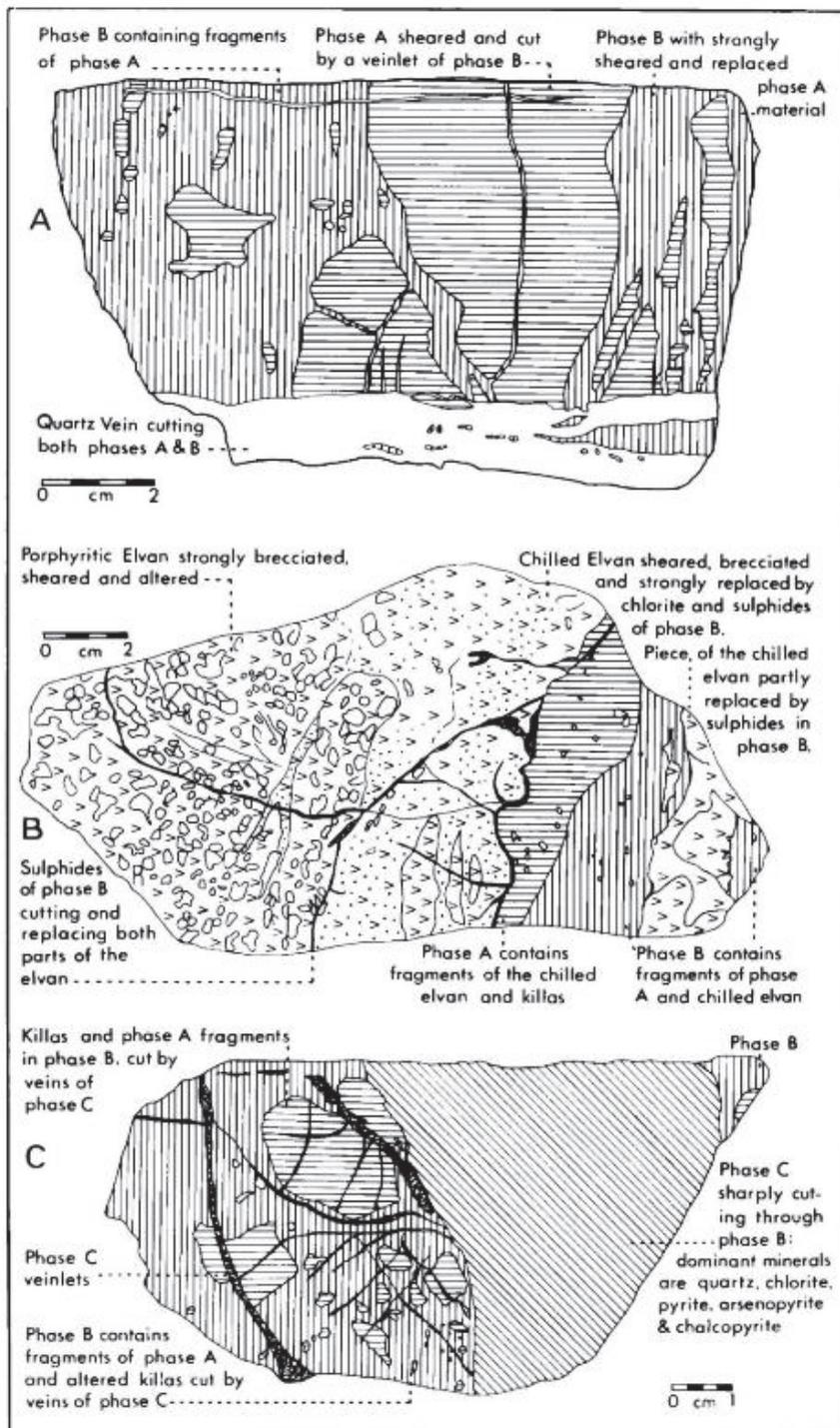


Figure 7.8: Original Drawings of Lode Textures from Mount Wellington Mine

After Kettaneh & Badham (1978)

Phases A and B constitute the bulk of the mineralisation in all three lodes. In No. 1 Lode, Phase A material is usually concentrated nearer to the elvan, where the two phases are better separated, there was also wall-rock alteration around Phase B, principally chloritisation and lesser hematitisation.

There have been no major movements on the lode-controlling faults since Phase B, however, two periods of slight fracturing caused local dilation, which were filled by Phases C and D.

Phase C (Figure 7.8) is represented by narrow veinlets cutting earlier material and filled predominantly with quartz, pale green chlorite, and sulphides. The most abundant sulphides are arsenopyrite and pyrite and lesser sphalerite, chalcopyrite, and pyrrhotite. Some cassiterite was deposited with quartz early in this phase and is associated with small amounts of tourmaline and wolframite. Chalcopyrite and pyrite contain stellate exsolution blebs of sphalerite, which in turn contain exsolved chalcopyrite and pyrrhotite. The exsolution of sphalerite from pyrite is most uncommon but is quite clear in these examples. Small intergrowths of silver, gold, galena, and younger bismuth and a series of complex Bi-Pb-Ag-Fe-As sulfosalts occur in the main sulphides. Secondary covellite, marcasite, and neodigenite have also been identified.

Phase D also occurs in small fracture veinlets crosscutting all earlier phases and in many cases filling of the dilatancies was not complete. Vug centres are now filled with greyish-white clay. The mineralisation again consists predominantly of quartz, chlorite, and sulphides and again minor tourmaline and cassiterite (with rutile) were the first minerals deposited. The sulphides are similar to those of Phase C, but with sphalerite and pyrite predominant. Sphalerite contains pyrrhotite and/or chalcopyrite as the predominant exsolved phases, but also stannite and some as yet unidentified sulfosalts. Galena with minor gold, silver, and Ag-Pb-Sb-Bi-Cu sulfosalts are less important phases. Primary late pyrite in Phase D is often distinct in exhibiting gel and spheroidal textures. Pyrite and galena are replaced by marcasite, covellite, and neodigenite, which all also show gel texture.

The mineralogy and paragenesis of the four phases of mineralisation in the three main lodes are summarised in Figure 7.9. In general, the bulk paragenesis is from cassiterite through base metal sulphides to native metals and sulfosalts. It is thought that all the mineralisation is hypothermal and that the paragenesis reflects a gradual change in a source fluid (presumably in the granite) which was periodically tapped. These four phases of mineralisation were probably emplaced over a short time interval.

Textural evidence from the later phases, especially the exsolution of pyrrhotite from sphalerite and of sphalerite stars from pyrite and chalcopyrite suggests hypothermal deposition in excess of 300°C (Ranldohr, 1969; Edwards, 1954). An investigation of the stable isotopes of sulphur in all phases of

mineralisation (Rouse and Coleman, 1976) showed general lack of isotopic equilibrium between mineral pairs. Those pairs apparently in equilibrium indicate depositional temperatures in the 300°C to 500°C range. Mineralogical and textural evidence (particularly the exsolution of sphalerite in pyrite and chalcopyrite), together with the few invariant temperature points indicated by the stabilities of some of the Pb-Sb-Cu sulfosalts, suggests a similar range.

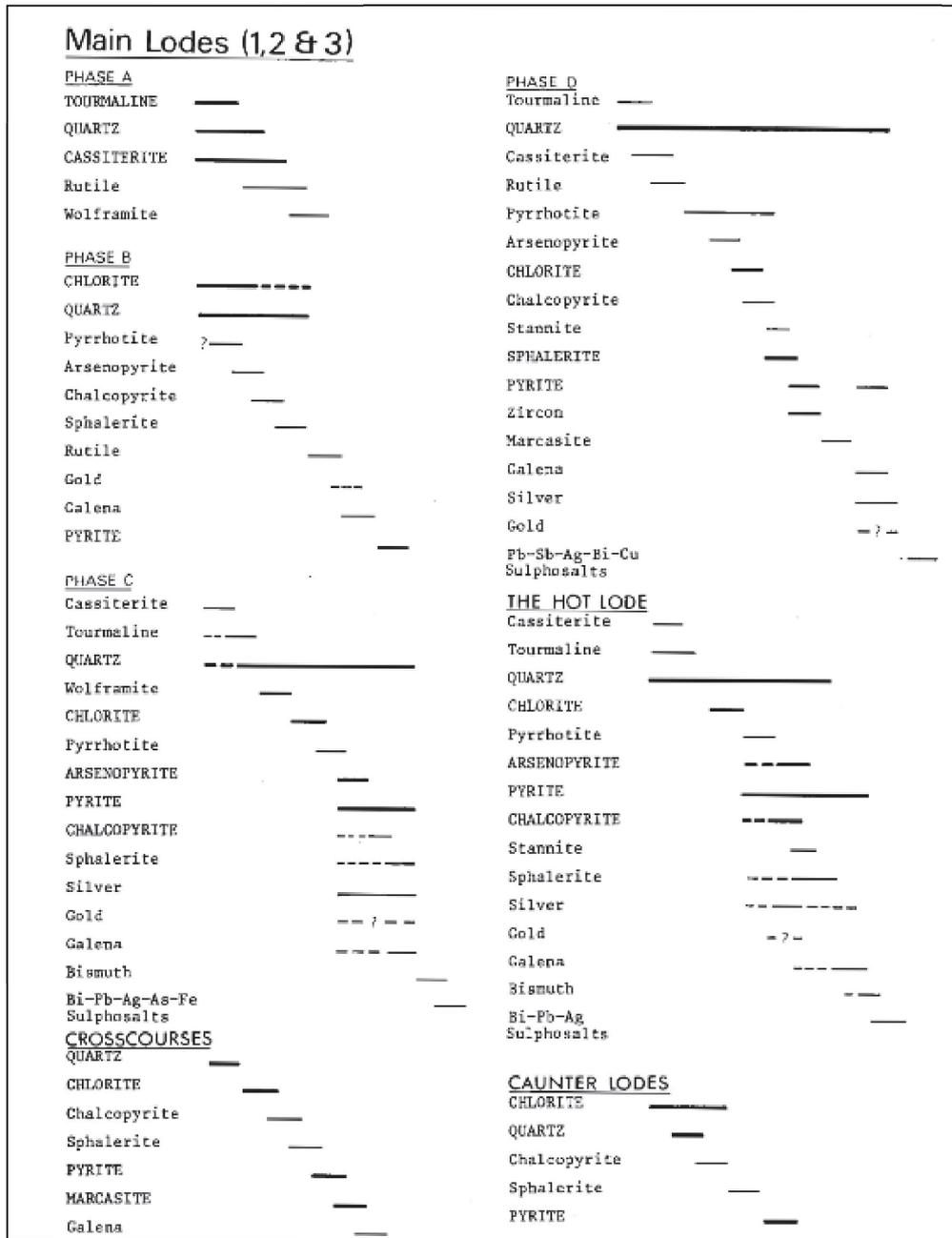


Figure 7.9: Mineralogy and Paragenesis of the Lodes at Mount Wellington Mine After Kettaneh & Badham (1978)

Although the Hot Lode apparently crosscuts No. 1 Lode, its relationships to the later phases in No.1 Lode have not been observed. The lode contains early cassiterite, quartz, and tourmaline, followed by chlorite and sulphides. Native metals and sulfosalts occur among the main sulphides and emphasise the similarities with Phase C with which they are correlated (Figure 7.9).

The Caunter Lodes crosscut the Main and Hot Lodes and contain pyrite, sphalerite, and chalcopyrite in a quartz-chlorite gangue. They are only a few tens of centimetres wide.

The crosscourses, up to 4m thick, also crosscut the other lodes and represent open-space filling of considerably younger faults. They are vuggy and have suffered extensively from supergene alteration (quartz is the dominant mineral, but chlorite and the base metal sulphides are common). An impressive array of supergene minerals can be seen replacing the sulphides. Botryoidal and stalactitic marcasite is particularly common.

7.2.1.5 Controls to Mineralisation

The morphology and telescoped paragenesis of the lodes and their complexities in junction areas suggest that the predominant control of the location of mineralisation was structural. From the descriptions above it is deduced that two separate sets of fractures moved repeatedly to permit the influxes of mineralising fluids. The junction areas are morphologically complex, which is only to be expected given the repeated movements and mineralisation. It is pertinent that the most complex junction (between No. 1 and 2 Lodes) also coincides with the two main crosscourses (Figure 7.4). The No. 1 Lode is thinner between these crosscourses and thicker to either side of them. However, the No. 2 Lode is thicker and more complex around and between the crosscourses and is of considerable economic significance in these areas.

The grade of tin is no higher than elsewhere but the thickness is economically important (Figure 7.6). There is in fact no obvious relationship between lode thickness and tin grade complex areas, or at the junction areas of No. 1 and 3 Lodes. Rayment et al. (1971) emphasise the importance of embayments in the elvan footwall for the rich and thick mineralisation at Wheal Jane. There are no crosscourses coincident with these areas at Wheal Jane and the elvan is thinnest in them. The main embayment at Mount Wellington is between the two crosscourses (Figure 7.6). It could be argued from these data that the crosscourses originally pre-dated both elvan and lodes and controlled their irregularities even though their mineralisation and major movements postdate the lodes. Equally it could be that irregularities in elvan and lodes predetermined the location of the younger crosscourses.

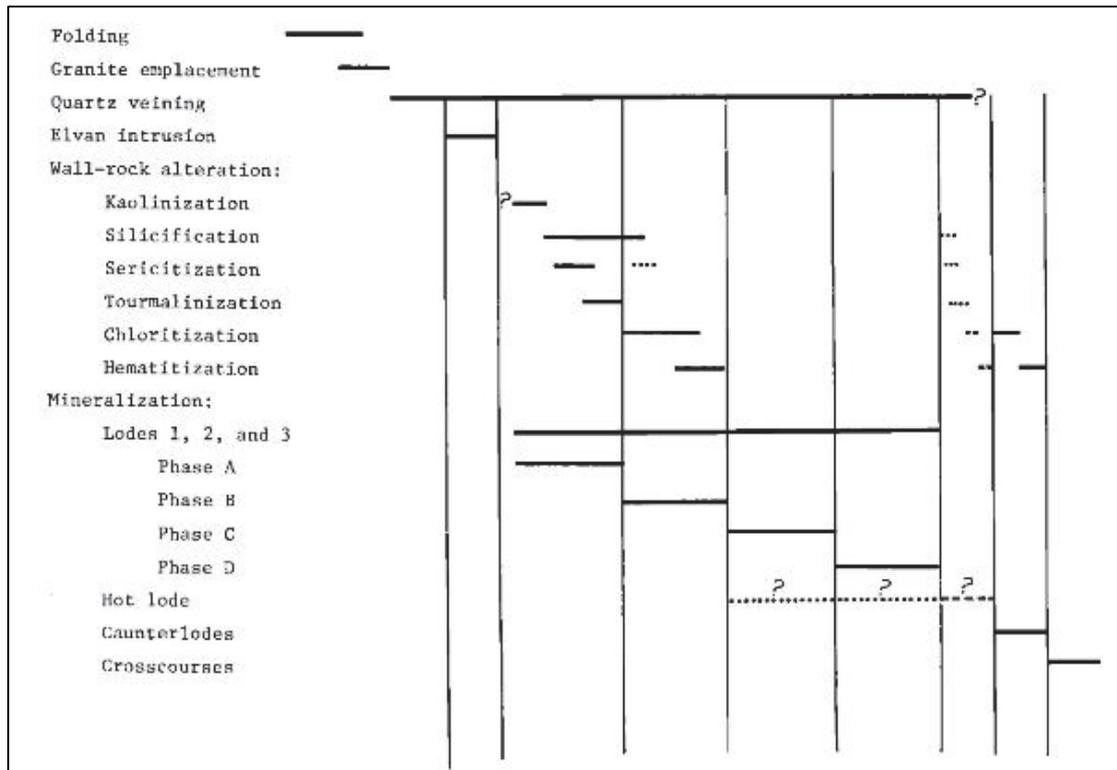
Cotton (1972) suggested that it was not the elvan that was the fundamental control on the location of the mineralisation, but a set of pre-elvan fractures that controlled emplacement of both elvan and lodes.

The following data and conclusions are important in understanding the structural controls of mineralisation:

- The main lodes are mineralogically similar and coeval;
- The hanging wall and footwall contacts of many elvans in the area are mineralised, with the Wellington elvan being the largest in the area of the mine;
- The steeper lodes fill fault zones in the killas below the elvan and join No. 1 Lode below the elvan. Four lenses of killas may separate lode and elvan; and
- There are various embayments in the footwall of the elvan. The structures of the lodes are more complex and the mineralisation more voluminous in these areas.

It is concluded that the faults, elvans, and mineralisation are intimately related. Two sets of faults were generated in the killas around the rising granite cupolas of the Carnmenellis area. Fracturing at intersections of these faults was more intense and complicated. The faults apparently bear an intimate relation to the emplacement of the granite. Ghosh (1934) has proposed that they developed in response to a regional stress field; Hulin (1945) suggested a more local origin during contractions of the cooling granite; and Emmons (1940) suggested that fluid overpressure from the granites was the cause.

The more recent studies of Henley (1974) on elvans have strengthened support for the hypothesis that the elvans were replaced by gas fluidisation. The conclusions of studies on roof complexes and elvan-pegmatite sheets by Stone (1969, 1975) and of the stress distribution pattern around cooling cupolas (Moore, 1975) can be applied to the Mount Wellington area. It is proposed that the elvans and the later mineralisation escaped through fractures developed in and around the granite hood by fluid overpressure.



**Figure 7.10: Paragenesis of Events in the Mount Wellington area
After Kettaneh & Badham (1978)**

That the mineralisation and elvans were both able separately to escape and to deposit in the same area suggests a rather critical interplay of depth, temperature, fluid overpressure, and rate of evolution of the cooling granite. The lack of distinctive zonation between oxides (cassiterite) and sulphides so common elsewhere in the province emphasises the uniqueness and effectiveness of the fault zones as a trap. Thus, the zonation becomes temporal rather than spatial (a fine example of telescoping). It is thought that both fault sets are cogenetic, but that only the shallower dipping set was used by the elvans. Where the elvans transect the steeper dipping faults, fluctuations in thickness and in dip are only to be expected. The same areas, with their greater dilatancy and complexity, acted as preferential sites for mineralisation. Hence, the relationship between embayments in the elvan, lode intersections, and locally thicker mineralisation, it is possible that tin from earlier phases was preferentially remobilised into these areas during later phases of mineralisation: primary cassiterite around the area of junction of Lode 1 with Lodes 2 and 3 is commonly overgrown by a second generation. Once the elvans had been replaced, they resisted further fracturing which was preferentially localised at and up to their contacts; so too therefore was the mineralisation. The elvans thus restricted the mineralisation and are the cause of the long and complicated paragenesis. A paragenesis of events in the area is shown in Figure 7.10.

8 DEPOSIT TYPES

The Project geology follows the typical model of Cornish “Lode” style mineralisation, which comprises relatively narrow structurally controlled veins which are situated within or in close proximity to felsic plutons. Typically, these comprise simple to complex quartz-cassiterite with associated base-metal sulphide fissure fillings.

An idealised cross-section showing the major types of primary tin deposits in Cornwall after Hosking 1988 is shown in Figure 8.1. A section through a typical Sn-Cu lode showing vertical zonation exhibited in some major structures (after Hosking 1988) is shown in Figure 8.2.

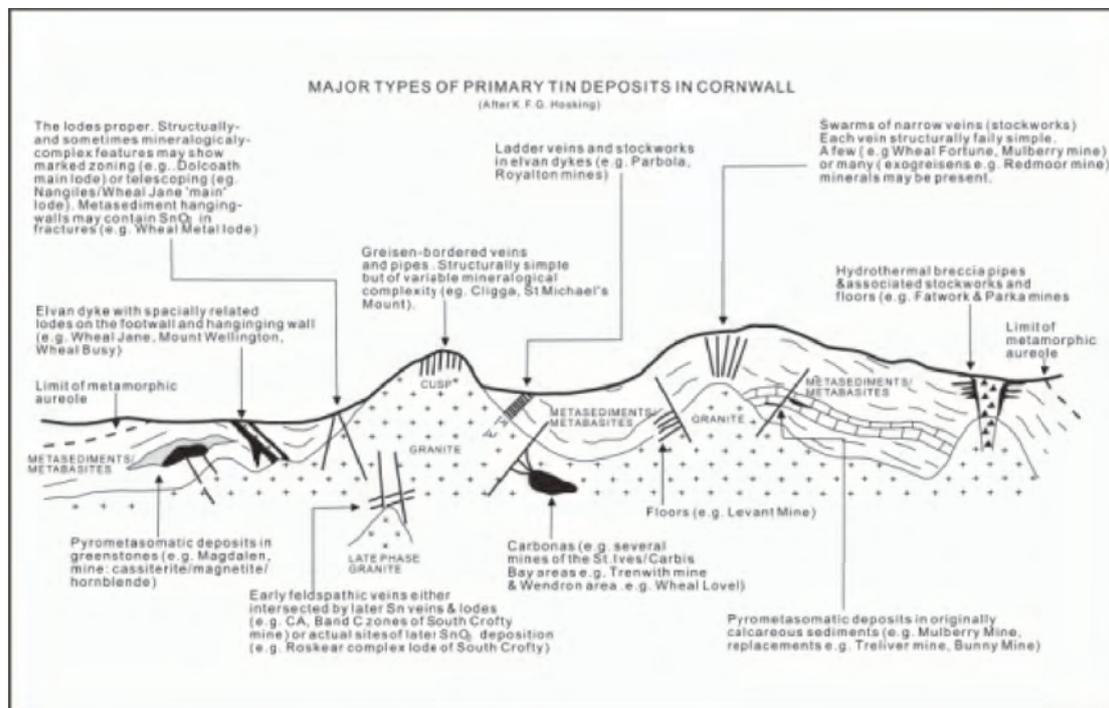


Figure 8.1: Primary Tin Deposits in Cornwall (after Hosking 1988)

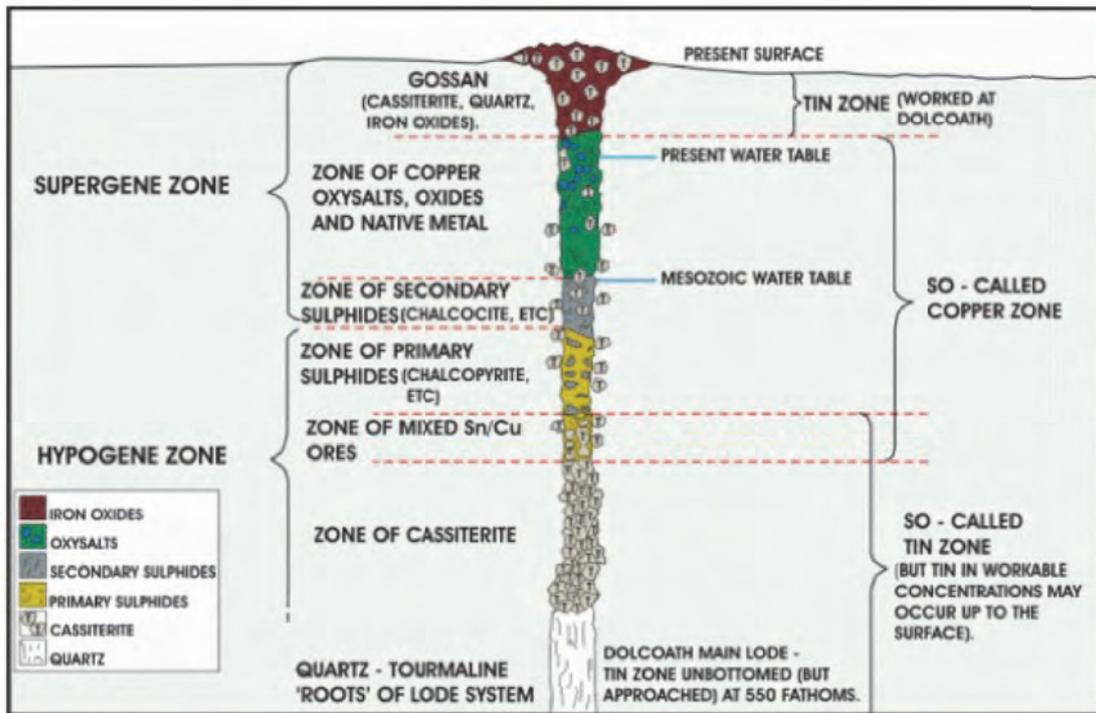


Figure 8.2: Cross-Section Through a Typical Sn-Cu Lode showing Vertical Zonation Exhibited in some Major Structures (Hosking 1988).

9 EXPLORATION

Cornish Metals has not yet carried out any exploration. However, a number of initial exploration drill targets have been identified by Cornish Metals within the Project, and these are discussed in Section 26.

10 DRILLING

10.1 Historic Drilling

The Project has been subject to numerous phases of exploration. The main drilling exploration was carried out between the 1960's and mid-1980's. This was conducted by various companies at different times. As such, the drilling information is in various formats and often the provenance is unverified. Therefore, currently much of the data available is as yet unaudited and remains to be independently verified.

10.2 Cornish Lithium Drilling

Cornish Metals entered into an agreement with Cornish Lithium Ltd ("CLL") in 2017 to allow CLL the right to explore Cornish Metals' mineral rights in Cornwall for lithium-in-brine.

In 2019, CLL provided notice of its intention to conduct diamond drilling for lithium-in-brine on Cornish Metal's United Downs mineral right area. Two diamond drill holes (GWDD-001 and GWDD-002) were completed in early 2020, for a total length of 1,924.86m. The coordinates of the drillhole collars are given in Table 10.1.

| Hole ID | X Coordinate | Y Coordinate | Z Coordinate | Final Depth |
|----------|--------------|--------------|--------------|-------------|
| GWDD-001 | 174,726.8 | 41,655.44 | 102.6 | 1,097.4 |
| GWDD-002 | 174,521.6 | 41,594.8 | 99.2 | 827.46 |

Drilling was carried out using Priority Drilling Ltd as the drilling contractor. A Christensen CT20 drill rig was used, drilling PQ diameter then reducing to HQ diameter at depth. In order to maintain integrity of the samples a triple tube core barrel was used. Survey of the hole track was completed using a Reflex Easytrac[®] survey tool. Figure 10.1 shows the collar locations of these two diamond drill holes. After completion of the hole, wireline geophysical logging was also carried out by Fugro[®] using the following methods:

- Three Arm Caliper;
- Oriented Four Arm Caliper;
- Fluid Temperature and Conductivity;
- Total Natural Gamma;
- Dual Focused Resistivity;
- Acoustic Borehole Imager; and
- Optical Borehole Imager.

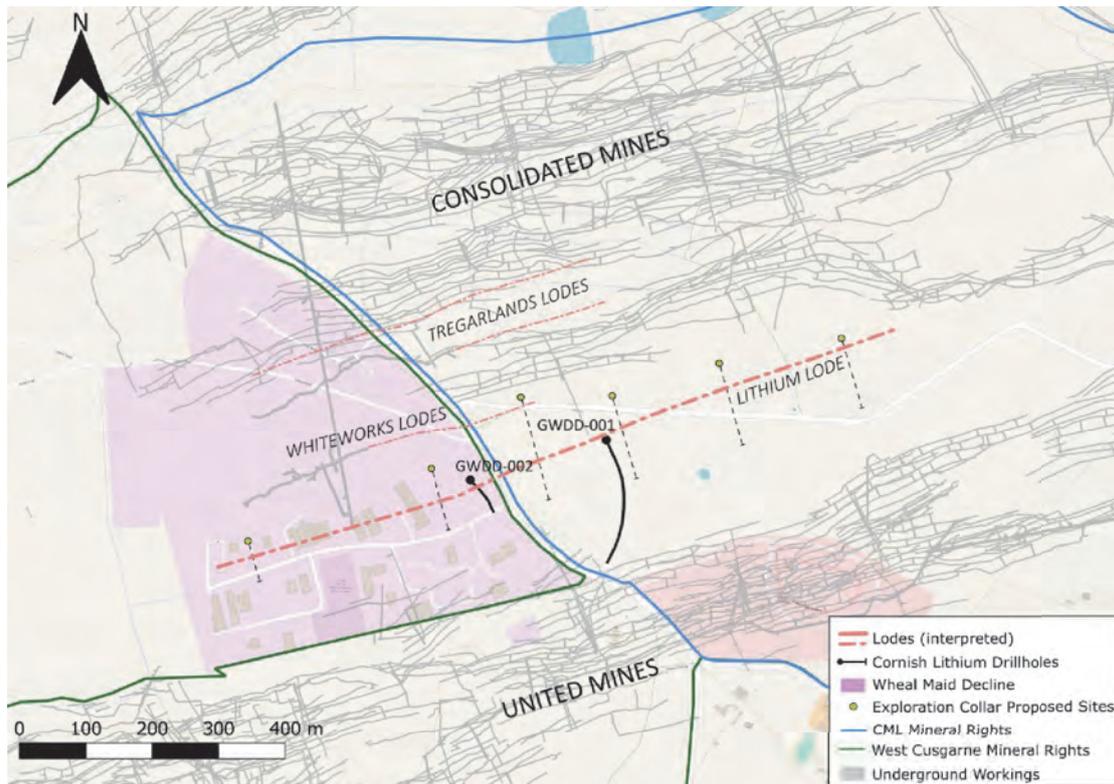


Figure 10.1: Collar Locations of Drill Holes GWDD-001 and GWDD-002

The purpose of the drill holes was to gain geological information on structures and their potential to host lithium brines. The two drillholes intersected numerous zones of sulphide, tin, and tungsten mineralisation (Figure 10.3). Cornish Metals was given access to core logs and the core to select prospective zones for sampling. Since Cornish Metals is not in possession of the drill core, sampling was focused on the most prospective zones only. Highlights from the sampling are given in Table 10.2. Significant intersections are shown in Figure 10.2 and Figure 10.3. As the drill holes were targeting structures at depth and intending to investigate fluid flow rather than mineralisation, the holes were not ideally orientated to determine widths of structures and as such further drilling at shallower angles is required to determine the true widths of the intersected structures.

Table 10.2: Highlight Sampling Intervals From GWDD-001 and GWDD-002

| Hole ID | From (m) | To (m) | Length (m) | Copper (%) | Tin (%) |
|----------------|---------------------|-------------------|-----------------------|-----------------------|--------------------|
| GWDD-001 | 621.90 | 628,81 | 6.91 | 0.81 | |
| Including | 625.00 | 627.75 | 2.75 | 1.08 | |
| GWDD-002 | 90.60 | 105.29 | 14.69 | 8.45 | 1.19 |
| GWDD-002 | 513.33 | 515.78 | 2.45 | | 0.90 |
| Including | 513.33 | 513.65 | 0.32 | | 3.57 |
| GWDD-002 | 636.11 | 637.71 | 1.60 | | 0.98 |
| GWDD-002 | 638.85 | 642.89 | 4.04 | 4.44 | 2.06 |
| GWDD-002 | 770.06 | 773.00 | 2.94 | | 0.95 |
| Including | 771.06 | 771.96 | 0.90 | | 3.05 |
| GWDD-002 | 781.02 | 782.90 | 1.88 | | 0.90 |
| Including | 781.02 | 782.00 | 0.98 | | 1.39 |

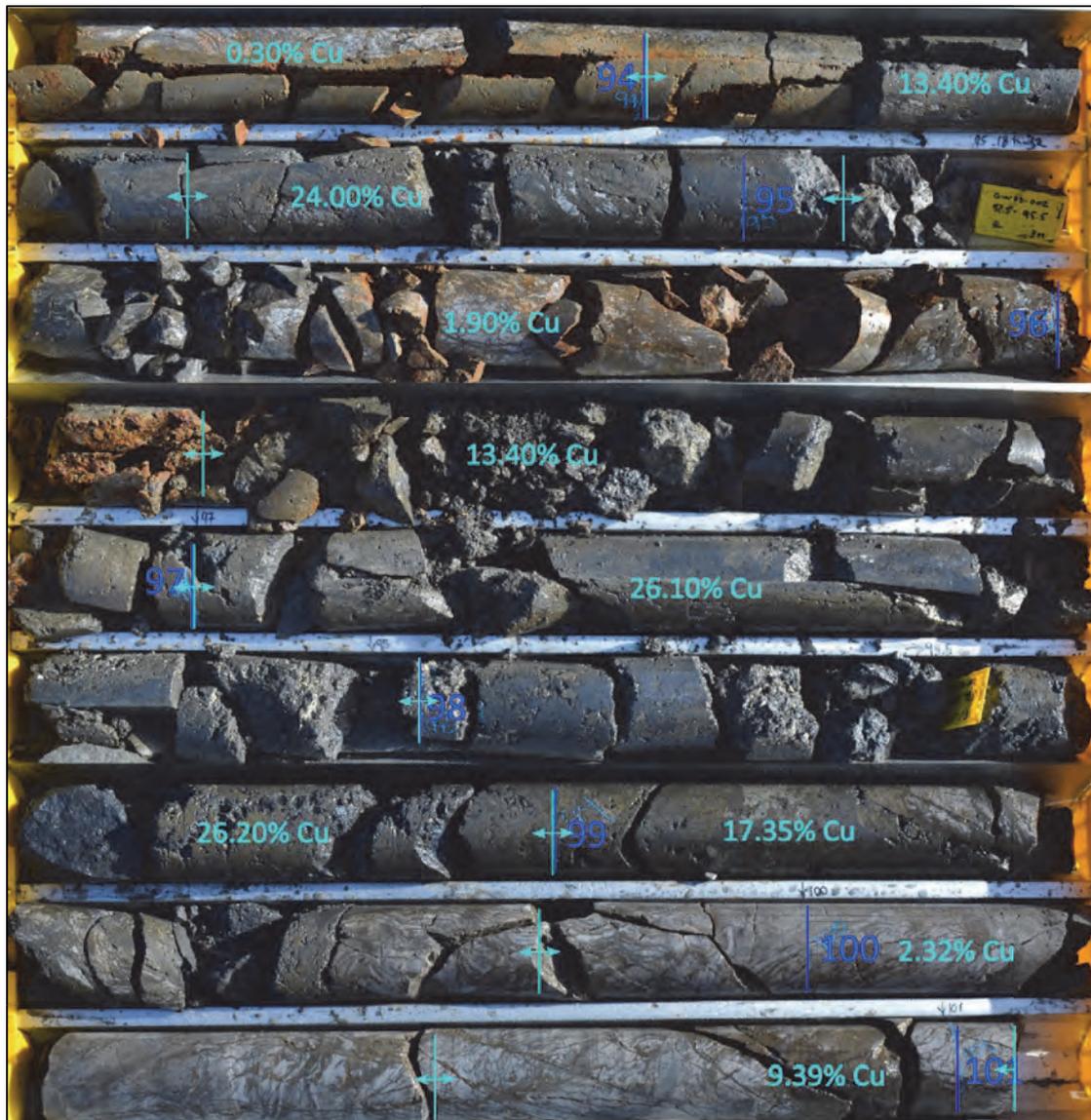


Figure 10.2: Mineralised Intersection in GWDD-002 from 93.48m to 101.05m Down Hole



Figure 10.3: Core Photos of Semi-Massive Sulphide Mineralisation in Cornish Lithium Drill holes GWDD-001 and GWDD-002

11 SAMPLE PREPARATION, ANALYSES, AND SECURITY

Whilst Cornish Metals has not carried out any drilling at United Downs, sampling of core drilled by Cornish Lithium has been possible. The drill core was transferred from Cornish Lithium's site at United Downs to Cornish Metals' South Crofty Mine site for logging and sampling, under the care of Cornish Metals Chief Geologist using a signed Chain of Custody letter. Drill core sample preparation was then carried out using the procedures summarised below.

11.1 Core Logging and Sampling

11.1.1 Core Logging

Upon arrival at the South Crofty Mine site, the selected core trays from drill hole GWD-002 were transferred to the core logging facility and checked to ensure that no major movement had occurred during transport from the United Downs site. The following logging process was then carried out:

- Photography (wet and dry);
- Logging for Core Recovery, RQD, Lithology, Structural Measurements;
- Density Measurements; and
- Sample interval mark-up.

All data was entered into MX-Deposit™ logging system. MX-Deposit™ is a cloud based drill hole and sample data management platform, which uses advanced industry-recognised security protocols to ensure privacy and confidentiality.

11.1.2 Sample Cut Sheet and Core Cutting

After the drill core was marked-up, geotechnical data gathered and the hole geologically logged, a sample cut sheet was prepared and the drill core was marked for sampling. Samples were marked-up based on expected mineralisation content, respecting lithological or alteration boundaries, with shoulder samples of non-mineralised drill core added.

The sample cut sheet documents all sample intervals and lengths to be cut. The geologist pre-assigned which samples should have twin duplicates created, and where to insert standards (also known as certified reference materials) and blanks for QAQC purposes.

Samples were submitted as quarter drill core, if the drill core was PQ (85mm) diameter, or half drill core if the drill core was HQ (63.5mm) diameter. This also enabled half of the drill core to be returned to Cornish Lithium. Cutting was carried out using a manual diamond drill core saw which

was cleaned regularly. The minimum sample length was 0.25m and the maximum sample length was 1.10m. Sample intervals were recorded in a ticket book with tear-off tabs recording the sample number. The original sample ticket book is stored at Cornish Metals' South Crofty Mine offices.

11.1.3 Sample Despatch

The drill core samples were double bagged with the sample ticket tear-off tab included between the bags before being stapled closed. Between four and six samples were included in larger poly sacks; which were closed using double cable ties. The sample sacks were packed into a sealed container before being transported by tracked courier (Pallet Network) to the laboratory. Once despatched, the samples were placed into the laboratory's chain of custody system.

On site, sample records and despatch sheets are securely kept digitally in MX-Deposit™ and as paper copies. The despatch sheets include information on batch numbers, details of the geologist submitting the samples, the number of samples, sample numbers, sample type, and the preparation and analytical codes required.

The samples were submitted to ALS Laboratories in Loughrea, Co. Galway, Ireland. All samples were submitted for ALS' ME-XRF15b analyses where samples are analysed by XRF following a lithium borate fusion with the addition of strong acid to decompose sulphide-rich mineralisation. Elements analysed include Cu, Zn, As, Sn, Fe, W, S and Pb. A summary of detection limits can be seen in Table 11.1. Any samples assaying over detection limits for Cu were re-submitted using analytical code Cu-OG46, which uses Aqua-Regia digestion and ICP finish, which has an upper detection limit of 50% Cu.

| Analysis | Cu (%) | Zn (%) | As (%) | Sn (%) | Fe (%) | W (%) | S (%) | Pb (%) |
|-----------|----------|----------|---------|----------|---------|------------|---------|----------|
| ME-XRF15b | 0.005-20 | 0.005-20 | 0.1-100 | 0.005-20 | 0.01-75 | 0.001-15.9 | 0.01-20 | 0.005-20 |
| Cu-OG46 | 0.001-50 | - | - | - | - | - | - | - |

Source: ALS Geochemistry Fee Schedule 2020

11.1.4 Bulk Density Procedures

24 samples were selected for bulk density measurements. The wet bulk density method was used which consists of weighing the dry core directly on a scale and then weighing the core suspended in a cradle underneath the scales submersed in water. The following formula was used to calculate the bulk density:

$$\text{Specific Gravity} = \frac{(\text{Dry Weight})}{(\text{Dry Weight} - \text{Wet Weight})}$$

The average from the 24 samples was 2.90 t/m³, with a maximum value of 4.39 t/m³. This data will be combined with data from future drilling campaigns to build a bulk density model for the Project Mineral Resource Estimate.

12 DATA VERIFICATION

No independent sampling has been carried out on holes GWDD-001 and GWDD-002. However, the logging and sampling process was overseen by Mr. M. Owen, CGeol., an independent consultant and Competent Person (“CP”).

A total of 95 samples were submitted in two separate batches from Cornish Lithium’s GWDD-001 and GWDD-002 drillholes, including 16 QAQC samples comprising: certified reference material (“CRM”), blank material, and twin core duplicates. CRM and blanks were generally inserted every five samples to ensure enough QAQC was obtained from the small batch size.

12.1.1 Certified Reference Material

Three different CRMs were included in the batches: OREAS-111, OREAS-140 and OREAS-142. OREAS 111 is a medium-grade copper ore CRM prepared from material sourced from the Tritton Copper Project near Nyngan, New South Wales, Australia. The Deposit consists of sulphide mineralisation (massive pyrite and chalcopyrite breccias) underlying oxide ores. OREAS 140 is a low-grade tin oxide CRM from the Doradilla Project located in north Central NSW, Australia. OREAS 142 is a high-grade tin oxide ore CRM prepared by Ore Research & Exploration. The material was sourced from the Doradilla Project located in north central NSW, Australia. The Project consists of a large tin laterite deposit underlain by tin silicate skarn with potential for copper, nickel, indium, and zinc mineralisation. Table 12.1 summarises the certified values and standard deviations for OREAS-111, OREAS 142 and OREAS 140.

| CRM | Analyte | Certified Value | 1 S.D. | 95% Confidence Interval Low | 95% Confidence Interval High |
|-----------|------------|-----------------|--------|-----------------------------|------------------------------|
| OREAS-111 | Cu (wt. %) | 2.30 | 0.12 | 2.21 | 2.39 |
| | Zn (ppm) | 4,196 | 228 | 4,049 | 4,342 |
| OREAS-142 | Cu (ppm) | 1,466 | 65 | 1,420 | 1,512 |
| | Sn (wt. %) | 1.04 | 0.05 | 1.01 | 1.07 |
| OREAS-140 | Cu (ppm) | 1,529 | 82 | 1,463 | 1,596 |
| | Sn (wt. %) | 0.18 | 42 | 0.17 | 0.18 |

Source: Oreas website ore.com.au accessed October 2020

All results passed QAQC checks and include the following results:

- OREAS-111
 - Cu results: 2.35% & 2.35%;
 - Zn results 0.406% & 0.406%.

- OREAS-140
 - Cu results: 0.154%;
 - Sn results 0.176%.

- OREAS-142
 - Cu results: 0.142% & 0.152%;
 - Sn results 1.05% & 1.035%.

12.1.2 Blank Material

Blank material was obtained from Carnsew Quarry near Falmouth and consists of barren tourmaline granite. A total of six field blanks were submitted with the samples to assess cross-contamination during preparation. These were generally inserted every 10 samples; however, some discretion was used in order to place blanks after suspected high-grade samples.

The returned values of the blank assays are as follows:

- All Sn values at or below 0.006% Sn;
- All Cu values below the detection limit of 0.005% Cu; and,
- All Zn values at or below the detection limit of 0.005% Zn.

Two of the blanks were placed after samples with Cu grades of 4.95% and 24.00%, returned Cu assays of 0.014% and 0.021% Cu respectively. An anomalous value is considered above 10 times the detection limit of the analytical technique which is considered good practice within the wider industry. Therefore, none of the blanks returned an anomalous result and it can be inferred that cross-contamination for this batch was negligible.

12.1.3 QAQC Procedure

The returned assay results were loaded into MX-Deposit™ which checks the QAQC against the published CRM limits before the results are released. Upon satisfactory QAQC checks the results are released and matched with sample intervals in the drillhole tables. Only the MXDeposit™ administrator can release results, and once released the results cannot be altered. A result ranking column system was set up in MX-Deposit™ for samples with more than one analytical type, enabling a final grade column to be calculated. For example, results from the over-limit Cu analysis Cu-OG46

takes precedence over the ME-XRF15b Cu analysis, and the results are presented in a Cu Final column.

The pulps and coarse rejects were returned to the South Crofty Mine site and stored in a secure core shed for future reference.

13 MINERAL PROCESSING AND METALLURGICAL TESTING

No mineral processing or metallurgical testing has been undertaken on the drill core from United Downs; however, in the mid-1980s, material mined from Whiteworks Main Lode was processed at the Wheal Jane processing plant. See Section 17 of the CPR for details on the historical processing of this mineralised material.

14 MINERAL RESOURCE ESTIMATES

Not applicable to this report.

15 MINERAL RESERVE ESTIMATES

Not applicable to this report.

16 MINING METHODS

Not applicable to this report.

17 RECOVERY METHODS

While no testwork has yet been undertaken to assess the recoverability of metals from the semi-massive sulphide mineralisation encountered in GWDD-001 and GWDD-002, there is a long history of successfully treating the polymetallic material typically found in the United Downs Project.

During 1985, mineralised material from Whiteworks Main Lode totalling 4,765t at a grade of 0.92% Sn was mined and processed through the Wheal Jane process plant.

The Wheal Jane process plant was originally commissioned in 1971 by Consolidated Goldfields Ltd. The plant operated processing polymetallic ore from Wheal Jane mine to produce a tin concentrate and a mixed copper-zinc concentrate until 1978, when the mine closed.

In 1979, Carnon Consolidated Ltd, a subsidiary of RTZ, acquired the Wheal Jane and Mount Wellington mines and began to operate both as a single production unit feeding the Wheal Jane process plant. The Wheal Jane process plant was refurbished, expanded to treat up to 280,000tpa of polymetallic ore and reconfigured to produce separate tin, copper and zinc concentrates, which it continued to process until the Wheal Jane and Mount Wellington mines closed in 1991. Between 1988 and 1991, the plant also processed oxide tin ore from the neighbouring South Crofty mine alongside the semi-massive sulphide ores from Wheal Jane and Mount Wellington. After 1991, the plant was reconfigured once again to solely treat South Crofty oxide tin ore, which it did for a further seven years until the eventual closure of both the South Crofty mine and the Wheal Jane process plant in March 1998.

The process plant consisted of crushing and grinding circuits followed by a gravity circuit to recover coarse tin. The gravity tailings were then re-ground and treated through sequential flotation circuits to recover copper, zinc and tin into separate concentrates. The tin gravity and flotation concentrates were combined to produce a commercially saleable concentrate averaging 59% Sn.

Full conditional planning permission is in place at South Crofty to build a process plant based on the Wheal Jane flowsheet, should the exploration activities at United Downs prove successful.

The conditional planning permission for the process plant and new surface facilities at South Crofty Mine were awarded by Cornwall Council in November 2011 under application number PA10/04564. The Company successfully discharged the pre-commencement conditions relating to the consent in November 2016 and received a Certificate of Lawfulness for Proposed Use or Development from the Council in January 2017 under application number PA16/10917. This Certificate of Lawfulness states that the development of the new surface facilities at South Crofty has now materially commenced and the original planning permission is officially extant. The Company now has until November 2071

to complete the development of the facilities in accordance with the plans and conditions stipulated by PA10/04564.

Figure 17.1 is a graphical interpretation of the proposed new process plant and other surface facilities that can be built at South Crofty.



Figure 17.1: New Consented Process Plant and Surface Facilities at South Crofty Mine

The ability to build new process facilities at South Crofty capable of treating mineralised material from United Downs, with or without material from South Crofty itself, could materially reduce the time taken to gain all the necessary consents to bring a new operation into production.

18 PROJECT INFRASTRUCTURE

The United Downs Project is located across a mixture of rural and semi-industrial land, with much of the undeveloped landscape consisting of former mining brownfields site.

Much of the Project is readily accessible from a combination of the national road network and the former industrial tracks that bisect the site, most of which are amenable to initial drilling access as well as later providing potential development access for any subsequent mining operations.

The Project benefits from having access to several items of existing mining infrastructure left as a legacy from previous mining operations in the area, the most notable of these being the Wheal Maid Decline. This decline was commenced in 1984 and is 655m long at a gradient of approximately -14% (1 in 7), with cross-sectional dimensions of 3.5m wide and 3.2m high. The portal is presently covered with earthworks to prevent access by the public, but with some limited remediation this portal area can be made accessible and usable once again.

Much of the length of this decline is kept drained by the presence of a branch of the Great County Adit which underlies the decline, as well as much of the mining district. This adit network is of considerable heritage, with parts of it dating from the 18th century, but it still continues to function today, with water from the surrounding mines decanting into the system, ensuring the workings above the adit level are effectively drained without the need for mechanical dewatering.

In addition, there are numerous vertical (or sub-vertical) shafts that remain open in the Project, that could be utilised if necessary, for ventilation, dewatering or other mining purposes.

The presence of the adjacent United Downs Industrial Estate provides the additional benefit of ensuring ready access to the national electric grid for power utilisation. A sub-station was previously installed adjacent to the portal of the Wheal Maid Decline which was fed from the national grid network and a similar system would be readily available to re-instate if required.

The portal of the Wheal Maid Decline lies approximately 250m from the tarmacked national road linking United Downs Industrial Estate with the B3298 national roadway, which in turn joins the A30 dual carriageway at Scorrier, approximately 4.0km distant. An existing gravel track stretches the 250m distance between the portal and the road, enabling easy access for road-going vehicles directly to and from the decline entrance.

It is envisaged that any mineralised material from the United Downs Project will be processed at Cornish Metals' South Crofty mine site, approximately 14km distant by road. The roads that would be utilised in such a scenario are currently regularly used for industrial traffic and should therefore pose no logistical issue for moving rock and other materials between the two sites.

The South Crofty site is fully permitted to enable construction and operation of a process plant, capable of handling 1.5Mtpa of mineralised material. Permitting also allows for the construction and operation of a water treatment plant, capable of discharging up to 25,000m³ of treated water daily.

Power availability at the site can be provided via 2 x 33kVa overhead power lines that run across the property. Negotiations are well advanced with the local network provider (Western Power Distribution) to secure a sufficient off-take agreement to provide for all future power requirements envisaged at South Crofty.

The South Crofty site also benefits from access to fresh water provided by South West Water, with a 152mm (six inches) main running across the site. Additional non-potable water can be provided from numerous access points to the underlying Dolcoath Deep Adit network that underlies the district, which historically has been beneficially utilised for process plant works on-site.

In addition, underground tailings disposal facilities are available at South Crofty, thanks to the presence of numerous old workings that can be suitably utilised for underground backfilling. A backfill plant on surface is also included within the extant planning permissions afforded to the site.

19 MARKET STUDIES AND CONTRACTS

Not applicable to this report

20 ENVIRONMENTAL STUDIES, PERMITTING, AND SOCIAL OR COMMUNITY IMPACT

The Project comprises predominantly rural or industrial land with the majority being brownfield from historic mining operations. The west area of the Project is largely occupied by an industrial estate. The Village of Carharrack lies at the western edge of the Property boundary.

20.1 Cornwall and West Devon Mining Landscape World Heritage Site

Much of the Project lies within part of the Cornwall and West Devon Mining Landscape UNESCO World Heritage Site land designation. As such an obligation exists to preserve the mining heritage and landscape of the area.

UNESCO World Heritage Sites are managed and represented in the UK by Historic England (formerly English Heritage), a non-departmental public body of the British Government sponsored by the Department of Culture, Media and Sport. Historic England (“HE”) is the consultee under UK planning law charged with protecting and managing the interests of UK World Heritage Sites. A plan of the Property limits showing the boundary of the World Heritage Site is given in Figure 20.1.

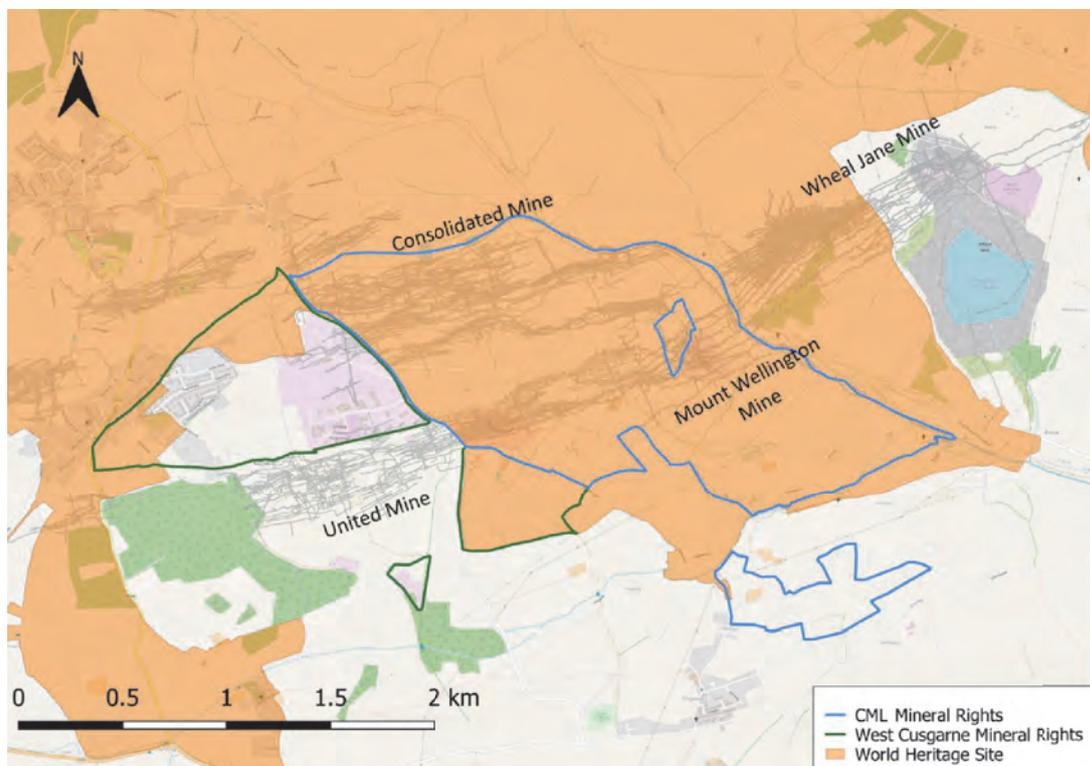


Figure 20.1: United Downs Project Area showing Cornwall and West Devon Mining Landscape World Heritage Site Designation

The Designation of World Heritage Site status does not prohibit development of the area for future mineral extraction. However, it does mean that any operations must be conducted sympathetically in order to not harm the Outstanding Universal Value of the World Heritage Site.

20.2 Permitting

Cornish Metals owns the Mineral Rights for the Project via its subsidiary Cornish Minerals Ltd (Bermuda), see Section 4.3 of this CPR. The Land Registry Title numbers relating to these rights are CL121547, and CL100170. These titles give the owner the right to; enter, search for, work, and carry away minerals from within the title boundary.

Exploration drilling can initially be carried out under a General Permitted Development Order (“GPDO”) which negates the need for full planning permission, providing the operations do not exceed six months in duration. As part of the approval process for a GPDO the operator must demonstrate that there will be little or no significant impact on the local community or the environment within the area of activity.

Cornish Metals commissioned a noise survey from InAcoustic Ltd. to define acceptable limits for diamond drilling operations in the Project. The outcome of this survey concluded that there would be no significant impact for operations carried out during daytime hours.

21 CAPITAL AND OPERATING COSTS

Not applicable to this report

22 ECONOMIC ANALYSIS

Not Applicable to this report

23 ADJACENT PROPERTIES

In addition to many historical and past-producing mines throughout Cornwall there are several exploration projects proximal to the United Downs Project. Some of these projects are outlined below:

- The Hemerdon Tungsten-Tin Mine owned by Tungsten West, in the neighbouring county of Devon, which expects to restart production in 2021;
- The Redmoor Project owned by AIM Listed Strategic Minerals near Callington in East Cornwall. The project has an expanded Inferred Mineral Resource Estimate completed in 2019 of 11.7Mt at 1.17% SnEq following a 7,000m diamond drill programme in 2018;
- Cornish Lithium are exploring for lithium in both geothermal brines and hard rock prospects, including in the United Downs area; and
- British Lithium are exploring for hard rock lithium in mica granites in the St. Austell area.

24 OTHER RELEVANT DATA AND INFORMATION

24.1 The South Crofty Project

The South Crofty Project is Cornish Metals' other main asset in Cornwall and until early 2020 was the principal focus of its activities in the UK. The project is a past-producing underground tin mine located in the Town of Pool in the historic Central Mining District of southwest England.

The project benefits from an extensive 1,490 ha underground permission area that extends over 26 historic mining operations, including two of the most significant mines in the Cornish tin mining district, being the South Crofty Mine to the east and the Dolcoath Mine to the west. The underground permission area includes five Mineral Rights, which are registered with the Land Registry as well as areas of Mineral Rights that are unregistered.

The project is currently on Care & Maintenance and operates under planning permissions that were granted in 1952 and updated in 2006 with environmental conditions imposed. Replacement planning applications for surface and underground developments were approved by Cornwall Council in 2011 and 2013, which increased the project area to 1,490 ha with a working depth of 1,500 m below surface.

The two principal planning permissions held by the Company are: a sub-surface planning permission (mining permit) granted in 2013 that allows for the "winning and working" of minerals by means of underground mining methods; and, a surface planning permission granted in 2011 that allows for the re-development of the surface to include a new process plant, water treatment plant, paste backfill plant, offices, workshops and other ancillary infrastructure. Both permissions are valid until 2071. South Crofty Limited owns approximately 7.65 ha (18.9 acres) of freehold surface land over which the surface permission is granted.

The site is located within an industrial area with highly developed power supply and regional distribution, two 33 kV overhead power lines traverse the property and a dedicated 11 kV power supply is currently connected to the site at New Cook's Kitchen Shaft. The project also has ready access to fresh water supplied by the local South West Water utility. Site infrastructure from prior mining and development operations includes office and warehouse buildings, and the partially refurbished New Cook's Kitchen Shaft. A modern decline extends to a vertical depth from surface of 120 m at an average gradient of -16%, with a western branch providing access to the Upper Mine Dolcoath mineralisation while an east branch, mined in the 1980s, was developed to provide trackless vehicle access/secondary egress into the South Crofty Mine. Process plant facilities from prior operations have been dismantled and removed.

Cornwall has a strong history of mining, and historically has exported mine workers around the globe. Although mining has experienced a considerable decline in the region, mining capability and knowledge is still present in the local workforce. With a local urban population of over 59,000 inhabitants in the Redruth, Pool, and Camborne area, there are sufficient local human resources to staff many unskilled or partially skilled jobs at a mine.

The South Crofty Project is located in the highly mineralised Central Mining District of Cornwall. Mining is reported to have been undertaken in the region prior to 2000 BC during the Bronze Age of Western Europe. The modern ownership history may be considered as commencing in 1967 when South Crofty Ltd. became a wholly owned subsidiary of Siamese Tin Syndicate Ltd and Siamese Tin's subsidiary, St. Piran Ltd. In mid-1982, the company was acquired from St. Piran by Charter Consolidated, which subsequently disposed of 40% of its holdings to Rio Tinto Zinc ("RTZ"). In 1984, RTZ acquired Charter's remaining 60% interest and South Crofty became part of its subsidiary, Carnon Consolidated Ltd. ("Carnon").

In October 1985, the price of tin dropped dramatically on the world markets following the collapse of the International Tin Agreement. Carnon became privately owned in June 1988 when the business and assets of the group were purchased from RTZ through a management buy-out. In 1994 South Crofty was purchased by Crew Natural Resources ("Crew") of Canada. After several years of depressed tin prices, South Crofty was closed in March 1998 and the mine was allowed to flood. At the time of its closure in 1998, South Crofty was the last remaining working tin mine in Cornwall.

Since acquiring the project in 2016, Cornish Metals has completed and published an initial NI 43-101 Mineral Resource Estimate for South Crofty using the vast archive of historical production data and more recent drilling completed between 2007 and 2013. In 2017, Cornish Metals completed a Preliminary Economic Assessment ("PEA") that demonstrated the potential economic viability of re-opening the mine. Additionally, Cornish Metals has undertaken extensive pilot-scale water treatment trials and successfully applied for and received the necessary environmental permits to abstract, treat and discharge mine water in order to dewater the mine. Planning permissions for the operation of the mine and re-development of the surface facilities have been secured and construction of the water treatment plant foundations commenced. The dewatering pumps with variable speed drives and new high-voltage power supply have been delivered to site.

Since early 2020, the South Crofty Project is no longer the principal focus of Cornish Metals' activities and the project has been placed on Care & Maintenance pending an increase in tin prices and a change in sentiment towards the project. The majority of the following sections of this CPR are taken from the 2017 PEA and included for information. A full copy of the PEA is available on the Company's website or via SEDAR.

24.2 History

Historic mining records from South Crofty show that average annual production in the period 1984 to 1998 at the mine was 191,200 tons at an average grade of 1.31% Sn. A total of 9,976,171 tons at an average grade of 1.00% Sn were mined between 1906 and 1998. In addition to the South Crofty Mine production, the Dolcoath Mine operated as an independent mine. Between 1895 and 1921 it processed 2,135,470 tons of ore at a grade of approximately 2% Sn.

The South Crofty Project has a very large historic database with an estimated 3,000 drill holes (87,000 m) and 45,000 underground channel samples that have been compiled by Cornish Minerals (a company wholly owned by Cornish Metals). A closure estimate was completed for the South Crofty property by Owen and LeBoutillier for Crew in 1998. This estimate included Proven and Probable “reserves” of 730,750 tonnes at 1.48% Sn plus Inferred Mineral Resources of 2,172,850 tonnes at 1.48% Sn. The estimate was based on longitudinal section calculations using a 1% Sn cut-off and minimum 1.0 m mining width.

The historical estimate was prepared according to the mine’s operational policy at the time of closure in 1998. The estimate predates the introduction of National Instrument 43-101 (“NI 43-101”). A Qualified Person (“QP”) has not carried out sufficient work to verify these historical estimates as current Mineral Resources and therefore, the Company is treating the numbers as historical and indicative only, and as such the estimates cannot be relied upon.

Recent drilling from 2008 to 2013 at Dolcoath, and the increase in Mineral Resources there, has rendered the 1998 Mineral Resource Estimate out of date. In addition, the current Mineral Resource Estimate prepared by P&E in 2016 and subsequently reported by Cornish Metals was prepared using different parameters such as tin cut-off grade and metal pricing and used block model grade estimation methodology.

Micromine Limited (“Micromine”), UK, was engaged by Celeste Copper (a Canadian publicly listed company that entered into a joint venture agreement on the South Crofty Project) to produce NI 43-101 Mineral Resource Estimates and Technical Reports in 2011 and 2012. These estimates incorporated the results of the 2008 to 2013 drilling and focussed on the Upper Dolcoath lodes, west of the Great Crosscourse fault and above approximately 400m depth from surface. The Micromine results are superseded by the 2016 Mineral Resource Estimate prepared by P&E and reported by Cornish Metals.

24.3 Geological Setting and Mineralisation

The geology of Cornwall is dominated by granitic intrusions that are part of Permian Cornubian Batholith and Devonian metasedimentary and metavolcanics, known locally as “killas”, that form the

metamorphic aureole and host rocks of the intrusions. This assemblage was formed in the Variscan Orogenic Event. Crustal thickening resulting from deformation of Devonian flysch-type sediments and associated volcanics during the initial phases of the Variscan orogeny in the Devonian and Carboniferous periods was followed by lithospheric extension, crustal subsidence and anatexis of metasediments to form Cornubian granitoid magmas in the Permian.

The South Crofty Project area lies on the north side of the Permian Carn Brea Granite that is thought to be connected with the Cornubian Batholith at depth. The South Crofty Project area is underlain by rocks locally known as “killas”, a series of metasedimentary and metavolcanic rocks and associated hornfels and skarns, that occur in close proximity to the granite contact. At depth, the granite underlies the whole project area. Mineralisation occurs in “lodes” or vein-type structures that generally strike east-northeast and parallel the strike of the granite/killas contact. The lodes occur in both the granite and the overlying killas and the character of the lodes changes depending on the host rocks. Within the granite, the principal mineral of economic significance is cassiterite, whereas above the granite contact, copper and zinc sulphide mineralisation is developed. The Great Crosscourse is a late fault that bisects the South Crofty Project area and is associated with an approximately 100 m strike slip movement. The Great Crosscourse had a significant influence on the historical mine development of the South Crofty Project since the South Crofty Mine was developed on the east side of the fault and the Dolcoath Mine on the west side and the two mines were not hydraulically connected.

24.4 Deposit Types

The South Crofty Deposit is an intrusion related, structurally controlled, vein-hosted mineralisation type deposit.

24.5 Exploration

Since the mine closed in 1998, extensive exploration has taken place at South Crofty. The Tuckingmill Decline was re-established at the project site and extended a further 380m to a total vertical depth of 120m below surface at an average gradient of -16%. At a depth of 120m, a spine drive was commenced and progressively developed to a length of 130m. The decline extends in a south-westerly direction through the Great Crosscourse above the historic Dolcoath workings and provides exploration access to the Upper Dolcoath area lodes. The decline and spine drive have served as an access point for a 31,000m underground drill programme conducted between 2008 and 2013.

Between 2013 and 2019, exploration was limited to assaying of approximately 720 samples from drill core intersecting the Upper Dolcoath area lodes. These assays are from holes drilled in late 2012 and 2013, and have been incorporated into the assay database.

A surface drill hole was drilled between June and September 2020 utilising directional drilling and wedging, but this is not currently included in the Mineral Resource Estimate.

24.6 Drilling

The ability to drill from surface at South Crofty is limited by the urban development overlying a significant part of the project Mineral Rights. Furthermore, historically there has been very limited surface exploration drilling. Up to 2013, the approach has been to use the decline and spine drive for all modern exploration drilling. The decline and spine drive served as an access point for the underground drill programme conducted between 2008 and 2013. A total of 157 holes for 31,000m were drilled. Drill holes ranged in length from 4.2m to 450m with an average of 197m. A total of 6,591m was sampled and assayed.

24.6.1 South Crofty “Proof of Concept” Drilling 2020

In May 2020, Cornish Metals undertook a “proof of concept” drilling programme to test the capabilities of directional drilling to access the mineralisation at depth underneath the existing mine workings at South Crofty.

The aims of the programme were as follows:

- To test the concept of directional drilling using the Priority “Mud Motor” method;
- To test the concept of wedging and drilling daughter holes off the main parent hole, with a view to providing regular sampling points; and
- To test the continuity of mineralisation below known mineralised structures.

The project completed 1,694m of drilling in a combination of conventional wireline coring and directional drilling and comprised one parent hole (SDD20-001) with two daughter holes (SDD20-001A and SDD20-001B) drilled off the main parent. Directional drilling was used to reduce the dip of the daughter holes at depth, in order to steer the drill string underneath the existing workings.

Drilling was carried out by Priority Drilling Company Ltd using an Epiroc Christensen CT20 Diamond Drill rig. Drilling was stepped down from an initial PQ (122.6mm diameter) size, to HQ (96mm diameter) and finally to NQ (75.7mm diameter). Drill core recovery was greater than 95%. The drill core was logged, split and sampled by Cornish Metals personnel. The samples, comprising half drill core, were sent for assay at ALS Minerals, Loughrea, Ireland. Sample preparation involved crushing to 70% less than 2mm, riffle split and pulverised to 85% less than 75 microns. The analytical method used was X-ray fluorescence (“XRF”) following a lithium borate fusion. Samples were assayed for with this technique include Cu, Sn, W, Zn and As. A multi-element 4 Acid Digestion ICP-AES analysis was also carried out to further characterise the mineralisation and alteration assemblages. A

comprehensive Quality Assurance / Quality Control programme using standards, duplicates and blanks was included within the drill core sampling programme.

As well as the target areas at depth, the drilling intersected a number of mineralised structures at higher elevations. The drilling confirmed the potential at South Crofty to discover high-grade mineralisation in both previously undeveloped areas and as an extension of existing known structures down dip and along strike. Highlights of the drilling include:

- SDD20-001, 376.55m to 378.77m, 2.22m (1.15m true width) at 2.69% Cu, 0.77% Sn, including 0.73m at 5.16% Cu and 1.58% Sn of chlorite altered, flouritic, semi-massive sulphide mineralisation in the area of the historically mined “Tincroft South Lode”;
- SDD20-001, 470.35m to 472.52m, 2.17m (1.66m true width) at 1.34% Sn, including 0.73m at 2.50% Sn hosted within chlorite altered quartz veining with visible cassiterite mineralisation in the area of “Tincroft” Lode;
- SDD20_001, 620.6m to 623.26m, 2.66m (1.85m true width) at 2.19% Sn, of quartz tourmaline mineralisation in the area of Intermediate Lode;
- SDD20_001A, 1028.76m to 1029.96m, 1.20m (1.19m true width) at 0.92% Sn, of massive tourmaline mineralisation, in the area below No. 8 Lode;
- SDD20_001B, 974.2m to 976.8m, 2.60m (2.60m true width) at 10.33% Sn, including 0.85m at 30.35% Sn of quartz, tourmaline, cassiterite mineralisation (Figure 24.1), in the area below No. 4 Lode; and
- SDD20_001B, 1034.38m to 1035.59m, 1.21m (1.16m true width) at 1.78% Sn, of massive tourmaline mineralisation, in the area below No. 8 Lode.



Figure 24.1: No. 4 Lode Mineralised Intercept in SDD20_001B between 1,034.38m and 1,035.59m down hole

The drilling carried out at South Crofty in 2020 lies outside the existing P&E Mineral Resource Estimate published in 2016 and so does not constitute a “material change”.

24.7 Sample Preparation, Analysis, Security and Data Verification

P&E considers that the sample preparation, security and analytical procedures for the South Crofty Project are adequate for the purposes of the Mineral Resource Estimate.

P&E carried out assay data verification for the Upper Mine Dolcoath drilling in March-April 2015. The assay certificates in spreadsheet format were independently obtained directly from AGAT, SGS and WAI laboratories. A total of 5,597 records for tin, copper, zinc and lead assays contained in the Mineral Resource wireframes were extracted for verification against laboratory assay records. Approximately 1,798 assays were located and checked. A number of discrepancies were noted and the database was corrected and updated.

A comprehensive QAQC programme was implemented for the final stages of the underground drilling programme at the South Crofty. Based upon the evaluation of the QAQC programme undertaken by the Company, as well as P&E's due diligence sampling, it is P&E's opinion that the results are suitable for use in the current Mineral Resource Estimate.

24.8 Mineral Processing and Metallurgical Testing

No metallurgical testwork has been conducted on material from the current Mineral Resource Estimate. However, the long history of past production from the property leaves little doubt that a viable process with acceptable recoveries can be developed.

The South Crofty process plant operated until 1988 when processing was transferred to the Wheal Jane process plant and continued until the South Crofty Mine was shut down.

The South Crofty process plant produced two gravity concentrates: a low-grade concentrate typically assaying 26% Sn and a high-grade concentrate assaying approximately 47% Sn from a head grade of 1.06% Sn (1984 to 1987 average). Overall tin recovery was reportedly approximately 73%.

Better performance was achieved at the Wheal Jane process plant. In the period that the ore was processed at Wheal Jane, from 1988 through to closure in 1998, average Sn recovery was reportedly 88.5% from an average head grade of 1.43% Sn. Both gravity and flotation concentrates were produced, with a combined grade of 58% Sn. The improved performance at Wheal Jane relative to South Crofty is due to the incorporation of flotation to recover fine tin coupled with other significant metallurgical improvements over the decade of production.

24.9 Mineral Resource Estimate

The P&E 2016 Mineral Resource Estimate for the South Crofty Project was estimated by conventional 3D computer block modelling methods employing Dassault Systemes GEMS™ geological modelling software V6.4 and V6.6 ("GEMS").

The Sn, Cu, Zn, Pb, and W mineralisation occurs in various narrow, structurally controlled hypothermal to epithermal fissure veins or lodes hosted in killas metasedimentary rocks and Carn Brea Batholith Granites. Polymetallic-low-grade tin mineralisation is characteristic of the killas whereas the granite is tin-rich and base metals poor. Mineral Resources were estimated for 24 lodes located within an area of 3.3km by 1km and extending from near surface at Dolcoath to 835m depth from surface for the deep lodes such as at Roskear and No. 8 area. The granite-hosted deep lodes have witnessed past mining with Mineral Resources having been accordingly depleted for stopes, drawpoints and raises, however, not for levels and drifts since the latter are volumetrically small. The narrow widths of the lodes and presence of local town infrastructure on surface precludes open pit mining leaving the lodes being only amenable to underground mining.

For the purpose of Mineral Resource estimation and reporting, the lodes have been grouped into the "Lower Mine" which includes the deep, granite-hosted lodes for which only tin analyses are available, and the "Upper Mine" in which lodes straddling or lying above the granite-killas contact, have been tested by recent drilling and have multi-element analyses available. The recent drilling and assaying has been subjected to current industry standard QAQC work, however, the historic core drilling and assaying would have been supported by mine quality control practices in force at those times and would not have been as rigorous as required by today's CIM Best Practices.

Indicated and Inferred Mineral Resources have been estimated for tin in the Lower Mine, and tin, copper, and zinc in the Upper Mine. This Mineral Resource Estimate is based on diamond drilling, core sampling and assaying as well as underground back and face channel sampling and chip sample assaying. Sampling during past mine operations in the Lower Mine was predominantly historic channel sampling and short hole wall drilling in drives with historic exploration drilling on strike and down dip of the workings. Recent drilling from 2008 to 2013 has tested the Upper Mine Dolcoath Lodes.

The exploration drill hole database for the South Crofty Project contains 157 recent diamond drill holes totalling 30,931.82m, 3,362 historic diamond drill holes for 90,732.81m and 14,893 historic channel samples over 29,439.75m.

Metal prices used for the Mineral Resource Estimate were US\$8.50/lb Sn, US\$2.75/lb Cu and US\$0.90/lb Zn based on LME approximate two-year trailing averages at March 31, 2016. Process plant recovery assumptions are 88.5% for Sn, 85% for Cu and 70% for Zn.

Fifty-nine (59) mineralised wireframes for twenty-four (24) lodes were constructed from mineralisation intercepts in channels samples and drill holes at a cut-off grade of 0.5% Sn over a minimum true width of 1.2m. The Lower Mine Lodes were modelled mostly on level plan views using varying horizontal widths depending on lode dip. Minimum length of tin mineralisation along strike on the levels for inclusion in Mineral Resources was 15m. Lode widths commonly are narrower than

minimum mining width and were “bulked out” to at least minimum width using adjacent assays when available and practical, or to minimum width at zero Sn grade where only the lode was sampled. In the latter case, preference was given to bulking out on the lode footwall in keeping with past mining convention at South Crofty. Upper Mine Lodes, estimated predominantly from recent drilling, were modelled on vertical cross-sections.

Assay grades were capped at 6% for Sn, 4% for Cu and 20% for Zn for the Upper Mine and 20% Sn for the Lower Mine. Assay composites were generated for the vein intercepts from the assays captured by GEMS™ software in the mineral wireframes. Channel samples from predominantly the Lower Mine, were composited at a length of 1.2m dynamically adjusted in order that all composites in the intercept have the same length. This method ensures that the grade weighting is correctly applied for bulked out lode widths but results in variable composite lengths. Compositing for drill holes was done down hole at 1.5m consistent lengths with review of discarded residual fragments for bias.

Four block models and several partial block models were created to encompass the various lode areas: Dolcoath, Roskear, No.4-No.8-No.2-Providence; and Pryces-Tincroft. The Mineral Resource Estimate block models’ X axes are rotated to 60° azimuth. Block sizes are 5m x 5m x 2m vertical. Inverse distance cubed (“ID3”) interpolation was carried out using multiple search distances and search ellipses oriented to lode strikes and dips.

Historic bulk density for mining granite-hosted lodes was 2.77t/m³ (Owen et al. 1998). Water immersion bulk density testing was carried out on-site for 119 core samples from 2009 to 2012 drill holes. Samples were obtained from the Dolcoath lodes and averaged 3.09 t/m³. To convert block model volumes to tonnes, P&E used a 2.77t/m³ bulk density for the deep, granite-hosted lodes and 3.0t/m³ for the killas-hosted Sn-Cu-Zn bearing lodes at Dolcoath.

Mineral Resources were classified as Indicated and Inferred based on completeness of channel sampling (levels above/below, raises), the drill hole spacing, confidence in the assaying for drilling, and geologic confidence in grade continuity. The Indicated and Inferred Mineral Resource Estimate for the Lower Mine includes pillars and sills, some of which may not be recoverable pending an advanced engineering study and inspection underground once the workings are accessible. The South Crofty Project Mineral Resource Estimate is presented in Table 24.1. The Indicated Mineral Resource Estimate at a 0.6% Sn block cut-off grade is 1.92 million tonnes averaging 1.66% Sn, 0.11% Cu and 0.08% Zn. The Inferred Mineral Resource Estimate at a 0.6% Sn block cut-off grade is 1.20 million tonnes averaging 1.43% Sn, 0.24% Cu and 0.24% Zn.

TABLE 24.1 - SUMMARY OF MINERAL RESOURCES BY STATUS (1-10)

| Category | Minerals and Ore | | | | | | | | | | Operator | | | |
|----------------------------|------------------|-------------|-------------|-------------|-------------------------|-------------------------|-------------------------|--------------|-------------|-------------|-------------|-------------------------|-------------------------|-------------------------|
| | Gross | | | | | Net Attributable | | | | | | | | |
| | Mass (kt) | Grade (Sn%) | Grade (Cu%) | Grade (Zn%) | Contained Metal Sn (kt) | Contained Metal Cu (kt) | Contained Metal Zn (kt) | Mass (kt) | Grade (Sn%) | Grade (Cu%) | Grade (Zn%) | Contained Metal Sn (kt) | Contained Metal Cu (kt) | Contained Metal Zn (kt) |
| Ore/Mineral Reserves | | | | | | | | | | | | | | |
| Proved | | | | | | | | | | | | | | |
| Probable | | | | | | | | | | | | | | |
| Sub-Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mineral Resources | | | | | | | | | | | | | | |
| Measured | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Indicated Upper Mine | 257 | 0.70 | 0.79 | 0.58 | 1.80 | 2.03 | 1.49 | 257 | 0.70 | 0.79 | 0.58 | 1.80 | 2.03 | 1.49 |
| Indicated Lower Mine | 1,660 | 1.81 | 0.00 | 0.00 | 30.05 | 0 | 0 | 1,660 | 1.81 | 0.00 | 0.00 | 30.05 | 0 | 0 |
| Sub-Total Indicated | 1,917 | 1.66 | 0.11 | 0.08 | 31.85 | 2.03 | 1.49 | 1,917 | 1.66 | 0.11 | 0.08 | 31.85 | 2.03 | 1.49 |
| Inferred Upper Mine | 464 | 0.67 | 0.62 | 0.63 | 3.10 | 2.88 | 2.92 | 464 | 0.67 | 0.62 | 0.63 | 3.10 | 2.88 | 2.92 |
| Inferred Lower Mine | 738 | 1.91 | 0.00 | 0.00 | 14.10 | 0 | 0 | 738 | 1.91 | 0.00 | 0.00 | 14.10 | 0 | 0 |
| Sub-Total Inferred | 1,202 | 1.43 | 0.24 | 0.24 | 17.20 | 2.88 | 2.92 | 1,202 | 1.43 | 0.24 | 0.24 | 17.20 | 2.88 | 2.92 |
| Total | 3,119 | 1.57 | 0.16 | 0.14 | 49.05 | 4.91 | 4.41 | 3,119 | 1.57 | 0.16 | 0.14 | 49.05 | 4.91 | 4.41 |

(1) CIM definitions were followed for the Mineral Resource Estimate.

- (2) *The Qualified Persons for this Mineral Resource Estimate are: Richard Routledge, M.Sc. (Applied), P.Geo. and Eugene Puritch, P.Eng. of P&E Mining Consultants Inc.*
- (3) *Mineral Resources are estimated by conventional 3D block modelling based on wireframing at a 0.5% Sn cut-off grade and inverse distance to the power of 3 grade interpolation. The 0.5% Sn cut-off for wireframing vs 0.6% Sn for Mineral Resource reporting is due to a shift to lower Sn prices between the commencement and finalization of this report.*
- (4) *For the purpose of this Mineral Resource Estimate, assays were capped at 20% Sn for the Lower Mine and 6% for Sn, 4% for Cu and 20% for Zn for the Upper Mine.*
- (5) *The Mineral Resource cut-off grade was derived from the approximate March 31, 2016 LME two year trailing average Sn price of US\$8.50/lb, Cu price of US\$2.75/lb, and Zn price of US\$0.90/lb, 88.5%, 85% and 70% respective process recoveries, smelter payable of 95% and Sn refining charges of US\$0.25/lb. Operating costs used were US\$55/t mining, US\$27/t processing and US\$9/t G&A.*
- (6) *Bulk densities of 2.77 tonnes/m³ and 3.00 tonnes/m³ have been applied for volume to tonnes conversion for the Lower and Upper Mine, respectively.*
- (7) *Mineral Resources are estimated from near surface to a depth of approximately 869 m.*
- (8) *Mineral Resources are classified as Indicated and Inferred based on drill hole and channel sample distribution and density, interpreted geologic continuity and quality of data.*
- (9) *The Mineral Resources have been depleted for past mining, however, they contain portions that may not be recoverable pending engineering study.*
- (10) *Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The Inferred Mineral Resource in this estimate has a lower level of confidence that that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.*

Validation of the grade interpolation and the block model was carried out by on-screen review of grades and other block model estimation parameters versus drill hole composites, by comparison of assay, composites, zone intercepts and block grades, comparison to alternate nearest neighbour (“NN”) interpolations, and review of the volumes of wireframes versus reported Mineral Resources.

Although there are number of uncertainties in the historic data, appropriate due diligence has been exercised to compile and verify data from mine records and in P&E’s opinion, the Mineral Resource Estimate has no fatal flaws, is reasonable and has been undertaken according to industry standard practice.

There are many opportunities to increase the Mineral Resources and to raise the confidence category of those Mineral Resources by additional drilling and development.

Similarly, there are additional historic but unconnected mines within the mineral permission area that represent additional exploration or development potential to the project.

The potential for Mineral Resources at the Roskear D and North Pool lodes was not addressed as part of this report and should be considered in future work programmes.

24.10 Mining Methods

The underground mine has been scheduled at a steady-state production rate of 1,000tpd on a seven day per week work schedule. The mine design layout and the mining method selection have been done at a PEA level and it is assumed that sublevel longhole stopes spaced at 30 m vertical level intervals is appropriate. The New Cook’s Kitchen Shaft (“NCK”) hoisting facility will have the capacity to handle the scheduled amount of production.

All water removed from the mine workings by mechanical pumping will pass through an onsite water treatment plant before being discharged to the Red River and subsequently to the sea. A permit has been recently received by Cornish Metals that allows discharge of treated water at a rate up to 25,000m³/day. Once the mine is dewatered, which is estimated to take place over a two-year period, steady-state dewatering is estimated to be between 5,500m³/day and 6,500m³/day.

All mine and stope development will be undertaken by Company workforce except where specialized skills are required such as shaft rehabilitation and dewatering, exploration diamond drilling and other specialized jobs that will be contracted. Shaft operating, rock handling, hauling and all underground mechanical and electrical work will be by the Company workforce. The Company will also provide overall mine management, supervision, and technical services support, such as mine planning, grade control, geotechnical, ventilation, pumping, geological, and surveying services.

Mine development will be carried out using trackless rubber tired equipment using ramps and horizontal accesses from the NCK shaft. Single boom drill jumbos, 3t load-haul-dump (“LHD”) machines, 20t trucks, rock bolters and pneumatic longhole drills will be used, along with a fleet of ancillary equipment. The New Roskear and Taylor’s shafts will be accessed by the development and will be used for ventilation and manways. The NCK shaft will be the main production shaft after refurbishment once new hoist components and conveyances are installed and commissioned.

It is envisioned that a new rock handling system will be established by including a primary crusher and mineralised material-pass bin and grizzly at the truck/conveyor dump near the bottom of the NCK shaft. The old loading pocket area will be refurbished and reintroduced into the rock transfer circuit. This will require the installation of two new measuring pockets, new loadout conveyor and short transfer conveyor below the primary crusher, vibratory feeder, primary crusher, mineralised material bin feeder, new mineralised material bin (approximate capacity for four hours of hoisting), and rock grizzly at the top of the mineralised material bin.

The rock transfer below the loading pocket level will be done via an inclined conveyor drift which will be refurbished and a new conveyor installed. Any mineralised or waste rock material produced and required to be transferred to the NCK shaft or below the conveyor bottom will be hauled using 20 t mining trucks and electric LHD units.

Material transfer from the NCK shaft to the South Crofty process plant will be achieved via the 2,060m level (40 fathom level) discharge station and Tuckingmill conveyor. At the 2,060m level it is envisioned that the following will be installed and constructed; skip dump arrangement, rock storage, bottom feeder to discharge onto conveyor, and a conveyor approximately 590 m in length.

An isometric view of the proposed South Crofty Dolcoath Section underground mine layout is presented in Figure 24.2. A longitudinal projection of the South Crofty-Dolcoath Section is presented in Figure 24.3. The two figures contain existing development (some of which will be rehabilitated), new development, new ramps between levels, and stoping blocks that are included in the mine production schedule.

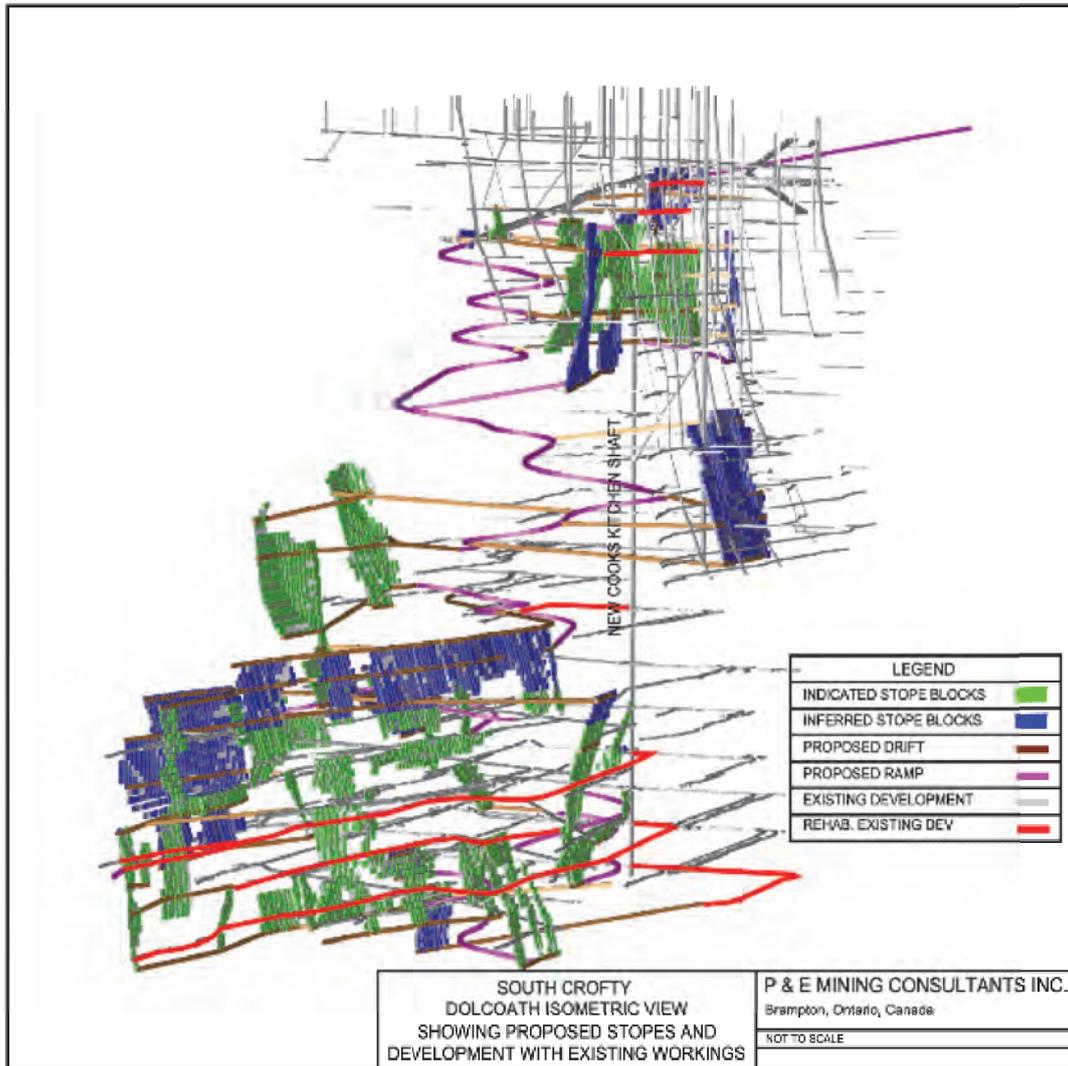


Figure 24.2: Isometric View of the South Crofty-Dolcoath Section Underground Mine Layout

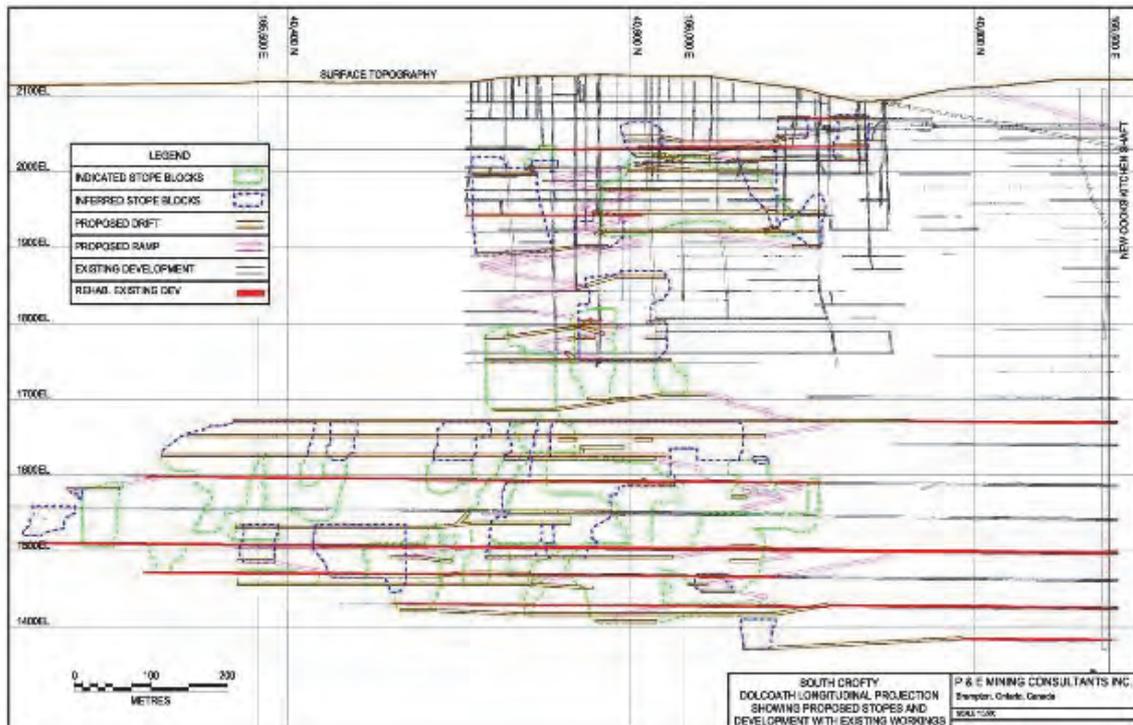


Figure 24.3: Longitudinal Projection of the South Crofty Dolcoath Section Underground Mine

It is estimated 17.3km of new level and decline development will be driven over the life-of-mine (“LOM”). 35.2km of existing drifts will be enlarged and rehabilitated over the LOM. 5.9km of raising will be carried out over the LOM.

According to historic operations records, the hangingwall and footwall at South Crofty are competent and stopes may not require any backfill after extraction. Backfill will provide a competent work floor in the stopes. In order to meet surface permissions that stipulate no tailings facility, all tailings will be pumped underground. P&E recommends thickened tailings as the preferred and most cost-effective type of backfill. It may be possible to reduce the cement content by separating the coarse fraction, to be pumped into the active stoping areas, and the fine fraction that will be disposed into old mining voids.

At a mining cut-off value of 0.70% Sn the mineralised material mined is estimated at 2.575 Mt at an average grade of 1.55% Sn. Approximately 60,000 t of mineralised material was considered not mineable due to proximity to historic workings, remnant mineralisation, or in unrecoverable sill pillars. However, this material will require physical inspection underground once the workings are dewatered and accessible, to confirm if it can be mined. Mining dilution was estimated by calculating the tonnes and grades within a ‘skin’ around the outside of each of the planned stope shapes using Gemcom™ software. This ‘skin’ was created on the footwall and hangingwall of each

mining block. Mining dilution was estimated by calculating the over-break in the hangingwall and footwall of each stope shape, and for this study P&E used external mining dilution of 15%. A diluting grade was applied to every mining block at 0.45% Sn grade. Additionally, the mining recovery was assumed to be 95% for all stopes and sill tonnes. The LOM schedule by mine area is presented in Table 24.2.

| Mine Section | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 | Y7 | Y8 | Total LOM |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------------|
| Dolcoath (kt) | 4.9 | 48.1 | 133.8 | 149.4 | 139.4 | 136.1 | 207.7 | 334.7 | 1,154.1 |
| Dolcoath Grade (Sn%) | 1.85 | 1.42 | 1.45 | 1.56 | 1.24 | 1.25 | 0.96 | 0.95 | 1.18 |
| Lodes 2, 4 & 8 (kt) | 183.2 | 183.0 | 151.3 | 139.4 | 122.5 | 119.4 | 80.7 | - | 979.5 |
| Lodes 2, 4 & 8 Grade (Sn%) | 2.03 | 1.97 | 1.39 | 1.71 | 1.64 | 1.68 | 2.27 | | 1.80 |
| Roskear (kt) | 20.6 | 26.3 | 12.9 | 23.9 | 27.0 | 23.5 | 16.2 | - | 150.4 |
| Roskear Grade (Sn%) | 1.66 | 1.66 | 1.83 | 2.02 | 1.86 | 1.78 | 1.78 | | 1.80 |
| Pryces-Tincroft (kt) | 1.3 | 22.6 | 52.0 | 37.3 | 61.1 | 71.0 | 45.4 | - | 290.7 |
| Pryces-Tincroft Grade (Sn%) | 1.59 | 1.98 | 2.40 | 2.50 | 2.44 | 1.85 | 1.15 | | 2.05 |
| | | | | | | | | | |
| Total Tonnes Mined (kt) | 210.0 | 280.0 | 350.0 | 350.0 | 350.0 | 350.0 | 350.0 | 334.7 | 2,574.7 |
| Grade (Sn%) | 1.99 | 1.85 | 1.58 | 1.75 | 1.64 | 1.56 | 1.33 | 0.95 | 1.55 |

24.11 Recovery Methods

Initial crushing will be conducted underground using a jaw crusher and underground surge bin. After hoisting, material will be subsequently delivered by conveyor to secondary and tertiary cone crushers operating in closed circuit with screens to produce a suitable feed to the grinding circuit. South Crofty mineralised material feed is characterized as "slimey" and washing of coarse feed using a trommel screen is included. Heavy media separation is potentially applicable.

Crushed mineralised material will be fed to a conventional rod mill - ball mill combination with the ball mill in closed circuit with screens. Rod mill discharge will be fed to a primary gravity circuit using spirals for concentration. Spiral concentrate is cleaned in two stages and fines are directed to the tin

flotation circuit. The remainder of the solids reports to a ball mill - classification circuit and secondary spirals. Potentially, a finished concentrate may be generated within this circuit.

Historically, classification was accomplished using spiral classifiers and hydroseparators for size separation prior to gravity concentration. Hydrocyclones may be employed in any future circuit. The classified product is fed to clusters of spiral concentrators to potentially produce a finished concentrate and a middlings product. The middlings are directed to the tin flotation circuit.

A conventional flotation circuit recovers fine tin not recovered by gravity concentration. De-sliming of the flotation feed via cyclones may be required. The flotation circuit is comprised of a rougher-scavenger stage followed by two stages of cleaning to produce a finished tin flotation concentrate.

Towards the end of mine life, copper and zinc values in the feed will increase and it is planned to install conventional flotation circuits comprising rougher and multiple cleaner stages for the separate recovery of copper and zinc concentrates.

Anticipated concentrate production levels are summarised in Table 24.3.

| Concentrate Type | Conc. Grade (%) | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 | Y7 | Y8 | Total LOM |
|-------------------------|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------------|
| Tin Conc. | 59 | 6,233 | 7,723 | 8,246 | 9,139 | 8,556 | 8,120 | 6,523 | 3,491 | 58,031 |
| Copper Conc. | 59 | | | | | | | 1,011 | 3,453 | 4,464 |
| Zinc Conc. | 59 | | | | | | | 504 | 2,961 | 3,465 |

24.12 Project Infrastructure

The property is readily accessible by a network of existing all-weather paved highways and local roads. The project site is located within an industrial area with a highly developed power supply and regional distribution and has two 33kV overhead power lines which traverse the property. A 5MW dedicated electrical power supply is presently available from the national power grid through the existing 3.5MW substation at New Cook's Kitchen Shaft and it is estimated that 10-12MW can be accessed in the future with proper infrastructure including a new substation.

A 25,000m³/day water treatment will be installed in order that the mine can be dewatered over an 18 to 24-month period. During production, a steady-state dewatering programme of 5,500 to 6,500m³/day will be maintained subject to annual precipitation variations.

The project will be developed and constructed in accordance with the current permitted site layout, which received full conditional planning permission on November 3, 2011, and was confirmed to be extant by Cornwall Council on January 30, 2017. The site will accommodate a process plant, tailings treatment and pumping plant, sewage treatment, underground mine accesses (shafts and decline ramp), core storage area, two-story mine and administration building/office, access site gate house, and supply infrastructure such as power plant, electric substation, emergency power generation, miners dry/change building, maintenance shop (electrical and mechanical), fuel storage tanks, warehouse and stores, weighbridge, explosives storage and compressor house.

24.13 Market Studies and Contracts

There are no material contracts pertaining to the South Crofty project. The project is open to the spot tin price market, along with copper and zinc, and there are no streaming or forward sales contracts in place.

A tin price of US\$10/lb has been based on a five-year forecast to 2021 by BMI Research in their report titled *"BMI Tin Report Q1 2018"* dated November, 2017. The report states that *"(Tin) prices will increase gradually to USD22,500/tonne by 2021 as the global tin market posts sustained market deficits from 2017 onwards and inventories dwindle."*

A copper price of US\$2.65/lb and a zinc price of US\$0.90/lb have been based on LME approximate two-year trailing averages at March 31, 2016, which were current prices when P&E compiled the Mineral Resource Estimate.

24.14 Environmental

The historic South Crofty Mine is situated in the Town of Pool between Camborne and Redruth in Cornwall, England. It is part of the Cornwall and West Devon Mining Landscape, and is part of a United Nations Educational, Scientific and Cultural Organization ("UNESCO") designated World Heritage Site comprised of mining landscapes in Cornwall and West Devon.

Atkins Engineering Limited completed two environmental statements for the below-ground and above-ground works at the South Crofty Mine in support of SCL's applications for planning permission. Conditional permissions were granted for the above-ground (surface) and below-ground (underground) activities at the South Crofty Mine in 2011 and 2013, respectively, based on a proposal that had been prepared and submitted by SCL. Agreement on the surface permissions was reached between SCL, Historic England and Cornwall Council, and the conditional planning was duly granted on November 3, 2011 and subsequently declared to be lawfully implemented and extant on January 30, 2017. The scope of works described in the existing surface and underground conditional permissions are likely adequate for the future development of the project. These two planning

permissions, together with the 1952 permission and 2006 Review of Mineral Planning (“ROMP”), permit mining, hoisting, mineral processing, and other ancillary operations at South Crofty to 2071.

On October 23, 2017, Cornish Metals announced that it had received Permit EPR/PP3936YU from the United Kingdom Environment Agency (“EA”) allowing the discharge of up to 25,000m³ of treated water per day from the South Crofty mine. Untreated water from historic mining operations (pre-Cornish Metals) currently flows directly into the Red River. Cornish Metals’ new permit allows the Company to proceed with construction of a mine water treatment facility that will lead to a material improvement in the quality of water discharged. In January 2020, abstraction licence SW/049/0026/005 was awarded to the Company by the EA. This permit allows up to 25,000m³ per day of raw mine water to be abstracted from the mine and pumped to the process plant. The need for this additional permit was brought about by a change in legislation after the 2017 discharge permit was issued. Previously, abstraction of groundwater for the purposes of mine dewatering had been an exempted activity.

Waste rock and thickened tailings would be used to backfill mined-out workings. The underground permission requires tailings leach testing and Local Planning Authority (“LPA”) approval before tailings can be used for underground backfilling. The permissions will also likely require other non-material amendments to the current LPA approvals as the project is advanced.

The mine would be closed in an orderly manner based on a closure plan that would be regularly updated and refined over the life of the project. As defined in the surface permission, a surface restoration scheme would be required to be submitted for approval at least two years prior to the expiration of the date in the permission or within two years of the permanent cessation of mineral working, whichever is the sooner. A restoration scheme for the surface features and shafts needs to be submitted for approval by the LPA at least two years prior to the expiration of the permission or within two years of the permanent cessation of mining activity.

24.15 Capital and Operating Costs

Capital Costs

The 2017 PEA estimated the initial dewatering, surface and underground infrastructure capital expenditure for the South Crofty Project at US\$109.2M, excluding capital already raised and committed for the construction of the water treatment plant. The estimate was assembled using historical data from similar projects, scoping level input from various vendors, and owner supplied costs, which are considered reasonable within the current estimate requirements for the project.

The pre-production capital cost estimate is presented in Table 24.4.

| TABLE 24.4 - PRE-PRODUCTION CAPITAL COST ESTIMATE | | | |
|--|-------------|-------------|--------------------|
| Capital Cost Area | Y-2 | Y-1 | Total US\$M |
| Pumping, Shaft Refurb and Water Treatment | 21.0 | 7.9 | 29.8 |
| Mining Equipment and Ventilation | - | 3.6 | 3.6 |
| Mine Development | - | 4.2 | 4.2 |
| Sub-surface Material Transfer and Conveyor to Mill | 2.5 | 3.5 | 6.0 |
| Level Development Rehab | - | 2.8 | 2.8 |
| Surface Processing Plant | 22.6 | 15.1 | 37.7 |
| Thickened Tailings Fill Plant | 3.5 | 7.5 | 11.0 |
| Site Infrastructure | 7.5 | - | 7.5 |
| Owners Costs | 0.6 | 0.6 | 1.3 |
| Contingency @ 15%* | 5.4 | 4.5 | 9.9 |
| Total Pre-production Capital Cost | 63.7 | 49.9 | 113.6 |

**Note: The process plant contingency is 35% and is not included in the overall 15% contingency.*

The sustaining capital cost to develop or refurbish all required mining levels at South Crofty has been estimated at US\$83.8M which includes underground development, equipment sustaining capital, all associated labour, stope definition diamond drilling, and other surface and underground infrastructure to support the project for the duration of the mine life. Sustaining capital also includes US\$3.7M in Production Year 7 for the installation of a Cu/Zn recovery circuit in order that the Upper Mine Zones can be processed at the end of the mine life. All sustaining capital includes a 15% contingency.

Total capital costs over the LOM are estimated to total US\$197.5M including pre-production and sustaining capital costs.

Since the PEA was published in 2017, Cornish Metals has purchased long lead items including the dewatering pumps with variable speed electrical drives and shaft rising mains to enable dewatering activities to commence within 26 weeks of a positive decision to dewater the mine.

Operating Costs

Table 24.5 presents mine production unit operating costs per mineralized tonne mined.

| Cost Item | US\$/t mined |
|-------------------------------------|---------------------|
| Mineralised Material Development | 4.40 |
| Stoping | 13.97 |
| Backfill (Thickened Tailings) | 5.52 |
| Crushing | 3.50 |
| Hoisting | 5.23 |
| Rock Transport UG Truck Haulage | 2.91 |
| Rock Transport Surface Conveyor | 1.50 |
| Tailings Disposal UG | 2.08 |
| DD Definition Drilling | 3.72 |
| UG Mine Indirect Cost | 11.60 |
| UG Mine Services | 9.28 |
| UG Mine Fixed Equipment Maintenance | 3.01 |
| | |
| Total | 66.72 |

Process plant operating cost estimates are presented in Table 24.6 for steady-state production of 350,000tpy or 1,000tpd. Almost half of the cost is labour. The process is primarily grinding and gravity, hence the reagent cost is low compared to many base metal process plants.

| Item | US\$/yr | US\$/t processed |
|--------------------|----------------|-------------------------|
| Operating Labour | 4.0 | 11.41 |
| Power | 1.8 | 5.17 |
| Reagents | 0.3 | 0.94 |
| Operating Supplies | 2.0 | 5.66 |
| | | |
| Total | 8.1 | 23.18 |

At throughput rates in the first two years of production of 210,000tpy and 280,000tpy, the process plant operating costs are estimated to increase to US\$31.83/t and US\$26.42/t, respectively. Once the Cu/Zn recovery circuit is installed during production year seven, the plant operating cost is estimated to increase from steady-state of US\$23.18/t to US\$23.69/t. The average processing cost over the LOM is estimated at US\$24.30/t.

For this project the power cost per kilowatt-hour is US\$0.1074 and is a blended cost based on peak and off-peak rates.

A fixed global G&A cost which includes all related labour, consumables, and services that are used by the site has been estimated at US\$7.33/t processed.

Closure costs for the project are estimated at US\$10M. To achieve that target by the end of LOM, an operating cost fund will be established at a cost of US\$3.07/t processed. This fund will accrue at 5% interest from the start of production. By the end of production, the fund will be at a principle amount of US\$7.9M plus US\$2.1 interest, equal in total to US\$10M.

Manpower has been estimated at 112 people during the second year of pre-production, increasing to a peak of 277 people during steady-state production.

Total operating costs for the South Crofty Mine have been estimated to average US\$101.42/t processed over the LOM and are presented in Table 24.7.

| Item | Cost US\$/t Processed |
|--------------|----------------------------------|
| Mining | 66.72 |
| Processing | 24.30 |
| G&A | 7.33 |
| Closure Fund | 3.07 |
| | |
| Total | 101.42 |

24.16 Economic Analysis

The 2017 economic analysis presented in the PEA is based on the 2017 South Crofty Project underground LOM plan comprised of mining the South Crofty, Upper and Lower Dolcoath, Lodes 2, 4 and 8, Roskear and Pryces-Tincroft Lodes. The LOM includes updated production plans, underground development design, stoping, vertical raising, conveyor installation, refurbishing of all required accesses, including New Cook's Kitchen Shaft and Roskear Shaft, underground and surface infrastructure, required manpower to operate the mine and all operating costs. The LOM plan covering the eight years of production is shown in Table 24.8.

| Mine Section | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 | Y7 | Y8 | Total LOM |
|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Upper Mine (t) | | | | | | | 119,900 | 334,700 | 454,600 |
| Upper Mine (SnEq %) | | | | | | | 0.89 | 0.95 | |
| Lower Mine (t) | 210,000 | 280,000 | 350,000 | 350,000 | 350,000 | 350,000 | 230,100 | | 2,120,100 |
| Lower Mine (Sn %) | 1.99 | 1.85 | 1.58 | 1.75 | 1.64 | 1.56 | 1.55 | | |
| | | | | | | | | | |
| Total (t) | 210,000 | 280,000 | 350,000 | 350,000 | 350,000 | 350,000 | 350,000 | 334,700 | 2,574,700 |
| Total (SnEq %) | 1.99 | 1.85 | 1.58 | 1.75 | 1.64 | 1.56 | 1.33 | 0.95 | 1.55 |

The LOM plan and economic analysis is based on the Company commencing dewatering of the South Crofty underground voids and recommencing mining operations approximately two years later once the water level is at the bottom of the New Cook's Kitchen Shaft. Operational costs are based on first principle estimates for development, process plant, underground mining and G&A including all mining consumables, labour, maintenance, overheads, and mine services based on the Project mine schedule.

Capital work consists of dewatering, shaft and level rehabilitation, new declines and level drifts, and undergoing infrastructure such as main ventilation fans, shaft loading system, mineralised material-pass/waste-pass system, new Tuckingmill Decline including conveyor installation, discharge system below surface, new intermediate pumping stations, bottom shaft pumping station, mine bottom pumping station and underground primary crusher chamber excavation, construction and installation.

All costs are in Q4 2016 US dollar nominal terms and inflation has not been considered in the cash flow analysis. A 1.25 (USD:GBP) exchange rate has been used in calculations in the financial model unless otherwise noted.

Revenue

- The project averages 0.25Mtpa mined during the first two years of production and approximately 0.35Mtpa thereafter to the end of mine life.
- Average Sn production of 9.71Mlb/year over the eight-year LOM.
- All mineralised material feed will be supplied directly to the process plant via the New Cook's Kitchen Shaft and Tuckingmill conveyor and processed with no substantial build-up of stockpiled material;
- Average diluted grade mined is estimated at 1.55 % Sn;
- Average process recoveries of 88% for Sn, 85% for Cu, and 70% for Zn;
- 59% Sn grade in concentrate is planned;

- For the LOM, the Sn price is US\$10.00/lb produced at 100% payable metal during smelting and refining;
- Cu and Zn metal prices of \$2.65/lb Cu and \$0.90/lb Zn have been used;
- Sales costs (concentrate transportation, smelting and refining charges) are estimated at US\$0.60/lb-recovered-Sn;
- A 1.5% net smelter return royalty has been sold to Osisko Gold Royalties Ltd. for \$7.17M;
- Cornish Metals is negotiating with third party mineral owners royalties that vary by zone and Sn price from 0.42% for Sn prices less than US\$22,000/t to 0.63% for Sn prices over US\$25,000/t. The average mineral owner royalty is estimated at 0.52% over the LOM; and
- For the purposes of simple financial modelling, revenue is recognised at the time Sn concentrate shipments leave the Port of Plymouth.

Costs

- Two-year pre-production period, followed by eight years of production;
- Initial capital cost of US\$113.6M including 15% contingency on all items, except 35% contingency on the process plant;
- LOM sustaining capital costs of US\$83.8M including 15% contingency for capital development, underground equipment, construction of Cu/Zn flotation circuit, ventilation, site infrastructure, and Mineral Resource upgrade diamond drilling;
- Average operating cost over LOM of US\$101.42/ t processed;
- Average cash cost per lb of Sn of US\$3.36/lb over LOM and an all-in sustaining cash cost (“AISC”) of US\$4.41/lb Sn;
- Freight and refining costs for tin concentrate has been based on historical costs and data from other tin projects and are subject to market adjustment. Concentrate transportation, smelting and refining of Sn, Cu and Zn product costs are estimated at US\$0.60 per recovered pound (lb) of tin. South Crofty tin concentrate has historically sustained low deleterious element penalties, and none were considered in this estimate; and
- Corporate tax rate of 17% based on new UK legislation effective as of 2020.

Net Present Value

The after-tax Net Present Value (“NPV”) at a 5% discount rate from pre-production through to completion of LOM for the base case is estimated at US\$128.2M and the Internal Rate of Return (“IRR”) is estimated at 24%, with a payback of 3.8 years, at assumed metal prices of US\$10.00/lb Sn, US\$2.65/lb Cu and US\$0.90/lb Zn. Project economics are summarised in Table 24.9. The after-tax NPV at a 10% discount rate from pre-production through to completion of LOM is estimated at US\$74.3M.

| TABLE 24.9 - AFTER-TAX PROJECT ECONOMIC SUMMARY | |
|--|-----------------|
| Operating Statistics | LOM |
| Tonnes Mined (000s) | 2,575 |
| Sn grade (%) | 1.55 |
| Process Plant Recovery (%) | 88 |
| Concentrate Grade (% Sn) | 59 |
| Concentrate Produced (t) | 59,699 |
| Metal Contained in Concentrate (M lb Sn) | 77.65 |
| Cash Cost (US\$/lb Sn) | 3.36 |
| All-in Sustaining Cost (US\$/lb Sn) | 4.41 |
| | |
| Estimated Cash Flow | (US\$ M) |
| Revenue | 776.5 |
| Concentrate Transport & Refining | (46.6) |
| Royalties | (14.1) |
| Net Smelter Return (NSR) | 715.8 |
| | |
| Cost Summary | (US\$ M) |
| Mining Cost | (171.8) |
| Processing Cost | (62.6) |
| G&A Cost | (18.9) |
| Closure Cost | (7.9) |
| Pre-Tax Cash Earnings | 454.6 |
| Depreciation | (171.6) |
| EBITDA | 283.0 |
| Losses Carried Forward | (25.3) |
| Taxable Income | 257.7 |
| Corporate Tax | (47.3) |
| VAT Payable | (39.5) |
| VAT Rebate | 39.5 |
| Capital and Sustaining Capital Cost | 197.5 |
| After-Tax Cash Flow | 209.9 |
| | |
| NPV @ 5% | 128.2 |
| NPV @ 10% | 74.3 |
| IRR (%) | 24 |
| Payback Period (years from start of production) | 3.8 |

Sensitivity Analysis

The sensitivities and the impact on cash flows have been calculated for -20% to +20% variations in tin price, operating cost and capital cost against the base case as presented in Table 24.10.

| TABLE 24.10 - SOUTH CROFTY SENSITIVITY ANALYSIS | | | | | | | | | |
|---|-------|-------|-------|-------|-----------|-------|-------|-------|-------|
| Sn Price Sensitivity (After-Tax US\$M) | | | | | | | | | |
| US\$/lb | 9.00 | 9.25 | 9.50 | 9.75 | 10.00* | 10.25 | 10.50 | 10.75 | 11.00 |
| NPV | 71.0 | 85.3 | 99.6 | 113.9 | 128.2 | 142.5 | 156.8 | 171.1 | 185.4 |
| CF | 132.3 | 151.7 | 171.1 | 190.5 | 209.9 | 229.3 | 248.8 | 268.2 | 287.6 |
| IRR (%) | 16 | 18 | 20 | 22 | 24 | 26 | 27 | 29 | 31 |
| NPV (After-Tax US\$M) | | | | | | | | | |
| % | -20% | -15% | -10% | -5% | Base Case | 5% | 10% | 15% | 20% |
| Capex | 162.8 | 154.2 | 145.5 | 136.9 | 128.2 | 119.6 | 110.9 | 102.2 | 93.6 |
| Opex | 166.4 | 156.9 | 147.3 | 137.8 | 128.2 | 118.6 | 109.1 | 99.5 | 90.0 |
| Cash Flow (After-Tax US\$M) | | | | | | | | | |
| % | -20% | -15% | -10% | -5% | Base Case | 5% | 10% | 15% | 20% |
| Capex | 249.4 | 239.6 | 229.7 | 219.8 | 209.9 | 200.1 | 190.2 | 180.3 | 170.4 |
| Opex | 262.2 | 249.1 | 236.0 | 223.0 | 209.9 | 196.9 | 183.8 | 170.8 | 157.7 |
| IRR (After-Tax %) | | | | | | | | | |
| % | -20% | -15% | -10% | -5% | Base Case | 5% | 10% | 15% | 20% |
| Capex | 33 | 30 | 28 | 26 | 24 | 22 | 20 | 19 | 17 |
| Opex | 28 | 27 | 26 | 25 | 24 | 23 | 21 | 20 | 19 |

Note: * represents Base Case scenario

24.17 Adjacent Properties

Cornish Metal's United Downs project lies 8 km east of South Crofty and could share the South Crofty process plant facilities should an economically viable project be delineated at that site. Additionally, Cornish Metals holds tenure over the Gwinear Project 8 km west of South Crofty. This project is at an earlier stage but could also potentially make use of the permits and process plant facilities at South Crofty.

Cornwall Resources Ltd, a private UK company wholly owned by Strategic Minerals, a London listed company, is developing the Redmoor Tungsten-Tin project near the Village of Kelly Bray in North Cornwall, 75 km north east of South Crofty. Strategic Minerals recently published a Scoping Study for the project, which demonstrates the potential for a 600,000tpa underground mine, with a potential mine life of 10+ years based on 7.2Mt of feed to the process plant.

Wolf Minerals Ltd., an Australian and London AIM listed specialty metal's company, developed the Drakelands open pit tungsten-tin project in the neighbouring county of Devon and started production in 2015. The mine closed in 2018 due to sustained poor metallurgical recoveries of tungsten. It is now owned by Tungsten West Ltd, a private UK company that purchased the assets out of liquidation. The mine is currently on Care & Maintenance while additional testwork and re-engineering of the process plant is undertaken.

24.18 Interpretation and Conclusions

In 2017, P&E concluded that the South Crofty project has economic potential as an underground mining operation, utilising a new process plant to initially produce tin concentrates, with copper and zinc concentrates being produced as of production year seven following modifications to the process plant. The PEA outlines 2.575Mt of process plant feed (inclusive of mining dilution and loss factors) averaging 1.55% Sn from four main underground areas. The mineralised material from the Mineral Resource Estimate supporting this tonnage contains both Indicated and Inferred Mineral Resources. The project has an estimated pre-production capital cost at US\$113.6M and robust economics with an after-tax NPV at a 5% discount rate of US\$128.2M, an after-tax IRR of 24%, and a 3.8-year payback period using base case metal prices of US\$10.00/lb Sn, US\$2.65/lb Cu and US\$0.90/lb Zn. The after-tax NPV at a 10% discount rate from pre-production through to completion of LOM is estimated at US\$74.3M.

In 2017, P&E recommended that Cornish Metals advance the South Crofty Project with extended and advanced technical studies, including a drill programme, with the intention of advancing the project to a production decision.

The following list itemizes the conclusions that can be drawn from the information provided in the 2017 PEA:

- The South Crofty Project is an advanced property with extensive underground development and permits in place;
- Although the structural controls are locally complex, the mineralised lodes overall present a relatively simple geometry with lode formation controlled by conjugate fracture sets that producing branching lodes, which are generally steeply dipping either to the south or the north at 60° to 80° to depths over 1,000m from surface;
- The South Crofty Project benefits from an extensive historical Mineral Resource database for deep lodes with over 55,000m of channel sampling combined with 31,000m of modern drilling, which has enabled an NI 43-101 Mineral Resource Estimate to be reported for the property;
- In P&E's opinion the drill hole and assay/analytical databases were suitable for the estimation of Mineral Resources and future Mineral Reserves. In addition to data verification, P&E reviewed the QA/QC for the South Crofty project analyses from the recent drilling and concludes that the analyses are acceptable for Mineral Resource estimation;
- The South Crofty Project Indicated Mineral Resource Estimate at a 0.6% Sn block cut-off grade is 1.92 million tonnes averaging 1.66% Sn, 0.11% Cu and 0.08% Zn. The Inferred Mineral Resource Estimate at a 0.6% Sn block cut-off grade is 1.20 million tonnes averaging 1.43% Sn, 0.24% Cu and 0.24% Zn;

- Although there are number of uncertainties in the historic data, appropriate due diligence has been exercised to compile and verify data from mine records and in P&E's opinion, the Mineral Resource Estimate has no fatal flaws, is reasonable and has been undertaken according to industry standard practice;
- There are many opportunities to increase these Mineral Resources and to raise the confidence classification of those Mineral Resources by additional drilling and development. Similarly, there are additional historic but unconnected mines within the mineral rights area that represent additional exploration or development potential to the project;
- The wealth of information available enhances the project understanding, and significantly de-risks the interpretation of the geology and distribution of mineralised lodes and contained metal as well as the extent of underground workings and previously mined areas. However, it is clear that some parts of the historic data set are lost or otherwise incomplete, and that this represents some risk to the project;
- The property is readily accessible by a network of existing all-weather paved highways and local roads. The required site infrastructure can be built within the current industrial area available. Adequate electrical power is readily available and accessible from the national grid;
- Conditional permissions were granted for the above-ground (surface) and below-ground (underground) activities at the South Crofty mine in 2011 and 2013, respectively, based on a proposal that had been prepared and submitted by SCL;
- A water treatment system has been trial tested and is expected to provide a viable method of treating the large amount of water that needs to be pumped out of the existing underground workings. Following extensive dewatering trials that concluded in Q1 2017, the Company received a Mine Waste Permit with Water Discharge Consent from the Environment Agency;
- All water removed from the mine workings by mechanical pumping will pass through an onsite water treatment plant before being discharged to the Red River and out to the sea. The water discharge permit issued in October 2017 allows for treated water discharge at a rate up to 25,000m³/day. Once the mine is dewatered, which is estimated to take place over a two-year period, steady-state dewatering is estimated to be between 5,500m³/day and 6,500m³/day, subject to annual precipitation variations;
- The long history of past production from the property leaves little doubt that a viable metallurgical process with acceptable recoveries can be developed. It is probable that a new process plant would incorporate gravity and flotation recovery of tin, generally as practiced at Wheal Jane. South Crofty successfully employed heavy media separation and this unit operation could be adopted in a new process plant if economics warrant. Saleable concentrates for tin, copper and zinc are expected to be produced at reasonable recoveries;
- The underground mine has been scheduled at a steady-state production rate of 1,000tpd on a seven day per week work schedule. The mine design layout and the mining method

selection have been done at a PEA level and it is assumed that sublevel longhole stopes spaced at 30 m vertical level intervals is appropriate. The NCK Shaft hoisting facility will have the capacity to handle the amount of production;

- The New Roskear and Taylor's shafts will be accessed by the development and will be used for ventilation and manways. The NCK Shaft will be the main production shaft after refurbishment once new hoist components and conveyances are installed and commissioned;
- In order to meet surface permit permissions that stipulate no tailings facility, all tailings will be pumped underground. Thickened tailings are the preferred and most cost-effective type of backfill;
- For the 2017 study, a 350,000tpy production rate has been targeted and scheduled after two years of ramp-up, with one final year of wind down. At a mining cut-off grade of 0.70% Sn the mineralised material mined is estimated at 2.575Mt at an average grade of 1.55% Sn.
- It was assumed that historical mine costs will not be relevant for the current exercise, therefore first principle and equipment quotes from similar projects have been considered when estimating the operating and capital costs;
- Capital cost estimates have an accuracy level of $\pm 35\%$ for all items and include a 15% contingency on all capital items except for the process plant for which a 35% contingency has been applied. The initial dewatering, surface and underground infrastructure capital for the South Crofty project is estimated at US\$113.6M;
- The sustaining capital cost to develop or refurbish all required mining levels at South Crofty has been estimated at US\$83.8M which includes underground development, equipment sustaining capital, all associated labour, stope definition diamond drilling, and other surface and underground infrastructure to support the project for the duration of the mine life.
- Total capital costs over the LOM are estimated at US\$197.5M including pre-production and sustaining capital costs;
- The underground mine production unit operating costs are estimated at US\$66.72/tonne mined. The average processing cost over the LOM is estimated at US\$24.30/t processed. Fixed global G&A costs, which include all related labour, consumables, and services that are used by the site, are estimated at US\$7.33/t processed. Total operating costs for the South Crofty Project have been estimated to average US\$101.42/t processed over the LOM;
- Total manpower to be employed at the project during steady-state production is estimated at 277 people;
- Closure costs for the project are estimated at US\$10M. To achieve that target by the end of LOM, an operating cost fund will be established at a cost of US\$3.07/t processed. This cost is included in the underground mining operating cost. The mine would be closed in an orderly manner based on a closure plan that would be regularly updated and refined over the life of the project; and

- Until a decision is taken to move forward with the project once again, the Care & Maintenance costs are estimated to be between £520,000 and £550,000 per annum, based on Cornish Metals' experience and holding costs over the last four years.

24.19 Recommendations

Once a positive decision to re-start active development of the project is taken, P&E recommends in-fill drilling to upgrade a portion of the Lower Mine Inferred Mineral Resources to Indicated Mineral Resources as a basis for Pre-Feasibility Study and estimation of Mineral Reserves. A preliminary diamond drilling campaign of 26,500m is proposed to upgrade approximately 800,000 tonnes of Mineral Resources in No. 2 and Dolcoath South lodes in the Lower Mine, and to test areas adjacent to the Dolcoath and Roskear lodes where there is potential for a material increase in the Mineral Resource Estimate. The campaign assumes access from surface or upper level workings and controlled drilling of wedged holes off pilot holes. P&E estimates preliminary costs for the drill programme at \$5.3M.

Once the in-fill drilling programme is completed and the Mineral Resource Estimate is updated, and assuming that sufficient Mineral Resources are upgraded to the Indicated Mineral Resource classification, P&E recommends that Cornish Metals proceed to the next stage of engineering, which would be a Pre-Feasibility Study.

To improve the Mineral Resource Estimate QAQC protocol, P&E recommends Cornish Metals locate a non-mineralised blank to replace the one currently being used.

The potential for Mineral Resources at the Roskear D and North Pool lodes was not addressed as part of this report and should be considered in future work programmes.

Metallurgical testwork on representative samples from the current Mineral Resource Estimate and a detailed review of past metallurgical work will be required to develop and optimize the process plant flowsheet.

P&E recommends thickened tailings as the preferred and most cost-effective type of backfill. Testwork is recommended on tailings and backfill material to determine rheology and strength at various cement contents, and to determine if less expensive thickened tailings could be used for deposition underground instead of paste tailings.

P&E recommends the following related to future underground mining:

- During the pre-production period a long-term ventilation management plan should be developed by the mine ventilation engineer;

- The Company should develop a waste rock/aggregate strategy through an engineering study at a later stage; and
- Permanent dewatering pumps should be multistage Sulzer type pumps with one on duty and one on standby for maintenance flexibility. When in production, to take advantage of lower power rates, P&E recommends that pumping from the shaft bottom to the 1,750m level and the 2,060m level pump stations should occur during night hours.

A comprehensive closure plan is recommended as part of a Pre-Feasibility Study.

24.20 Project Risks

P&E has identified several risk areas connected with development of the South Crofty project. These risks are summarised below, in decreasing order of risk.

- Volume of Water to be Pumped from the Underground Mine Workings. Estimates of the flooded volume of the mine voids have been based upon plans and sections held by Cornish Metals and the potential interconnectivity of the various mines near South Crofty. The volume of water to be pumped from the workings is estimated to be in order of 10Mm³. Inflow water amounts are well established due to the fact that Cornish Metals has been pumping at consistent rates to maintain workings that have been dewatered over the past five years. Moderate Risk;
- Condition of Shafts. Since the various shafts on the project are flooded it has not been possible to directly view the condition of the shafts, particularly the New Cook's Kitchen Shaft, which will be the main shaft for hoisting material and delivering equipment and supplies to the underground workings. However, specialist underwater cameras were utilised in conjunction with a winch operated shaft conveyance to inspect NCK Shaft in 2018, which was found to be clear and in good condition throughout its length. Moderate Risk;
- Mineral Resource Estimate. At the present stage of the project, the most fundamental factor is considered to be the quality, reliability and accuracy of the historical data. P&E believes the risk associated with the conversion of Inferred Mineral Resources to higher classifications through additional drilling to be low. P&E does not believe there is any significant risk associated with the estimation of Mineral Resources, above and beyond that already implied in the Mineral Resource classification (confidence criteria). Low to Moderate Risk;
- Processing. The project benefits from many years of production at two different process plants. The process is well understood. Low Risk;
- P&E has been provided copies of all current permits. Low Risk; and
- P&E has relied on legal experts to identify any risks associated with land tenure. Low Risk.

24.21 South Crofty Care and Maintenance Costs

In order to maintain the South Crofty Project, keep all the licences and planning permissions valid, keep the site and capital equipment secure, and maintain the project in a state of readiness so that dewatering of the mine can commence in a timely manner should market sentiment change, Cornish Metals has budgeted £1.5M over the next 3 years. This cost includes: buildings and contents insurance, employers and public liability insurance, staff costs, office costs, utilities and all Care & Maintenance consumables. The costs are summarised in the Table 24.11.

| TABLE 24.11 - SOUTH CROFTY PROJECT CARE & MAINTENANCE COSTS | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------------|
| Mine Section | Year 1 (GBP£) | Year 2 (GBP£) | Year 3 (GBP£) | 3-Year Total (GBP£) |
| Insurance & Fees - Opex | 48,200 | 48,200 | 48,200 | 144,600 |
| Care & Maintenance Costs - Capitalised | 424,050 | 471,890 | 463,890 | 1,359,830 |
| | | | | |
| Total | 472,250 | 520,090 | 512,090 | 1,504,430 |

25 INTERPRETATION AND CONCLUSIONS

The prospectivity of the United Downs Project Area, combined with the advanced stage permitting and infrastructure that exists at South Crofty, provides a unique opportunity to develop a new mineral project in a mature mining district.

United Downs has had little or no mineral exploration since the mid-1980's and as such, an opportunity exists to conduct exploration in an area with well-understood geology and mineralisation style. The new discoveries in the Cornish Lithium drill holes, GWDD-001 and GWDD-002, demonstrate that there is still opportunity to discover potentially economic mineral deposits and develop these into mining projects. Historic production, combined with results from the recent drill holes, confirms the continued potential for high-grade copper and high-grade tin mineralisation in the area.

Infrastructure in the United Downs Project is well developed with electrical power, water and other utilities all present within the Property and readily available. The presence of the Wheal Maid Decline affords an opportunity to gain underground access to the mineralised structures at an early stage in the exploration programme. This infrastructure could also potentially be used, subject to all necessary permits and permissions, for any future mining operation in the area.

The historical polymetallic ores found in the United Downs Project Area have a long and successful record of economic metallurgical recovery. Ores extracted from within the Wheal Maid Decline were processed through the Wheal Jane process plant during the mid-1980s and ores from Wheal Jane and Mount Wellington mines themselves were processed up to 1991.

Exploration will require a well-planned, systematic approach, developing and confirming existing opportunities whilst also increasing underlying knowledge from collation and review of existing historical data, to identify and develop new opportunities in the Project.

The existing planning permissions at the nearby South Crofty site add greatly to the Company's portfolio by potentially enabling a fast-track route to a production decision. South Crofty benefits from extant permits for the construction and operation of mineral process facilities, water treatment plant and other mining and mineral process related infrastructure. Additionally, South Crofty has the ability to dispose of tailings by backfilling of historic underground mine workings. These facilities are comfortably within trucking distance from United Downs utilising the existing national road infrastructure that connects the two sites.

In conclusion, P&E is of the opinion that the United Downs Project warrants further exploration to fully assess the continued potential of this renowned base metal mining district.

26 RECOMMENDATIONS

Over the next three years, Cornish Metals plans to conduct a phased exploration programme at United Downs to further delineate the known mineralised structures, conduct in-fill drilling, and subject to exploration success, estimate Mineral Resources, and produce the required technical studies to demonstrate the feasibility of conducting mining operations in the area.

Cornish Metals has outlined a phased work programme and budget to advance the United Downs Project. It is recommended that Phase 1 focuses on proving structural continuity and that Phase 2 focuses on increasing confidence in grade continuity of defined structures.

Several exploration targets have been identified within the United Downs Project, these include:

- The polymetallic semi-massive sulphide mineralisation intercepted in drill hole GWDD-002;
- Mineralisation encountered in and around the Wheal Maid Decline;
- Deeper targets across United Downs associated with the down-dip extensions of United Mines, Great Consolidated Mines and Mount Wellington Mine; and
- Known mineralisation to the south of Mount Wellington Mine, which was drill tested in the 1960's but never followed-up.

P&E recommends that Cornish Metals follow-up on all these targets, with the initial exploration drilling programme focussed on establishing the continuity of the shallow semi-massive sulphide mineralisation encountered within the Cornish Lithium hole GWDD-002, as well as other prospective areas around the Wheal Maid Decline.

Second priority should be given to the deeper down-dip extensions of known structures in the United Mines, Great Consolidated Mines, Mount Wellington Mine and the structure to the south of Mount Wellington. The results from both GWDD-001 and GWDD-002 demonstrate that there is clear potential for these structures to extend well beyond the historical mining.

The first phase of the exploration programme will be to further delineate the mineralised structures, complete initial in-fill drilling and estimate preliminary Mineral Resources. This will be followed by a PEA or Pre-feasibility Study.

If Phase 1 proves successful, a second phase of drilling will be conducted in order to provide sufficient data for a Feasibility Study of a proposed mining operation to feed mineralised material to a processing facility located at the South Crofty Mine. Advancing to Phase 2 is contingent on positive results from Phase 1.

The estimated costs of the work programme are summarised in Table 26.1.

| | Year 1 | | Year 2 | | Year 3 | | Total (GB£) |
|-----------------------|----------------|----------------|------------------|------------------|------------------|----------------|------------------|
| | H1 | H2 | H1 | H2 | H1 | H2 | |
| Phase 1 | | | | | | | |
| Surface Drilling | 460,000 | 497,000 | 895,000 | | | | 1,852,000 |
| Technical Study | 0 | 0 | 55,000 | | | | 55,000 |
| Exploration Staff | 156,000 | 202,000 | 209,000 | | | | 567,000 |
| Subtotal (GB£) | 616,000 | 699,000 | 1,159,000 | | | | 2,474,000 |
| | | | | | | | |
| Phase 2 | | | | | | | |
| Surface Drilling | | | | 3,041,000 | 2,359,000 | 32,000 | 5,432,000 |
| Technical Study | | | | 55,000 | 563,000 | 620,000 | 1,238,000 |
| Exploration Staff | | | | 282,000 | 282,000 | 209,000 | 773,000 |
| Subtotal (GB£) | | | | 3,378,000 | 3,204,000 | 861,000 | 7,443,000 |
| | | | | | | | |
| Total (GB£) | 616,000 | 699,000 | 1,159,000 | 3,378,000 | 3,204,000 | 861,000 | 9,917,000 |

The Phase 1 Drilling Programme, over the first 18-months, will consist of up to 9,100 m of diamond drilling at an estimated all-in cost (including all assays and consumables) of £197/m drilled.

The Phase 2 Drilling Programme, over the second 18-month period, is planned for up to a further 28,900 m of diamond drilling at an estimated all-in cost of £184/m drilled.

Technical studies over the 3-year period are estimated to cost approximately £1.3M and will likely comprise a PEA / Scoping Study followed by a Feasibility Study.

In order to complete the work programme as planned, up to 13 full-time technical staff will be required consisting of geologists, technicians, environmental scientists, planning and IT staff dedicated to the United Downs Project. A further three administrative staff will be shared across the Company. Further details on the proposed work programme are provided below.

26.1 Semi-Massive Sulphide Mineralisation Follow-Up Drilling

Cornish Metals has commenced the process of applying for a drill permit to drill test the strike extension and dip of the lode structure intersected in the upper part of drill hole GWDD-002. Should this structure exhibit an ENE strike and a steep dip to the north, consistent with the majority of mineralised structures in this area, then it may well align with a structure ahead of the face within the Wheal Maid Decline.

To test the structural continuity of the mineralisation, Cornish Metals has proposed a drill programme that involves 12 holes at six collar locations, stepping out along strike from the initial discovery towards both the east and west, with approximately 150m spacing between each drill site. Only limited potential exists to the west due to the presence of the Porthtowan Fault Zone that is known from historical mining records to cut-off the mineralisation approximately 300m west of the collar of GWDD-002. The majority of the potential appears to be towards the east between the GWDD-002 collar location and Mount Wellington Mine. The proposed drill hole collar locations can be seen in Figure 26.1. Drilling with a shallower dip, such as between -45° and -60° , should be utilised to intersect the massive sulphide structure at a more optimal angle and enable true width to be determined more accurately.

The initial programme is expected to total approximately 2,400m of drilling and will take no more than four months to complete. This short programme will allow follow up drilling within the proposed Phase 1 budget to further define the structure based on the results of this initial programme.

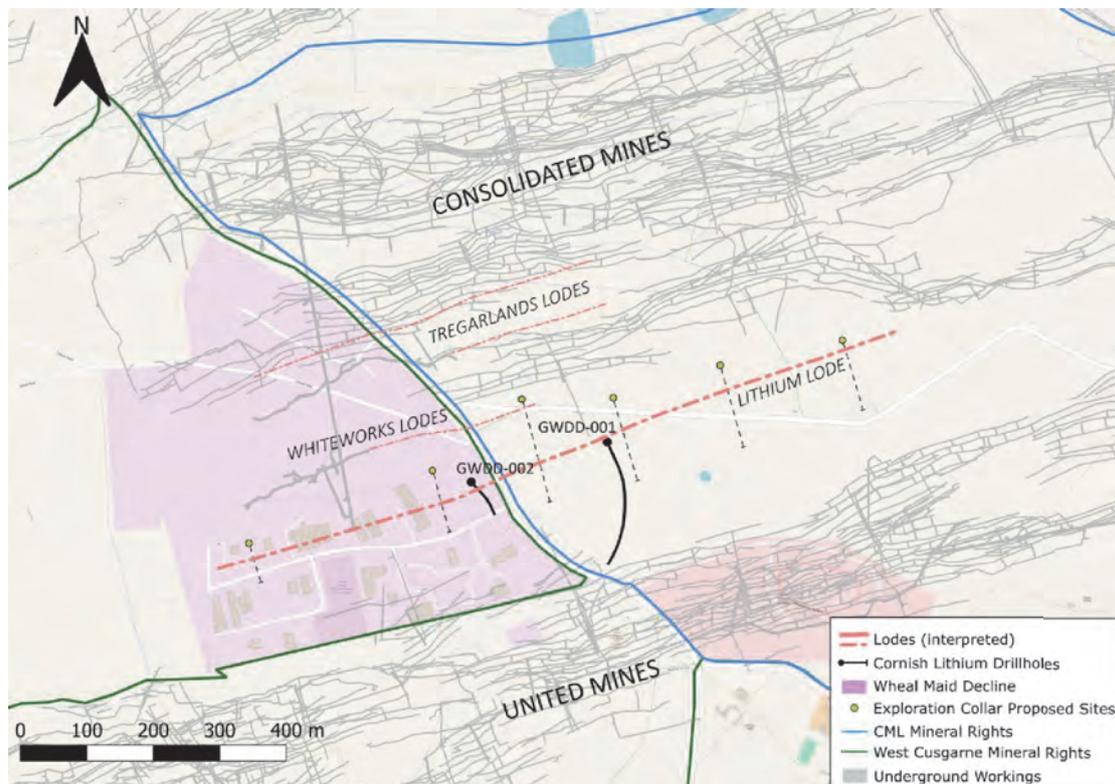


Figure 26.1: Location Plan of Proposed West Wheal Maid Follow-up Drill Programme

26.2 Wheal Maid Exploration

In its short development history, the Wheal Maid Decline intersected two significant structures as seen in Figure 26.2, namely Tregarlands Lode and Whiteworks Lode. A small amount of production was extracted from Whiteworks Lode and processed at Wheal Jane. Neither structure was drilled in detail along strike from surface, nor any attempt to significantly drill at depth below the structures from surface or within the decline itself.

P&E recommends that during Phase 1, the programme should include drill holes to target these structures from surface both along strike and down-dip of both targets to establish the extent of the structures and continuity along strike and down dip.

26.3 United Downs Exploration

Beyond the Wheal Maid area, there are several areas that present further opportunities for continued exploration. P&E recommends that priority should be given to the deeper zones down-dip of historical veins in Great Consolidated Mines, United Mines, and Mount Wellington's B Lode.

26.3.1 Tin Zones on Historical Veins at Consolidated Mines and United Mines

It is well recognised that numerous, steeply dipping, NNE-trending veins in Cornwall, as typified at South Crofty and Dolcoath mines, exhibit a vertical zonation of mineralisation from surface to depth. This zonation typically consists of a polymetallic zone near surface often in the metasediments, grading higher into copper, below which is copper-tin and finally tin mineralisation only at depth. This zonation appears to be replicated at Consolidated Mines within the Project, as illustrated in a historical long section shown in Figure 26.3. Notably, tin is reported below an elvan dyke in Pearce's Shaft at a depth of the 274fm level (501m). No assay data is available to define the grade and width of mineralisation, but it is assumed that for it to be reported it would have been of significance at the time.

Similarly, at United Mines, tin and wolfram were reported to be mined from very near surface (above adit) to a depth of 80fm (144m) from Buzza's Shaft (located close to Cupboard Shaft) and tin only is reported in the bottom of this shaft to a depth of 130fm (234m) on the South Lode (or Hot Lode). Further tin-wolfram mineralisation is reported at surface to the west of Buzza's Shaft, slightly east of Loam's Shaft, but it is not clear if this was extensively mined, as illustrated in a historical longitudinal projection shown in Figure 26.4.

Although shut down in 1943, mineralised tin ground at United Mines, consisting of a quartz-tourmaline schist was explored at Teague's Openworks and from Sampson's Shaft at Bottom Level (65m level), and stoped to a back height of 28m. It is quite possible that this type of mineralisation may extend further in depth and may justify further exploration by shallow depth diamond drilling. Proposed target areas are shown in Figure 26.4.

Additional evidence of this potential vertical zonation is provided by the recent Cornish Lithium drilling, with copper-tin and tin-only mineralisation being intercepted down-dip of the historical United Mines structures in both GWDD-001 and GWDD-002, as shown in Figure 26.3.

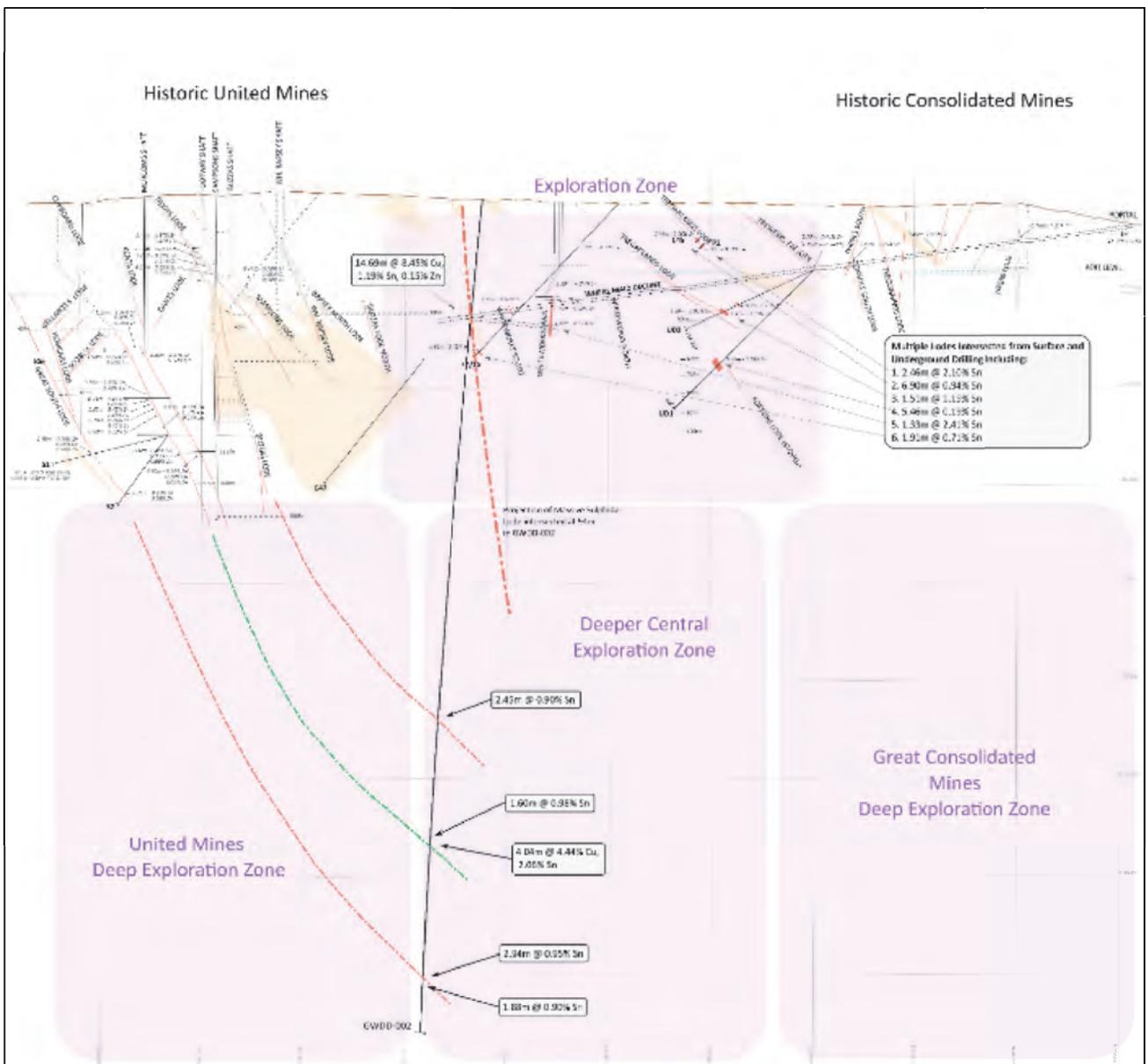


Figure 26.3: Cross-Section Showing the Deeper Intersections Below United Mines in GWDD-002

26.3.2 Western and Downdip Extension of Mount Wellington Mine

Potential exists to target mineralisation down-dip of the known structures in the Mount Wellington Mine. The structures within Mount Wellington can be divided into three discreet sections, as seen in Figure 26.5 and described below:

- **Zone 1:** To the east of Mount Wellington Fault (striking ENE and dipping very steeply to the east) adjacent to the mining boundary with Wheal Jane Mine, located in the Carnon River Valley, is the No. 1 or “B” Lode structure, lying immediately below an elvan dyke.

This structure was comprehensively stoped (with a very high payability) from 1 Level down to 6 Level. Below this, the 7 Level was developed but limited stoping was conducted above it.

Exploration drilling below 7 Level, through to at least 11 Level elevation and possibly below, may identify similar structures to those of North and South Lodes, which can be found below “B” Lode across the whole strike length of Wheal Jane, which is located immediately to the east, and proven to depths below 15 Level. It was from these two lodes that the majority of Wheal Jane production was derived.

- **Zone 2:** This zone lies between the Mount Wellington Fault to the east and Adit Fault to the west (striking ENE and dipping very steeply to the east). In this zone, No. 2 or “M” Lode has also been extensively mined from 4 Level elevation down to 7 Level, but below this elevation no development or stoping has taken place. No development on “B” Lode was ever undertaken, hence it may represent an extremely important exploration target.

- **Zone 3:** This zone lies to the west of Adit Fault and, similarly to Zone 2, was developed exclusively on No.2 or “M” Lode. Zone 3 has been extensively mined out between 4 and 6 Levels, with lode development only on 7 and 9 Levels. The No. 2 or “M” Lode appears to be bounded and possibly faulted out to the west by the steeply dipping, approximately E-W striking copper structure known as Hot Lode, which formed an important lode within United Mines.

No proven development on “B” Lode was ever undertaken in Zone 3, and hence may represent a potential exploration drill target to the north of No.2 or “M” Lode from surface to deep levels. In addition, there remains good potential for the down-dip extension of No. 2 or “M” Lode from 7 to 11 Levels and below.

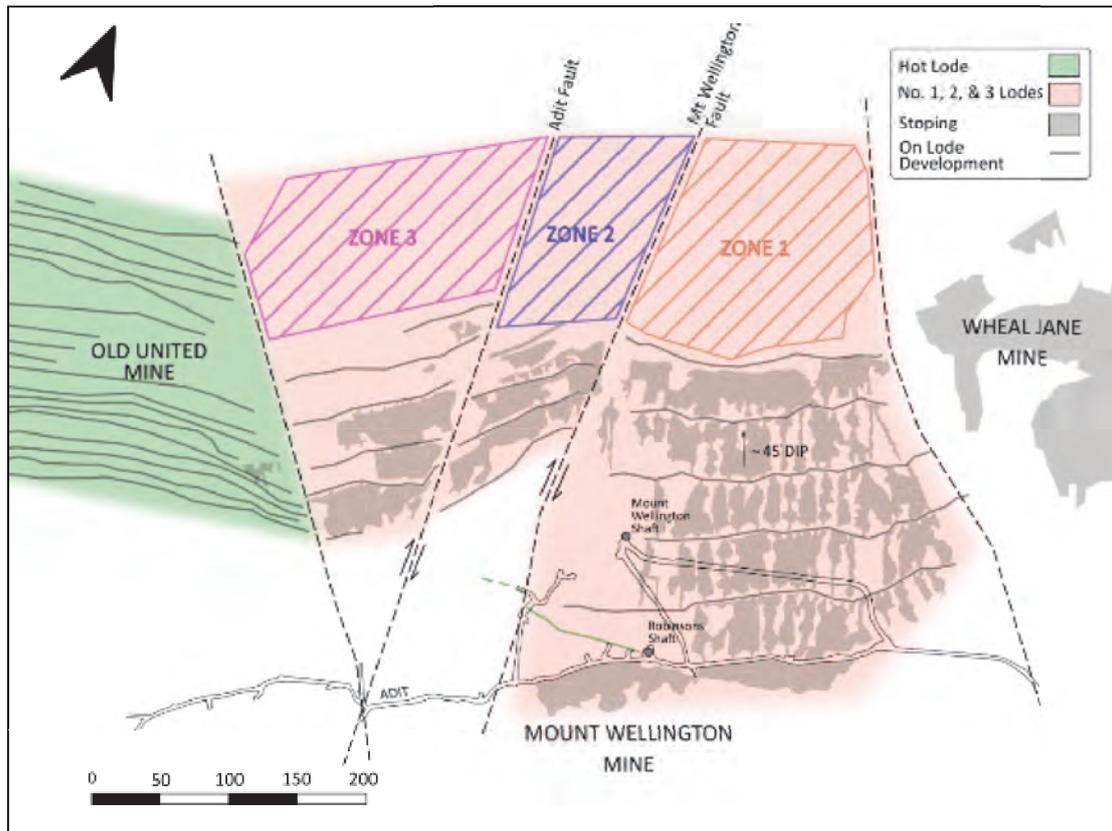


Figure 26.5 Plan View of Potential Exploration areas at Mount Wellington Mine

Additionally, to the south of Mount Wellington mine, a series of shallow surface diamond drill holes were drilled by Cornwall Tin & Mining Ltd in the late 1970's. These holes encountered a mineralised structure known as Trenares Lode. A cross-cut was commenced driving south on 4 Level from Mount Wellington but after the mine closed in 1978 both underground development and surface drilling ceased. No follow-up work was undertaken on this structure after Wheal Jane purchased Mount Wellington Mine.

26.4 Summary of Exploration Targets

As discussed, several exploration targets exist within the United Downs Project Area. Figure 26.6 shows the location of these targets in relation to the project boundary, the existing mine workings and the Wheal Maid Decline.

- Target Zone A contains the deeper extensions of Consolidated Mines;
- Target Zone B is the principal target zone and includes the newly discovered mineralisation in the Cornish Lithium drill holes, the known mineralisation around the Wheal Maid Decline and the deeper extensions of United Mines;

- Target Zone C contains the down-dip targets on the known Mount Wellington Lodes below 7 Level; and
- Target Zone D contains Trenares Lode which has been inferred from surface drilling south of Mount Wellington.

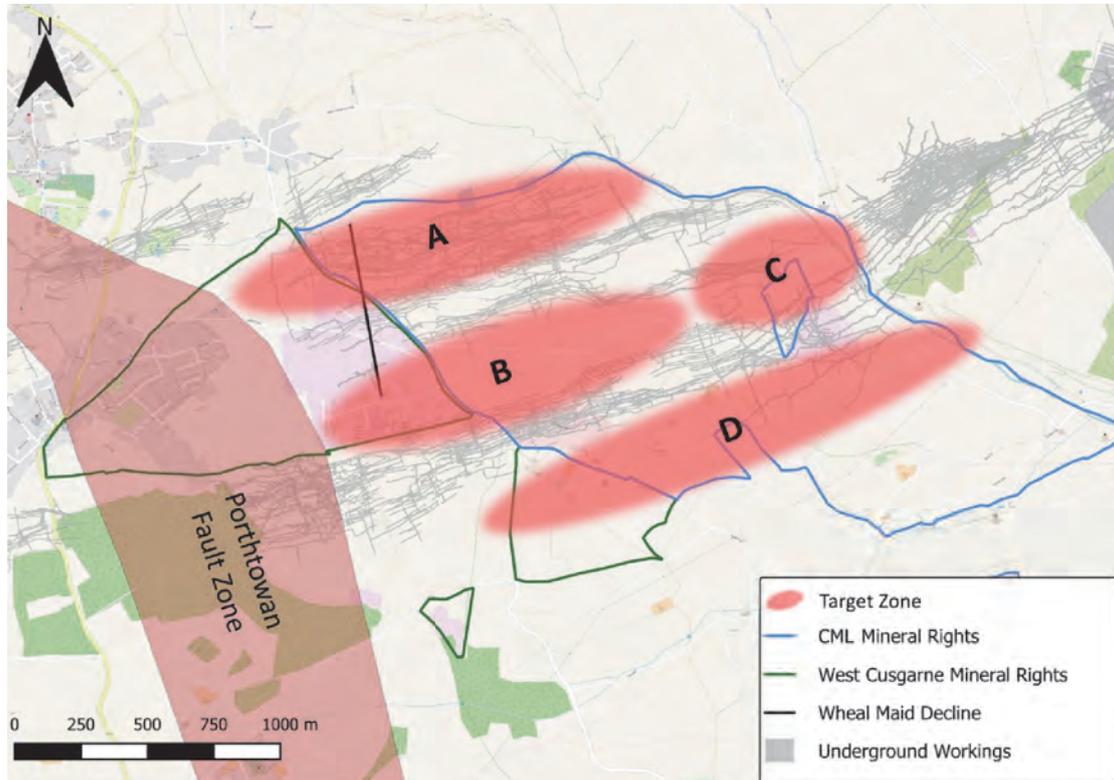


Figure 26.6 Plan Showing Target Zones within the United Downs Project Area

The recent and historic exploration that has taken place within the United Downs Project has identified several exploration targets including: the new near surface discoveries around Wheal Maid, the deeper targets beneath United and Great Consolidated Mines, and the down-dip potential that exists at Mount Wellington Mine. Each of these identified opportunities represents a robust and valid exploration target with the potential to host economic base metal mineralisation, within a proven metallogenic district. P&E recommends that Cornish Metals continues with its work programme to delineate both the structural and grade continuity of these structures. If sufficient mineralised material exists within the Project, then P&E is of the opinion that, by taking a systematic approach to the exploration and completing the appropriate technical studies, it may be possible to outline a Mineral Resource Estimate and advance the Project towards Feasibility Study within the scope and timeframe outlined in this CPR.

27 REFERENCES

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InAcoustic Report on United Downs Exploration Boreholes – Noise Assessment Report for GPDO Application, 8th June 2020.

KETTANEH, Y.A., & BADHAM, J.P.N. 1978. *Mineralization and paragenesis at the Mount Wellington Mine, Cornwall*. *Economic Geology*, 73(4), 486-495.

PURITCH, E., ET AL. 2017. *Technical Report and Preliminary Economic Assessment on the South Crofty Tin Project, Cornwall, United Kingdom*. By P&E Mining Consultants Inc. for Strongbow Exploration Inc. Effective date February 16, 2017.

Legal letter from Stephens Scown LLP to P&E Mining Consultants Inc. regarding the tenure of the Cornish Metals Assets as described in the CPR, dated 5 February, 2021.

PART VI

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Company and the Directors, whose names and functions are set out in page 6 of this document, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.
- 1.2 The Competent Person accepts responsibility for its report set out in Part V of this document and for any information sourced from the CPR in this document. To the best of the knowledge and belief of the Competent Person (who has taken all reasonable care to ensure that such is the case) the information contained therein is in accordance with the facts and contains no omission likely to affect its import.

2. Incorporation and status of the Company

- 2.1 The Company was formed as a result of a business combination by way of a plan of arrangement under the CBCA and a resulting amalgamation of Strongbow Resources Inc. and Navigator Exploration Corp., which was completed on 3 May 2004. Following the completion of this transaction, the Company's Common Shares commenced trading on the TSX-V under the symbol "SBW" on 4 May 2004.
- 2.2 On 8 July 2020 the Shareholders approved an amendment to the Articles in respect of the Company's name change from "Strongbow Exploration Inc." to "Cornish Metals Inc.", which took effect on 24 July 2020.
- 2.3 The Company has registered number 423627-1.
- 2.4 The Company's LEI is 8945007GJ5APA9YDN221.
- 2.5 The principal legislation under which the Company operates is the CBCA and the regulations made thereunder. The liability of the members is limited.
- 2.6 The Company's registered office is Suite 960, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2, Canada, its principal place of business is Suite 580, 625 Howe Street, Vancouver, British Columbia, V6C 2T6, Canada and its telephone number is +1 604 200 6664.
- 2.7 The Company's registered office and head office is located in British Columbia, Canada. The Company was incorporated pursuant to the CBCA.
- 2.8 The Company's website, at which the information required by Rule 26 of the AIM Rules can be found, is www.cornishmetals.com. The information included on the website does not form part of this document.
- 2.9 The Company has no administrative, management or supervisory bodies other than the Board, the audit committee and, with effect from Admission, the remuneration committee.

3. Subsidiaries

The Group has the following subsidiary undertakings:

| <i>Name</i> | <i>Principal activity</i> | <i>Jurisdiction</i> | <i>Directors</i> | <i>Ownership</i> |
|--------------------------|---|---------------------|--|--------------------------------|
| Cornish Metals Limited | Holding company; owns 100 per cent. of South Crofty Limited and Cornish Minerals Limited | United Kingdom | Richard D. Williams Owen D. Mihalop | 100% by the Company |
| Cornish Minerals Limited | Holding company which owns the mineral rights to the United Downs Project and certain other UK mineral rights | Bermuda | Richard D. Williams Owen D. Mihalop Matthew Hird | 100% by Cornish Metals Limited |
| South Crofty Limited | Operating company which holds the planning permissions to re-develop South Crofty | United Kingdom | Richard D. Williams Owen D. Mihalop | 100% by Cornish Metals Limited |
| Strongbow Alaska, Inc. | Mineral exploration company | Alaska, USA | D. Grenville Thomas Kenneth A. Armstrong Richard D. Williams | 100% by the Company |

4. Share capital of the Company

4.1 The issued fully paid up share capital of the Company as at 10 February (being the last practicable date prior to the publication of this document) and as it is expected to be immediately following Admission is as follows:

| | <i>Par value</i> | <i>Number of Common Shares</i> |
|---|------------------|--------------------------------|
| As at 10 February (being the last practicable date before the publication of this document) | | |
| Common Shares | Nil | 149,918,585 |
| Immediately following Admission | | |
| Common Shares | Nil | 267,145,157 |

4.2 The following changes have taken place in the issued share capital of the Company during the period from 1 February 2017, up to 10 February 2021 (being the last practicable date prior to the publication of this document):

| <i>Date</i> | <i>Purpose of issue</i> | <i>Number of Common Shares issued</i> | <i>Price per Common Share</i> |
|-------------------|------------------------------------|---------------------------------------|-------------------------------|
| 16 June 2017 | Warrant exercise | 450,000 | C\$0.20 |
| 26 June 2017 | Warrant exercise | 94,500 | C\$0.20 |
| 24 July 2017 | Warrant exercise | 25,000 | C\$0.20 |
| 11 September 2017 | Private placement of Common Shares | 9,500,000 | C\$0.14 |
| 15 September 2017 | Private placement of Common Shares | 4,521,398 | C\$0.14 |
| 21 September 2017 | Private placement of Common Shares | 1,692,830 | C\$0.14 |
| 1 November 2017 | South Crofty acquisition payment | 1,000,000 | C\$0.18 |
| 20 April 2018 | Warrant exercise | 9,166 | C\$0.20 |
| 27 April 2018 | Warrant exercise | 70,000 | C\$0.20 |
| 2 May 2018 | Warrant exercise | 15,000 | C\$0.20 |
| 23 May 2018 | Warrant exercise | 140,000 | C\$0.20 |
| 20 June 2018 | South Crofty acquisition payment | 8,456,664 | C\$0.24 |
| 21 June 2018 | Warrant exercise | 30,000 | C\$0.20 |
| 20 November 2018 | Warrant exercise | 24,000 | C\$0.20 |
| 20 November 2018 | Warrant exercise | 166,667 | C\$0.20 |
| 3 February 2020 | Private placement of Common Shares | 47,050,000 | C\$0.05 |
| 9 November 2020 | Warrant exercise | 6,272,857 | C\$0.07 |
| 22 January 2021 | Warrant exercise | 9,577,143 | C\$0.07 |
| 26 January 2021 | Warrant exercise | 250,000 | C\$0.10 |

- 4.3 Save as disclosed in paragraph 4.2 of this Part VI of this document, there has been no other issue of share or loan capital of the Company during the period from 1 February 2017 up to 10 February 2021 (being the last practicable date prior to the publication of this document).
- 4.4 The New Shares will be issued pursuant to an unlimited authority granted to the Directors in Appendix A of the Articles. Following Admission, the Directors will require the authority of Shareholders to allot Common Shares, as further described in paragraph 5.3.2 of this Part VI of this document.
- 4.5 None of the New Shares are being marketed or made available in whole or in part to the public in any jurisdiction in conjunction with the application for Admission. The offer and sale of the New Shares is being made on a private placement basis in reliance on an available exemption from prospectus requirements under applicable securities laws.
- 4.6 The issuance of the Common Shares are governed by the Company's constating documents, the CBCA and applicable securities laws and the rules and policies of the stock exchanges on which the Common Shares are listed, including the TSX-V.
- 4.7 The Common Shares have no par value.
- 4.8 All of the issued share capital of the Company has been fully paid up.
- 4.9 The Company does not have in issue any securities not representing share capital.
- 4.10 The Company does not hold any treasury shares and no shares in the capital of the Company are held by or on behalf of any member of the Group;
- 4.11 No Common Shares are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 4.12 The Common Shares are not redeemable. However, the Company may purchase any of the Common Shares subject to the requirements and limitations imposed under the constating documents of the Company, the CBCA and applicable Canadian securities laws.
- 4.13 Save as disclosed in paragraphs 9, 10 and pursuant to the South Crofty Project acquisition agreements summarised in paragraph 14 of this Part VI of this document:
- (a) the Company does not have in issue any convertible securities, exchangeable securities or securities with warrants; and
 - (b) on Admission no share or loan capital of the Company or any other member of the Group will be under option or has been agreed conditionally or unconditionally to be put under option.
- 4.14 The Common Shares are in registered form and may be held in accordance with the Company's Articles in certificated form or, through Depositary Interests, in the CREST system.
- 4.15 The Common Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the share capital of the Company.
- 4.16 There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.
- 4.17 The International Security Identification Number (ISIN) for the Common Shares is CA21948L1040.
- 4.18 In addition to the proposed Admission to AIM, the Company's Common Shares are also publicly traded on the TSX-V.
- 4.19 Save as disclosed in this document, there are no acquisition rights and or obligations over authorised but unissued capital of the Company or any undertakings to increase the capital of the Company.
- 4.20 More than 10 per cent. of the Company's share capital has been paid for with assets other than cash within the period covered by the historical financial information of the Group set out in Part IV of this

document by virtue of the issue of Common Shares to the Sellers pursuant to the South Crofty acquisition agreement described in paragraph 14 of this Part VI of this document.

5. The constitution of the Company

5.1 The principal governing documents of the Company are the Articles and the By-laws. The Articles and the By-laws do not place any restrictions on the business the Company may carry on.

5.2 Articles of Association

The following is a summary of the Company's Articles:

5.2.1 Common Shares

Subject to certain amendments to the Articles, which will take effect on Admission and which are summarised in paragraph 5.3 of this Part VI of this document, the Company is currently authorised to issue an unlimited number of Common Shares with the following rights, privileges, restrictions and conditions:

Voting

The holders of Common Shares are entitled to receive notice of, attend at and vote at all meetings of Shareholders of the Company on the basis of one vote for each Common Share held.

Dividends

Subject to the CBCA, holders of Common Shares are entitled to receive and participate rateably in any dividends declared by the Board.

Transfers

The Company has no restrictions on share transfers.

5.2.2 Directors

The Company must have a minimum of 3 and a maximum of 10 Directors at all times.

5.2.3 Business

The Company is not restricted from carrying on any type of business.

5.2.4 Other Provisions

The Articles provide that the Directors may appoint one or more additional Directors to serve until the next annual general meeting, but the number of additional Directors so appointed cannot exceed one third of the number of Directors elected at the previous annual meeting of Shareholders.

5.2.5 Voting rights

On votes conducted by ballot, every Shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder. In the case of an equality of votes, the chairman of the meeting does not have a second or casting vote.

5.2.6 Directors

Number of Directors and quorum

The number of Directors shall not be less than the minimum or more than maximum set out in the Articles.

Subject to the CBCA, the quorum for the transaction of business at any meeting of the Board shall consist of a majority of the Directors holding office or such greater number of Directors as the Board may from time to time determine.

Election and term

Directors are to be elected each year at the annual general meeting of Shareholders. Directors generally continue in office until the close of the next annual general meeting of Shareholders unless they die or resign, are disqualified or are removed by a resolution to such effect by the Shareholders, on an earlier date.

Action by the Board

Pursuant to the CBCA, the Board shall manage the business and affairs of the Company and the Directors may delegate the powers to manage the business and affairs of the Company to such officers as the Board may determine.

Meetings

Meetings of the Directors may be held in person or via telephone.

A notice of a meeting of the Directors shall specify any matter referred to in paragraphs (a) to (j) below that is to be dealt with at the meeting, but, unless the by-laws of the Company otherwise provide, need not specify the purpose of the business to be transacted at the meeting. No committee of Directors has authority to:

- (a) submit to the Shareholders any question or matter requiring the approval of the Shareholders;
- (b) fill a vacancy among the Directors or in the office of auditor;
- (c) issue securities except in the manner and on the terms authorised by the Directors;
- (d) declare dividends;
- (e) purchase, redeem or otherwise acquire shares issued by the Company, except in the manner and on the terms authorised by the Directors;
- (f) pay a commission for the sale of shares;
- (g) approve a management proxy circular;
- (h) approve a takeover bid circular or directors' circular;
- (i) approve any financial statements to be placed before the Shareholders at an annual meeting except the audit committee; or
- (j) adopt, amend or repeal the by-laws of the Company.

Provided, however, that a Director may in any manner waive notice of a meeting and attendance of a Director at a meeting of the Directors shall constitute a waiver of notice of the meeting except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

Remuneration and expenses

The Directors may be paid such remuneration for their services as the Board may from time to time determine. The Directors may also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof.

Written resolutions

A resolution in writing signed by all Directors entitled to vote on that resolution at a meeting of the Directors or a committee of directors or their alternates is as valid as if it had been passed at a meeting of the Directors or a committee of Directors.

Borrowing powers

The banking business of the Company including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or

other bodies corporate or organisations as may from time to time be designated by or under the authority of the Board. Such banking business or any part thereof shall be transacted under such agreements, instruction and delegations of power as the Board may from time to time prescribe or authorise.

Officers

The Board may designate officers of the Company and appoint individuals to those offices as they consider advisable. The Board may specify the powers and duties of the officers, and, in the case of officers of the Company other than president, vice-president, secretary, treasurer, general manager or manager, the powers and duties of such officers shall be as the terms of their engagement call for or as the Board or the chief executive officer or the president may specify. Officers may be removed from their roles by Directors.

5.2.7 *Protection of Directors and officers*

Limited liability

Every Director and officer of the Company in exercising his powers and discharging his duties shall act honestly and in good faith with a view to the best interests of the Company and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no Director or officer shall be liable for the acts, neglects or defaults of any other Director, officer or employee of the Company or for joining in any act for conformity, or for any loss, damage or expense incurred by the Company through the insufficiency or deficiency of title to any property acquired by, for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company is invested, or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any money, securities or other assets belonging to the Company or for any loss or damage arising from the bankruptcy, insolvency, tortious or criminal acts of any person with whom any of the Company's money, securities or effects of the Company is deposited, or for any loss occasioned by any error of judgment or oversight, or for any other loss, damage or misfortune which occurs in the execution of the duties of his office or in relation thereto, subject to the CBCA and the regulations thereunder.

Indemnification

Subject to the CBCA, the Company shall indemnify a Director or officer, a former Director or officer, or a person who acts or acted at the Company's request as a Director or officer of a body corporate of which the Company is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding in which the individual is involved because of that association with the Company or such other entity, if; (a) he acted honestly and in good faith with a view to the best interests of the Company or, as the case may be, to such other entity; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful. The Company shall also indemnify such person in such other circumstances as the CBCA or law permits or requires.

5.2.8 *Shares and Shareholders*

Meetings of Shareholders

The Company shall in each year hold an annual general meeting of its Shareholders, at which time it shall place its financial statements before the Shareholders for consideration and for the purpose of electing Directors, appointing auditors and for such other purposes as may be properly brought before the meeting.

Meetings of Shareholders shall be held at any place within Canada as the Directors may by resolution determine or, if all the Shareholders entitled to vote at the meeting so agree or if the articles so provide, outside Canada.

Notice of meetings of Shareholders

Subject to the provisions of the CBCA, TSX-V Rules and applicable securities laws, notice of a meeting of Shareholders shall be sent not less than 21 and not more than 50 days before the meeting to each shareholder entitled to vote at the meeting, each Director and the auditor of the Company.

Quorum

A quorum at any meeting of Shareholders (unless a greater number of persons are required to be present or a greater number of shares are required to be represented by the CBCA or by the Articles or by any other by-law) shall be not less than one Shareholder present in person or represented by proxy or duly authorized representative, representing not less than 5 per cent. of the issued and outstanding shares in the capital of the Company.

5.3 **Amendments to the Articles and By-laws**

On 15 January 2018, the Shareholders approved certain amendments to the Articles and By-Laws in connection with the Company's application for Admission (collectively, the "**Admission Amendments**"). As a Canadian incorporated corporation, the Company is not subject to the rules and regulations to which a UK incorporated company would be subject and with which UK investors would be familiar. The Admission Amendments summarised under paragraphs 5.3.1 and 5.3.2 have been approved in order to bring the Company more in-line with the UK position. It is intended that such amendments to the Articles and By-Laws will only take effect in the event that the Common Shares are admitted to trading on AIM, and then only for so long as such Common Shares remain traded on AIM.

On 8 July 2020 the Shareholders approved an amendment to the Articles in respect of the Company's name change from "Strongbow Exploration Inc." to "Cornish Metals Inc.", which took effect on 24 July 2020.

5.3.1 *Disclosures of interests in Common Shares*

As a corporation incorporated under the laws of Canada, the Company is not subject to the disclosure provisions of the DTRs.

Accordingly, in accordance with the guidance notes to rule 17 of the AIM Rules, on 30 October 2017, the Board approved certain amendments to By-law No. 1 ("**By-law No. 1A**") by inserting provisions substantially similar to the disclosure obligations contained in rule 5 of the DTRs.

In particular, By-law No. 1A requires any person who becomes a holder of 3 per cent. or more of the Company's issued share capital (a "**Significant Shareholder**") to disclose to the Company without delay (a) that it is or has become, or ceased to be a Significant Shareholder, and (b) of any change to the Significant Shareholder's shareholdings of 1 per cent. or more. These disclosure rules are primarily intended to ensure that the Company is aware of dealings in its Common Shares by Significant Shareholders and to enable the Company to comply with its notification obligations pursuant to the AIM Rules.

Notwithstanding the above, under Canadian securities laws, beneficial Shareholders are entitled to categorise themselves either as "objecting" ("**OBOs**") or "non-objecting" ("**NOBOs**"). By registering as such, which they usually do through the entity by which they acquired their shares, OBOs are noting that they object to their interest and their details being disclosed to the Company. However, generally, once an OBO's beneficial ownership is equal to or more than 10 per cent. under Canadian securities law disclosure of such interests is mandatory. NOBOs on the other hand agree that they do not object to their shareholdings and their details being disclosed to the Company.

5.3.2 *Authority to allot shares and pre-emption rights*

As at the date of this document, the Company is authorised to issue an unlimited number of Common Shares and to do so on a non pre-emptive basis. The Admission Amendments introduce two material new limitations on share issuances following Admission: (a) that all new

issues of Common Shares require the prior approval of Shareholders by ordinary resolution; and (b) all issues of new Common Shares for cash must first be offered to existing Shareholders *pro rata* to their holdings unless otherwise approved by Shareholders by an extraordinary resolution (being 75 per cent. of votes cast). The Admission Amendments replicate to the extent reasonable the material provisions which are relevant to the allotment of shares in the Companies Act.

6. Takeovers and squeeze out

6.1 *Applicable Canadian rules*

Although the Common Shares will be admitted to trading on AIM, the Company will not be subject to takeover regulation in the UK (and, in particular, the Takeover Code will not apply to the Company). However, Canadian laws applicable to the Company provide rules for takeover bids made to security holders in various jurisdictions in Canada and for early warning disclosures, as well as methods by which an offeror can compulsorily acquire 100 per cent. ownership of the target through a second step transaction.

A summary of these rules is set out in paragraph 22 of Part II of this document.

6.2 *Takeover bids*

There have been no public takeover bids made by third parties in respect of the Company's equity which have occurred during the Company's financial year ended 31 January 2021 or the Company's current financial year.

7. Directors' interests

7.1 The following table sets out the interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) in the issued share capital of the Company which would have been notified to the Company if it were subject to section 324 and 328 of the Companies Act, as at 10 February 2021 (being the last practicable date prior to the publication of this document) and as they are expected to be immediately following Admission:

| <i>Name</i> | <i>Number of Common Shares</i> | <i>Percentage of Existing Common Shares</i> | <i>Number of Common Shares immediately following Admission</i> | <i>Percentage of Enlarged Issued share Capital</i> |
|----------------------------------|--|---|--|--|
| Patrick F.N. Anderson | 255,333 | 0.17 | 255,333 | 0.10 |
| Richard D. Williams | 1,050,000 | 0.70 | 1,250,000 | 0.47 |
| D. Grenville Thomas ¹ | 8,827,670 | 5.89 | 9,027,670 | 3.38 |
| Kenneth A. Armstrong | 68,625 | 0.05 | 68,625 | 0.03 |
| Donald R. Njegovan | 775,000 | 0.52 | 975,000 | 0.36 |
| John F.G. McGloin | – | – | – | – |

Note:

¹ This figure includes 4,638,167 Common Shares which are held indirectly in the name of Anglo Celtic Exploration Ltd., a private company controlled by Mr. Thomas.

7.2 In addition to the interests of the Directors set out in paragraph 7.1 above, the following Options have been granted to Directors over Common Shares and are in force as at 10 February 2021 (being the last practicable date prior to the publication of this document) and will be on Admission. All the Options below have been granted pursuant to the Stock Option Plan, details of which are provided in paragraph 9 of this Part VI of this document.

| <i>Name</i> | <i>Number of Common Shares under option</i> | <i>Exercise price</i> | <i>Latest exercise date</i> |
|-----------------------|---|-----------------------|---------------------------------|
| Patrick F.N. Anderson | 250,000 | C\$0.15 | 3 January 2022 |
| | 200,000 | C\$0.20 | 3 November 2022 |
| | 750,000 | C\$0.10 | 19 August 2025 |
| Richard D. Williams | 500,000 | C\$0.15 | 3 January 2022 |
| | 200,000 | C\$0.20 | 3 November 2022 |
| | 800,000 | C\$0.10 | 19 August 2025 |
| D. Grenville Thomas | 250,000 | C\$0.15 | 3 January 2022 |
| | 200,000 | C\$0.20 | 3 November 2022 |
| | 550,000 | C\$0.10 | 19 August 2025 |
| Kenneth A. Armstrong | 250,000 | C\$0.15 | 3 January 2022 |
| | 200,000 | C\$0.20 | 3 November 2022 |
| | 550,000 | C\$0.10 | 19 August 2025 |
| Donald R. Njegovan | 1,000,000 | C\$0.10 | 19 August 2025 |
| John F.G. McGloin | – | – | – |

- 7.3 In addition to the interests of the Directors set out in paragraphs 7.1 and 7.2 above, the following Warrants have been granted to Directors over Common Shares and are in force as at 10 February 2021 (being the last practicable date prior to the publication of this document) and will be on Admission:

| <i>Name</i> | <i>Number of Common Shares under Warrant</i> | <i>Exercise price</i> | <i>Latest exercise date</i> |
|-----------------------|--|-----------------------|---------------------------------|
| Patrick F.N. Anderson | – | – | – |
| Richard D. Williams | – | – | – |
| D. Grenville Thomas | 332,021 | C\$0.10 | 9 November 2022 |
| Kenneth A. Armstrong | – | – | – |
| Donald R. Njegovan | 49,803 | C\$0.10 | 9 November 2022 |
| John F.G. McGloin | – | – | – |

- 7.4 There is no Director nor any member of a Director's family (as defined in the AIM Rules for Companies) who has a related financial product (as defined in the AIM Rules for Companies) referenced to the Common Shares.

8. Major Shareholders

- 8.1 As a company existing under the laws of Canada, the disclosure requirements for shareholding thresholds for the Company are different than for a company incorporated in the United Kingdom. Please see paragraph 23 of Part II of this document and paragraphs 5.3 and 5.3.1 of this Part VI of this document for further details on shareholder disclosure requirements.

8.2 The following table sets out the interests of those Shareholders who, so far as the Directors are aware, directly or indirectly, have an interest in three per cent. or more of the Existing Common Shares and which are notifiable under Canadian securities laws as at 10 February 2021 (being the last practicable date prior to the publication of this document) and as they are expected to be in the Enlarged Issued Share Capital immediately following Admission:

| <i>Substantial Shareholders</i> | <i>As at date of document</i> | | <i>On Admission</i> | |
|----------------------------------|-------------------------------|------------------|----------------------|------------------|
| | <i>No. of Shares</i> | <i>% holding</i> | <i>No. of Shares</i> | <i>% holding</i> |
| Osisko Development ¹ | 53,833,333 | 35.91 | 53,833,333 | 20.15 |
| IG Markets Ltd ² | – | – | 26,442,857 | 9.90 |
| Hargreave Hale Limited | – | – | 14,285,714 | 5.35 |
| Optiva Securities Ltd | – | – | 12,522,771 | 4.69 |
| Robert Wares | 11,000,000 | 7.34 | 11,000,000 | 4.12 |
| D. Grenville Thomas ³ | 8,827,670 | 5.89 | 9,027,670 | 3.38 |
| InterTrader Ltd | – | – | 8,905,800 | 3.33 |
| Galena | 6,014,749 | 4.01 | 6,014,749 | 2.25 |
| Tin Shield | 4,601,915 | 3.07 | 4,601,915 | 1.72 |

Note:

- 1 Held through Barkerville, a wholly-owned subsidiary of Osisko Development which is itself an entity currently controlled by Osisko
- 2 IG Markets Ltd's holding is on behalf of Mr. L Hale
- 3 This figure includes 4,638,167 Common Shares which are held indirectly in the name of Anglo Celtic Exploration Ltd., a private company controlled by Mr. Thomas.

8.3 So far as the Directors are aware, save as disclosed in paragraph 8.2 above, there are no persons who, directly or indirectly, have as at 10 February 2021 (being the last practicable date prior to the publication of this document) an interest in three per cent. or more of the Existing Common Shares and which is notifiable under Canadian securities laws and there are no persons who, directly or indirectly, are expected immediately following Admission to have an interest in three per cent. or more in the Enlarged Issued Share Capital and which is notifiable under Canadian securities laws or who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

8.4 The Common Shares held by the Shareholders set out in paragraph 8.2 above rank *pari passu* with all other Existing Common Shares and, in particular, have no voting rights different to other existing Shareholders. Following the Placing, neither the Directors nor any significant Shareholders will have different voting rights to other Shareholders.

9. The Stock Option Plan

The Company has in place a "10 per cent. rolling" Stock Option Plan. The maximum aggregate number of Common Shares issuable pursuant to Options awarded under the Stock Option Plan together with the number of Common Shares issuable under the outstanding options granted otherwise than under the Stock Option Plan, may not exceed 10 per cent. of the issued and outstanding Common Shares from time to time. In accordance with the policies of the TSX-V, the Stock Option Plan was most recently re-approved by the Shareholders at the annual general and special meeting of the Company held on 8 July 2020.

The Stock Option Plan provides that the Board has the sole discretion to determine, from time to time, the Directors, Employees and Consultants (each such term as defined in the Stock Option Plan), if any, to whom the Options are to be awarded. All Options granted pursuant to the Stock Option Plan will be subject to such vesting requirements as may be imposed by the Board, provided that Options issued to Consultants performing certain investor relations activities will vest in stages over at least 12 months with no more than 25 per cent. of the Options vesting in any three month period. Further, the Stock Option Plan provides that the Board may at any time and from time to time fix a minimum or maximum number of Common Shares in respect of which an optionee may exercise part of any Option held by such optionee.

The Company shall not grant Options to any one Person (as defined in the Stock Option Plan) in any 12 month period, which could, when exercised, result in the issuance of Common Shares exceeding 5 per cent. of the issued and outstanding Common Shares unless the Company obtains the approval of certain

disinterested shareholders of the Company. In addition, the Company shall not grant Options to any one consultant in any 12 month period, which could, when exercised, result in the issuance of Common Shares exceeding 2 per cent. of the issued and outstanding Common Shares. Further, the Company shall not grant Options to Persons employed or engaged by the Company to perform certain investor relations activities in any 12 month period which could, when exercised, result in the issuance of Common Shares exceeding, in aggregate, 2 per cent. of the issued and outstanding Common Shares of the Company.

The exercise price of Options will be the price per Common Share, as determined by the Board in its sole discretion as of the day the Options are awarded (the “**Award Date**”), and shall be set at a minimum of the closing price of the Company’s Common Shares traded through the facilities of the TSX-V (or if the Common Shares are no longer traded on the TSX-V, such other exchange or quotation system on which the Common Shares are listed or quoted for trading) (the “**Exchange**”) on the day preceding the Award Date, or such other price as may be required by the Exchange.

The expiry date of Options shall be the date so fixed by the Board provided that such date shall not be later than five years following the Award Date, subject to earlier termination and change of control provisions under the Stock Option Plan. Subject to certain exceptions, such earlier termination will generally occur: (i) in the case of death, 12 months following the date of death; (ii) in the case of the optionee ceasing to hold office as a Director other than by reason of death, 90 days following such cessation; or (iii) in the case of the optionee ceasing to be an employee or consultant other than by reason of death, 90 days following such cessation.

Upon certain Change of Control Events (as defined in the Stock Option Plan), the vesting of all Options and the time for the fulfilment of any conditions or restrictions on such vesting shall be accelerated to a date or time immediately prior to the effective time of the Change of Control Event, subject to any required approval of the Exchange. Further, in the event of Change of Control Event, the Board, in its sole discretion, may authorize and implement any of the following courses of action: (i) terminate any unexercised or surrendered Option at the effective time of the Change of Control Event, without payment or other consideration; (ii) cause the Company to offer to acquire Options for a certain cash payment, and any Options not so surrendered or exercised by the effective time of the Change of Control Event will be deemed to have expired; and/or (iii) exchange an Option granted under the Stock Option Plan for an option to acquire, for the same exercise price, the number and type of securities as would be distributed to the optionee in respect of the Common Shares issued to the optionee had he or she exercised the Option prior to the effective time of the Change of Control Event, provided that such replacement option survives for no less than one year from the effective time of the Change of Control Event.

As at 10 February 2021 (being the last practicable date prior to the publication of this document), there were Options outstanding over, in aggregate, 9,130,000 Common Shares with the number of Options remaining for grant being in respect of a maximum of 5,861,859 Common Shares pursuant to the Stock Option Plan.

| <i>Date of grant</i> | <i>Expiry date</i> | <i>Number of Common Shares subject to Option</i> | <i>Exercise price</i> | <i>Vested percentage</i> |
|----------------------|--------------------|--|-----------------------|--------------------------|
| 3 January 2017 | 3 January 2022 | 2,125,000 | C\$0.15 | 100% |
| 6 November 2017 | 3 November 2022 | 1,855,000 | C\$0.20 | 100% |
| 19 August 2020 | 19 August 2025 | 5,150,000 | C\$0.10 | 40% |

10. Warrants

As at 10 February 2021 (being the last practicable date prior to the publication of this document), the Company has granted Warrants over, in aggregate, 12,647,222 Common Shares which are outstanding and as follows:

| <i>Date of grant</i> | <i>Expiry date</i> | <i>Number of Common Shares under Warrant</i> | <i>Exercise price</i> |
|----------------------|--------------------|--|-----------------------|
| 3 February 2020 | 3 February 2023 | 7,675,000 | C\$0.07 |
| 9 November 2020 | 9 November 2022 | 4,972,222 | C\$0.10 |

11. Directors' service agreements and letters of appointment

- 11.1 Patrick F.N. Anderson has agreed to act as Non-Executive Chairman of the Company pursuant to a letter of appointment with the Company dated 5 February 2021. Mr. Anderson will receive an annual fee of C\$30,000 pursuant to his letter. The agreement may be terminated by either party giving three months' written notice.
- 11.2 Richard D. Williams has agreed to act as President and Chief Executive Officer of the Company pursuant to a service agreement with the Company dated 5 February 2021. Mr Williams will devote substantially all of his work-time and attention to the business and affairs of the Company commensurate with the position of President and Chief Executive Officer, although it is acknowledged that he is currently CEO of Winshear Gold Corp. and the Company consents to him investing a minimal amount of his work-time to such enterprise whilst he retains such position.
- Mr. Williams will receive an annual salary of C\$200,000 ("**Base Salary**") pursuant to his agreement. The agreement may be terminated by either party giving twelve months' written notice. The Company may terminate Mr. Williams' appointment immediately for cause. The Company may also elect to terminate Mr. Williams' appointment if it, subject to any requirements in the B.C. Employment Standards Act, pays either (a) his Base Salary plus other benefits which are due for a period of 24 months after the date of termination; or (b) twice his Base Salary due plus other benefits.
- Mr. Williams is also entitled to certain payments in the event that certain specified change of control-type events occur, including, broadly: the Company is subject to a successful takeover bid whereby more than 50 per cent. of its issue share capital is acquired; the Company sells or transfers property or assets which amount to 50 per cent. of the consolidated assets of the Group or which generate more than 50 per cent. of the consolidated operating income or cashflow of the Group; or the termination of the Company's business or liquidation of its assets. If within six months of such an event, the Company terminates Mr. Williams employment without cause or Mr. Williams terminates his employment because of an adverse change in his duties, salary or benefits, the Company will pay to Mr. Williams twice his Base Salary plus other benefits in a lump sum payment.
- Upon termination of Mr. Williams' employment for any reason, his entitlements under the Stock Option Plan will be determined by the terms of that plan.
- 11.3 D. Grenville Thomas has agreed to act as Non-Executive Director of the Company pursuant to a letter of appointment with the Company dated 5 February 2021. Mr Thomas will receive an annual fee of C\$20,000 pursuant to his letter. The agreement may be terminated by either party giving three months' written notice.
- 11.4 Kenneth A. Armstrong has agreed to act as Non-Executive Director of the Company pursuant to a letter of appointment with the Company dated 5 February 2021. Mr. Armstrong will receive an annual fee of C\$20,000 pursuant to his letter. The agreement may be terminated by either party giving three months' written notice.
- 11.5 Donald R. Njegovan has agreed to act as Non-Executive Director of the Company pursuant to a letter of appointment with the Company dated 5 February 2021. Mr. Njegovan will receive an annual fee of C\$20,000 pursuant to his letter. The agreement may be terminated by either party giving three months' written notice.
- 11.6 John F.G. McGloin has agreed to act as Non-Executive Director of the Company pursuant to a letter of appointment with the Company dated 5 February 2021. Mr. McGloin will receive an annual fee of C\$20,000 pursuant to his letter. The agreement may be terminated by either party giving three months' written notice.
- 11.7 The aggregate remuneration paid or payable by any company in the Group (including benefits in kind) to the Directors during the year ended 31 January 2021 was C\$208,482 (£119,132). The aggregate estimated remuneration paid or payable to the Directors by any company in the Group for the current financial year under the arrangements in force is expected to amount to C\$325,000 (£185,714).
- 11.8 Save as disclosed above, there are no existing or proposed service contracts between any Director and the Company or any other company in the Group and there are no existing or proposed service

contracts between any Director and the Company or any company in the Group which provide for benefits upon termination of employment.

12. Additional information on the Directors

12.1 In addition to directorships of the Company, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

| <i>Director</i> | <i>Current directorships/partnerships</i> | <i>Past directorships/partnerships</i> |
|-----------------------|---|---|
| Patrick F.N. Anderson | Dalradian Gold Limited Dalradian Resources Inc. Osisko Mining Inc. O3 Mining Inc. VMS Mining | Canadian Continental Exploration Corp. |
| Richard D. Williams | BAFEX Holdings Ltd. BAFEX Tanzania Ltd. Cornish Metals Limited Cornish Minerals Limited RDW Consulting Ltd. South Crofty Limited Strongbow Alaska Inc. Winshear de Peru SAC Winshear Gold Corp. | BAFEX Exploration (Pty) Ltd. |
| D. Grenville Thomas | Anglo Celtic Exploration Ltd. North Arrow Minerals Inc. Strongbow Alaska Inc. Westhaven Gold Corp. 678389 B. C. Ltd. | Anglo Celtic Leasing Ltd. Dalradian Resources Inc. Winshear Gold Corp. |
| Kenneth A. Armstrong | North Arrow Minerals Inc. Strongbow Alaska, Inc. | Bayswater Uranium Corp. |
| Donald R. Njegovan | Ascot Resources Ltd. DLP Resources Inc. | Cabral Gold Inc. Royal Road Minerals Limited Sable Resources Ltd. St Andrews Goldfields Ltd. |
| John F.G. McGloin | Amara Mining (Cote d'Ivoire) Limited Amara Mining Limited Amphi Capital Ltd. Caledonia Mining Corporation plc Oriole Resources plc Perseus Côte d'Ivoire Limited Perseus Mining Limited | Amara Mining (Burkina) Limited Amara Mining (Jersey) Limited Amara Mining (Sierra Leone) Limited Amara Mining Cote d'Ivoire SARL Baomahun Gold Limited Cluff Gold (SL) Limited Cluff Gold Segal SARL Cluff Mining Burkina SARL Kalsaka Mining SA Seguenega Mining SA Winston Mining Limited Yaoure Mining SA |

- 12.2 Mr McGloin was a director of Seguenega Mining SA, a Burkina Faso incorporated subsidiary of Amara Mining plc (“Amara”), when it was placed into insolvent liquidation on 9 December 2014 with debts of approximately US\$20 million. The debts related to disputed claims made by BCM International Ltd and its subsidiaries (“BCM”) for contract mining services provided by BCM at Amara’s mines in Burkina Faso. Amara was acquired by Perseus Mining Limited in 2016. Under the terms of a settlement agreement executed on 30 November 2016, Perseus agreed to pay BCM the sum of US\$20 million in full settlement of the amount owed. The liquidation of Seguenega Mining SA was completed in 2016 and the company was formally dissolved. He was also a director of Kalsaka Mining SA, a subsidiary of Perseus Mining Limited, when it was placed into insolvent liquidation on 14 February 2017 with debts of approximately US\$6.6 million.
- 12.3 Save as referred to in paragraph 12.2 above, none of the Directors has:
- (a) any unspent convictions in relation to indictable offences;
 - (b) had any bankruptcy order made against him or entered into any voluntary arrangements;
 - (c) been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
 - (d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - (e) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - (f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
 - (g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.
- 12.4 Save as disclosed in this document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Group and remains in any respect outstanding or unperformed.
- 12.5 No loans made or guarantees granted or provided by the Group to or for the benefit of any Director are outstanding.

13. Material contracts

In addition to the agreements with Osisko referred to in paragraph 16 of this Part VI of this document, the following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of publication of this document and which are, or may be, material to the Group or have been entered into by any member of the Group at any time and contain a provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this document:

13.1 The Placing Agreement

On 5 February 2021, the Company, each of the Directors, SP Angel and Hannam & Partners entered into the Placing Agreement pursuant to which, conditional upon, *inter alia*, Admission taking place on or before 16 February (or such later date as SP Angel and Hannam & Partners may agree, being not later than 26 February), each of SP Angel and Hannam & Partners severally agree to use their reasonable efforts to procure Placees for the Placing Shares at the Placing Price.

The Placing Agreement contains indemnities from the Company and warranties from the Company and the Directors in favour of SP Angel and Hannam & Partners. The Directors’ liability for breach of their warranties is capped. The Placing Agreement may be terminated by either SP Angel or Hannam

& Partners in certain circumstances prior to Admission, including circumstances where any of the warranties are or could reasonably be expected to become materially untrue, inaccurate or misleading, or a matter arises that gives, or might reasonably be expected to give, rise to a claim under the indemnities or any change in national or international political, diplomatic, financial, economic, monetary or market conditions occur which in the opinion of either SP Angel or Hannam & Partners is likely materially and adversely to affect the business, financial position or prospects of the Group or is or will or is likely to be prejudicial to, or make it impracticable or inadvisable to proceed with, the Placing and/or Admission. The Placing is not conditional upon the admission of the Placing Shares to the TSX-V.

13.2 **The Lock-in Agreements**

On 5 February 2021, the Company, the Directors and the Senior Managers, SP Angel and Hannam & Partners entered into a Lock in Agreement pursuant to which the Directors and the Senior Managers agreed with the Company, SP Angel and Hannam & Partners not to, and to procure that their associates do not, dispose of any interest in Common Shares for the period of 12 months following Admission, except in certain limited circumstances which are permitted by rule 7 of the AIM Rules, being: to a personal representative in the event of the death of a Director or Senior Manager; pursuant to an intervening court order; or pursuant to the acceptance of a general offer made to acquire the issued share capital of the Company. The Directors and the Senior Managers have also agreed, subject to certain exceptions, for a further 12 months following the expiry of the initial 12 month period only to, and to procure that their associates only, dispose of an interest in Common Shares either through SP Angel or Hannam & Partners (or any other nominated adviser or broker appointed to act for the Company in place of either or both of SP Angel and/ or Hannam & Partners).

On 5 February 2021, the Company, Barkerville, SP Angel and Hannam & Partners entered into a Lock in Agreement pursuant to which Barkerville agreed with the Company, SP Angel and Hannam & Partners not to, and to procure that its associates do not, dispose of any interest in Common Shares (whilst such Common Shares are admitted to trading on AIM) for the period of 12 months following Admission, except in certain limited circumstances which are permitted by rule 7 of the AIM Rules, being: pursuant to an intervening court order; or pursuant to the acceptance of a general offer made to acquire the issued share capital of the Company. Barkerville has also agreed, subject to certain exceptions, for a further 12 months following the expiry of the initial 12 month period only to, and to procure that its associates only, dispose of an interest in Common Shares (whilst such Common Shares are admitted to trading on AIM and whilst it and its associates are interested in a total of 10 per cent. or more of the Common Shares in issue) either through SP Angel or Hannam & Partners (or any other nominated adviser or broker appointed to act for the Company in place of either or both of SP Angel and/or Hannam & Partners).

13.3 **Relationship Agreement**

On 5 February 2021, the Company, SP Angel and Osisko Development entered into the Relationship Agreement pursuant to which Osisko Development, for so long as the Company's shares remain admitted to trading on AIM, has undertaken to the Company and (for as long as it remains nominated adviser to the Company) SP Angel, that it shall, and it shall procure that each of its associates shall, exercise the voting rights attaching to their Common Shares so that *inter alia*:

- (a) the Group is capable at all times of carrying on business independently of Osisko Development and its associates;
- (b) the Company shall be capable of being managed in accordance with the applicable Canadian corporate governance provisions or any other corporate governance regime adopted by the Board from time to time;
- (c) all transactions or arrangements entered into between any member of the Group on the one hand and Osisko Development and/or its associates on the other will be made at arm's length and on a normal commercial basis and in compliance with, and disclosed in accordance with, all applicable laws and regulations including the AIM Rules;
- (d) there are and remain at all times a majority of Directors who do not have a significant business, financial or commercial relationship with Osisko Development on the Board and not less than two Directors who are at the relevant time considered by the Board to be independent, as determined by reference to the QCA Code.

The Relationship Agreement shall terminate on Osisko Development, together with any of its associates, ceasing to hold an interest in 20 per cent. or more of the voting rights attaching to their Common Shares.

13.4 **The Subscription Letters**

Each Subscriber has entered into a Subscription Letter with the Company to subscribe for the Subscription Shares at the Placing Price. The Subscription Letters contain customary certifications and undertakings from the Subscribers as to its identity and level of sophistication including, without limitation, indicating that it satisfies the requirements of an available prospectus exemption under applicable Canadian securities legislation. The Subscriber's obligation to subscribe for the Subscription Shares is conditional, amongst other things, on the Placing Agreement becoming unconditional and not being terminated prior to Admission and on Admission taking place on or before 16 February 2021 (or such later date as SP Angel and Hannam & Partners may agree, but in any event not later than 26 February 2021).

13.5 **Minexia engagement letter**

On 16 January 2021, the Company signed a mandate agreement with Minexia pursuant to which Minexia agreed to provide assistance in locating and introducing suitable investors under the Subscription. The letter contains an indemnity in favour of Minexia. The appointment is for a period from the date of the letter until the earlier of (i) the date when the Subscription has been completed (ii) 6 months from the date of the mandate agreement and (iii) the date on which the Company gives Minexia written notice to terminate the agreement.

13.6 **Hannam & Partners engagement letter**

On 5 October 2020, the Company signed an engagement letter with Hannam & Partners pursuant to which Hannam & Partners has agreed to act as corporate broker with effect from Admission for an annual retainer fee of £50,000. The letter contains an indemnity in favour of Hannam & Partners. The appointment is terminable by either party by written notice.

13.7 **SP Angel engagement letter**

On 30 September 2020, the Company signed an engagement letter with SP Angel pursuant to which SP Angel has agreed, *inter alia*, to provide certain corporate finance services in connection with the Placing and Admission (the "**Initial Role**") and to act as the Company's nominated adviser and joint broker after Admission (the "**Ongoing Role**"). The letter contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. Either party may terminate SP Angel's appointment as nominated adviser or joint broker at any time giving to the other not less than 3 months' prior written notice, such notice not to be given until a date 12 months following, in the case of the nominated adviser role, Admission and, in the case of the joint broker role, the date of the letter.

14. **The South Crofty Project acquisition agreements**

On 16 March 2016, the Company, CML UK, Tin Shield and Galena (the "Sellers") entered into an agreement pursuant to which CML UK was granted the right to acquire a 100 per cent. interest in SCL and CML.

On 11 July 2016, CML UK and the administrator managing the affairs of SCL and Cornish Minerals (in administration and the sole shareholder of SCL and CML) entered into a sale and purchase agreement pursuant to which CML UK acquired from Cornish Minerals the entire issued share capital in SCL and CML (each also in administration at the time) owned by Cornish Minerals and thereby the South Crofty Project.

Both agreements completed on 11 July 2016. The consideration for the purchase comprised payments made by the Company on completion comprising C\$1,453,374 paid in cash and by the issue of 2,000,000 Common Shares (with a market value of C\$400,000) to the Sellers (1,050,000 Common Shares to Galena and 950,000 Common Shares to Tin Shield) and further deferred cash and share compensation payable to the Sellers on the achievement of certain milestones.

The following deferred payments have been made to date to the Sellers:

- (a) on 1 November 2017 the Company issued 1,000,000 Common Shares to the Sellers (525,000 Common Shares to Galena and 475,000 Common Shares to Tin Shield) on the achievement of the milestone relating to receipt of the Water Discharge Permit; and
- (b) on 10 June 2018 the Company issued 8,456,664 Common Shares to the Sellers (4,439,749 Common Shares to Galena and 4,016,915 Common Shares to Tin Shield) in full satisfaction of an obligation to pay C\$2,000,000 to the Sellers on the second anniversary of the approval vote by creditors for SCL's exit from administration.

The balance of the consideration due from CML UK as purchaser is as follows:

- (c) the issue to the Sellers, in aggregate, of 2,000,000 Common Shares on delivery of a positive feasibility study or commencement of commercial production for South Crofty, whichever occurs first; and
- (d) a cash and/or Common Share payment to the Sellers equal to 25 per cent. of the NPV of the South Crofty Project upon making a decision to go into production. In the event that the Company's market capital is less than the NPV of the South Crofty Project when a production decision is made, CML UK will pay the equivalent of 25 per cent. of the Company's market capital to the Sellers and the balance (between the 25 per cent. of market capital and 25 per cent. of the NPV of the project) will be paid out as a 5 per cent. net profits interest from the date of the production decision.

In the event that CML UK transfers any assets, rights, or entitlements to the United Downs Registered Mineral Right and the United Downs Unregistered Mineral Rights to a third party that is not an affiliate of the Company before the agreed consideration has been paid to Galena, then Galena will be entitled to receive a payment equal to 10 per cent. of any consideration received for such rights, up to a maximum of C\$1,000,000.

In the event that CML UK defaults in making the payment due to the Sellers referred to in (c) above and does not cure such default within 60 days after receiving written notice of the default from Galena, Galena will have the right, exercisable by written notice to CML UK, to require CML UK to transfer to Galena all the shares in CML and SCL and any other assets, rights and entitlements which the Company or its affiliates, including CML UK, CML and SCL, hold in relation to the mineral and surface rights that pertain to the South Crofty tin mine and exploration properties, for one Canadian Dollar in respect of the CML shares and one Canadian Dollar in respect of the SCL shares and on the basis that all inter-company debt between CML UK, the Company or any of their affiliates and CML shall be capitalised prior to the transfer of the CML and SCL shares to Galena.

15. Cornish Lithium exploration and option deed

On 18 January 2017, the Company, CML UK, CML and Cornish Lithium entered into a deed granting exploration rights ("**Exploration Rights**") to Cornish Lithium, in respect of lithium contained in hot spring brines and associated geothermal energy (the "**Licensed Minerals**") on all areas of mineral rights that CML owns in Devon and Cornwall as at 18 January 2017, subject to adjustment under the terms of the deed (the "**Land Area**").

The deed also grants options to Cornish Lithium to take mining leases for the extraction and commercial exploitation of the Licensed Minerals in the Land Area. This option may be exercised at any time during the "**Exploration Period**", which ends on the "**Expiry Date**". The Expiry Date is any date upon which Cornish Lithium fails to pay in full any Exploration Fees (as set out below) which are due and payable upon such date. The Exploration Fees are:

- (a) an initial issue of ordinary shares of Cornish Lithium to CML UK having a value of US\$50,000 ("**Consideration Shares**"). This issue has taken place;
- (b) Cornish Lithium may extend the Exploration Rights on an annual basis for a further period of up to four years until 18 January 2022, subject to the issue on each anniversary of Consideration Shares to CML UK having a value of US\$50,000. CML UK's holding shall nevertheless be restricted to 10 per cent. of the fully diluted share capital of Cornish Lithium, unless there is a subsequent financing which dilutes CML UK's holding in which case its holding shall be topped up, but only up to 10 per cent. of the fully diluted share capital. After 18 January 2022, this 10 per cent. restriction falls away. The Exploration Rights were extended for a further year at a time, with effect from 18 January 2018,

18 January 2019, 18 January 2020 and 18 January 2021 with the issue to CML UK of 18,655 ordinary shares of £0.0001 each, of 11,658 ordinary shares of £0.0001 each, (following a 100 new shares for each existing share sub-division by Cornish Lithium on 25 September 2019) of 714,592 ordinary shares of £0.000001 each and 413,946 ordinary shares of £0.000001 each, respectively;

- (c) Cornish Lithium may extend the Exploration Rights on an annual basis for a further period of up to five years (up to but excluding 18 January 2027) subject either, at the election of Cornish Lithium, to the issue of Consideration Shares having a value of US\$100,000, or to the payment of US\$100,000 in cash, from 18 January 2022 and on each subsequent anniversary until 18 January 2026;
- (d) notwithstanding the above, if, on 18 January 2022, Cornish Lithium has not completed or is not actively working towards the completion of a bankable feasibility study on any of the Mineral Rights, CML UK may prior to 18 January 2023 restrict the Exploration Rights to up to 50 per cent. of the Land Area (with Cornish Lithium deciding the locations to be excluded), but this does not affect the amount of Exploration Fees payable;
- (e) Cornish Lithium may extend the Exploration Rights on an annual basis for a further period of up to five years from 18 January 2027 (up to but excluding 18 January 2032) on the issue of Consideration Shares having a value of US\$500,000 or the payment of US\$500,000 in cash, on each anniversary, but as regards any such issue or payment, Cornish Lithium shall receive royalties otherwise due to CML UK or CML up to US\$250,000 per year of extension;
- (f) if the Exploration Rights are extended pursuant to the above provision and a bankable feasibility study is delivered by 18 January 2032, then the Exploration Rights may be extended indefinitely on an annual basis on the issue of Consideration Shares having a value of US\$1,000,000 or the payment of US\$1,000,000 in cash, on each anniversary, but as regards any such issue or payment, Cornish Lithium shall receive royalties otherwise due to CML UK or CML up to US\$500,000 per year of extension.

CML will have a free carried interest of 25 per cent. in the first project to have a bankable feasibility study completed on it and a 10 per cent. free carried interest in each subsequent project that has a bankable feasibility study completed on it (the carries ceasing after the completion of the bankable feasibility studies).

CML will have a 2 per cent. gross revenue royalty, payable from any production of metals from brines and a 2 per cent. gross revenue royalty payable from any geothermal energy produced and sold to the national grid or other system.

16. Agreements relating to the Osisko Royalties

16.1 The IA

On 11 February 2021, the Company, CML, Osisko and Osisko Development entered into the IA pursuant to which the Company agreed to novate to CML all of its rights and obligations in respect of a senior convertible loan note instrument (the “**LNI**”) pursuant to which C\$7,170,000 of notes (the “**Notes**”) were issued by the Company to Osisko. In connection with the novation Osisko agreed to release and discharge the Company from all of its rights and obligations under the LNI. Osisko then agreed to transfer the Notes to CML for cancellation in consideration of the grant of the Osisko Royalties by CML to Osisko pursuant to the Royalty Agreements and the release of the security entered into by the Company, CML, SCL and CML UK to secure the Notes.

The IA sets out that liquidated damages will be payable to Osisko in the event of a breach of the Royalty Agreements. Such liquidated damages are calculated on the basis of the greater of an early termination fee or a net present value of the Osisko Royalties.

The IA grants the following rights to Osisko/Osisko Development (as relevant):

- (a) for so long as its and its affiliates’ equity interest in the Company is not less than 10 per cent., Osisko Development may nominate one individual as a director of the Company from time to time;
- (b) Osisko shall have a right of first refusal in the event of a third party offer for a purchase, option or acquisition, direct or indirect, of a new or existing royalty stream interest or similar right or to finance a new or existing project in respect of any or all Group properties; and

- (c) Osisko Development for so long as its equity interest (or its affiliates' equity interest in the Company) is not less than 10 per cent. will have a participation right to maintain its percentage ownership interest in the Company upon any offering of securities at the subscription price and similar terms as are applicable to the offering.

16.2 **The Royalty Agreements**

On 11 February 2021, CML and Osisko entered into the Royalty Agreements.

Under the South Crofty Royalty Agreement CML grants to Osisko a perpetual 1.5 per cent. NSR royalty payable from the production of all Products associated with the South Crofty Underground Planning Permission Area with effect from the Commencement of Commercial Production.

Under the Cornwall Royalty Agreement CML grants to Osisko a perpetual 0.5 per cent. NSR royalty payable from the production of all other Products in Cornwall, England (excluding those associated with the South Crofty Underground Planning Permission Area) with effect from the Commencement of Commercial Production.

The Royalty Agreements are in similar form and define the Commencement of Commercial Production as the operation of the relevant project (the "**Project**") or any portion thereof as a producing mine and the production of Products therefrom, excluding bulk sampling, pilot plant or test operations. Commercial Production shall be deemed to have commenced:

- (a) if a processor is located on the Project, on the first day following the first period of 60 consecutive days during which Products have been produced from the Project at an average rate not less than 80 per cent. of the initial design rated capacity of the relevant facilities; or
- (b) if no processor is located on the Project, on the first day of the month following the first period of 60 consecutive days during which Products have been shipped from the Project on a reasonably regular basis for the purpose of earning revenue;

together with, in the case of either (a) or (b) above, the issuance by the Company, in accordance with applicable law, of a press release announcing commencement of Commercial Production.

"Products" include any and all metals, minerals and products or by-products thereof which are obtained from the Project.

All royalty payments which are to be made in cash are to be paid in US Dollars, converted from Pounds Sterling to USD at the spot exchange rate then available to CML.

Any uncredited or unpaid amounts are to bear interest at the per annum rate of the base rate of the Bank of England plus 5.0 per cent.

Upon any event of default under the Royalty Agreements, Osisko may demand all amounts/deliveries owing; and/or terminate the Royalty Agreements; enforce its rights under the security documents referred to in paragraphs 16.3, 16.4 and 16.5 of Part VI of this document and demand all losses suffered or incurred as a result of termination, including the liquidated damages calculated on the basis set out in the IA.

The prior consent of Osisko is required under the Royalty Agreements to any transfer of any interest or right in any of its mining rights (including the mineral rights it holds) or any rights in relation to Product extracted (save for any sale of Products on arm's length terms). CML is, however permitted to transfer the mineral rights it holds to an affiliate, provided such affiliate is incorporated in England for the sole purpose of holding the mineral rights and such affiliate accedes to the IA and enters into an equivalent royalty agreement.

CML is required to maintain all the security granted pursuant to the IA and the Royalty Agreements for the benefit of Osisko.

16.3 **The GIA**

On 11 February 2021, Osisko and the Company entered into the GIA, pursuant to which the Guaranteed Obligations are guaranteed to Osisko on a full indemnity basis. The “Guaranteed Obligations” cover the performance by CML of its obligations and liabilities under the Royalty Agreements, the IA and related security documents together with the payment of any amount due (and unpaid) by CML to Osisko under the IA, the Royalty Agreements, and all other documents, undertakings and agreements entered into by CML in connection with those documents at any time. All rights of the Company are fully subordinated to the Guaranteed Obligations.

16.4 **The CML UK Share Charge**

On 11 February 2021, CML UK and Osisko entered into the CML UK Share Charge pursuant to which all the shares held by CML UK in CML are charged in favour of Osisko, as security for the Secured Obligations. The “Secured Obligations” are the full amount of all monies, liabilities and other obligations at any time due, owing or payable to Osisko by CML, pursuant to the Royalty Agreements or the liquidated damages provisions in the IA together with the security documents. Upon an event of default, the security becomes immediately enforceable and Osisko may take ownership and control of the CML shares.

16.5 **The CML Debenture**

On 11 February 2021, CML and Osisko entered into the CML Debenture pursuant to which all of CML’s interest in its present and future assets is charged in favour of Osisko as security for the Secured Obligations (as defined in the CML UK Share Charge).

The instrument creates a charge by way of a first legal mortgage over all estates and interests of CML in any freehold or leasehold property owned by it, including all registered and unregistered mineral rights held by CML.

The instrument also creates charges which apply as first fixed charges as far as possible to: all land, goodwill and uncalled capital; all the registered mineral titles; all fixed assets; debts; securities; licences (statutory or otherwise) and the right to recover and receive all compensation; intellectual property rights of CML.

There is also a floating charge in respect of all Products (as defined in the Royalty Agreements), and all the undertaking, property and assets whatsoever of CML, not otherwise charged by fixed charge.

The floating charge becomes enforceable and crystallises and becomes a fixed charge upon written notice given by Osisko following an insolvency event or customary events of default of CML. Upon an event of default or a demand being made by Osisko for the payment of the Secured Obligations, the security becomes immediately enforceable and Osisko may take ownership and control of the charged assets.

17. **Employees**

17.1 Set out below is a table showing the number of employees employed by the Group, broken down by country, as at the end of the three financial years ended 31 January 2020 covered by the historical financial information.

| | <i>31 January 2018</i> | <i>31 January 2019</i> | <i>31 January 2020</i> |
|----------------|----------------------------|----------------------------|----------------------------|
| Canada | 3 | 3 | 3 |
| United Kingdom | 13 | 17 | 10 |
| Total | <u>16</u> | <u>20</u> | <u>13</u> |

17.2 The Group did not employ a significant number of temporary employees for any of the periods above.

18. Litigation

There are no governmental, legal or arbitration proceedings (and there are no such proceedings which are pending or threatened of which the Company is aware) during the period covering the 12 months preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company and/or the Group.

19. Working capital

The Directors are of the opinion, having made due and careful enquiry, that following Admission the Group will have sufficient working capital for its present requirements, that is for at least the 12 month period following Admission.

20. Investments

The Company confirms that:

- 20.1 no material investments have been made by the Group during the period from 1 February 2017 up to 10 February 2021 (being the last practicable date prior to the publication of this document);
- 20.2 no material investments by the Group are in progress;
- 20.3 there are no joint ventures or undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses; and
- 20.4 there are no environmental issues that may affect the Company's utilisation of the Group's tangible fixed assets.

21. Related party transactions

Save as set out in notes 13, 18 and 20 to the historical financial information of the Group in section B, and note 15 to the unaudited interim financial information of the Group in section C, of Part IV and paragraph 16 of this Part VI of this document, there are no related party transactions that the Group has entered into during this period covered by the historic financial information set out in Part IV of this document up to the 10 February 2021 (being the last practicable date prior to the publication of this document).

22. Taxation

22.1 Taxation in the UK

The following information is based on UK tax law and HMRC practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time, possibly with retroactive effect. The information that follows is for guidance purposes only and is not intended to be a complete analysis of all possible UK tax consequences of acquiring, holding or disposing of Common Shares.

Any person who is in any doubt about his or her position should contact their professional advisor immediately.

22.1.1 Tax treatment of the Company

Provided that the Company is not resident in the UK for taxation purposes and does not carry out any trade in the UK (whether or not through a permanent establishment situated there), the Company should not be liable for UK taxation on its income and gains, other than in respect of interest and other income received by the Company from a UK source (to the extent that it is subject to the withholding of basic rate income tax in the UK) and other than in respect of certain profits or gains derived directly or indirectly from UK land.

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the UK in order that the Company does not become resident in the UK for taxation purposes. The Directors intend, insofar as this is within their control, that the affairs of the Company are conducted so

that the Company is not treated as carrying on a trade in the UK through a permanent establishment.

22.1.2 *Tax treatment of UK Shareholders*

The following information, which relates only to UK taxation, is applicable to persons who are resident (and if relevant domiciled) solely in the UK and who beneficially own Common Shares as investments (otherwise than through an individual savings account, a pension arrangement or other tax-advantaged scheme or arrangement) and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential Shareholders:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), 5 per cent. or more, of any of the classes of Common Shares; or
- who intend to acquire, or may acquire, Common Shares by virtue of an office or employment or as trustee; or
- who intend to acquire Common Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Common Shares are connected will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Common Shares. However, such Shareholders should consult their own tax advisers concerning their tax liabilities.

22.1.3 *Dividends*

Where the Company pays dividends, Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Common Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company. UK resident individuals who are not domiciled in the UK may be eligible to make a claim to be taxed on the “remittance basis”, the effect of which is that they will generally be subject to UK income tax only if the dividend is remitted, or deemed to be remitted, to the UK, provided that the Common Shares are not UK assets.

Dividend income received by UK tax resident individuals will have a £2,000 dividend tax allowance. Dividend receipts in excess of £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers (in each case for the tax year 2020/2021).

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax or withholding tax imposed.

22.1.4 *Disposals of Common Shares*

Any gain arising on the sale, redemption or other disposal of Common Shares will be taxed at the time of such sale, redemption or disposal as a capital gain and may give rise to a

charge to capital gains tax (for individuals and certain other types of Shareholder) or corporation tax (for companies), subject to any available exemption or relief.

The rate of capital gains tax on disposal of Common Shares by basic rate taxpayers is 10 per cent. (for the tax year 2020/2021) and for upper rate and additional rate taxpayers is 20 per cent. (for the tax year 2020/2021). Individual Shareholders may be entitled to an annual exemption from capital gains tax (the annual exempt amount is £12,300 for the tax year 2020/2021).

Subject to certain exemptions, the corporation tax rate applicable to taxable profits is currently 19 per cent.

22.1.5 *Further information for Shareholders subject to UK income tax and capital gains tax* *Deemed Gains*

The attention of Shareholders who are resident in the UK for tax purposes is drawn to the provisions of section 3 of the Taxation of Chargeable Gains Act 1992. This provides that for so long as the Company would be a close company if it were resident in the UK, Shareholders could (depending on a variety of circumstances being present, both in relation to the Company and in relation to the relevant Shareholder) be liable to UK capital gains taxation on their *pro rata* share of any capital gain accruing to the Company (or, in certain circumstances, to a subsidiary or investee company of the Company). No liability under section 3 could be incurred where the amount apportioned to such person and to persons connected with him or her does not exceed 25 per cent. of the amount of the gain falling to be apportioned. Shareholders should consult their own independent professional advisers as to their UK tax position.

“Controlled Foreign Companies” Provisions — Deemed Income of Corporates

If the Company were at any time to be controlled, for UK tax purposes, by persons (of any type) resident in the UK for tax purposes, the “controlled foreign companies” provisions in Part 9A of Taxation (International and Other Provisions) Act 2010 could apply to UK resident corporate Shareholders. Under these provisions, part of any “chargeable profits” accruing to the Company (or in certain circumstances to a subsidiary or investee company of the Company) may be attributed to such a corporate Shareholder and may in certain circumstances be chargeable to UK corporation tax in the hands of the corporate Shareholder. The controlled foreign companies provisions are complex, and prospective Shareholders should consult their own independent professional advisers.

“Transfer of Assets Abroad” provisions

The attention of Shareholders who are individuals resident in the UK for tax purposes is drawn to the provisions set out in Chapter 2 of Part 13 of the UK Income Tax Act 2007, which may render those individuals liable to UK income tax in respect of undistributed income (but not capital gains) of the Company. Shareholders should consult their own independent professional advisers as to their UK tax position.

“Transactions in securities”

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel “tax advantages” derived from certain prescribed “transactions in securities”. Shareholders should consult their own independent professional advisers as to their UK tax position.

22.1.6 *Stamp duty and stamp duty reserve tax*

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or stamp duty reserve tax

or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

No UK stamp duty or stamp duty reserve tax will be payable on the issue of the Common Shares. Any instrument of transfer of the Common Shares that is executed in the UK or that relates to any property situated, or to any matter or thing done or to be done, in the UK will attract UK stamp duty. Shareholders holding paper Common Shares will not be permitted to use the CREST clearance system and in some circumstances may find it necessary or desirable to pay stamp duty or stamp duty reserve tax at 0.5 per cent. However, most Shareholders will trade the Common Shares as dematerialised depositary interests using the CREST settlement system. Such trading in depositary interests in the Common Shares is not subject to stamp duty. Transfer of these depositary interests through CREST will also be exempt from stamp duty reserve tax for a company incorporated abroad so long as its central management and control is not exercised in the UK, there is no register for the Common Shares in the UK, the Common Shares are not paired with any Common Shares issued by a UK incorporated company and the Common Shares remain registered on the TSX-V or another recognised stock exchange. These conditions appear to be met at the time this document has been published.

22.2 **Taxation in Canada**

The following is a general summary of the principal Canadian federal income tax considerations under the Income Tax Act (Canada) and the Regulations promulgated thereunder (collectively the “**Canadian Tax Act**”) generally applicable to a Shareholder who holds Common Shares as capital property and deals at arm’s length with, and is not affiliated with, the Company. This summary assumes that, at all relevant times, the Company will be, or will be deemed to be, resident in Canada for purposes of the Canadian Tax Act.

This summary is based upon the current provisions of the Canadian Tax Act, and the Canada-United Kingdom Income Tax Convention (1978) as amended by the Protocols signed on April 15, 1980, October 16, 1985, May 7, 2003 and July 21, 2014 (the “**UK – Canada Tax Treaty**”). This summary also takes into account all specific proposals to amend the Canadian Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Canadian Tax Proposals**”) and the current published administrative and assessing policies and practices of the Canada Revenue Agency (the “**CRA**”). This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Canadian Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or any changes in the administrative and assessing policies and practices of the CRA. This summary does not take into account tax legislation of any province, territory or foreign jurisdiction. Provisions of provincial income tax legislation vary from province to province in Canada and may differ from federal income tax legislation. No assurances can be given that the Canadian Tax Proposals will be enacted as proposed, if at all.

This summary is of a general nature only and is not intended to be, nor should it be, construed to be, legal or tax advice to any particular Shareholder. In addition, the comments below do not purport to be comprehensive or to describe all potential relevant considerations. Shareholders should note that both tax law and interpretation are subject to change, possibly with retrospective effect. Accordingly, Shareholders should consult their own tax advisers for advice with respect to the income tax consequences to them of acquiring, holding and disposing of Common Shares having regard to their own particular circumstances.

22.2.1 *Residents of Canada*

The following summary is applicable to a Shareholder who, at all relevant times, is, or is deemed to be, resident in Canada for purposes of the Canadian Tax Act.

Certain Shareholders whose Common Shares otherwise might not qualify as capital property may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Canadian Tax Act to have those shares, and any other “Canadian security”, as defined in

the Canadian Tax Act, owned in the year of the election and any subsequent taxation year, deemed to be capital property.

This summary is not applicable to a Shareholder:

- that is a “*financial institution*” as defined in the Canadian Tax Act for the purposes of the “*mark to market property*” rules contained in the Canadian Tax Act;
- that is a “*specified financial institution*” or “*restricted financial institution*” as defined in the Canadian Tax Act;
- who holds an interest in, or whose Common Shares are, a “*tax shelter investment*” as defined in the Canadian Tax Act;
- whose “*functional currency*” for purposes of the Canadian Tax Act is the currency of a country other than Canada; or
- that has entered (or will enter) into, with respect to the Common Shares, a “*derivative forward agreement*” as defined in the Canadian Tax Act. Any such Shareholder should consult its own tax advisor.

22.2.2 *Disposal of Common Shares*

A Shareholder who disposes, or is deemed to dispose of, Common Shares (except to certain parties, for example, the Company, a “*spouse*”, a “*common-law partner*”, a “*joint-partner trust*”, or an “*alter-ego trust*” (as such terms are defined in the Canadian Tax Act) or in certain tax deferred reorganisations) will generally realise a capital gain (or a capital loss) equal to the amount, if any, by which the Shareholder’s proceeds of disposition, exceed (or are less than) the Shareholder’s aggregate adjusted cost base of such Common Shares less any reasonable outlays or expenses made or incurred for the purposes of making the disposition. See “*Taxation of capital gains and capital losses*” below.

22.2.3 *Dividends on Common Shares*

Taxable dividends received or deemed to be received in a particular taxation year on Common Shares held by a Shareholder will generally be included in the Shareholder’s income in that particular taxation year for the purposes of the Canadian Tax Act.

Such dividends received by a Shareholder that is an individual (including most trusts) will be subject to the gross-up and dividend tax credit rules in the Canadian Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Company as “*eligible dividends*”. There may be limitations on the ability of the Company to designate dividends as “*eligible dividends*”. Dividends that are not designated as “*eligible dividends*” will be “*non-eligible dividends*” subject to the regular gross-up and dividend tax credit rules in the Canadian Income Tax Act.

A Shareholder that is a corporation will include such dividends in computing its income and, subject to specific anti-avoidance provisions, will generally be entitled to deduct the amount of such dividends in computing its taxable income. A Shareholder that is a “*private corporation*” or a “*subject corporation*” (as such terms are defined in the Canadian Tax Act) may be liable under Part IV of the Canadian Tax Act to pay a refundable tax of 38 1/3 per cent. of dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Shareholder’s taxable income.

22.2.4 *Taxation of capital gains and capital losses*

A Shareholder will be required to include in income for any particular taxation year one-half of the amount of any capital gain (“**taxable capital gain**”) realised in the year and will generally be required to deduct one-half of the amount of any capital loss (“**allowable capital loss**”) realised in any particular taxation year against taxable capital gains realised in the year, subject to the limitations contained in the Canadian Tax Act. Allowable capital losses in excess of taxable capital gains realised in a particular year may be carried back

and deducted in any of the three preceding taxation years or carried forward and deducted in any following year against taxable capital gains realised in such year, to the extent and under the circumstances described in the Canadian Tax Act.

In general, a capital loss otherwise arising on the disposition of a Common Share by a corporation may be reduced by dividends previously received, or deemed to have been received, thereon. Similar rules may also apply in circumstances where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares. Shareholders to whom these rules may be relevant should consult their own tax advisers.

A “*Canadian-controlled private corporation*” as defined in the Canadian Tax Act may be liable to pay, in addition to the base amount of income tax otherwise payable under the Canadian Tax Act, a refundable tax of 10 2/3 per cent. of its “*aggregate investment income*” (as such term is defined in the Canadian Tax Act). For this purpose, investment income will include taxable capital gains. Capital gains realised by individuals and certain trusts may give rise to alternative minimum tax.

22.2.5 *Eligibility for investment*

Provided they are listed on a designated stock exchange (which currently includes the TSX-V), the Common Shares will be qualified investments under the Canadian Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts. Notwithstanding that the Common Shares may be a qualified investment, the annuitant under a registered retirement savings plan or a registered retirement income fund or a holder of a tax-free savings account (an annuitant or holder hereinafter referred to as a “*controlling individual*”) will be subject to penalty taxes to the extent that the Common Shares constitute a prohibited investment in respect of the controlling individual. Generally, the Common Shares will only be a prohibited investment where a controlling individual does not deal at arm’s length with the Company for purposes of the Canadian Tax Act or if the controlling individual, owns, directly or indirectly, 10 per cent. or more of any class of shares.

22.3 **Non-Residents of Canada**

The following summary is generally applicable to a Shareholder who, at all relevant times, is neither resident, nor deemed to be resident in Canada for purposes of the Canadian Tax Act, and who does not use or hold, and is not deemed to use or hold Common Shares in the course of carrying on a business in Canada. This summary does not apply to a Shareholder that is an insurer that carries on business in Canada and elsewhere. Shareholders should consult their own tax advisers for advice with respect to any foreign tax consequences applicable to them from holding and disposing of Common Shares. Shareholders that are resident or ordinarily resident in the UK for domestic UK tax purposes should also refer to the discussion in paragraph 21.1 “*Taxation in the UK*”.

22.3.1 *Currency Conversion*

Generally, for purposes of the Canadian Tax Act, all amounts relating to the acquisition, holding or disposition of the Common Shares must be determined in Canadian Dollars. Any amount denominated in a currency other than Canadian currency must be converted into Canadian Dollars, generally at the single day exchange rate quoted by the Bank of Canada on the date the amount first arose (or if there is no such rate quoted for the applicable day, the closest preceding day for which such a rate is quoted) or such other rate of exchange acceptable to the CRA.

22.3.2 *Disposal of Common Shares*

A Shareholder will not be subject to tax under the Canadian Tax Act on any capital gain realised on the disposition or deemed disposition of such Common Shares, unless the Common Shares are, or are deemed to be, “*taxable Canadian property*” (as such term is defined within the meaning of the Canadian Tax Act) and the gain is not otherwise exempt from taxation in Canada under the terms of an applicable income tax convention or treaty.

Generally, Common Shares will not be taxable Canadian property to a Shareholder at a particular time provided that:

- the Common Shares are listed on a designated stock exchange (which currently includes the TSX Venture Exchange) at that time and at no time during the 60-month period immediately preceding the date of disposition of the Common Shares did the Shareholder, persons with whom the Shareholder did not deal at arm's length, or such holder together with such persons, own 25 per cent. or more of the issued shares of any class or series of the Company, or
- at no time during such 60-month period did the Common Shares derive more than 50 per cent. of their value from any combination of:
 - real property situated in Canada
 - “*timber resource property*” (as such term is defined in the Canadian Tax Act)
 - “*Canadian resource property*” (as such term is defined in the Canadian Tax Act), or
 - options in respect of, or interests in, or for civil law, rights in any of the foregoing, whether or not the property exists.

If Common Shares constitute or are deemed to constitute taxable Canadian property to a particular Shareholder, on the disposal or deemed disposal thereof, such holder will realise a capital gain (or capital loss), generally computed in the manner described above under “*Residents of Canada – Taxation of capital gains and capital losses*”. Any such capital gain may be exempt from tax under the Canadian Tax Act under the terms of an income tax treaty or convention between Canada and the country in which the Shareholder resides.

Shareholders whose Common Shares are taxable Canadian property should consult their own tax advisers for advice having regard to their particular circumstances.

22.3.3 *Dividends on Common Shares*

Dividends on Common Shares paid or credited or deemed to be paid or credited to a Shareholder will be subject to non-resident withholding tax under the Canadian Tax Act at the rate of 25 per cent. of the gross amount of the dividend, subject to a potential reduction under the provisions of an applicable income tax treaty or convention between Canada and the country in which the Shareholder resides. The Company will be required to deduct such withholding tax amount from any such dividends and remit the amount to the appropriate Canadian tax authority on behalf of the Shareholder. Pursuant to the UK – Canada Tax Treaty, the rate of withholding tax applicable to dividends paid or credited or deemed to be paid or credited to a Shareholder who is resident in the UK for purposes of the UK – Canada Tax Treaty will generally be reduced to 15 per cent. of the gross amount of the dividend, or 5 per cent. where the beneficial owner is a company which controls, directly or indirectly, at least 10 per cent. of the voting power in the Company.

On 29 August 2019, Canada deposited its instrument of ratification with the The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the “**MLI**”) depository. The MLI is a multilateral treaty created by the Organisation for Economic Co-operation and Development which modifies bilateral tax treaties between participating jurisdictions to implement international tax rules, and to lessen the opportunity for tax avoidance by multinational enterprises. When Canada ratified the MLI, 84 Covered Tax Agreements were identified which are affected by the MLI or which will be affected by the MLI if the relevant Covered Tax Agreement partner also ratifies the MLI under its respective domestic laws. The MLI entered into force for Canada on 1 December 2019. Where Canada has Covered Tax Agreements with countries that have also caused the MLI to come into force on or before 1 December 2019, including the United Kingdom, Australia, the Netherlands, Luxembourg, Ireland, India, Russia, Ukraine, Singapore and the United Arab Emirates, the MLI (a) entered into effect for withholding taxes on 1 January 2020, and (b) will enter into effect, for other taxes, for tax years beginning on or after 1 June 2020.

Aside from the minimum standard provisions required by every participating country to sign on to, including the principal purpose test disallowing a treaty benefit where obtaining the benefit was one of the principal purposes of effecting a particular transaction or arrangement, unless granting the benefit would be in accordance with the object and purpose of the provisions of the specific treaty, Canada also opted to:

- adopt a 365-day holding period test where no less than a specified percentage of shares of a Canadian corporation are held by a non-Canadian corporate shareholder, in order to be entitled to the reduced withholding tax rate on dividends; and
- adopt a 365-day test for non-Canadian residents who realise capital gains on the disposition of shares or other interests that derived their value principally from Canadian immovable property.

Shareholders should consult their own tax advisers for advice having regard to their particular circumstances where Canada's adoptive provisions of the MLI may be applicable.

These comments are intended only as a general guide to the current tax position in Canada at the date of this Admission Document. The rates and basis of taxation can change and will also be dependent on each Shareholder's individual circumstances.

Neither the Company nor its advisers warrant in any way the tax positions outlined above which, in any event, are subject to changes in the relevant legislation and their interpretation and application.

23. CREST and Depositary Interests

23.1 Deed Poll

On 8 February 2021, the Deed Poll was executed by the Depositary. The Depositary Interests will be created pursuant to and issued on the terms of the Deed Poll. The Deed Poll is executed by the Depositary, in favour of the holders of the Depositary Interests from time to time. Common Shares will be transferred to an account of the Depositary's appointed custodian ("**Custodian**") and the Depositary will issue Depositary Interests to participating members.

Each Depositary Interest will be treated as one Common Share for the purposes of determining, for example, eligibility for any dividends. The Depositary will pass on to holders of Depositary Interests any stock or cash distributions received by it as holder of Common Shares on trust for such Depositary Interest holder. Depositary Interest holders will also be able to receive from the Depositary notices of meetings of holders of Common Shares and other information to make choices and elections issued by the Company to the Shareholders.

In summary, the Deed Poll contains, amongst other things, provisions to the following effect:

- (a) the Depositary will hold (itself or through the Custodian), as bare trustee, the underlying securities issued by the Company and all and any rights and other securities, property and cash attributable to the underlying securities for the time being held by the Depositary or Custodian pertaining to the Depositary Interests for the benefit of the holders of the Depositary Interests. The Depositary will re-allocate securities or distributions allocated to it or the Custodian *pro rata* to the Common Shares held for the respective accounts of the holders of Depositary Interests but will not be required to account for fractional entitlements arising from such re-allocation;
- (b) holders of Depositary Interests warrant, amongst other things, that the securities in the Company transferred or issued to the Depositary or Custodian for the account of the Depositary Interest holder are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's by-laws or any contractual obligation, or applicable law or regulation binding or affecting such holder;
- (c) the Depositary and any Custodian must pass on to Depositary Interest holders, or exercise on their behalf, all rights and entitlements received by the Depositary or the Custodian in respect of the underlying securities. Rights and entitlements to cash distributions, to information, to

make choices and elections and to attend and vote at meetings shall, subject to the Deed Poll, be passed on in the form in which they are received, together with amendments and additional documentation necessary to effect such passing on, or exercised in accordance with the Deed Poll. If arrangements are made which allow a holder to take up rights in the Company's securities requiring further payment, the holder must put the Depositary or its appointed agent in cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise such rights;

- (d) the Depositary will be entitled to cancel Depositary Interests and treat the holders as having requested a withdrawal of the underlying securities in certain circumstances including where a Depositary Interest holder fails to furnish to the Depositary such certificates or representations as to material matters of fact, including his identity, as the Depositary deems appropriate;
- (e) the Deed Poll contains provisions excluding and limiting the Depositary's liability to a maximum of £5 million. For example, the Depositary shall not be liable to any Depositary Interest holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise, except as may result from its negligence or willful default or fraud or that of any person for whom it is vicariously liable, provided that the Depositary shall not be liable for the negligence, willful default or fraud of any Custodian or agent which is not a member of its Group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent;
- (f) the Depositary is entitled to charge holders of Depositary Interests fees and expenses for the provision of its services under the Deed Poll;
- (g) the holders of Depositary Interests are required to agree and acknowledge to the Depositary that it is their responsibility to ensure that any transfer of Depositary Interests by them which is identified by the CREST system as exempt from stamp duty reserve tax is so exempt, and to notify the Depositary if this is not the case, and to pay to Euroclear any interest, charges or penalties arising from non-payment of stamp duty reserve tax in respect of such transaction;
- (h) the Depositary is entitled to make deductions from any income or capital arising from the underlying securities, or to sell such underlying securities and make deductions from the sale proceeds therefrom, in order to discharge the indemnification obligations of Depositary Interest holders;
- (i) the Depositary may terminate the Deed Poll by giving 30 days' notice. During such notice period holders are obliged to cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination, the Depositary must, among other things, deliver the deposited property in respect of the Depositary Interests to the relevant Depositary Interest holders or, at its discretion, sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll *pro rata* to holders of Depositary Interests in respect of their Depositary Interests; and
- (j) the Depositary or the Custodian may require from any holder information as to the capacity in which Depositary Interests are or were owned and the identity of any other person with or previously having any interest in such Depositary Interests and the nature of such interest, and evidence or declarations of nationality or residence of the legal or beneficial owners of Depositary Interests and such information as is required for the transfer of the relevant Common Shares to the holders. Holders agree to provide such information requested and consent to the disclosure of such information by the Depositary or Custodian to the extent necessary or desirable to comply with their legal or regulatory obligations. Furthermore, to the extent that the Company's constitutional documents require disclosure to the Company of, or limitations in relation to, beneficial or other ownership of the Company's securities, the holders of Depositary Interests are to comply with the Company's instructions with respect thereto.

It should also be noted that holders of Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of the Common Shares including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depositary Interests to give prompt instructions to the Depositary to vote the underlying shares on their behalf.

23.2 **Depositary Services Agreement**

The Company has entered into a depositary services agreement dated 8 February 2021 between the Company and the Depositary ("**Depositary Services Agreement**"). The Depositary Services Agreement relates to the Depositary's appointment as Depositary in relation to the Common Shares, including the issue and cancellation of Depositary Interests and maintaining the Depositary Interests register. The Company has agreed to indemnify the Depositary in relation to losses suffered by the Depositary as a result of any claim made by any Depositary Interest holder against the Depositary. The Depositary's aggregate liability to the Company over any 12 month period shall in no circumstances whatsoever exceed twice the amount of the fees payable in any 12 month period in respect of a single claim or in the aggregate. The Depositary Services Agreement is for a fixed term of 3 years after which it is terminable on 6 months' notice by either party.

24. **General**

24.1 Save as disclosed in this document:

24.1.1 there have been no significant changes impacting the Company's operations and principal activities; and

24.1.2 there have been no significant trends in the Company's production, sales and inventory, and costs and selling prices, in each case, since 31 January 2020, the date to which the Company's latest audited year-end financial information was prepared and published.

24.2 Save for the Fundraising and as disclosed in this document, there has been no significant change in the financial performance or the financial position of the Group since 31 October 2020, the date to which the Company's latest unaudited interim financial information was prepared and published.

24.3 Save as disclosed in this document, the Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of the Company for the current financial year to 31 January 2022.

24.4 The financial information set out in this document relating to the Group does not constitute statutory accounts. Davidson & Company, LLP, Chartered Professional Accountants of Vancouver, BC, Canada have been the auditors of the Group for the three financial years ended 31 January 2020 and have given unqualified audit reports on the accounts of the Company for those financial years.

24.5 Crowe U.K. LLP has given and not withdrawn its written consent to the inclusion of its report dated 11 February in Part IV of this document and the references to its report in the form and context in which they appear and has authorised the contents of that report for the purposes of Schedule Two of the AIM Rules for Companies.

24.6 The Competent Person has given and not withdrawn its written consent to the inclusion of its report dated 5 February in Part V of this document and the references to its report in the form and context in which they appear and has authorised the contents of that report for the purposes of Schedule Two of the AIM Rules for Companies.

24.7 SP Angel is registered in England and Wales and its registered office is at Prince Frederick House, 35-39 Maddox Street, London W1S 2PP. SP Angel is regulated by the Financial Conduct Authority and is acting in the capacity of nominated adviser and broker to the Company.

24.8 SP Angel has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

24.9 Hannam & Partners is registered in England and Wales and its registered office is at Ground Floor 2, Park Street, London, W1K 2HX. Hannam & Partners is regulated by the Financial Conduct Authority and is acting in the capacity of joint broker to the Company.

24.10 Hannam & Partners has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

- 24.11 Save as otherwise disclosed in this document, there are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Group's business or profitability.
- 24.12 Save for commissions payable to Minexia in respect of the Subscription, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- 24.12.1 received, directly or indirectly, from the Company within the 12 months preceding the date of application for Admission; or
 - 24.12.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission;
- any of the following:
- (a) fees totalling £10,000 or more;
 - (b) securities in the Company with a value of £10,000 or more calculated by reference to the expected price of a Common Share at Admission; or
 - (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 24.13 There have been no payments in excess of £10,000 made by or on behalf of the Company to any government or regulatory body with regard to the acquisition or maintenance of any of the Company's assets in the 12 months preceding 10 February 2021 (being the latest practicable date prior to the publication of this document).
- 24.14 The total costs and expenses relating to the Fundraising and Admission payable by the Company are estimated to be £1,084,062 (excluding VAT).
- 24.15 The accounting reference date of the Company is 31 January.
- 24.16 Save as set out in this document, the Company has not made any other material investments since 31 January 2020, the date to which the Company's latest audited year-end financial information was prepared and published or which are in progress and/or for which firm commitments have been made.
- 24.17 A total of 117,226,572 New Shares will be issued pursuant to the Fundraising, increasing the number of Common Shares in issue from 149,918,585 to 267,145,157. Assuming existing Shareholders are not participating in the Fundraising, such existing Shareholders will be diluted, as a percentage of the Enlarged Issued Share Capital, by approximately 43.9 per cent. of votes and share capital as a result of the Fundraising.
- 24.18 The net asset value per Common Share as at 31 October 2020 as derived from the unaudited interim financial statements of the Company for the period to 31 October 2020 is C\$0.05 (approximately 2.9p) which is approximately 59 per cent. lower than the Placing Price of 7p per New Share.

25. Availability of this document

Copies of this document will be available for inspection during normal business hours on any day (except Saturdays, Sundays and UK public holidays) at the registered office of the Company and on the Company's website at www.cornishmetals.com from the date of this document until the date which is one month after Admission.

