

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: **“API”**

Number of Outstanding Listed Securities: **107,604,899 common shares**

Date: **September 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. **Information on the current year’s exploration program at Alces lake being presented in this Monthly Progress Report is an abbreviated version of News Releases issued on August 17 and September 1, 2021. These Releases can be found on the Company’s website www.apiaenergy.ca , on SEDAR and on the Company’s site on the CSE.**

Airborne Geophysics

The radiometric and magnetic survey flown in June and July has identified numerous thorium anomalies (indicating the presence of monazite), including a large anomaly in the “Western Anomaly” located to the South-West of the WRCB discoveries that have been drilled in the past years. Several monazite-rich outcrop occurrences were identified. One zone named the Sweet Chili Heat (“SCH”) zone has an exposed strike length of 25m with elevated radiation readings, continuing under ground cover for an additional 30m. With numerous other outcrops, the Western Anomaly has the potential to be as important as the WRCB discoveries.

Diamond Drilling

Two drills are currently active at Alces Lake, with one dedicated to the WRCB zone and the other moving to newly discovered targets. The drilling at WRCB will test the depth potential of existing outcrops and previous shallower drilling. Of the planned 7200 m of drilling this season, 4000 m was planned to be drilled at WRCB and the Danny zone. Assays are pending.

Ground Exploration

Grab samples from the Oldman River area confirm REE mineralization over an approximate 175m strike length with assays from 0.52% up to 3.94% TREO, (Total Rare Earth Oxides).

Channel sampling results include 6.23% TREO over 1.69m at Danny, 2.84% TREO over 3.09m at Ermacre, 1.01% TREO over 7.69m Biotite Lake and 2.84% TREO over 1.68m at the newly discovered Strocn zone.

2. Provide a general overview and discussion of the activities of management. **Management of Appia continued with an active investor relations program, including Zoom meetings and (video) interviews with interested parties, brokerage firms and investors. In late July, the company launched a 3-month digital marketing and awareness program for the company. Senior management continued to evaluate the potential for in-person investor presentations and meetings for later in 2021, subject to provisions and restrictions related to the COVID-19 pandemic.**
- 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. **As announced on July 15, 2021 (news release) and as previously described, Appia “provided an update regarding the Company’s comprehensive drilling program to expand and confirm the extent of the estimated high-grade mineralization of rare earth elements (“REE”) and gallium on the 100%-owned Alces Lake project, Athabasca Basin area, northern Saskatchewan.” With the**

current new discoveries resulting from the airborne survey and grab and channel sampling on the new discoveries, the drilling program may be increased to 10,000 metres, with the drilling program revised to accelerate drilling at the SCH and other new discoveries.

In August the Company staked contiguous claims at Alces Lake, adding 18,104.8 hectares (44,737.9 acres), expanding the landholdings to 35,682.2 hectares, (88,172.7 acres), doubling the area this season.

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 trade-marks. N/A
8. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs. **There have been a number of university students working on the Alces Lake exploration project this summer, leaving the site at the end of August.**
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. N/A
13. Provide details of any loans to or by Related Persons. **Undrawn management fees owing to the CEO totalled \$570,000 on August 31, 2021.**

14. Provide details of any changes in directors, officers or committee members. **On September 2, 2021 the Company announced the appointment of Nicolas Guest as Vice President, Exploration. Nicolas has been the Project Manager for Alces Lake since early this year.**
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.**

The continuing pandemic, with a new Delta coronavirus variant is affecting the economy, with uncertainty regarding the timing of an economic return to normal. The Company has worked with the Saskatchewan Government to develop guidelines for maintaining a program to prevent the transmission of COVID-19 at the Camp.

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 controlled 55% of the 2020 world mining capacity but had control over 85% of the rare earth refining capacity by importing rare earth concentrates for separation into the individual REEs. There are only a few plants outside China that are capable of doing the separation of REEs from concentrate.

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 US government has announced that there will be a \$20 income tax credit for every kg of REE critical for magnets originating and processed in the USA

Environmentalists in Greenland appear to be successful in stopping the proposed REE mining project there. Although there is no REE production in Afghanistan, there is a wealth of undeveloped metal ores, including REEs which will likely be of interest to China.

The Saskatchewan Research Council ("SRC") with Federal and Provincial support, is building a Monazite Processing Unit ("MPU") and a Solvent Extraction Unit ("SXU") in

Saskatoon. The MPU is expected to be operational in early 2023 and the SXU by mid-2024. 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 both these are present.

Spot uranium prices remain 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. Buyers show a reluctance to enter into long-term supply contracts, purchasing at the spot price instead.

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 unregulated coal mines.

The political stability of countries currently supplying the REE and uranium market has caused concern in the United States, as to date 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: **September 3, 2021.**

Name of Director or Senior Officer **“F. van de Water”, Secretary**

Issuer Details Name of Issuer Appia Energy Corp.	For Month End August 31, 2021	Date of Report YY/MM/DD 21/09/03
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