

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: **APIA ENERGY CORP.** (the “Issuer”).

Trading Symbol: **“API”**

Number of Outstanding Listed Securities: **83,955,254 common shares**

Date: **November 2, 2020**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and nonpromotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

On October 1 the Company announced the completion of 2,506.8 metres (“m”) of diamond drilling in 18 drill holes on the Company’s Alces Lake high-grade rare earth element (“REE”) property (the “Property”), northern Saskatchewan.

Highlights from the drill program include:

- the intersection of the REE minerals system (the “System”) over 875 m strike length, as deep as 340 m from surface, still open in all directions (3D space), and in two sub-parallel trends;
- confirmed extension of high-grade REE mineralization over a distance of 145 m within the 875 m strike length, which represents the amalgamation of the Wilson, Richard, Charles and Bell high-grade zones, now referred to as the WRCB zone;
- diamond drilling successfully correlated the ground audiomagnetotellurics (“AMT”) geophysical survey interpretations with the System, and;
- a high success rate of drilling with 15 out of 18 drill holes intersecting the System.

ALCES LAKE SUMMARY

Since detailed exploration began at Alces Lake in 2017, a total of seventy-four (74) REE and uranium bearing surface zones and occurrences of the System have been discovered on the Property. To date, less than 1% of the Property has been explored with diamond drilling. The Property is located in Saskatchewan, the same provincial jurisdiction that has planned to develop a “first-of-its-kind” rare earth processing facility in Canada, scheduled to become operational in 2022.

The Property encompasses some of the highest-grade total and critical rare earth elements (“CREE”) mineralization in the world. CREE is defined here as those rare earth elements that are in short-supply and high-demand for use in permanent magnets and modern electronic applications such as electric vehicles and wind turbines, (i.e: neodymium (Nd), praseodymium (Pr) dysprosium (Dy), and terbium (Tb)). The Alces Lake project area is 17,577 hectares (43,434 acres) in size and is 100% owned by Appia. The project is located close to an old mining camp with existing support services, such as transportation (i.e., 15 km from the nearest trail), energy infrastructure (hydroelectric power), a 1,200 m airstrip that receives daily scheduled services, and access to heavy equipment.

Drill core samples have been delivered to the Saskatchewan Research Council Geoanalytical Laboratory, an ISO/IEC 17025:2005 (CAN-P-4E) certified laboratory in Saskatoon, SK, for major element and REE analysis. Results will be released once received and interpreted by the Company.

2. Provide a general overview and discussion of the activities of management.

On October 28 the Company completed the closing of the first tranche of a non-brokered private placement of 2,750,000 flow-through units priced at \$0.40, comprising 1 common share and one-half of a share purchase warrant entitling the holder to purchase one common share at a price of \$0.50 until April 28, 2022 and 597,285 working capital units priced at

\$0.35, comprising 1 common share and one-half of a share purchase warrant entitling the holder to purchase one common share at a price of \$0.50 until April 28, 2022, raising a total of \$1,309,050. News release, October 27, 2020.

- 3 Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law. **N/A**
- 4 Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship. **N/A**
- 5 Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced. **N/A**
- 6 Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship. **N/A**
- 7 Describe the acquisition of new customers or loss of customers. **N/A**
Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks. **N/A**
- 8 Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs. **Field crews are engaged for the duration of the summer exploration programs.**
- 9 Report on any labour disputes and resolutions of those disputes if applicable. **N/A**
- 10 Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings. **N/A**
- 11 Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness. **N/A**
- 12 Provide details of any securities issued and options or warrants granted. **3,347,285 shares and 1,673,642 share purchase warrants were issued in the October private placement of flow-through and working capital units for total proceeds of \$1,309,050. 943,751 outstanding warrants were exercised during October for an equivalent number of shares for proceeds**

of \$293,125. All proceeds will be used to finance the Company's REE exploration project in Saskatchewan and for working capital purposes.

- 13 Provide details of any loans to or by Related Persons. **Undrawn management fees owing to the CEO totalled \$652,000 at October 31, 2020.**
- 14 Provide details of any changes in directors, officers or committee members. **N/A**
- 15 Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends. **The results of the Company's exploration programs as well as the outlook for world uranium and rare earth element ("REE") production and market prices affect the stock market price of the Company's shares.**

Prices for critical REEs have recently increased, as a shortage has developed, largely a result of the increase in electric vehicle production. China continues to control the pricing of REEs, as it reportedly supplies up to 70% of the world's REE production.

Exports from China have dropped considerably

The trade war between the USA and China is jeopardizing the availability of critical REEs and the Company's Alces Lake project contains some of the highest-grade total critical REE mineralization in the world.

For the supply of critical REEs required by the defence industry and for electronics, Washington is working on plans to reduce the dependence on China for the supply of critical REEs. There is a growing cooperation between Canada and USA in finding and producing REEs in North America, a long-term objective, but the grades of most known North American REE deposits suggest that they may not be economically mined and processed.

A further complication is that China is currently needed to do the separation of individual REEs until North America has processing capability of its own.

The Saskatchewan Research Council ("SRC") reported in late August that with Federal and Provincial support, it will build a rare earth processing and separation plant in Saskatoon, expected to be up and running by the end of 2022. SRC has the processing resources, capabilities and proven team expertise to produce heavy REOs from monazite mineralization hosting the REEs at Alces Lake.

At Elliot Lake, Ontario, the economic value of the Company's 2013 NI 43-101 reported resources is dependent, among other factors, on the market price and the demand outlook for uranium and REEs, as these are both present and can be mined together in one underground mining operation.

Spot uranium prices range around US\$33 per lb. Production cutbacks by Cameco and Kazatomprom, the largest uranium producer in Kazakhstan, (largely selling at spot prices) have reduced the supply side. Kazatomprom cut production for a three-month period in 2020, reducing the world supply this year by at least 7%. Cameco has suspended operations at McArthur River and Rabbit Lake, and is using its inventory to supply contractual delivery commitments, as the cost of mining exceeds the spot price. Cameco

is also expected to continue purchasing on the spot market to meet its existing long-term contract commitments.

Canada's recoverable resources of 606,600 tonnes of U³O⁸ is the third largest in the world.

Some mines in Africa have been on lockdown caused by the COVID-19 virus pandemic.

The World Nuclear Association has projected uranium demand to increase by 44% by 2035. There is a growing awareness that the supply from existing mines will not be sufficient to provide the needs of nuclear reactors that are being added to the existing electrical generating stations. Many utility companies have long-term supply contracts currently expiring, and with uncertain supply sources, may result in a rapidly changing market outlook. Industry opinion is that a minimum long-term contract price of US\$60 is needed before any new mining projects will advance.

The USA has announced that they will support extending the operating life of existing reactors by twenty years. 96 nuclear reactors in the U.S. consume 48 million pounds of uranium annually, supplying 20% of U.S. electrical power generation. Only two reactors are under construction in the USA.

64 reactors are reported to be under construction around the world. Nine of 36 operable reactors in Japan have resumed operation, with an additional six having received approval to restart.

China has 42 operating nuclear reactors with an additional 19 units under construction and has plans to build another 41 units to reduce the use of coal, which is currently used to supply 70% of its electricity. China has an ongoing program of closing coal mines.

The political stability of countries currently supplying the REE and uranium market has caused concern in the United States, as none of the REEs and only 1% of uranium for reactors is sourced domestically. Canada supplies 24% of U.S. uranium requirements and Kazakhstan and Russia 37%. At a price of US\$30 lb for uranium, the USA only has reserves of 4.3 million pounds. At US\$50 the reserves are estimated to be only 174 million pounds. The concept of supplying 25% of domestic demand from US production requires a higher price, which will not be quickly achieved.

The Trump administration is requesting US\$150 million annually over the next decade to stockpile US mined uranium in a new national Uranium Reserve. This will require Congressional approval.

Certificate of Compliance:

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.

2. As of the date hereof there was no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: **November 2, 2020.**

Name of Director or Senior Officer

“F. van de Water”
Secretary

Issuer Details Name of Issuer Appia Energy Corp.	For Month End October 31, 2020	Date of Report YY/MM/D 20/11/02
Issuer Address 500 – 2 Toronto Street		
City/Province/Postal Code Toronto, ON M5C 2B6	Issuer Fax No. (416) 218 9772	Issuer Telephone No. (416) 546 2707
Contact Name Frank van de Water	Contact Position CFO, Sec., Director	Contact Telephone No. (416) 546 2707
Contact Email Address fvandewater@rogers.com	Web Site Address www.appiaenergy.ca	