

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: “**API**”

Number of Outstanding Listed Securities: **97,577,066 common shares**

Date: **May 3, 2021**

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. **During April the plans for the exploration program to start in May were advanced, with contracts for the improvements to the camp at Alces Lake, Saskatchewan, the drilling contract and the ground Mag/VLF survey were finalized. The procurement and delivery of significant equipment and supplies was arranged to coincide with the arrival of the exploration crew and drillers onsite in the first half of May.**

2. Provide a general overview and discussion of the activities of management. **Financing for the 2021 exploration program has recently been the major activity, with private placement of common shares and the recent proceeds of warrants exercised. The Company had a cash position of almost \$6 million on April 30, 2021 after having paid \$750,000 for equipment, supplies and contracts for the exploration program prior to its commencement. On April 29, 2021 the Company announced a \$4 million bought deal with the sole underwriter, Research Capital Corporation, which was increased to \$5 million on the same day (news releases, April 29, 2021).**

The offering consists of a combination of units of the Company of one common share and one common share purchase unit priced at \$0.60 and flow-through units of one common share and one common share purchase unit priced at \$0.70. The common share purchase units in the form of a warrant have an exercise price of \$0.75 for a period of 24 months following the closing of the offering expected to be in late May, 2021. Complete details are in the April 29, 2021 news releases filed with the CSE, on SEDAR and posted on the Company's website www.appiaenergy.ca .

- 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. **An aggressive program of ground geophysics and surveys followed by a stepped-up diamond drilling program, is expected to exceed 5,000 metres to delineate additional sub-surface high-grade REO occurrences at Alces Lake this summer. Prospecting for high-grade uranium is also planned on its Loranger, North Wollaston and Eastside properties in the Athabasca Basin.**
- 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. **The diamond drilling contract is with Apex Diamond Drilling Ltd. and the geophysical survey is with Aurora Geosciences Ltd. These contractors are not related to the Company.**
- 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. **N/A**
- 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. **In April warrants for 1,193,500 common shares were exercised for proceeds of \$349,500.**
- 13 Provide details of any loans to or by Related Persons. **Undrawn management fees owing to the CEO totalled \$580,000 at April 30, 2021.**
- 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 substantially increased over the past year, 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. Some unprocessed material is imported, processed and some re-exported.
Exports from China have dropped considerably. On December 1, 2020 China announced the imposition of export controls, widely seen to be retaliation for recent actions taken by the USA restricting electronic material to China.
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 and gallium mineralization in the world.

Since the coup in Myanmar in February 2021 the Chinese are illegally mining across the border in areas controlled by a junta-sponsored militia. Myanmar is China's largest rare earth source. In 2020 Myanmar accounted for 35,500 tons, for 74% of Chinese imports of rare earths for refining, processing and sale around the world. Around ten rare earth mines have opened illegally in Myanmar, with considerable environmental damage and pollution of the rivers.

For the supply of critical REEs required by the defence industry and for electronics, Washington is openly 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 through the separation stage of production.

The Saskatchewan Research Council ("SRC") with Federal and Provincial support, is building 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, capability and proven team expertise to produce heavy REOs and gallium 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.

Spot uranium prices continue to range around US\$30 per lb. Production cutbacks by Cameco and Kazatomprom, the largest uranium producer in Kazakhstan, (largely selling at spot prices) have reduced the supply side.

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. Industry opinion is that a minimum long-term contract price of US\$60 is needed before any new mining projects will advance.

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.

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: **May 3, 2021.**

Name of Director or Senior Officer

**“F. van de Water”
Secretary**

Issuer Details Name of Issuer Appia Energy Corp.	For Month End April 30, 2021	Date of Report YY/MM/DD 21/05/03
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