

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: **“API”**

Number of Outstanding Listed Securities: **73,863,260 common shares**

Date: **September 1, 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 August 6, the Company reported on the Phase 1 field exploration program on the Company’s high-grade rare earth element (“REE”) and uranium Alces Lake property (the “Property), northern Saskatchewan. Highlights from the exploration program include;

- i) the discovery of biotite-rich pegmatites (i.e., the host rocks of REE-bearing mineral system) in five new areas of exploration (Ermacre, Mason, Sean, Ken and Scott zones),
- ii) the identification of the historic Oldman zone (previously Oldman River zone), and
- iii) a site visit to the Hawker zone 3 uranium veins surface zone.

New Showings; Ermacre, Mason, Sean, Ken and Scott Zones

The Appia field crew identified over fifty new pegmatite occurrences which share numerous similarities with other low-grade total rare earth oxides (“TREO”) pegmatites previously sampled and drilled by the Company. Low-grade pegmatites typically have lower levels of radioactivity associated with them (<10,000 counts-per-second, “cps”). Low-grade pegmatites are believed to be halos surrounding, or targeting vectors towards, higher-grade, monazite-biotite-rich, pegmatite-hosted rare earth mineralization (>10,000 cps, “off-scale”).

Five new surface exposures exhibiting high to off-scale radioactivity associated with biotite-rich pegmatites, and possible monazite mineralization, were discovered on the Property; the Ermacre, Mason, Sean, Ken and Scott showings. The Ermacre and Ken zones are ~600 m and ~7.5 km northwest and southwest of the main high-grade REE Alces Lake outcrop area(s) (the “Main Outcrops”), respectively. Biotite-rich pegmatites are the rock types hosting high concentrations of monazite within the Main Outcrops. More investigation is required within each of these newly discovered areas.

Oldman zone

The Oldman zone is defined as a 300 metre long trend of biotite-rich pegmatite that is similar in appearance to the high-grade REE Wilson zone. Radioactivity levels are variable and often off-scale. The zone is divided into 3 sections, each of which is discontinuous beneath the overburden and/or topography, making the zone open along strike and at depth. A second, sub-parallel trend 85 m northwest of the Oldman zone was also identified. This showing is small as only 5 m of the outcrop is currently exposed at surface. The showing is also discontinuous due to overburden.

Hawker Uranium zone

Zone 3 of the historic Hawker uranium surface showings was visited. Historic drill hole results from zone 3 returned 0.39 wt% U₃O₈ over 1.13 m within 20 m of the surface. Grades as high as 1.03 wt% U₃O₈ have also been reported from historic drill intersections. A total of six surface uranium zones were discovered in the Hawker area in the 1950’s. The surface uranium at Hawker Zone 3 is all fracture-hosted, with fracture sets preferentially following the north-south axial trace of a fold system, and along an east-west oriented limb. The fracture sets are part of a much larger fault system that is interpreted to be continuous at depth, as suggested by historic drill results.

A total of twenty-four samples were delivered to Saskatchewan Research Council’s Geoanalytical Laboratory in Saskatoon, SK, for multi-element analysis. Lab analysis results will be announced after they are received and reviewed by the Company.

Diamond drilling commenced on August 17, as well as Phase 2 of the summer 2020 exploration program which comprises:

- **2,000 to 3,000 m of diamond drilling following the strike extension of the Wilson, Charles and Ivan zones, and reconnaissance drilling on select regional geological and geophysical targets of interest;**
- **additional regional ground prospecting, mapping and sampling over areas of interest**
- **excavated overburden removal and outcrop washing**

Drill hole assay results will be released as they are received and analysed by the Company.

2. **Provide a general overview and discussion of the activities of management. Academic studies initiated with universities in Europe and North America to better understand the origin(s) of the high-grade mineralization are in process. Geological modelling based on field work to determine drill sites was advanced in anticipation of the second phase exploration summer program.**

The Company developed exploration guidelines to ensure safe work conditions in compliance with the Public Health Order Respecting the Northern Saskatchewan Administration District to maintain social distancing to help prevent the transmission of the 2019 Novel Coronavirus.

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. **On August 4 the Company reported that it had acquired by online staking two new claim blocks contiguous to the Alces Lake property adding 3,243 hectares (8,014 acres) and making the total Property 17,577 hectares (43,434 acres). The new areas are over legacy occurrences of interest and historic assessment records were named as Hawker and McInnes. The two new land acquisitions now provide Appia with an additional 11 km of prospective trends to explore for additional high-grade rare earth element and uranium zones, bringing the total to 41 km along a continuous regional geological trend. Appia is the largest landholder in an emerging rare earth minerals system district in northern Saskatchewan.**
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
8. 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
9. 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.**
10. Report on any labour disputes and resolutions of those disputes if applicable. N/A
11. 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
12. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness. N/A
13. Provide details of any securities issued and options or warrants granted. **1,200,000 common share purchase options were issued to Directors, an Officer and Consultants to the Company on August 4, exercisable at a price of \$0.25 for a period of five years.**
14. Provide details of any loans to or by Related Persons. **Undrawn management fees owing to the CEO totalled \$647,000 at August 31, 2020.**
15. Provide details of any changes in directors, officers or committee members. N/A
16. 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. 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.

Funding by the U.S. government for the construction of processing plants in North America and an estimated US\$40 million in matching funds to companies that can separate and process anywhere from 500 to 5,000 metric tonnes of rare earth elements on an annual basis, is proposed.

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 announced that all uranium mines will cease production for a three-month period in 2020, reducing the world supply this year by at least 7%. Cameco has suspended operations at Cigar Lake, the world’s single largest uranium mine, 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.

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: **September 1, 2020.**

Name of Director or Senior Officer

**“F. van de Water”
Secretary**

Issuer Details Name of Issuer Appia Energy Corp.	For Month End August 31, 2020	Date of Report YY/MM/D 20/09/01
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