

**Form 51-102F1**  
**Interim Management's Discussion and Analysis ("MD&A")**  
**for**  
**Cornish Metals Inc. ("Cornish Metals" or the "Company")**

**Containing information up to and including September 24, 2020**

**Description of Business**

Cornish Metals Inc. ("Cornish Metals" or the "Company"), formerly Strongbow Exploration Inc., is a Canadian mineral exploration and development company focused on its mineral projects in Cornwall, United Kingdom. The Company changed its name from Strongbow Exploration Inc. to Cornish Minerals Inc. on July 29, 2020. Its flagship project is the past producing South Crofty underground tin mine. The Company acquired rights to South Crofty and other mineral rights throughout Cornwall in July 2016. It also maintains an interest in exploration properties which are prospective for tin and tungsten in Alaska and nickel in Northwest Territories, in addition to holding a royalty on two tungsten assets (non-producing) located in the Northwest Territories and Yukon, Canada. Shares of the Company trade on the TSX Venture Exchange ("TSX-V") under the symbol CUSN.

The following discussion and analysis of the Company's financial condition and results of operations for the six months ended July 31, 2020, should be read in conjunction with the consolidated condensed interim financial statements of the Company for the six months ended July 31, 2020 and July 31, 2019, together with the notes thereto. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and specifically, in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34"). This Interim MD&A contains forward-looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management's expectations. Refer to the "Forward-Looking Statements" section which appears later in this MD&A.

Unless otherwise noted, all currency amounts are stated in Canadian dollars.

Disclosure of a scientific or technical nature which appears in this MD&A was prepared under the supervision of Richard Williams, P.Geo.(BC). Mr. Williams is the Company's President, CEO and a director; he is a "Qualified Person" as that term is defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101").

**Highlights for the Six Months Ended July 31, 2020 and for the Period ending September 24, 2020**

- Gross proceeds of \$2,352,500 raised from private placement to be used for drill program at the South Crofty tin project and for general working capital purposes;
- Discovery of new zone of high grade copper-tin mineralization at the United Downs exploration project;
- 'Proof of concept' drill program commenced in June 2020 with promising good grade tin and copper intersections below all known historically mined structures;
- Financing options continue to be considered to progress the South Crofty tin project as well as additional exploration at United Downs, and
- Mr. Patrick Anderson appointed Chairman of the Board in July 2020 while Mr. Grenville Thomas remains a Director.

**Activities Update for the Six Months Ended July 31, 2020 and for the Period ending September 24, 2020**

*South Crofty - background*

Cornish Metals' 100% owned South Crofty tin project is located in the Central Mining District of Cornwall, in the towns of Pool and Camborne, South West England. It is management's view that South Crofty represents one of the best tin opportunities currently available globally. There is strong support for new development in the Cornwall area, including that of Cornwall Council, and in the UK in general, as demonstrated by the development of Dalradian Resources' Curraghinalt gold project in Northern Ireland, Scotgold's Cononish gold mine in Scotland and Anglo American's Woodsmith project in North Yorkshire. Management views these developments as positive for the potential future re-development of South Crofty.

The South Crofty tin project fits into Cornish Metals' objective of acquiring high quality mining assets in good jurisdictions in the strategic metals space. South Crofty comprises an underground permission (mine permit) area that covers 1,490 hectares, an area which includes twenty-six (26) former producing mines. Production records date back to 1592, with full-scale mining activities commencing in the mid-17th century. South Crofty closed in 1998 as a result of the tin price collapse of 1985 and impending changes to environmental laws and related liabilities in the late 1990s.

The underground permission was granted in 2013 and is valid until 2071. The Company also holds planning permission to construct a new process plant, which was granted in 2011.

In February 2017, the Company announced completion of a Preliminary Economic Assessment (“PEA”) which can be found on the Company’s website ([www.cornishmetals.com](http://www.cornishmetals.com)) and under Cornish Metals’ issuer profile ([www.sedar.com](http://www.sedar.com)). The PEA indicates the project is potentially economically viable and technically feasible. The outcome of this PEA, the positive supply/demand dynamics of the tin market, the granting of a long life mine permit, support from Cornwall Council, together with the strong potential to materially add to the lower mine tin-only mineral resource, supports management’s belief that South Crofty can become an operating mine again.

The Company’s 100% interest in South Crofty is held indirectly through South Crofty Limited (“South Crofty”, previously Western United Mines Limited), which is a wholly-owned subsidiary of Cornish Metals Limited (“Cornish Metals Ltd.”, previously Strongbow Exploration (UK) Limited), itself a wholly-owned subsidiary of the Company.

#### *Planning and design of the water treatment plant*

The South Crofty mine workings are presently flooded and dewatering activities are required prior to the reopening of the mine. In March 2017, a water treatment trial was successfully completed at South Crofty. In October 2017 the Company received, from the Environment Agency, a mine waste permit with water discharge consent that will allow treatment and discharge of up to 25,000m<sup>3</sup>/day of mine-water, following construction and commissioning of a new water treatment plant (“WTP”). Mine dewatering is expected to take between eighteen and twenty-four months.

The cost to construct the permanent water treatment facility is included as part of the estimated US\$118.7 million pre-production capital cost (including contingency) outlined in the PEA. Details of the water treatment process are available on the Company’s website.

#### *Construction progress of the water treatment plant*

Construction progress of the WTP has included various enabling works and the placing of orders for a number of long lead items, all of which have been delivered to site. The preparation work for the laying of the concrete foundation slab for the WTP has also been completed.

Surveys have been successfully completed of New Cook’s Kitchen Shaft (the main access shaft at South Crofty) demonstrating that the shaft is open to the bottom. The existing guiderails within the shaft have been shown to be sufficiently robust to allow them to be used for the lowering of equipment when dewatering activities commence.

#### *Installation of power supply*

A new 11kV underground cable was installed in February 2019 which will provide 5MW of electrical power, sufficient for the dewatering operations and future underground mining operations. Additionally, an agreement was signed with Western Power Distribution to provide up to 12.8MW of power from the 33kV network for all future operations at the mine site.

#### *Private placement of common shares*

On February 3, 2020, the Company closed a private placement of common shares in which gross proceeds of \$2,352,500 were raised. Net proceeds from the financing amounted to \$2,302,322.

The financing involved the Company issuing 47,050,000 units (the “Units”) at a price of \$0.05 per Unit resulting in gross proceeds of \$2,352,500. Each Unit comprises one common share and one half of one common share purchase warrant. Each full warrant will allow the holder to purchase one additional common share of the Company (each, a “Warrant Share”) at a price of \$0.07 per Warrant Share for a period of 36 months from the closing date of the financing. In connection with the private placement, Osisko Gold Royalties Ltd, (“Osisko”), the Company largest shareholder, purchased a total of 20,000,000 Units.

The proceeds have been used to commence a drill program at the Company’s South Crofty tin project and for general working capital purposes.

#### *New discovery of high grade copper and tin mineralization*

On April 6, 2020, the Company announced the discovery of a new zone of high grade copper-tin mineralization at the Company’s United Downs exploration project in Cornwall, UK. United Downs is located approximately 8km east of South Crofty.

The drill hole was drilled by Cornish Lithium to test the potential for lithium in brine at United Downs, within the historic Gwennap copper and tin mining district. Cornish Lithium has the right to explore the Company’s mineral rights for lithium in brine occurrences whilst the Company retains the rights to any hard rock mineralization.

The drill hole intersected semi-massive sulphide mineralization between 90.60 meters and 105.29 meters downhole depth. After assaying, the final grades for the 14.69 meter intercept were 8.45% copper, 1.19% tin and 0.15% zinc. Further drilling is required to confirm the true width, as well as the strike and dip of the mineralized zone. The copper occurs as both chalcopyrite and chalcocite.

*'Proof of concept' drill program at South Crofty*

A 'proof of concept' drill program commenced at South Crofty in June 2020. The main purpose of the drill program was to:

- validate the existing geological model;
- demonstrate the potential for additional mineral resource down dip of known mineralized structures; and
- determine if directional drilling using wedges, in order to gain multiple intersects from each surface or underground drill collar, is a viable method for infill drilling of the deposit, thereby enabling a feasibility level study to be completed without dewatering the mine.

The initial drill program involved drilling up to 2,000 metres using rotary diamond drilling to recover drill core of various diameters. The first hole to be drilled was the 'mother' hole, which is collared at surface and drilled north at a minus 60-degree angle to a downhole depth of 1,150 metres. The mother hole was designed to test depth extension beneath multiple known mineralized structures. Subsequently, two 'daughter' holes have been drilled from the mother hole, by setting wedges in the mother hole and using directional drilling to gain further intersections of the same mineralized structures at different depths.

It is envisaged that using this method will reduce the number of surface or underground drill collar locations and the number of drilling metres required to complete the infill drilling necessary for a future feasibility study.

Results received to date are promising with good grade intersections below all known structures encountered, including: Tincroft South Lode - 1.15 meters at 1.73% tin equivalent, Tincroft Lode - 1.66 meters at 1.34% tin and Intermediate Lode - 1.85 meters at 2.19% tin (all true widths).

Drilling was completed mid-September 2020 and assaying of the core samples continues.

*Appointment of new Chairman*

Following the AGM held on July 8, 2020, Mr. Patrick Anderson was appointed Chairman of the Board of Directors. Mr. Anderson is currently the Chief Executive Officer of Dalradian Resources which is advancing the Curraghinalt gold project in Northern Ireland. Mr. Grenville Thomas, the previous Chairman, continues to remain on the Board as a Director.

*Company name changes*

On July 29, 2020, Strongbow Exploration Inc. changed its name to Cornish Metals Inc. The name change did not involve a consolidation of share capital nor did the name change affect the rights of the Company's shareholders.

In addition to changing the name of the parent listed entity, Western United Mines Limited, the UK entity owning the Company's interest in South Crofty, changed its name to South Crofty Limited. Strongbow Exploration (UK) Limited, the UK holding entity, changed its name to Cornish Metals Limited.

*Impact of COVID-19*

Part of the use of proceeds from the private placement noted above was to commence a 'proof of concept' drill program at the South Crofty tin project, whereby a deep 'parent' diamond drill hole and several 'daughter' holes were planned to commence in April 2020. As a result of the travel and workplace restrictions imposed by the UK government, the commencement of the drill program was delayed to June 2020. As noted above, the initial phase of the drill program was completed in September 2020, a few weeks later than originally planned.

During the lockdown period in March and April 2020, certain staff deemed essential to the operations of the South Crofty tin project attended work on-site with enhanced health and safety protocols in place. All other staff worked from home. Since travel and workplace restrictions were lifted in May 2020, all staff are now working at the mine site under the enhanced health and safety protocols.

To date, none of the Company's employees or contractors have been diagnosed with COVID-19.

*Next steps - South Crofty*

The Company's primary focus for the remainder of 2020 and 2021 will be considering various financing options to progress the South Crofty tin project and exploring the United Downs copper-tin discovery. These options include the possible listing of the Company's common shares on Alternative Investment Market ("AIM") in the UK given the location of the Company's most significant asset. Other financing options are also being considered. The nature and timing of the Company's plans will be dependent on the success or otherwise of the financing options being considered.

Subject to financing, over the next 12 months the following plans will be under consideration:

- Continue the drill program to delineate a measured and indicated mineral resource and increase the indicated and inferred mineral resource at South Crofty; and
- Drill exploration targets, including the United Downs copper-tin target, to demonstrate the resource potential.

**Results of Operations**

*Six months ended July 31, 2020*

During the six months ended July 31, 2020 (the "Current Period"), the Company recorded a loss of \$789,476 as compared to a loss of \$2,019,316 for the six months ended July 31, 2019 (the "Comparative Period"). Comprehensive loss for the Current Period totaled \$661,340 (\$0.00 loss per share) as compared to comprehensive loss of \$1,912,465 (\$0.02 loss per share) in the Comparative Period.

The Company recognized a foreign currency translation gain of \$128,136 (Comparative Period – \$106,851) in comprehensive loss arising on the translation of foreign subsidiaries whose functional currency is not the Canadian dollar.

During the Current Period, expenses totaled \$746,938 as compared to expenses of \$1,003,533 in the Comparative Period. This decrease is mainly attributable to lower advertising and promotion expense and lower professional fees, offset by a higher accretion expense. Other expense categories remained broadly consistent between the Current Period and the Comparative Period.

Advertising and promotion expense (Current Period - \$77,180; Comparative Period - \$307,221) decreased due to the reduced level of activities in this expense category which includes travel expenses of the Company's executives relating to the continued development of the South Crofty tin project and meetings with potential investors and advisers in the UK and Canada as various financing options are considered. Other costs in this expense category include attendance subscriptions at investor relations conferences, and monthly fees related to public relations in the UK and investor relations in North America.

Professional fees (Current Period - \$66,297; Comparative Period - \$127,835) include accounting and audit fees, legal expenses and consulting expenses. Professional fees decreased due to a lower level of legal and advisory fees incurred in respect of various corporate initiatives undertaken in the Current Period.

Salaries and benefits expense (Current Period - \$344,336; Comparative Period - \$349,909) remained broadly consistent between periods as there were no changes in compensation arrangements.

Insurance expense (Current Period - \$38,931; Comparative Period - \$39,110) remained similar as the Company's exposures and asset base have not significantly changed.

Office, miscellaneous and rent (Current Period - \$24,217; Comparative Period - \$13,710) increased as there was lower income receivable from sub-lease agreements with tenants within the Company's office located in Vancouver. In addition, monthly income of approximately \$600 (Comparative Period - \$Nil), offsetting expenditure in this expense category, is receivable from Winshear Gold Corp ("Winshear"), formerly Helio Resource Corp, a company related by virtue of a common director, in respect of an apportionment of rent and similar expenditure for the Vancouver office. Also included in this expense category is a monthly fee of \$650 (Comparative Period - \$650) payable to North Arrow Minerals Inc. ("North Arrow"), a company related by virtue of two common directors, for storage and administrative support. Other miscellaneous costs include the Company's membership fee of the International Tin Association and sponsorship costs of various sporting activities held in communities located in close proximity to South Crofty.

Regulatory and filing fees (Current Period - \$19,531; Comparative Period - \$12,585) increased due to the filing fees associated with the stock option plan under which 5,150,000 of stock options were issued to Directors and senior management on August 19, 2020. The options have an exercise price of 10 cents per share and are valid for a five year period expiring on August 18, 2025. The options have a 12 month vesting period, with 20% vesting immediately

and 20% vest on a three monthly basis thereafter.

Accretion expense (Current Period - \$131,046; Comparative Period - \$107,427) relates to the unwinding of the convertible note financing with Osisko for \$7.17 million that closed on January 26, 2018. Total accretion for the convertible note financing was \$376,526 (Comparative Period - \$328,411), of which \$131,046 has been expensed in the Current Period (Comparative Period - \$82,931) and \$245,480 has been capitalized to property, plant and equipment (Comparative Period - \$245,480). Accretion capitalized under the convertible note financing remained constant as borrowing costs attributable to the purchase of property, plant and equipment remained the same across the Current Period and Comparative Period. As at July 31, 2020, the estimated net present value of the convertible note was \$5,587,291. Also included in accretion expense in the Comparative Period was \$24,496 (Current Period - \$Nil) related to the unwinding of the line of credit advanced from Osisko which was used to acquire the Cantung and Mactung royalties in March 2016. As at July 31, 2019, the estimated net present value of the line of credit was \$1,500,000. The line of credit was settled on September 6, 2019.

Depreciation (Current Period - \$44,777; Comparative Period - \$45,860) remained broadly consistent as there were no new additions of property, plant and equipment during the Current Period for which depreciation is charged. Depreciation on assets at South Crofty is capitalized to exploration and evaluation assets. During the Current Period, capitalized depreciation was slightly higher (Current Period - \$26,535; Comparative Period - \$23,347) reflecting an increased depreciable asset base at South Crofty.

Other operating expenses incurred during the Current Period include the finance cost relating to the unwinding of the discount on the lease liability recognized as a consequence of IFRS 16 (Current Period - \$623; Comparative Period - recovery of \$2,479).

Interest income (Current Period - \$4,318; Comparative Period - \$6,914) was lower reflecting a decreased cash balance held across the Current Period.

During the Current Period, an unrealized loss on marketable securities of \$46,605 was recognized (Comparative Period - realized loss of \$23,872 and unrealized loss of \$64,300). In the Current Period, the unrealized loss on marketable securities was attributable to the lower fair value of the Company's holding in Cornish Lithium, a private UK company, compared to its fair value as at January 31, 2020, using the allotment price of common shares issued by Cornish Lithium following its most recent fundraising. The realized loss on marketable securities during the Comparative Period arose through the disposal of 200,000 common shares in Westhaven Ventures Inc ("Westhaven") as compared to their market value as at January 31, 2019. The unrealized loss in the Comparative Period was primarily attributable to the lower market value of the Company's residual holding in Westhaven. The Company's holding in Westhaven was disposed by January 31, 2020.

*Three months ended July 31, 2020*

During the three months ended July 31, 2020 (the "Current Quarter"), the Company recorded a loss of \$390,585 as compared to a loss of \$1,484,584 for the three months ended July 31, 2019 (the "Comparative Quarter"). The Company recorded a comprehensive loss of \$296,884 (\$0.00 loss per share) as compared to a comprehensive loss of \$1,363,793 (\$0.02 loss per share) in the Comparative Quarter.

The Company recognized a foreign currency translation gain of \$93,701 (Comparative Quarter - \$120,793) in comprehensive loss arising on the translation of foreign subsidiaries whose functional currency is not the Canadian dollar.

During the Current Quarter, expenses totaled \$344,972 as compared to expenses of \$486,442 in the Comparative Quarter. This decrease is mainly attributable to lower advertising and promotion expense and lower professional fees, offset by a higher accretion expense.

Advertising and promotion expense (Current Quarter - \$27,307; Comparative Quarter - \$157,443) decreased due to a significant reduction in travel related expenditure in the Current Quarter compared to the Comparative Quarter, the absence of subscriptions for investor relations conferences which were not attended and more generally, due to a reduced level of activities in this expense category.

Professional fees (Current Quarter - \$16,359; Comparative Quarter - \$67,195) decreased as a lower level of legal and advisory fees were incurred in the Current Quarter in respect of various corporate initiatives.

Salaries and benefits expense (Current Quarter - \$168,577; Comparative Quarter - \$169,586) remained consistent between periods as there were no changes in compensation arrangements.

Insurance expense (Current Quarter - \$19,386; Comparative Quarter - \$19,292) remained similar as the Company's exposures and asset base have not significantly changed.

Office, miscellaneous and rent (Current Quarter - \$13,058; Comparative Quarter - \$625) increased due to a decrease in income arising from sub-lease agreements with tenants as well as an increase in sponsorship costs in the Current Quarter compared to the Comparative Quarter.

Regulatory and filing fees (Current Quarter - \$11,153; Comparative Quarter - \$5,138) increased due to the filing fees associated with the stock option plan.

Accretion expense (Current Quarter - \$70,665; Comparative Quarter - \$46,853) increased due to the higher accretion expense arising from the convertible note financing with Osisko. Total accretion for the convertible note financing was \$193,405 (Comparative Quarter - \$169,593), but of this figure, \$70,665 has been expensed in the Current Quarter and \$122,740 has been capitalized to property, plant and equipment. In the Comparative Quarter, \$122,740 had been capitalized to property, plant and equipment and \$46,853 was expensed.

Depreciation (Current Quarter - \$22,389; Comparative Quarter - \$23,152) remained broadly consistent as there were no new additions of property, plant and equipment during the Current Quarter for which depreciation is charged.

During the Current Quarter, an unrealized loss on marketable securities of \$46,605 was recognized (Comparative Quarter – realized loss of \$23,872 and unrealized gain of \$156,100). In the Current Quarter, the unrealized loss on marketable securities was attributable to the lower fair value of the Company's holding in Cornish Lithium compared to its fair value as at April 30, 2020. The unrealized gain on marketable securities in the Comparative Quarter is primarily attributable to the higher market value of the Company's holding in Westhaven compared to its fair value as at April 30, 2019.

### **Assets and Liabilities**

Total assets increased to \$16,528,646 as at July 31, 2020 as compared to total assets of \$15,863,334 as at January 31, 2020 mainly due to the private placement financing which closed on February 3, 2020, partly offset by the reported loss for the Current Period.

The Company's cash balance decreased from \$1,305,253 as at January 31, 2020 to \$893,068 as at July 31, 2020 principally as a result of proceeds received from the private placement financing, offset by ongoing development activities at South Crofty and expenditure at a corporate level.

Marketable securities decreased from \$547,721 as at January 31, 2020 to \$501,116 at July 31, 2020. Included in marketable securities is the fair value of common shares held in private companies of \$498,516 (January 31, 2020 - \$545,121), most of which represents the Company's holding in Cornish Lithium. The decrease in the value of marketable securities from January 31, 2020 was attributable to the lower fair value of the Company's holding in Cornish Lithium.

Receivables increased to \$81,823 as at July 31, 2020 from \$23,414 as at January 31, 2020. Receivables consist mostly of sales tax receivables from the governments of Canada and the UK. Prepaid expenses decreased to \$33,925 as at July 31, 2020 as compared to \$54,702 as at January 31, 2020. The movements in prepaid expense and sales tax receivable balances are due to the timing of settling contractual obligations.

Deposits increased to \$98,629 as at July 31, 2020, as compared to \$36,829 as at January 31, 2020. Included in this balance is a deposit placed with the electricity provider in Cornwall to secure the power supply for potential future mining operations at South Crofty, as well as a deposit placed with the main contractor for the South Crofty drill program.

Property, plant and equipment ("PPE") assets increased to \$6,188,722 as at July 31, 2020 from \$5,966,727 as at January 31, 2020. The most significant item within PPE is the capitalization of the WTP at \$4,265,224 for which design and construction activities have commenced. The WTP is treated as work in progress and is therefore not depreciated. Also capitalized is the right-to-use real estate (the Vancouver office referred above) which was initially measured at the Company's transitional date for the implementation of IFRS 16 at the present value of the lease payments over the term of the lease expiring on April 30, 2021. During the Current Period, borrowing costs of \$245,480 were capitalized to the WTP and land as approximately half the proceeds from the convertible note financing were used towards the initial design and construction of the WTP and purchase of the land surrounding New Cook's Kitchen Shaft. PPE was also impacted by a foreign currency translation gain of \$44,591 arising from the appreciation of the British pound against the Canadian dollar since January 31, 2020.

Exploration and evaluation assets of \$8,731,363 as at July 31, 2020 represent 53% of total assets and increased from \$7,928,688 as at January 31, 2020. During the Current Period, the Company capitalized \$715,342 to exploration and evaluation assets, all related to the South Crofty tin project, reflecting general expenditure at the site, such as salaries and benefits, utility expenses and general maintenance expenses of the mine. Exploration and evaluation assets were

also impacted by a foreign currency translation gain of \$87,333 arising from the appreciation of the British pound against the Canadian dollar since January 31, 2020.

A summary of the Company's capitalized exploration and evaluation assets is as follows:

	January 31, 2020	Expended during the period	July 31, 2020
South Crofty, Cornwall, UK			
Exploration costs	\$ 1,063,273	\$ 395,780	\$ 1,459,053
Tenure and utility costs	861,485	51,240	912,725
Office and remuneration costs	2,777,237	241,787	3,019,024
Capitalized depreciation	347,324	26,535	373,859
Asset acquisition	3,023,374	-	3,023,374
Recovery of costs	(255,906)	-	(255,906)
Foreign currency translation	111,901	87,333	199,234
	<u>\$ 7,928,688</u>	<u>\$ 802,675</u>	<u>\$ 8,731,363</u>

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties is in good standing.

Current liabilities decreased to \$503,443 as at July 31, 2020 from \$688,883 as at January 31, 2020 due to the recognition of the current portion of the lease liability of \$59,611 (January 31, 2020 - \$78,595) arising from the implementation of IFRS 16, and accounts payable and accrued liabilities of \$443,832 (January 31, 2020 - \$610,288) which has decreased due to the settling of the penultimate installment of the dewatering pumps in February 2020.

Total long-term liabilities increased to \$8,473,805 at July 31, 2020 from \$8,117,592 as at January 31, 2020 principally due to the accretion of \$376,526 in the Current Period related to the convertible note financing with Osisko. This increase is partly offset by the absence of a long-term portion of the lease liability arising from the implementation of IFRS 16, which is now classified as short-term since the lease term expires on April 30, 2021. The convertible note financing is split between debt and royalty components of \$5,587,291 and \$2,886,514, respectively (refer note 8 of the consolidated condensed interim financial statements for the period ended July 31, 2020).

### Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company and is derived from the Company's consolidated condensed interim financial statements prepared by management. The Company's consolidated condensed interim financial statements are prepared in accordance with IFRS and are expressed in Canadian dollars.

Quarter ending	Interest income \$	Income (loss) from continued operations \$	Basic income (loss) per share from income (loss) \$	Fully diluted income (loss) per share <sup>(*)</sup> from income (loss) \$
July 31, 2020	\$ 1,059	\$ (390,585)	\$ (0.00)	\$ (0.00)
April 30, 2020	3,259	(398,893)	(0.00)	(0.00)
January 31, 2020	385	(2,336,588)	(0.05)	(0.05)
October 31, 2019	863	(203,274)	(0.00)	(0.00)
July 31, 2019	2,467	(1,484,584)	(0.02)	(0.02)
April 30, 2019	4,447	(534,730)	(0.01)	(0.01)
January 31, 2019	8,907	(565,184)	(0.01)	(0.01)
October 31, 2018	Nil	2,288,318	0.03	0.03

\* Based on the treasury share method for calculating diluted earnings.

Following the acquisition of the South Crofty tin project in July 2016 and increased activity levels for the Company, quarterly losses have generally arisen largely due to operating expenses being incurred which are not eligible for capitalization. Preparatory work for fundraising, as well as other corporate initiatives, has also contributed to losses with the timing of such work impacting the quarterly results. The Company's expenses also include non-cash expenses such as accretion (related to the Company's financing activities) and share-based compensation expense which varies depending on when share options are granted and vest.

Since February 1, 2018 quarterly results have also been impacted by unrealized and realized gains (losses) on marketable securities recognized in income (loss).

### **Liquidity and Capital Resources**

The Company's working capital as at July 31, 2020 was \$1,006,489 as compared to working capital of \$1,242,207 as at January 31, 2020. Cash decreased by \$412,185 in the Current Period (Comparative Period – \$1,399,903). A foreign currency translation loss of \$4,038 arose from balances denominated in British pounds (Comparative Period - \$4,761). As at July 31, 2020 cash was \$893,068 (cash of \$1,305,253 as at January 31, 2020).

Net cash used in operations during the Current Period was \$657,510 (Comparative Period - \$862,553). Changes in working capital items during the Current Period included an increase in receivables of \$58,408, a decrease of \$27,748 in prepaid expenses and a decrease in payables and accrued liabilities of \$60,676.

During the Current Period, the Company used \$838,790 (Comparative Period – \$464,554) for investing activities, including \$318,007 for the acquisition of PPE relating to the settlement for the next instalment of the dewatering pumps for the WTP, and \$458,983 for expenditure which was capitalized to exploration and evaluation assets, all related to the South Crofty tin project. In the Comparative Period, \$610,344 was incurred on exploration and evaluation assets, primarily related to the South Crofty tin project, and \$4,282 was incurred on PPE.

Net cash arising from financing activities was \$1,088,153 in the Current Period (Comparative Period –\$72,796 used in financing activities). In connection with the private placement financing which closed on February 3, 2020, during the Current Period the Company received \$1,177,500 in gross subscriptions and settled \$49,427 in share issue costs. The overall financing raised gross proceeds of \$2,352,500, of which \$1,175,000 was received as at January 31, 2020. Net proceeds from the financing amounted to \$2,302,322. The Company also made lease payments of \$39,920. In the Comparative Period, the Company paid \$34,634 in deferred financing costs and made lease payments of \$38,162.

Funding requirements are forecast with reference to the Company's planned exploration, development and corporate activities and anticipating investing and financing activities. Actual funding requirements may vary from those planned due to a number of factors, including results from exploration and development activities and the Company's ability to raise additional funds at favourable terms. The Company has historically relied on equity financings and asset sales, or a combination thereof to finance its activities, although the convertible note financing with Osisko provided a complementary funding source for the Company.

Equity financings at the Company's stage of development are challenging in the current economic environment and commodity cycle. Equity financings also result in dilution to existing shareholders which increases as the share price decreases. Market volatility and economic uncertainties have the potential to make future equity financings challenging. The Company's ability to raise equity financing is impacted by market conditions, its share price and third party interest in its assets.

The Company has no credit facilities that can be used for ongoing operations because it has no operating cash flow. The Company also cannot raise additional financing through securitisation of its assets since the convertible note financing completed with Osisko is secured by a first ranking lien on all of the assets of Cornish Metals and its subsidiaries.

### **Risks and Uncertainties**

#### **Liquidity and going concern risks**

The Company's financial condition and future prospects are significantly affected by the ability of the Company to obtain the financing necessary to complete the exploration and development of its mineral properties and upon future profitable production. Since the Company has not generated significant revenues from operations and is considered to be in the exploration stage, liquidity risk and going concern are the most significant risks faced by the Company at the present time.

As at July 31, 2020, the Company had current assets of \$1,509,932 to settle current liabilities of \$503,443. Although the Company has positive working capital of \$1,006,489 as at July 31, 2020, the Company anticipates significant

expenditures will be required to progress the South Crofty tin project. The Company may be required to delay or indefinitely postpone discretionary expenditure, including further exploration work and the construction and operation of the WTP, if additional financing cannot be obtained on reasonable terms within the next twelve months. Failure to obtain such additional financing will cause a delay in the Company's plan to advance the South Crofty tin project towards a production decision, or an inability to maintain title to its mineral properties in good standing. Furthermore, failure to realize additional funding, as required, could result in the Company being unable to meet the continued listing requirements of the TSX-V.

The Company's consolidated condensed interim financial statements for the period ended July 31, 2020 have been prepared on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. However, the Company has sustained substantial losses from operations since inception and has no current source of revenue. Continued operations of the Company and further exploration and development of its mineral properties is dependent on the Company's ability to obtain additional financing and generate profitable operations in the future. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These Company's financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of expenses and the classification of statement of financial position items if the going concern assumption was inappropriate. These adjustments could be material.

In January 2018, the sale of a royalty was concluded with Osisko through a convertible note to progress the design and construction of the WTP at South Crofty. The convertible note financing completed in January 2018 is secured by a first ranking lien on all of the assets of the Company and its subsidiaries. If an event of default occurs under either the note or the royalty agreement, Osisko has the right to realize upon its security and become the owner of all such assets.

#### Foreign currency risk

The Company has its most significant exposure to foreign currency risk through expenditure incurred on its mineral properties in the United Kingdom. Most of the Company's expenditure incurred on its mineral properties is in British pounds, therefore the fluctuation of the Canadian dollar in relation to this currency will consequently have an impact on the value of the Company's assets. The Company does not presently invest in foreign denominated currency contracts to mitigate this risk, but will closely monitor this risk depending on the amount and currency of any fundraising for the development of the South Crofty tin project.

#### Credit risk

The Company's receivables consist primarily of sales tax receivables due from the Canadian and UK governments. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The maximum exposure to credit risk is the carrying value of the Company's receivables and cash.

#### Equity market risk

The Company is exposed to equity price risk arising from its marketable securities. The Company sells its marketable securities as market conditions permit, or as is required to finance the Company's operations from time-to-time.

#### Commodity price risk

The Company is exposed to price risk with respect to commodity prices, particularly tin. The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the market price of commodities. The Company monitors commodity prices in forecasting its cash flow requirements for the funding of its ongoing exploration and corporate activities and estimated development costs in bringing assets into production. The Company does not presently invest in commodity hedges to mitigate this risk.

### Outstanding Share Data

The Company's authorized capital is unlimited common shares without par value.

As at September 24, 2020, there were 133,818,585 common shares issued and outstanding.

As at September 24, 2020, the Company had the following stock options and warrants outstanding:

	Number of shares	Exercise price	Number exercisable	Expiry date
<b>Options</b>	2,020,000	\$ 0.11	2,020,000	October 23, 2020
	2,125,000	\$ 0.15	2,125,000	January 3, 2022
	1,855,000	\$ 0.20	1,855,000	November 3, 2022
	5,150,000	\$ 0.10	1,030,000	August 18, 2025
<b>Warrants</b>	23,525,000	\$ 0.07	23,525,000	February 3, 2023

During the six months ended July 31, 2020 and 2019, the Company granted no stock options.

During the six months ended July 31, 2020 and 2019, the Company recorded \$Nil in share-based compensation expense.

### Transactions with Related Parties

The Company entered into the following transactions with related parties during the six months ended July 31, 2020 and 2019:

- a) Paid \$3,680 to North Arrow Minerals Inc. ("North Arrow"), a company with two common directors, for office space and administrative services (July 31, 2019 - \$3,900), and received \$1,879 as an expense reimbursement (July 31, 2019 - \$Nil), which was included in receivables (January 31, 2020 - \$Nil); and
- b) Received \$5,703 from Winshear Gold Corp. ("Winshear", previously Helio Resource Corp.), a company with a common director, relating to an apportionment of rent and similar expenditures for the Vancouver office (July 31, 2019 - \$Nil), of which \$1,197 was included in receivables (January 31, 2020 - \$1,521).

Key management includes the Company's directors and officers. Compensation awarded to key management was as follows:

	Three Months Ended		Six Months Ended	
	July 31, 2020	July 31, 2019	July 31, 2020	July 31, 2019
Salaries and benefits <sup>1</sup>	\$ 141,709	\$ 142,892	\$ 283,683	\$ 288,772
Total	\$ 141,709	\$ 142,892	\$ 283,683	\$ 288,772

1 Allocated \$281,533 (July 31, 2019 - \$279,772) to salaries and benefits and \$2,150 (July 31, 2019 - \$9,000) to professional fees.

### Commitments

The Company has entered into contracts with utility providers and mineral lease owners, none of which are regarded as significant or non-routine in nature. Costs under these contracts are either expensed to profit or loss, or capitalized to exploration and evaluation assets depending on their nature.

The Company also has outstanding commitments relating to the construction of the water treatment plant for \$270,000. The timing of payments relating to these commitments is uncertain, and would depend on the progress of construction.

Upon commencement of mining, the Company is liable to make payments to owners of mineral properties within the underground mine permission area of the South Crofty tin project which the Company leases for the purposes of ore extraction. Payments will take the form of either:

- an advance payment of £50,000 per annum (equivalent to \$87,400 at the period end GBP/CAD rate) during periods when there is no production from the respective owner's mineral rights ("Advance Royalty Payments"), or

- a NSR payable for a minimum of £50,000 on ore extracted from property that falls within the mineral rights held by the owner which varies according to the prevailing tin price.

The Advance Royalty Payments will be deducted from NSR royalty payments as and when the NSR royalties become payable.

### **Financial Instruments**

A description of the Company's financial instruments and the financial risks to which the Company is exposed can be found in note 3 of the consolidated condensed interim financial statements for the six months ended July 31, 2020 and 2019.

### **Capital Management**

A description of the Company's capital management can be found in note 10 of the consolidated condensed interim financial statements for the six months ended July 31, 2020 and 2019.

### **Significant Accounting Estimates and Judgments**

A description of the Company's significant accounting estimates and judgments can be found in note 3a of the audited consolidated financial statements for the years ended January 31, 2020 and 2019.

### **Additional Disclosure for Venture Issuers Without Significant Revenue**

Additional disclosure concerning the Company's general and administrative expenses and exploration and evaluation assets is provided in the Company's consolidated statement of financial position, statement of changes in equity, statement of loss and comprehensive loss and the exploration and evaluation assets note contained in its consolidated condensed interim financial statements for the six months ended July 31, 2020 and 2019 prepared in accordance with IFRS. These statements are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Additional Information**

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

### **Forward-Looking Statements**

This Interim MD&A may contain "forward-looking statements" within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to sources of and anticipated financing requirements, the Company's ability to continue as a going concern, the Company's ability to evaluate and develop the South Crofty tin project, including, but not limited to: obtaining the required consents and permissions for further development of the South Crofty tin project; assumptions included in the PEA and the likelihood that any of these assumptions will be realized; project growth opportunities for South Crofty; obtaining financing when required and on terms acceptable to the Company; the Company's ability to maintain its exploration and evaluation assets in good standing; the Company's ability to construct and operate the WTP within the terms of the applicable regulatory requirements; the Company's ability to comply with the terms of the convertible note financing pursuant to the sale by the Company of a 1.5% NSR on South Crofty, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, success of exploration activities, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

These forward-looking statements include, among others, statements with respect to the Company's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding the Company's future operations, future exploration and development activities or other development plans and estimated future financing requirements contain forward-looking statements.

All forward-looking statements and information are based on the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business

prospects, strategies, acquisitions, financings, regulatory developments, development plans, exploration and development activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements.

These factors include, but are not limited to, developments in world financial and commodity markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar and the UK Pound Sterling, changes in exploration plans due to exploration results and changing budget priorities of the Company or its joint venture partners, changes in project parameters as plans continue to be refined; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing, the effects of competition in the markets in which the Company operates, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the Company's anticipation of and success in managing the foregoing risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on the Company's behalf, except as required by law.

A summary of the acquisition and exploration activities for the Company can be found above, as well as a description of other corporate activities. These summaries include some discussion of management's future exploration plans. The reader is cautioned that actual results, performance or achievements may be materially different from those implied or expressed in these statements. The Company's exploration programs are subject to change from time to time, based on the analysis of results and changing corporate priorities, exploration targets and funding considerations.

**Approval**

The Board of Directors of the Company has approved the disclosure contained in this Interim MD&A. A copy of this Interim MD&A will be provided to anyone who requests it.