

## FORM 5

### QUARTERLY LISTING STATEMENT

Name of Listed Issuer: 21C Metals Inc. (the "Issuer").

Trading Symbol: BULL

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement 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 the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement 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 following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed 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.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

**See Financial Statements for the quarter ended March 31, 2019 attached as Schedule A.**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

#### **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

##### **1. Related party transactions**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

**All Related Party transactions, if any, have been disclosed in the Issuer's Financial Statements for the quarter ended March 31, 2019 – see Schedule A.**

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

**2. Summary of securities issued and options granted during the period.**

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

**All securities issued and options granted, if any, have been disclosed in the Issuer's Financial Statements for the quarter ended March 31, 2019 – see Schedule A.**

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

- (b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

**3. Summary of securities as at the end of the reporting period.**

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

Authorized Share Capital	Issued and Outstanding	Options	Warrants	Escrowed Shares

**4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

Name	Position
Wayne Tisdale	President, CEO and Director
Michelle Gahagan	Director
Jamie Newall	Director
Bryce Tisdale	Director
Garry Clark	Director
Kelsey Chin	CFO & Corporate Secretary

## SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

**See Management Discussion and Analysis for the quarter ended March 31, 2019 attached as Schedule C.**

### 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 Quarterly Listing Statement.
2. As of the date hereof there is 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 5 Quarterly Listing Statement is true.

Dated May 29, 2019.

Kelsey Chin  
Name of Director or Senior Officer

"Kelsey Chin"  
Signature

CFO  
Official Capacity

<b>Issuer Details</b> Name of Issuer <b>21C Metals Inc.</b>	For Quarter Ended <b>March 31, 2019</b>	Date of Report <b>2019/05/28</b>
Issuer Address <b>302 – 1620 West 8<sup>th</sup> Avenue</b>		
City/Province/Postal Code <b>Vancouver, B.C., V6J 1V4</b>	Issuer Fax No. <b>(604) 639-4458</b>	Issuer Telephone No. <b>(604) 639-4457</b>
Contact Name <b>Kelsey Chin</b>	Contact Position <b>CFO</b>	Contact Telephone No. <b>(604) 639-4457</b>
Contact Email Address <b>kchin@intrepidfinancial.ca</b>	Web Site Address <b>www.21cmetals.com</b>	

**SCHEDULE A**

**FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED MARCH 31, 2019**

**21C METALS INC.**  
**(Formerly Declan Cobalt Inc.)**

**Condensed Interim Consolidated Financial Statements**

(Expressed in Canadian dollars)  
(Unaudited)

**Six Month Period Ended**  
**March 31, 2019**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements. The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

## 21C Metals Inc.

(Formerly Declan Cobalt Inc.)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	March 31, 2019	September 30, 2018
	(\$)	(\$)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	86,163	1,571,477
Receivables (Note 5)	154,293	83,025
Short-term investments (Note 6)	309,280	326,310
Prepaid expenses	216,517	28,666
	766,253	2,009,478
Restricted deposits (Note 7)	11,500	11,500
Exploration and evaluation assets (Note 9)	1,372,250	26,940
Equipment (Note 8)	23,215	
Deferred acquisition costs (Note 10)	-	665,490
	2,173,218	2,713,408
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 11)	1,447,845	781,463
	1,447,845	781,463
<b>Shareholders' equity</b>		
Share capital (Note 13)	24,368,017	22,854,311
Share subscriptions receivable	-	(112,000)
Share-based payments reserve (Note 13)	2,426,658	2,361,016
Deficit	(26,069,302)	(23,171,382)
	725,373	1,931,945
	2,173,218	2,713,408

**Nature of operations and going concern (Note 1)**

**Commitments (Note 18)**

**Subsequent Events (Note 19)**

These consolidated financial statements were authorized for issue by the Board of Directors on May 29, 2019. They are signed on behalf of the Board of Directors by:

"Michelle Gahagan"  
Director

"Wayne Tisdale"  
Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## 21C Metals Inc.

(Formerly Declan Cobalt Inc.)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Month Period Ended March 31, 2019	Three Month Period Ended March 31, 2018	Six Month Period Ended March 31, 2019	Six Month Period Ended March 31, 2018
	(\$)	(\$)	(\$)	(\$)
<b>EXPENSES</b>				
Amortization	12	-	3,181	-
Consulting fees (Note 14)	223,389	57,574	375,872	78,861
Exploration and evaluation (Note 9)	30,524	-	1,021,885	-
Foreign exchange loss	(589)	-	2,133	-
Insurance	-	-	9,500	583
Interest expense (Note 12 and 14)	-	-	19	-
Investor relations	538,030	-	849,160	-
Management fees (Note 14)	52,500	-	105,000	-
Office and miscellaneous (Note 14)	69,485	30,151	135,758	47,360
Professional fees (Note 14)	21,682	26,238	35,114	27,538
Property investigation	-	-	-	(15,000)
Share-based compensation (Note 13 and 14)	57,403	-	65,643	-
Transfer agent and filing fees	14,681	8,842	44,097	16,060
Travel	109,311	28,380	204,071	28,380
<b>Loss from operations</b>	<b>(1,116,427)</b>	<b>(151,185)</b>	<b>(2,851,433)</b>	<b>(183,782)</b>
Gain (loss) on short-term investments (Note 6)	(33,437)	36,000	(46,487)	(475,945)
<b>Net income (loss) and comprehensive income (loss)</b>	<b>(1,149,864)</b>	<b>(115,185)</b>	<b>(2,897,920)</b>	<b>(659,727)</b>
<b>Basic and diluted loss per common share</b>	<b>(0.02)</b>	<b>(0.00)</b>	<b>(0.06)</b>	<b>(0.02)</b>
<b>Weighted average common shares outstanding:</b>				
Basic	46,896,602	29,869,156	45,360,748	29,869,156
Diluted	46,896,602	29,869,156	45,360,748	29,869,156

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## 21C Metals Inc.

(Formerly Declan Cobalt Inc.)

Consolidated Statement of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Amount (\$)	Share Subscriptions Receivable (\$)	Share-based Payments Reserve (\$)	Deficit (\$)	Total Shareholders' Equity (Deficiency) (\$)
<b>Balance at September 30, 2017</b>	<b>22,569,809</b>	<b>19,106,438</b>	-	<b>1,554,336</b>	<b>(20,574,475)</b>	<b>86,299</b>
Shares issued pursuant to a private placement	7,142,857	1,000,000	-	-	-	1,000,000
Share issued pursuant to debt settlement	156,490	40,687	-	-	-	40,687
Loss and comprehensive loss for the period	-	-	-	-	(659,727)	(659,727)
<b>Balance at March 31, 2018</b>	<b>29,869,156</b>	<b>20,147,125</b>	-	<b>1,554,336</b>	<b>(21,234,202)</b>	<b>467,259</b>
Shares issued pursuant to a private placement	11,282,000	2,820,500	(112,000)	-	-	2,708,500
Share issuance costs	-	(113,314)	-	-	-	(113,314)
Share-based compensation	-	-	-	806,680	-	806,680
Loss and comprehensive loss for the period	-	-	-	-	(1,937,180)	(1,937,180)
<b>Balance at September 30, 2018</b>	<b>41,151,156</b>	<b>22,854,311</b>	<b>(112,000)</b>	<b>2,361,016</b>	<b>(23,171,382)</b>	<b>1,931,945</b>
Shares issued pursuant to asset acquisition	1,500,000	450,000	-	-	-	450,000
Finder's fee	46,875	14,063	-	-	-	14,063
Exercise of warrants	3,448,571	862,143	-	-	-	862,143
Shares issued pursuant to a private placement	-	-	112,000	-	-	112,000
Shares issued for exploration and evaluation assets	750,000	187,500	-	-	-	187,500
Share-based compensation	-	-	-	65,643	-	65,643
Loss and comprehensive loss for the period	-	-	-	-	(2,897,920)	(2,897,920)
<b>Balance at March 31, 2019</b>	<b>46,896,602</b>	<b>24,368,017</b>	-	<b>2,426,659</b>	<b>(26,069,302)</b>	<b>725,373</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## 21C Metals Inc.

(Formerly Declan Cobalt Inc.)

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Six Month Period Ended March 31, 2019 (\$)</b>	<b>Six Month Period Ended March 31, 2018 (\$)</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net income (loss) for the year	(2,897,920)	(659,727)
Items not affecting cash:		
Share-based compensation	65,642	-
Amortization	3,181	-
Loss (gain) on short-term investments	46,487	475,945
Unrealized foreign exchange loss	(7,412)	-
Changes in non-cash working capital items:		
Receivables	(71,268)	(82,164)
Prepaid expenses	(187,851)	(1,417)
Accounts payable and accrued liabilities	898,382	(447,206)
<b>CASH USED IN OPERATING ACTIVITIES</b>	<b>(2,150,759)</b>	<b>(714,569)</b>
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares	862,143	1,040,687
Shares receivable	112,000	-
Repayment of notes payable	-	(248,271)
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>974,143</b>	<b>792,416</b>
<b>INVESTING ACTIVITIES</b>		
Cash acquired from acquisition	56,908	-
Deferred acquisition costs	(336,148)	-
Purchase of short term investments	(29,457)	-
<b>CASH PROVIDED BY (USED IN) IN INVESTING ACTIVITIES</b>	<b>(308,697)</b>	<b>-</b>
<b>CHANGE IN CASH DURING THE PERIOD</b>	<b>(1,485,313)</b>	<b>77,847</b>
<b>CASH - BEGINNING OF PERIOD</b>	<b>1,571,477</b>	<b>134,013</b>
<b>CASH - END OF PERIOD</b>	<b>86,164</b>	<b>211,860</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## **21C METALS INC.**

Notes to the Consolidated Financial Statements  
Six Month Period Ended March 31, 2019  
(Expressed in Canadian dollars)  
(Unaudited)

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

21C Metals Inc. (formerly Declan Cobalt Inc.) (the "Company") was incorporated on August 25, 2005 under the laws of British Columbia. The Company's head office and registered and records office is Suite 302 – 1620 West 8<sup>th</sup> Ave, Vancouver, BC, V6J 1V4, Canada. The Company is traded on the Canadian Securities Exchange ("CSE").

The Company is a mineral exploration company focused on acquiring and exploring exploration and evaluation assets in Europe.

At the date of these consolidated financial statements, the Company has not identified a known body of commercial grade mineral on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on exploration and evaluation assets is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These consolidated financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors the commodity prices and other developments in the natural resources market, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

Based on its working capital as at March 31, 2019, the Company estimates that it will need additional capital to operate for the upcoming year. There can be no assurance that the Company will be successful in its future financing attempts. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

### **2. BASIS OF PRESENTATION**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and therefore, should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2018, prepared in accordance with IFRS as issued by the IASB.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 29, 2019.

**21C METALS INC.**

Notes to the Consolidated Financial Statements  
Six Month Period Ended March 31, 2019  
(Expressed in Canadian dollars)  
(Unaudited)

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**2. BASIS OF PRESENTATION (continued)****Basis of Measurement**

These consolidated financial statements have been prepared on the historical cost basis, except for financial instruments classified as held for trading that have been measured at fair value. Cost is the fair value of consideration given in exchange for net assets.

**Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the parent and its subsidiaries.

**Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Declan Resources (Wyoming) LLC	U.S.A.	100%	Dormant
East Bull Resources Inc.	Canada	100%	Exploration
Tisova Pty. Ltd.	Czech Republic	100%	Exploration
TGER Pty. Ltd.	Germany	100%	Exploration
5498 Nunavut Inc.	Nunavut	100%	Exploration

**Significant Accounting Judgments, Estimates and Assumptions**

In the application of the Company's accounting policies which are described in Note 3, management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses and are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and management's assessment of current events and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

## **21C METALS INC.**

Notes to the Consolidated Financial Statements  
Six Month Period Ended March 31, 2019  
(Expressed in Canadian dollars)  
(Unaudited)

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### **2. BASIS OF PRESENTATION (continued)**

#### **Use of estimates and judgments (continued)**

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in these consolidated financial statements include:

#### ***Estimates:***

##### Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

##### The carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

#### ***Judgements:***

##### Determination of functional currency

The functional currency of the Company and its subsidiary is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

##### Deferred acquisition costs

The Company has entered into an agreement to acquire companies holding mineral projects. The acquisitions are being accounted for as advances toward the purchase of a company interest in accordance with IFRS 10, Consolidated Financial Statements and capitalized to the statement of financial position. Upon gaining control, the Company will consolidate the entities.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation as in the Company's annual consolidated financial statements for the year ended September 30, 2018.

## 21C METALS INC.

Notes to the Consolidated Financial Statements  
Six Month Period Ended March 31, 2019  
(Expressed in Canadian dollars)  
(Unaudited)

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### 4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. The pronouncements are being assessed to determine their impact on the Company's results and financial position.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2018 but are not yet effective:

#### *IFRS 9, Financial Instruments – Classification and Measurement*

IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and Measurement*.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

#### *IFRS 2, Share-based Payment*

Amendments to IFRS 2 in relation to the classification and measurement of share-based payment transactions.

#### *IFRS 15, Revenue from Contracts with Customers*

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

#### *IFRIC 22, Foreign Currency Transactions and Advance Consideration*

IFRIC 22 is a new interpretation, which clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Company does not expect these new standards to have a material impact on the Company's accounting policies and consolidated financial statements.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2019 but are not yet effective:

#### *IFRS 16, Leases*

This new standard replaces the existing leasing guidance in IAS 17, *Leases*.

**21C METALS INC.**

Notes to the Consolidated Financial Statements  
Six Month Period Ended March 31, 2019  
(Expressed in Canadian dollars)  
(Unaudited)

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**4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of earnings will be recognized on the balance sheet.

The purpose of the standard is to provide users of the financial statements with a more accurate picture of a company's leased assets and associated liabilities, while also improving the comparability of companies that lease assets to those that purchase them.

The Company has not yet assessed the potential impact of the application of this standard, nor determined whether it will early adopt this standard.

**5. RECEIVABLES**

As at March 31, 2019, receivables consist of the following:

	<b>March 31, 2019</b>	<b>September 30, 2018</b>
	<b>(\$)</b>	<b>(\$)</b>
GST receivable	78,563	27,046
Other receivables	75,265	55,514
Interest receivable	465	465
	<u>154,293</u>	<u>83,025</u>

**6. SHORT-TERM INVESTMENTS**

<b>Name</b>	<b>March 31, 2019</b>		<b>September 30, 2018</b>	
	<b>Number of Shares</b>	<b>Amount (\$)</b>	<b>Number of Shares</b>	<b>Amount (\$)</b>
Versus Systems Inc.	1,305,000	287,100	1,305,000	326,310
Moovly Media Inc.	316,000	22,180	-	-
		<u>309,280</u>		<u>326,310</u>

The Company has classified its short-term investments as fair value through profit or loss.

During the six-month period ended March 31, 2019, the Company received net proceeds of \$Nil (September 30, 2018 - \$16,073) from the disposition of short-term investments. During the six-month period ended March 31, 2019, the Company also recorded an unrealized loss of \$46,487 (2018 - \$475,945).

The investment in Versus is related by virtue of a common director.

**21C METALS INC.**

Notes to the Consolidated Financial Statements  
Six Month Period Ended March 31, 2019  
(Expressed in Canadian dollars)  
(Unaudited)

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**7. RESTRICTED DEPOSITS**

As at March 31, 2019, restricted deposits consisted of \$11,500 (September 30, 2018 - \$11,500) held in a guaranteed investment certificate as collateral for a corporate credit card.

**8. EQUIPMENT**

	<b>Vehicles</b>
	(\$)
<b>Cost:</b>	
At September 30, 2018	Nil
Additions	26,842
At March 31, 2019	26,842
<b>Accumulated depreciation:</b>	
At September 30, 2018	Nil
Charge for the period	3,627
Foreign exchange	(446)
At March 31, 2019	3,181
<b>Net book value:</b>	
At September 30, 2018	Nil
At March 31, 2019	<b>23,215</b>

**9. EXPLORATION AND EVALUATION ASSETS**Turner Lake Property

On July 5, 2017, the Company acquired all of the shares of 5498 Nunavut Inc. in exchange for consideration of \$25,000. 5498 Nunavut Inc.'s only asset is the Turner Lake property located in Nunavut, of which 5498 Nunavut Inc. is the registered and beneficial owner of a 100% interest in and to the mineral claims in the Turner Lake property.

During the year ended September 30, 2018, the Company entered into a mineral purchase agreement with Pacific Cascade Ventures ("PCV") whereby PCV would purchase 100% of the interest in and to the mineral claims of the Turner Lake Property in exchange for 1,000,000 common shares of PCV to be delivered to the Company within 10 days after PCV receives regulatory approval for the transaction. The Company will also be reimbursed \$46,720 by PCV, representing prior cash expenditures incurred on the property. Upon commencement of commercial production, PCV shall pay a royalty to the Company equal to 1% of net smelter returns royalty ("NSR"), which may be purchased for the sum of \$1,000,000 at any time after commercial production.

As at March 31, 2019, the Company has recorded \$26,940 (September 30, 2018 - \$26,940) related to the acquisition of the Turner Lake property. During the six-month period ended March 31, 2019, the Company incurred \$Nil (2017 - \$Nil) in claim fees on the Turner Lake property. As at March 31, 2019, PCV has not yet received Exchange approval and this transaction is pending.

**21C METALS INC.**

Notes to the Consolidated Financial Statements  
Six Month Period Ended March 31, 2019  
(Expressed in Canadian dollars)  
(Unaudited)

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**9. EXPLORATION AND EVALUATION ASSETS (continued)**Tisová/TGER European Copper-Cobalt Properties

On July 6, 2018 the Company entered into an arm's length share purchase agreement to purchase 100% of the shares of Tisová Pty. Ltd. And TGER Pty. Ltd. Tisová and TGER are private companies which have been granted 100% interest in and to certain mineral concessions located in the Czech Republic and Germany.

Pursuant to the agreement, and in exchange for the Tisová and TGER shares, the company is committed to issue, in aggregate, to the shareholders of Tisová and TGER the following:

- \$60,000 cash to the vendors upon execution of the agreement (paid);
- Upon satisfaction of certain conditions precedent, issue 1,500,000 common shares of 21C Metals to the vendors on the closing date (issued);
- 21C Metals to spend \$1,000,000 on the properties by July 1, 2019, and issue an aggregate of 2,500,000 21C Metals shares to the vendors at such time;
- 21C Metals to spend an additional \$1,000,000 on the properties each year for the next three years and no later than July 1, 2022 and issue an additional 4,000,000 21C Metals shares to the vendors.

If the Company fails to satisfy any of the above requirements, the shares of Tisová and TGER will be returned to the original vendors.

On October 23, 2018, the Company issued 1,500,000 common shares at a deemed price of \$0.30 in exchange for 100% ownership of Tisová and TGER, subject to the above terms, and their respective mineral concessions. A finder's fee was issued in connection with this closing through the issuance of 46,875 common shares at a deemed price of \$0.30. The related mineral concessions are subject to a 1.5% NSR of which one-half can be purchased for \$750,000.

East Bull Palladium Property

On February 26, 2019, the Company entered into an option agreement through its newly incorporated and wholly-owned subsidiary, East Bull Resources Inc. with Pavey Ark Minerals Inc. to acquire a 100 percent interest in the East Bull palladium property in the Sudbury mining division, Ontario.

Pursuant to the Agreement, and over a period of four years (should the Company elect to continue), the Company is obliged to incur \$1,750,000 in exploration expenditures, issue \$975,000 in cash payments, and issue an aggregate of 4.5 million common shares of 21C Metals to Pavey Ark in accordance with the following schedule:

Minimum Exploration Expenditures	Common Shares Issued	Cash Issued	Due Date
-	-	\$25,000	On Term Sheet signing (paid)
-	750,000	\$75,000	Within 5 days of signing
\$250,000	750,000	\$150,000	On or before March 1, 2020
\$500,000	1,000,000	\$200,000	On or before March 1, 2021
\$500,000	1,000,000	\$250,000	On or before March 1, 2022
\$500,000	1,000,000	\$300,000	On or before March 1, 2023
<u>\$1,750,000</u>	<u>4,500,000</u>	<u>\$975,000</u>	

**21C METALS INC.**

Notes to the Consolidated Financial Statements  
Six Month Period Ended March 31, 2019  
(Expressed in Canadian dollars)  
(Unaudited)

**9. EXPLORATION AND EVALUATION ASSETS (continued)**

During the six-month period ended March 31, 2019, the Company incurred \$1,021,885 (2018 - \$Nil) in exploration expenses on the Tisová property.

A schedule of exploration and evaluation assets during the six-month period ended March 31, 2019 is as follows:

	<b>Turner Lake</b>	<b>TGER</b>	<b>Tisová</b>	<b>East Bull</b>	<b>Total</b>
	(\$)	(\$)	(\$)	(\$)	(\$)
At September 30, 2018	26,940	-	-		26,940
Acquisition costs:					
Cash	-	30,000	30,000	100,000	160,000
Common shares	-	232,031	232,031	187,500	651,562
Legal fees	-	8,106	67,183	4,148	79,437
Tisová acquisition	-	-	454,311	-	454,311
<b>At March 31, 2019</b>	<b>26,940</b>	<b>270,137</b>	<b>783,525</b>	<b>291,648</b>	<b>1,021,885</b>

The acquisition of Tisová and TGER has been recorded as an asset purchase of exploration and evaluation assets with costs of the acquisition as follows:

**Acquisition of TGER Pty. Ltd.*****Purchase Price:***

Common shares issues	\$ 225,000
Cash issued	30,000
Finder's fee	7,031
Legal fees	8,106
	<u>\$ 270,137</u>

***Net assets acquired:***

Exploration and evaluation asset	<u>\$ 270,137</u>
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**Acquisition of Tisová Pty. Ltd.*****Purchase Price:***

Common shares issues	\$ 225,000
Cash issued	30,000
Finder's fee	7,031
Legal fees	67,183
Exploration advances	1,098,107
	<u>\$ 1,427,321</u>

**21C METALS INC.**

Notes to the Consolidated Financial Statements  
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(Expressed in Canadian dollars)  
(Unaudited)

**9. EXPLORATION AND EVALUATION ASSETS (continued)****Acquisition of Tisová Pty. Ltd.** (continued)***Net assets acquired:***

Fixed assets	\$	7,751
Exploration and evaluation asset		1,881,632
Trade receivables		4,710
Tax receivables		8,869
Advances paid		14,429
Cash		56,908
Prepaid expenses		1,284
Trade payables		(5,617)
Other payables		(542,645)
		<u>\$ 1,427,321</u>

**10. DEFERRED ACQUISITION COSTS****Tisová/TGER European Copper-Cobalt Properties**

As at March 31, 2019, the Company has recorded \$Nil (September 30, 2018 - \$665,490) as deferred acquisition costs in relation to the acquisition of the companies. During the six-month period ended March 31, 2019, the Company completed the acquisition of Tisová and TGER, and consequently expensed the exploration expenditures included in deferred acquisition costs and reallocated the acquisition costs to exploration and evaluation assets on closing (Note 9).

A schedule of deferred acquisition costs during the year ended September 30, 2018 is as follows:

	<b>TGER</b>	<b>Tisová</b>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
At September 30, 2017	-	-	-
Acquisition costs:			
Cash	30,000	30,000	60,000
Legal fees	-	67,183	67,183
Exploration expenditures:			
Advances	-	110,865	110,865
Geological consulting	-	288,475	288,475
Geophysical survey	-	138,829	138,829
Tools and supplies	-	25	25
Travel and accommodation	-	113	113
<b>At September 30, 2018</b>	<b>30,000</b>	<b>635,490</b>	<b>665,490</b>

**21C METALS INC.**

Notes to the Consolidated Financial Statements  
Six Month Period Ended March 31, 2019  
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(Unaudited)

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**11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

As at March 31, 2019, the Company's accounts payable and accrued liabilities is comprised of the following:

	<b>March 31, 2019</b>	<b>September 30, 2018</b>
	<b>(\$)</b>	<b>(\$)</b>
Accounts payable	1,281,898	556,566
Related party payable (Note 13)	137,905	76,965
Accrued liabilities	16,000	77,890
Interest payable (Note 11 and 13)	12,042	70,042
	<b>1,447,845</b>	<b>781,463</b>

**12. NOTES PAYABLE**

During the six-month period ended March 31, 2019, the Company issued notes payable that bear interest at 10% per annum, payable quarterly, and mature three years from the date of issuance, for proceeds of \$Nil (September 30, 2018 - \$90,000).

During the six-month period ended March 31, 2019, the Company repaid \$Nil (September 30, 2018 - \$338,271) of loan principal and accrued interest. During the three-month period ended December 31, 2018, the Company accrued \$Nil (September 30, 2018 - \$4,741) in interest expense.

As at March 31, 2019, a total of \$Nil (September 30, 2018 - \$Nil) of loan principal remains outstanding and \$12,042 (September 30, 2018 - \$70,042) in accrued interest remains outstanding to be paid and is included in accounts payable and accrued liabilities (Note 11).

**13. SHARE CAPITAL AND RESERVES****a) Authorized share capital**

An unlimited number of common shares without par value.

**b) Issued share capital**

During the six-month period ended March 31, 2019, the following transactions took place:

On October 23, 2018 the Company issued 1,500,000 common shares in exchange for ownership of Tisová Pty. Ltd. And TGER Pty. Ltd. (Note 9) at a deemed price of \$0.30. In connection with this acquisition, the Company also issued 46,875 common shares as a finder's fee to an arm's length person.

On February 26, 2019 the Company issued 750,000 common shares in an arm's length transaction, in exchange for ownership of the East Bull palladium property (Note 9) at a deemed price of \$0.25.

**21C METALS INC.**

Notes to the Consolidated Financial Statements  
Six Month Period Ended March 31, 2019  
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**13. SHARE CAPITAL AND RESERVES (continued)**

During the year ended September 30, 2018, the following transactions took place:

On July 31, 2018 the Company completed a non-brokered private placement and issued 11,282,000 units at a price of \$0.25, generating gross proceeds of \$2,820,500, of which \$112,000 is recorded as subscriptions receivable as at September 30, 2018. Each unit consists of one common share and one-half of one common share purchase warrant with each whole warrant exercisable at \$0.45 for a period of one year from the date of issue.

On February 9, 2018 the Company issued 156,490 common shares valued at \$0.26 per share to settle outstanding debt of \$40,687 owed to one creditor for past services.

On November 10, 2017 the Company completed a non-brokered private placement and issued 7,142,857 units at \$0.14 per unit, generating gross proceeds of \$1,000,000. Each Unit consists of one common share and one common share purchase warrant, exercisable at \$0.25 for a period of one year from the date of issue.

**c) Stock options**

The Company may grant incentive stock options to its officers, directors, employees and consultants. The Company has a fixed Stock Option Plan (the "Plan") whereby the Company has reserved 10% of the issued shares for issuance under the Plan. Options have a maximum term of ten years and terminate after a certain number of days following the termination of the optionee's term/employment, except in the case of death, in which case they terminate one year after the event. Vesting is determined by the Board of Directors.

A continuity schedule of outstanding stock options is as follows:

	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price (\$)</b>
Balance -September 30, 2017	200,000	2.70
Granted	2,800,000	0.39
Balance - September 30, 2018	2,999,999	0.54
Granted	900,000	0.30
Expired	(299,999)	2.70
Balance - March 31, 2019	3,700,000	0.37

During the six-month period ended March 31, 2019, an aggregate of 299,999 stock options expired and the Company granted 900,000 stock options, recognizing \$57.403 (2018 - \$Nil) in share-based compensation.

The options were valued using the Black-Scholes option pricing model assuming a life expectancy of five years (2018 - Nil), a risk-free interest rate of 2.38%, (2018 - Nil%) a forfeiture and dividend rate of Nil (2018 - Nil), and a volatility of 164% (2018 - Nil).

**21C METALS INC.**

Notes to the Consolidated Financial Statements

Six Month Period Ended March 31, 2019

(Expressed in Canadian dollars)

(Unaudited)

**13. SHARE CAPITAL AND RESERVES (continued)****c) Stock options (continued)**

As at March 31, 2019, the Company had incentive stock options enabling the holders to acquire further common shares as follows:

<b>Expiry Date</b>	<b>Options Outstanding</b>	<b>Options Exercisable</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Life</b>
			<b>(\$)</b>	<b>(years)</b>
August 9, 2023	2,800,000	2,800,000	0.39	4.36
October 2, 2023	300,000	75,000	0.30	4.51
October 16, 2023	500,000	125,000	0.31	4.55
October 24, 2023	100,000	25,000	0.30	4.57
	<b>3,700,000</b>	<b>3,025,000</b>	<b>0.37</b>	<b>4.40</b>

**d) Share purchase warrants**

A continuity schedule of outstanding share purchase warrants is as follows:

	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price</b>
		<b>(\$)</b>
Balance – September 30, 2017 and 2016	-	-
Granted	7,142,857	\$0.25
Granted	5,641,000	\$0.45
Balance – September 30, 2018	12,783,857	\$0.34
Expired	(3,694,286)	\$0.25
Exercised	(3,448,571)	\$0.25
Balance – December 31, 2018	5,641,000	\$0.45

During the six-month period ended March 31, 2019, an aggregate of 3,448,571 warrants were exercised for gross proceeds of \$862,142, and 3,694,286 warrants expired unexercised.

As at March 31, 2019, the Company had 5,641,000 share purchase warrants outstanding.

<b>Expiry Date</b>	<b>Warrants Outstanding</b>	<b>Exercise Price</b>	<b>Weighted Average Remaining Life</b>
		<b>(\$)</b>	<b>(years)</b>
July 31, 2019	5,641,000	0.45	0.33
	<b>5,641,000</b>	<b>0.45</b>	<b>0.33</b>

## 21C METALS INC.

Notes to the Consolidated Financial Statements  
Six Month Period Ended March 31, 2019  
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(Unaudited)

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### 14. RELATED PARTY TRANSACTIONS

- a) The Company's key management personnel consist of directors, officers and companies owned or controlled in whole or in part by officers and directors. The following summarizes the Company's related party transactions during the six-month period ended March 31, 2019 and 2018:

#### Key Management Compensation

	2019	2018
Rent	44,100	38,000
Consulting fees	60,000	-
Management fees	105,000	-
Professional fees	-	1,000
	209,100	39,000

- a) As at March 31, 2019, included in accounts payable and accrued liabilities was \$149,255 (September 30, 2018 - \$105,898) owing to current and former officers and directors.
- b) During the six-month period ended March 31, 2019, the Company incurred interest expense of \$Nil (September 30, 2018 - \$4,491) to corporations controlled by related parties.
- c) As at March 31, 2019, the Company owes \$12,042 (September 30, 2018 - \$51,678) in notes payable accrued interest to corporations controlled by related parties.
- d) During the six-month period ended March 31, 2019, the Company issued notes payable of \$Nil (September 30, 2018 - \$90,000) and repaid \$58,000 (September 30, 2018 - \$412,453) of accrued interest resulting in a principal balance outstanding of \$Nil (September 30, 2018 - \$Nil) to corporations controlled by related parties.

### 15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### *Financial risk management*

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or 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.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, short-term investments, receivables, restricted deposits, accounts payable and notes payable.

The Company classified its cash and short-term investments as fair value through profit or loss; receivables and restricted deposits as loans and receivables; and accounts payable and notes payable as other financial liabilities. The fair values of cash and short-term investments are measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, restricted deposits and accounts payable approximate their book values because of the short-term nature of these instruments.

## **21C METALS INC.**

Notes to the Consolidated Financial Statements  
Six Month Period Ended March 31, 2019  
(Expressed in Canadian dollars)  
(Unaudited)

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### **15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

#### *Financial instrument risk exposure*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

#### *Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of goods and services tax due from the government and other receivables; the balances are in good standing as at March 31, 2019. The Company does not believe it has a material exposure to credit risk.

#### *Liquidity risk*

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company's ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities, consisting of accounts payable and accrued liabilities and notes payable, in the normal course of operations and to fund future operational and capital requirements future equity and debt financing.

To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will seek to secure additional funds through long term debt and equity transactions.

#### *Interest rate risk*

The Company is exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest rate risk is minimal as the Company does not have significant interest-bearing assets or any variable interest-bearing liabilities that are tied into market rates.

#### *Foreign exchange risk*

The Company is not exposed to any significant foreign currency risk.

#### *Commodity price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

**21C METALS INC.**

Notes to the Consolidated Financial Statements  
Six Month Period Ended March 31, 2019  
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(Unaudited)

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**16. MANAGEMENT OF CAPITAL**

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. There have been no changes to the Company's approach to capital management during the six-month period ended March 31, 2019.

**17. SEGMENTED INFORMATION**

The Company operates in one industry segment being the acquisition and exploration of mineral exploration and evaluation assets. The total assets attributable to the geographical locations relate primarily to exploration and evaluation assets that are located in Canada and in Europe (Note 8).

**18. COMMITMENTS**

The Company entered into a cost sharing arrangement agreement for the provision of office space and various administrative services. Under the terms of the agreement, the Company will pay \$7,000 plus GST per month commencing on December 1, 2017, increasing to \$7,700 effective February 1, 2019 and continuing until the expiration of the underlying head lease on July 31, 2021.

<b>Fiscal Year</b>	<b>Amount</b>
	<b>(\$)</b>
2019	46,200
2020	92,400
2021	77,000

**21C METALS INC.**

Notes to the Consolidated Financial Statements  
Six Month Period Ended March 31, 2019  
(Expressed in Canadian dollars)  
(Unaudited)

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**19. SUBSEQUENT EVENTS**

On May 3, 2019 the Company closed the first tranche of a non-brokered private placement through the issuance of 15,579,122 units at a price of \$0.18 for aggregate gross proceeds of \$2,804,242. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant shall entitle the holder thereof to acquire one share at a price of \$0.30 for a period of 24 months following the closing date. If, following the closing of the offering, the volume-weighted average price of the shares on the Canadian Securities Exchange is equal to or greater than \$0.40 for any 10 consecutive trading days, the Company may, upon providing written notice to the holders of warrants, accelerate the expiry date of the warrants to the date that is 30 days following the date of such written notice.

The Company intends to use the net proceeds of the offering to commence exploration work on the Company's East Bull palladium and Tisova cobalt properties, as well as for general working capital.

In connection with the offering, the Company paid finders' fees in the amount of \$16,821 (7%) and issued 93,450 finders' warrants, each of which is exercisable to acquire a share at a price of \$0.30 for a period of 24 months from the date of issue, subject to the same acceleration clause as outlined above.

**SCHEDULE C**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE QUARTER ENDED MARCH 31, 2019**

**21C METALS INC.**  
(Formerly Declan Cobalt Inc.)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Expressed in Canadian Dollars)

**Six Month Period Ended  
March 31, 2019**

**Report Date – May 29, 2019**

**21C METALS INC.**  
**Management's Discussion and Analysis**  
**Six Month Period Ended March 31, 2019**

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**Introduction**

21 C Metals Inc. (formerly Declan Cobalt Inc.) ("21C Metals" or the "Company") is a public company incorporated on August 25, 2005, under the laws of British Columbia, Canada. The Company is a reporting issuer in British Columbia and Alberta, and its common shares are listed and posted for trading on the Canadian Securities Exchange ("CSE") under the trading symbol "BULL". The Company's offices are located at 302 - 1620 West 8<sup>th</sup> Avenue, Vancouver, BC, V6J 1V4.

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in North America and in Europe. During the six-month period ended March 31, 2019, the Company acquired the Tisová and TGER cobalt-copper properties in Europe, as well as the East Bull palladium property in Ontario, Canada, and commenced an exploration program on the Tisová property located in the Czech Republic.

In accordance with Form 51-102F1, the following Management's Discussion & Analysis ("MD&A") provides a review of activities, results of operations and financial condition of 21C Metals for the six-month period ended March 31, 2019. The following discussion and analysis should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the six-month period ended March 31, 2019 and the audited consolidated financial statements for the years ended September 30, 2018 and 2017 which were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars.

**Overall Performance and Results of Operations**

Three Month Period Ended March 31, 2019

During the three months ended March 31, 2019 (the "Current Quarter"), the Company reported a loss from operations of \$1,116,427 compared to \$151,185 during the three months ended March 31, 2018 (the "Prior Quarter"), representing an increase in loss of \$965,242. The increase can be attributed to the fact that the Company was inactive during the Prior Quarter while management continued to seek out and analyze potential projects, whereas during the Current Quarter, the Company was undergoing an exploration program on its Tisová property.

Total loss and comprehensive loss for the Current Quarter was \$1,149,864 compared to net loss and comprehensive loss of \$115,185 for the Prior Quarter, representing an increase in loss of \$1,034,679. The increase is primarily attributed to the following:

- Consulting fees increased by \$165,815 from \$57,574 during the Prior Quarter to \$223,389 during the Current Quarter. The increase is due to the Company being significantly more active and requiring support from contractors to operate the business as compared to the Prior Quarter when the Company was inactive.
- Investor relations increased to \$538,030 from \$Nil during the Prior Quarter due to the Company engaging in marketing and media campaigns and retaining investor relations consultants during the Current Quarter, as opposed to the Prior Quarter when the Company was inactive and did not require such services.
- Management fees increased to \$52,500 from \$Nil during the Prior Period, as management did not charge any fees during the Prior Period when the Company was less active.
- Share-based compensation increased to \$57,403 from \$Nil during the Prior Quarter due to the vesting of stock options during the Current Period.

**21C METALS INC.**  
**Management's Discussion and Analysis**  
**Six Month Period Ended March 31, 2019**

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**Overall Performance and Results of Operations (continued)**

Three Month Period Ended March 31, 2019 (continued)

- Travel increased by \$80,931 from \$28,380 during the Prior Quarter to \$109,311 during the Current Quarter. The increase is due to management travelling significantly during the Current Quarter to perform due diligence on current and potential projects, as well as attend various industry conferences, business and investor meetings.

Six Month Period Ended March 31, 2019

During the six month period ended March 31, 2019 (the "Current Period"), the Company reported net loss of \$2,897,920 compared to \$659,727 for the six month period ended March 31, 2018 (the "Prior Period"). Operating expenses for the Current Period were \$2,851,433 compared to \$183,782 for the Prior Period which represented an increase of \$2,667,651. The increase in loss was primarily due to the following:

- Consulting fees increased by \$297,011 from \$78,861 during the Prior Period to \$375,872 during the Current Period. The increase is due to the Company being significantly more active and requiring support from contractors to operate the business as compared to the Prior Period when the Company was inactive.
- Exploration and evaluation expenses increased to \$1,021,885, from \$Nil during the Prior Period. This increase is due to the Company commencing an exploration program on its Tisová copper-cobalt project in the Czech Republic during the Current Period, whereas in the Prior Period the Company had no active resource property.
- Investor relations increased to \$849,160 from \$Nil during the Prior Quarter due to the Company engaging in marketing and media campaigns and retaining investor relations consultants during the Current Period, as opposed to the Prior Period when the Company was inactive and did not require such services.
- Management fees increased to \$105,000 from \$Nil during the Prior Period, as management did not charge any fees during the Prior Period when the Company was less active.
- Share-based compensation increased to \$65,643 from \$Nil during the Prior Period due to the vesting of stock options during the Current Period.
- Travel increased by \$175,691 from \$28,380 during the Prior Period to \$204,071 during the Current Period. The increase is due to management travelling significantly during the Current Period to perform due diligence on current and potential projects, as well as attend various industry conferences, business and investor meetings.

**21C METALS INC.**  
**Management's Discussion and Analysis**  
**Six Month Period Ended March 31, 2019**

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**Exploration and Evaluation Properties**

Turner Lake

On July 5, 2017, the Company acquired all of the shares of 5498 Nunavut Inc. in exchange for consideration of \$25,000. 5498 Nunavut Inc.'s only asset is the Turner Lake property located in Nunavut, of which 5498 Nunavut Inc. is the registered and beneficial owner of a 100% interest in and to the mineral claims in the Turner Lake property.

During the year ended September 30, 2018, the Company entered into a mineral purchase agreement with Pacific Cascade Ventures ("PCV") whereby PCV would purchase 100% of the interest in and to the mineral claims of the Turner Lake Property in exchange for 1,000,000 common shares of PCV to be delivered to the Company within 10 days after PCV receives regulatory approval for the transaction. The Company will also be reimbursed \$46,720 by PCV, representing prior cash expenditures incurred on the property. Upon commencement of commercial production, PCV shall pay a royalty to the Company equal to 1% of net smelter returns, which may be purchased for the sum of \$1,000,000 at any time after commercial production.

As at March 31, 2019, the Company has recorded \$26,940 (September 30, 2018 - \$26,940) related to the acquisition of the Turner Lake property. During the six-month period ended March 31, 2019, the Company incurred \$Nil (2018 - \$Nil) in claim fees on the Turner Lake property. As at March 31, 2019, PCV has not yet received Exchange approval and this transaction is pending.

Tisová/TGER European Copper-Cobalt Properties

On July 6, 2018 the Company entered into an arm's length share purchase agreement to purchase 100% of the shares of Tisová Pty. Ltd. And TGER Pty. Ltd. Tisová and TGER are private companies which have been granted 100% interest in and to certain mineral concessions located in the Czech Republic and Germany.

Pursuant to the agreement, and in exchange for the Tisová and TGER shares, the company is committed to issue, in aggregate, to the shareholders of Tisová and TGER the following:

- \$60,000 cash to the vendors upon execution of the agreement (paid);
- Upon satisfaction of certain conditions precedent, issue 1,500,000 common shares of 21C Metals to the vendors on the closing date (issued);
- 21C Metals to spend \$1,000,000 on the properties by July 1, 2019, and issue an aggregate of 2,500,000 21C Metals shares to the vendors at such time;
- 21C Metals to spend an additional \$1,000,000 on the properties each year for the next three years and no later than July 1, 2022 and issue an additional 4,000,000 21C Metals shares to the vendors.

If the Company fails to satisfy any of the above requirements, the shares of Tisová and TGER will be returned to the original vendors.

On October 23, 2018, the Company issued 1,500,000 common shares at a deemed price of \$0.30 in exchange for 100% ownership of Tisová and TGER, subject to the above terms, and their respective mineral concessions. A finder's fee was issued in connection with this closing through the issuance of 46,875 common shares at a deemed price of \$0.30. The related mineral concessions are subject to a 1.5% NSR of which one-half can be purchased for \$750,000. The acquisition of Tisová and TGER has been recorded as an asset purchase of exploration and evaluation assets (see Note 9 to the financial statements for the purchase price allocation).

As at March 31, 2019, the Company has recorded \$270,137 (September 30, 2018 - \$Nil) related to the acquisition of the TGER property, and \$783,525 (September 30, 2018 - \$Nil) related to the Tisová property. During the six-month period ended March 31, 2019, the Company incurred \$1,021,885 (2018 - \$Nil) in exploration expenses on the Tisová property.

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**Exploration and Evaluation Properties (continued)**

East Bull Palladium Property

On February 26, 2019, the Company entered into an option agreement through its newly incorporated and wholly-owned subsidiary, East Bull Resources Inc. with Pavey Ark Minerals Inc. to acquire a 100 percent interest in the East Bull palladium property in the Sudbury mining division, Ontario.

Pursuant to the Agreement, and over a period of four years (should the Company elect to continue), the Company is obliged to incur \$1,750,000 in exploration expenditures, issue \$975,000 in cash payments, and issue an aggregate of 4.5 million common shares of 21C Metals to Pavey Ark in accordance with the following schedule:

Minimum Exploration Expenditures	Common Shares Issued	Cash Issued	Due Date
-	-	\$25,000	On Term Sheet signing (paid)
-	750,000	\$75,000	Within 5 days of signing (issued)
\$250,000	750,000	\$150,000	On or before March 1, 2020
\$500,000	1,000,000	\$200,000	On or before March 1, 2021
\$500,000	1,000,000	\$250,000	On or before March 1, 2022
\$500,000	1,000,000	\$300,000	On or before March 1, 2023
\$1,750,000	4,500,000	\$975,000	

**Deferred Acquisition Costs**

Tisová/TGER European Copper-Cobalt Properties

As at March 31, 2019 the Company has recorded \$Nil (September 30, 2018 - \$665,490) as deferred acquisition costs in relation to the acquisition of the companies. During the six-month period ended March 31, 2019, the Company completed the acquisition of Tisová and TGER, and consequently expensed the exploration expenditures included in deferred acquisition costs and reallocated the acquisition costs to exploration and evaluation assets on closing.

**Summary of Quarterly Results**

The following table sets out selected unaudited financial information for the eight most recent quarters. The financial data has been prepared in accordance with IFRS.

<b>Three Months Ended</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>	<b>June 30, 2018</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Total Revenue	-	-	-	-
Loss from Operations	(1,116,427)	(1,735,006)	(1,656,084)	(176,896)
Net Income (Loss) and Comprehensive Income (Loss)	(1,149,864)	(1,748,056)	(1,760,411)	(176,768)
Basic and Diluted Earnings (Loss) per Share	0.02	0.04	0.06	0.01

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**Summary of Quarterly Results** (continued)

<b>Three Months Ended</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>	<b>June 30, 2017</b>
	(\$)	(\$)	(\$)	(\$)
Total Revenue	-	-	-	-
Loss from Operations	(151,185)	(32,597)	(71,664)	(79,940)
Net Income (Loss) and Comprehensive Income (Loss)	(115,185)	(544,542)	222,121	109,372
Basic and Diluted Earnings (Loss) per Share	0.00	0.04	0.05	0.00

**Liquidity and Capital Resources**

The Company's consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing on reasonable terms and to commence profitable operations in the future.

The Company had a cash position of \$86,163 and a working capital deficit of \$681,592 as at March 31, 2019, compared to cash position of \$1,571,477 and working capital of \$1,228,015 as at September 30, 2018.

During the six-month period ended March 31, 2019, 3,448,571 warrants were exercised for gross proceeds of \$862,143.

The Company has reduced its near-term cash requirements after its decision not to proceed with exploration on certain exploration projects, and with a recently completed financing subsequent to March 31, 2019 (see Subsequent Events), will have sufficient working capital to commence work on its exploration and evaluation projects as well as properly evaluate and acquire new projects.

Financing activities

On July 31, 2018, the Company completed a non-brokered private placement generating gross proceeds of \$2,820,500 through the issuance of 11,282,000 units at \$0.25. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable at \$0.45 for a period of one year from the date of issue.

On November 10, 2017, the Company completed a non-brokered private placement through the issuance of 7,142,857 units for gross proceeds of \$1,000,000. Each unit consisting of one common share and one common share purchase warrant exercisable at \$0.25 for 12 months from the date of issue.

During the year ended September 30, 2018, the Company received \$90,000 from the issuance of notes payable which bear interest at 10% per annum and mature in three years, which was repaid in full.

**Selected Annual Information**

The following table sets out selected financial information for the Company for each of the fiscal years ended September 30, 2018, 2017 and 2016. The selected financial information should only be read in conjunction with the Company's audited annual financial statements for the fiscal year ended September 30, 2018, including the notes thereto.

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**Selected Annual Information** (continued)

*Statement of Operations, Comprehensive Loss and Deficit Data:*

	Year Ended September 30, 2018	Year Ended September 30, 2017	Year Ended September 30, 2016
	(\$)	(\$)	(\$)
Revenue	Nil	Nil	Nil
Loss from operations	(2,016,762)	(286,956)	(270,134)
Loss and comprehensive loss for the year	(2,596,906)	379,085	(99,672)
Loss per share, basic and diluted	(0.08)	0.05	(0.00)

*Balance Sheet Data:*

	As at September 30, 2018	As at September 30, 2017	As at September 30, 2016
	(\$)	(\$)	(\$)
Current Assets	2,009,478	1,066,626	429,873
Total Assets	2,713,408	1,105,156	441,373
Current Liabilities	781,463	770,586	762,505
Long Term Debt	-	248,271	970,171
Shareholders' Equity (Deficiency)	1,931,945	86,299	(1,291,303)

**Disclosure of Outstanding Share Data**

The authorized capital of the Company consists of an unlimited number of common shares without par value.

Shares Issued and Outstanding

As at the Report Date, there were 62,475,724 common shares issued and outstanding.

Warrants

As at the Report Date, there were 21,313,572 warrants outstanding as follows:

<u>Expiry Date</u>	<u>Warrants Outstanding</u>	<u>Exercise Price</u>
		(\$)
July 31, 2019	5,641,000	0.45
May 3, 2021	15,672,572	0.30
	21,313,572	

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**Disclosure of Outstanding Share Data (continued)**

Stock Options

As at the Report Date, there were 3,700,000 stock options outstanding as follows:

Expiry Date	Options Outstanding	Options Exercisable	Weighted Average Exercise Price (\$)
August 9, 2023	2,800,000	2,800,000	0.39
October 2, 2023	300,000	75,000	0.30
October 16, 2023	500,000	125,000	0.31
October 24, 2023	100,000	25,000	0.30
	3,700,000	3,025,000	0.33

**Off Balance Sheet Arrangements**

The Company is not a party to any off-balance sheet arrangements or transactions.

**Transactions with Related Parties**

The Company's key management personnel consist of directors, officers and companies owned or controlled in whole or in part by officers and directors. The following summarizes the Company's related party transactions during the six-month period ended March 31, 2019 and 2018:

Key Management Compensation

	2019	2018
Rent paid or accrued to a corporation that formerly shared management in common with the Company.	44,100	38,000
Consulting fees paid or accrued to corporation controlled by officers and directors of the Company.	60,000	-
Management fees paid or accrued to corporations controlled by officers of the Company.	105,000	-
Professional fees paid or accrued to a corporation controlled by a former officer of the Company.	-	1,000
	209,100	39,000

- a) As at March 31, 2019, included in accounts payable and accrued liabilities was \$149,255 (September 30, 2018 - \$105,898) owing to current and former officers and directors.
- b) During the six-month period ended March 31, 2019, the Company incurred interest expense of \$Nil (September 30, 2018 - \$4,491) to corporations controlled by related parties.
- c) As at March 31, 2019, the Company owes \$12,042 (September 30, 2018 - \$51,678) in notes payable accrued interest to corporations controlled by related parties.
- d) During the six-month period ended March 31, 2019, the Company issued notes payable of \$Nil (September 30, 2018 - \$90,000) and repaid \$58,000 (September 30, 2018 - \$412,453) of accrued interest resulting in a principal balance outstanding of \$Nil (September 30, 2018 - \$Nil) to corporations controlled by related parties.

**21C METALS INC.**  
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**Accounting Standards Issued But Not Yet Effective**

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. The pronouncements are being assessed to determine their impact on the Company's results and financial position.

New standards, amendments and interpretations to existing standards not yet effective

The following amendments to an existing standard has been issued for annual periods beginning on or after January 1, 2018 but is not yet effective:

*IFRS 9, Financial Instruments – Classification and Measurement*

IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and Measurement*.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

*IFRS 2, Share-based Payment*

Amendments to IFRS 2 in relation to the classification and measurement of share-based payment transactions.

*IFRS 15, Revenue from Contracts with Customers*

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

*IFRIC 22, Foreign Currency Transactions and Advance Consideration*

IFRIC 22 is a new interpretation, which clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Company does not expect these new standards to have a material impact on the Company's accounting policies and consolidated financial statements.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2019 but are not yet effective:

**Accounting Standards Issued But Not Yet Effective** (continued)

*IFRS 16, Leases*

This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of earnings will be recognized on the balance sheet.

The purpose of the standard is to provide users of the financial statements with a more accurate picture of a company's leased assets and associated liabilities, while also improving the comparability of companies that lease assets to those that purchase them.

The Company has not yet assessed the potential impact of the application of this standard, nor determined whether it will early adopt this standard.

**Financial Instruments and Risk Management**

*Financial risk management*

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or 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.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, short-term investments, receivables, restricted deposits, accounts payable and notes payable.

The Company classified its cash and short-term investments as fair value through profit or loss; receivables and restricted deposits as loans and receivables; and accounts payable and notes payable as other financial liabilities. The fair values of cash and short-term investments are measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, restricted deposits, accounts payable approximate their book values because of the short-term nature of these instruments.

*Financial instrument risk exposure*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

**21C METALS INC.**  
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**Financial Instruments and Risk Management** (continued)

*Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of goods and services tax due from the government and other receivables; the balances are in good standing as at March 31, 2019. The Company does not believe it has a material exposure to credit risk.

*Liquidity risk*

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company's ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities, consisting of accounts payable and accrued liabilities and notes payable, in the normal course of operations and to fund future operational and capital requirements future equity and debt financing.

To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will seek to secure additional funds through long term debt and equity transactions.

**Financial Instruments and Risk Management** (continued)

*Interest rate risk*

The Company is exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest rate risk is minimal as the Company does not have significant interest-bearing assets or any variable interest bearing liabilities that are tied into market rates.

*Commodity price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

*Foreign exchange risk*

The Company is not exposed to any significant foreign currency risk.

**21C METALS INC.**  
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**Management of Capital**

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets and debt securities to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

There have been no changes to the Company's approach to capital management during the six-month period ended March 31, 2019.

**Subsequent Events**

On May 3, 2019 the Company closed the first tranche of a non-brokered private placement through the issuance of 15,579,122 units at a price of \$0.18 for aggregate gross proceeds of \$2,804,242. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant shall entitle the holder thereof to acquire one share at a price of \$0.30 for a period of 24 months following the closing date. If, following the closing of the offering, the volume-weighted average price of the shares on the Canadian Securities Exchange is equal to or greater than \$0.40 for any 10 consecutive trading days, the Company may, upon providing written notice to the holders of warrants, accelerate the expiry date of the warrants to the date that is 30 days following the date of such written notice.

The Company intends to use the net proceeds of the offering to commence exploration work on the Company's East Bull palladium and Tisova cobalt properties, as well as for general working capital.

In connection with the offering, the Company paid finders' fees in the amount of \$16,821 (7%) and issued 93,450 finders' warrants, each of which is exercisable to acquire a share at a price of \$0.30 for a period of 24 months from the date of issue, subject to the same acceleration clause as outlined above.

**Additional Information**

On January 23, 2019, Jamie Newall was appointed a director of the Company, replacing Michael Curtis who resigned on the same day.

Additional information relating to the Company is available on the Company's website at [www.21cmetals.com](http://www.21cmetals.com) and under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward-Looking Statements**

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under "Risks and Uncertainties" as well as in our public filings available at [www.sedar.com](http://www.sedar.com). Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

### **Risks and Uncertainties**

The Company is in the mineral exploration and development business and, as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

- a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. The recovery of the Company's investment in exploration and evaluation assets and the attainment of profitable operations are dependent upon the discovery and development of economic ore reserves and the ability to arrange sufficient financing to bring the ore reserves into production.
- b) The most likely source of future funds for further acquisitions and exploration programs undertaken by the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another interested party carrying out further exploration or development. If such exploration programs are successful, the development of economic ore bodies and commencement of commercial production may require future equity financings by the Company which are likely to result in substantial dilution to the holdings of existing shareholders.

**Risks and Uncertainties** (continued)

- c) The Company's capital resources are largely determined by the strength of the resource markets and the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.
- d) The prices of metals greatly affect the value of and the potential value of its exploration and evaluation assets. This, in turn greatly affects its ability to raise equity capital, negotiate option agreements and form joint ventures.
- e) The Company must comply with health, safety, and environmental regulations governing air and water quality and land disturbances and provide for mine reclamation and closure costs. The Company's permission to operate could be withdrawn temporarily where there is evidence of serious breaches of such regulations, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations.
- f) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue exploration and development activities in the future.
- g) Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such assets may be subject to prior agreements or transfers and title may be affected by such undetected defects.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in any forward looking statement. The development and exploration activities of the Company are subject to various laws governing exploration, development, and labour standards which may affect the operations of the Company as these laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are, or were conducted.

**21C METALS INC.**  
**Management's Discussion and Analysis**  
**Six Month Period Ended March 31, 2019**

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**Corporate Information**

Directors: Michelle Gahagan  
Wayne Tisdale  
Garry Clark  
Bryce Tisdale  
Jamie Newall

Officers: Wayne Tisdale, President and CEO  
Kelsey Chin, CFO and Corporate Secretary

Auditor: Davidson and Company LLP  
Chartered Professional Accountants  
Suite 1200 – 609 Granville Street  
Vancouver, BC, V7Y 1G6

Legal Counsel: Tingle Merrett LLP  
Suite 639 – 1250 Standard Life Building  
5<sup>th</sup> Avenue SW  
Calgary, AB T2P 0M9

Transfer Agent: Computershare Trust Company of Canada  
2<sup>nd</sup> Floor – 510 Burrard Street  
Vancouver, BC, V6C 3B9

**Contact Information**

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