

CornishMetals

CORNISH METALS RELEASES UNAUDITED FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED OCTOBER 31, 2021

Vancouver, December 15, 2021

Cornish Metals Inc. (TSX-V/AIM: CUSN) ("Cornish Metals" or the "Company"), a mineral exploration and development company focused on its projects in Cornwall, United Kingdom, is pleased to announce that it has released its unaudited financial statements and management's discussion and analysis ("MD&A") for the nine months ended October 31, 2021. The reports are available under the Company's profile on SEDAR (www.sedar.com) and on the [Company's website](#).

Highlights for the nine months ended October 31, 2021 and for the period ending December 15, 2021

(All figures expressed in Canadian dollars unless otherwise stated)

- Completion of listing and concurrent financing on AIM in February 2021 raising gross proceeds of £8.2 million (\$14.4 million based on closest available exchange rate) to advance the United Downs exploration project and for general working capital purposes (news release dated [Feb. 15, 2021](#));
- Conversion of Osisko loan note in February 2021 into two royalty agreements over mineral properties in Cornwall with an accompanying simplified and reduced security package (news release dated [Feb. 22, 2021](#));
- Agreements reached for the leasing of additional mineral rights at the South Crofty tin project and surface land surrounding the New Roskear Shaft, and binding heads of terms agreed for the disposal of waste material derived from the dewatering of the South Crofty mine (news release dated [March 8, 2021](#));
- Increases in Indicated Resource and Inferred JORC (2012) Compliant Resource of contained tin / tin equivalent by 10.2% and 129.8%, respectively, for the Lower Mine in an updated Mineral Resource Estimate for South Crofty Mine published in June 2021 (news release dated [June 9, 2021](#));
- Commencement of phased exploration program at the United Downs exploration project in April 2021 with results from first 3,927 meters of drilling reported to date, with a further 4,000 to 5,000 meters of drilling planned under the program (news releases dated [July 5, 2021](#), [August 30, 2021](#), [Nov. 3, 2021](#) and [Dec. 6, 2021](#));
- Agreement reached for the restructuring of outstanding deferred consideration relating to the acquisition of the South Crofty tin project and associated mineral rights (news release dated [July 1, 2021](#));
- Financing options continue to be considered to progress the South Crofty tin project; and
- Mr. Stephen Gatley appointed as an independent non-executive Director to the Board in October 2021 (news release dated [Oct. 13, 2021](#)).

Richard Williams, CEO of Cornish Metals, stated, "In the last few months, the ongoing exploration program at United Downs has delivered promising results validating the exploration potential we believe exists within our mineral properties. We look forward to reporting further results of the exploration program in the coming months.

I am pleased that during the period we obtained regulatory approval for the restructuring of the deferred consideration payable in respect of the acquisition of the Cornwall mineral properties which provides greater certainty for all parties. Steve Gatley joining the board also provided added strong mining and mine building expertise to the Company.

With the backdrop of record high tin prices, recognition of tin's importance to electrification of the economy and new renewable power generation initiatives, and the importance of domestic and responsible supply of minerals, we continue to assess various financing options to progress South Crofty. We concur with market analysis that the increasing demand for tin seen against supply restraints shows no sign of abating in the near to medium term."

Financial highlights for the nine months ended October 31, 2021

<i>(Expressed in Canadian dollars)</i>	Nine months ended (unaudited)	
	October 31, 2021	October 31, 2020
Total operating expenses	2,396,849	1,451,620
Loss for the period	2,052,403	1,493,999
Net cash used in operating activities	2,451,288	825,950
Net cash used in investing activities	2,740,937	1,421,612
Net cash provided by financing activities	13,064,465	1,441,905
Cash at end of the financial period	7,887,537	494,911

- Increase in operating expenses impacted by \$368,325 of costs relating to AIM listing not eligible for capitalization;
- Higher advisory costs incurred more generally relating to AIM listing and corporate initiatives, offset by reduction in operating expenses arising from closure of Vancouver office in April 2021;
- Unrealized gain of \$733,120 arising from increased valuation of Company's holding in Cornish Lithium following its fundraising completed in July 2021;
- Costs of \$1,586,277 capitalized in connection with the ongoing exploration program at United Downs (excluding capitalized depreciation and foreign exchange movements); and
- Gross proceeds raised from AIM listing of \$14.2 million (£8.2 million) with share issue costs of \$1.5 million.

Outlook

The proceeds from the recently completed AIM listing are being used to conduct a drill program at the United Downs exploration project, to conduct initial field work on other high priority exploration targets within transport distance of South Crofty, and for general working capital purposes. Management believes that, subject to drilling success, the proceeds from the AIM listing will result in the Company being fully funded to the completion of a maiden JORC resource at the United Downs exploration project.

Within 12 to 18 months of the date of the AIM listing, the Company plans are as follows:

- Continue with the 18 month 9,100 meter initial drilling program at United Downs to advance the project to JORC Compliant Inferred Mineral Resource definition, fully funded from the proceeds arising from the AIM listing. To date, a total of 3,927 meters have been reported;
- Continue drill testing three lodes with a 1,000 meter of strike length to a depth of 500 meters in the initial phase. Management believes there are up to seven further mineralized lode structures with a total resource potential of between four million tonnes and ten million tonnes;
- Subject to the outcome of the initial drilling program, to undertake a subsequent in-fill drilling program at United Downs to advance the project to a feasibility study within three years; and

- Evaluate other near-surface, high potential, exploration targets within transport distance of the planned processing plant site.

In the longer term, the Company intends to develop the South Crofty tin project as and when economic conditions and cashflows are supportive.

ABOUT CORNISH METALS

Cornish Metals completed the acquisition of the South Crofty tin and United Downs copper / tin projects, plus additional mineral rights located in Cornwall, UK, in July 2016 (see Company news release dated [July 12, 2016](#)). The additional mineral rights cover an area of approximately 15,000 hectares and are distributed throughout Cornwall. Some of these mineral rights cover old mines that were historically worked for copper, tin, zinc, and tungsten.

For additional information please contact:

In North America:

Irene Dorsman at (604) 200 6664 or by e-mail at irene@cornishmetals.com

SP Angel Corporate Finance LLP
(Nominated Adviser & Joint
Broker)

Tel:

+44 203 470 0470

Richard Morrison
Charlie Bouverat
Grant Barker

Hannam & Partners
(Joint Broker)

Tel:

+44 207 907 8500

Matthew Hasson
Andrew Chubb
Ernest Bell

Blytheweigh
(Financial PR/IR-London)

Tel:

+44 207 138 3204

Tim Blythe
Megan Ray

tim.blythe@blytheweigh.com
megan.ray@blytheweigh.com

ON BEHALF OF THE BOARD OF DIRECTORS

“Richard D. Williams”

Richard D. Williams, P.Geo

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Caution regarding forward looking statements

This news release contains "forward-looking statements". Forward-looking statements, while based on management's best estimates and assumptions at the time such statements are made, are subject to risks and uncertainties that may cause actual

results to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to receipt of regulatory approvals, risks related to general economic and market conditions; risks related to the COVID-19 global pandemic and any variants of COVID-19 which may arise; risks related to the availability of financing; the timing and content of upcoming work programs; actual results of proposed exploration activities; possible variations in Mineral Resources or grade; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; changes in national and local government regulation of mining operations, tax rules and regulations.

Although Cornish Metals has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Cornish Metals undertakes no obligation or responsibility to update forward-looking statements, except as required by law.

Market Abuse Regulation (MAR) Disclosure

The information contained within this announcement is deemed by the Company to constitute inside information pursuant to Article 7 of EU Regulation 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in Canadian dollars)

	October 31, 2021	January 31, 2021
ASSETS		
Current		
Cash	\$ 7,887,537	\$ 353,601
Marketable securities	1,734,127	1,004,307
Receivables	137,000	23,644
Deferred financing fees	-	688,839
Deferred costs on conversion of royalty option	-	151,037
Prepaid expenses	<u>165,857</u>	<u>41,691</u>
	9,924,521	2,263,119
Deposits	42,175	36,976
Property, plant and equipment	6,311,200	6,371,852
Exploration and evaluation assets	<u>13,149,060</u>	<u>9,507,859</u>
	\$ 29,426,956	\$ 18,179,806
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 633,533	\$ 947,124
Lease liability	<u>4,229</u>	<u>20,389</u>
	637,762	967,513
Lease liability	1,707	-
Debt	-	5,993,803
Royalty option	-	2,886,514
NSR liability	<u>8,487,727</u>	<u>-</u>
	<u>9,127,196</u>	<u>9,847,830</u>
SHAREHOLDERS' EQUITY		
Capital stock	55,188,099	40,737,065
Share subscriptions received in advance	-	189,902
Capital contribution	2,007,665	2,007,665
Share-based payment reserve	926,766	846,212
Foreign currency translation reserve	(82,471)	239,028
Deficit	<u>(37,740,299)</u>	<u>(35,687,896)</u>
	<u>20,299,760</u>	<u>8,331,976</u>
	\$ 29,426,956	\$ 18,179,806

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited)

(Expressed in Canadian dollars)

	Nine months ended	
	October 31, 2021	October 31, 2020
EXPENSES		
Accretion	\$ 15,764	\$ 208,205
Advertising and promotion	260,830	107,178
Depreciation	24,522	67,135
Finance cost	3,895	5,168
Insurance	66,095	58,431
Office, miscellaneous and rent	60,882	29,227
Professional fees	842,183	192,378
Generative exploration expense	28,845	3,729
Regulatory and filing fees	114,452	25,480
Share-based compensation	80,554	230,250
Salaries, directors' fees and benefits	898,827	524,439
Total operating expenses	(2,396,849)	(1,451,620)
Interest income	738	4,517
Foreign exchange loss	(387,196)	(291)
Realized loss on marketable securities	(237)	-
Unrealized gain (loss) on marketable securities	733,120	(46,605)
Loss on the disposal of property, plant and equipment	(1,979)	-
Loss for the period	(2,052,403)	(1,493,999)
Foreign currency translation	(321,499)	(135,287)
Total comprehensive loss for the period	\$ (2,373,902)	\$ (1,629,286)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding:	262,945,254	133,475,155

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)

(Expressed in Canadian dollars)

	For the nine months ended	
	October 31, 2021	October 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (2,052,403)	\$ (1,493,999)
Items not involving cash:		
Accretion	15,764	208,205
Depreciation	24,522	67,135
Share-based compensation	80,554	230,250
Finance cost	3,895	5,168
Realized loss on marketable securities	237	-
Unrealized (gain) loss on marketable securities	(733,120)	46,605
Loss on the disposal of property, plant and equipment	1,979	-
Foreign exchange loss	387,196	291
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(113,356)	2,441
(Increase) decrease in prepaid expenses	(29,808)	39,016
(Decrease) increase in accounts payable and accrued liabilities	<u>(36,748)</u>	<u>68,938</u>
Net cash used in operating activities	<u>(2,451,288)</u>	<u>(825,950)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(197,084)	(317,564)
Acquisition of exploration and evaluation assets	(2,541,717)	(1,104,317)
Proceeds from the sale of marketable securities, net	3,063	-
Increase in deposits	<u>(5,199)</u>	<u>269</u>
Net cash used in investing activities	<u>(2,740,937)</u>	<u>(1,421,612)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from AIM listing	14,244,206	-
Proceeds from private placement financing	-	1,177,500
Proceeds from option and warrant exercises	235,750	409,500
Share issue costs	(1,162,613)	(49,427)
Conversion of royalty option costs	(226,290)	-
Increase in deferred financing fees	-	(31,554)
Lease payments	<u>(26,588)</u>	<u>(64,114)</u>
Net cash provided by financing activities	<u>13,064,465</u>	<u>1,441,905</u>
Impact of foreign exchange on cash	<u>(338,304)</u>	<u>(4,685)</u>
Change in cash during the period	7,533,936	(810,342)
Cash, beginning of the period	<u>353,601</u>	<u>1,305,253</u>
Cash, end of the period	<u>\$ 7,887,537</u>	<u>\$ 494,911</u>

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(Expressed in Canadian dollars)

	Number of shares	Amount	Share subscriptions received in advance	Capital contribution	Share-based payment reserve	Foreign currency translation reserve	Deficit	Total
Balance at January 31, 2020	86,768,585	\$ 37,271,686	\$ 1,175,000	\$ 2,007,665	\$ 732,930	\$ 149,996	\$ (34,280,418)	\$ 7,056,859
Foreign currency translation	-	-	-	-	-	(135,287)	-	(135,287)
Share issuance pursuant to private placement financing	47,050,000	2,352,500	(1,175,000)	-	-	-	-	1,177,500
Share issue costs	-	(21,621)	-	-	-	-	-	(21,621)
Commitment to issue shares pursuant to exercise of warrants	-	-	439,100	-	-	-	-	439,100
Forfeiture of stock options	-	-	-	-	(219,593)	-	219,593	-
Share-based compensation	-	-	-	-	230,250	-	-	230,250
Loss for the period	-	-	-	-	-	-	(1,493,999)	(1,493,999)
Balance at October 31, 2020	133,818,585	\$ 39,602,565	\$ 439,100	\$ 2,007,665	\$ 743,587	\$ 14,709	\$ (35,554,824)	\$ 7,252,802
Balance at January 31, 2021	149,918,585	\$ 40,737,065	\$ 189,902	\$ 2,007,665	\$ 846,212	\$ 239,028	\$ (35,687,896)	\$ 8,331,976
Foreign currency translation	-	-	-	-	-	(321,499)	-	(321,499)
Share issuance pursuant to AIM listing	117,226,572	14,434,108	(189,902)	-	-	-	-	14,244,206
Shares issued pursuant to property option agreement	7,000,000	1,288,000	-	-	-	-	-	1,288,000
Share issue costs	-	(1,506,824)	-	-	-	-	-	(1,506,824)
Warrant exercises	2,575,000	205,750	-	-	-	-	-	205,750
Option exercises	200,000	30,000	-	-	-	-	-	30,000
Share-based compensation	-	-	-	-	80,554	-	-	80,554
Loss for the period	-	-	-	-	-	-	(2,052,403)	(2,052,403)
Balance at October 31, 2021	276,920,157	\$ 55,188,099	\$ -	\$ 2,007,665	\$ 926,766	\$ (82,471)	\$ (37,740,299)	\$ 20,299,760