# ARIZONA METALS CORP.

# (FORMERLY RING THE BELL CAPITAL CORP.)

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

# THREE MONTHS ENDED MARCH 31, 2020

# (EXPRESSED IN CANADIAN DOLLARS)

# (UNAUDITED)

**Notice To Reader**

The accompanying unaudited condensed interim consolidated financial statements of Arizona Metals Corp. (formerly Ring The Bell Capital Corp.) (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

## ARIZONA METALS CORP. (formerly Ring The Bell Capital Corp.)

**Condensed Interim Consolidated Statements of Financial Position**
**(Expressed in Canadian Dollars)**
**Unaudited**

| | As at March 31, 2020 | As at December 31, 2019 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash | **$ 2,362,849** | $ 1,611,891 |
| Sales tax recoverable | **95,741** | 87,283 |
| Prepaid expenses (note 6) | **356,201** | 569,577 |
| **Total current assets** | **2,814,791** | 2,268,751 |
| **Non-current assets** | | |
| Reclamation bond (note 6) | **95,232** | 57,344 |
| **Total assets** | **$ 2,910,023** | $ 2,326,095 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities (note 7) | **$ 50,985** | $ 117,916 |
| **Total liabilities** | **50,985** | 117,916 |
| **Shareholders' equity** | | |
| Share capital (note 3) | **9,829,192** | 7,622,591 |
| Reserves (notes 4 and 5) | **3,104,608** | 3,104,608 |
| Accumulated deficit | **(10,074,762)** | (8,519,020) |
| **Total shareholders' equity** | **2,859,038** | 2,208,179 |
| **Total liabilities and shareholders' equity** | **$ 2,910,023** | $ 2,326,095 |

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

Nature of operations and going concern (note 1)
Commitments and contingencies (note 9)
Subsequent events (note 10)

**Approved on behalf of the Board:**

(Signed) "Paul Reid" Director

(Signed) "Marc Pais" Director

## ARIZONA METALS CORP. (formerly Ring The Bell Capital Corp.)

**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**
**(Expressed in Canadian Dollars)**
**Unaudited**

| | Three Months Ended March 31, 2020 | Three Months Ended March 31, 2019 |
|---|---|---|
| **Operating expenses** | | |
| Salaries and benefits (note 7) | **$ 81,220** | $ 42,804 |
| Exploration and evaluation expenditures (note 6) | **1,362,681** | 1,191,284 |
| Office and general | **89,197** | 24,278 |
| Professional fees (note 7) | **22,644** | 19,324 |
| Share-based payments (notes 4 and 7) | **-** | 467,071 |
| Filing fees | **-** | 6,965 |
| Listing expenses | **-** | 31,569 |
| **Net loss and comprehensive loss for the period** | **$ (1,555,742)** | $ (1,783,295) |
| **Basic and diluted net loss per share** | **$ (0.03)** | $ (0.05) |
| **Weighted average number of common shares outstanding** | **52,356,115** | 33,598,044 |

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

## ARIZONA METALS CORP. (formerly Ring The Bell Capital Corp.)

**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**
**(Expressed in Canadian Dollars)**
**Unaudited**

| | Share capital | Reserves | Accumulated deficit | Total |
|---|---|---|---|---|
| **Balance, December 31, 2018** | **$ 3,431,482** | **$ 1,202,295** | **$ (4,258,411)** | **$ 375,366** |
| Private placement (note 3) | 1,097,520 | - | - | 1,097,520 |
| Share issuance costs | (69,627) | - | - | (69,627) |
| Share-based payments (note 4) | - | 467,071 | - | 467,071 |
| Net loss for the period | - | - | (1,783,295) | (1,783,295) |
| **Balance, March 31, 2019** | **$ 4,459,375** | **$ 1,669,366** | **$ (6,041,706)** | **$ 87,035** |

| | Share capital | Reserves | Accumulated deficit | Total |
|---|---|---|---|---|
| **Balance, December 31, 2019** | **$ 7,622,591** | **$ 3,104,608** | **$ (8,519,020)** | **$ 2,208,179** |
| Private placement (note 3(b)) | 2,370,500 | - | - | 2,370,500 |
| Share issuance costs | (163,899) | - | - | (163,899) |
| Net loss for the period | - | - | (1,555,742) | (1,555,742) |
| **Balance, March 31, 2020** | **$ 9,829,192** | **$ 3,104,608** | **$ (10,074,762)** | **$ 2,859,038** |

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

## ARIZONA METALS CORP. (formerly Ring The Bell Capital Corp.)
**Condensed Interim Consolidated Statements of Cash Flows**
**(Expressed in Canadian Dollars)**
**Unaudited**

| | Three Months Ended March 31, 2020 | Three Months Ended March 31, 2019 |
|---|---|---|
| **Operating activities** | | |
| Net loss for the period | **$ (1,555,742)** | $ (1,783,295) |
| Adjustments for: | | |
| Share-based payments (note 4) | **-** | 467,071 |
| Changes in non-cash working capital items: | | |
| Accounts receivable | **(8,458)** | (7,121) |
| Prepaid expenses | **213,376** | 15,961 |
| Accounts payable and accrued liabilities | **(66,931)** | 391,170 |
| Reclamation bond | **(37,888)** | - |
| **Net cash used in operating activities** | **(1,455,643)** | (916,214) |
| **Financing activities** | | |
| Proceeds from private placements share issuance (note 3) | **2,370,500** | 1,097,520 |
| Share issuance costs (note 3) | **(163,899)** | (69,627) |
| **Net cash provided by financing activities** | **2,206,601** | 1,027,893 |
| **Net change in cash** | **750,958** | 111,679 |
| **Cash, beginning of period** | **1,611,891** | 406,333 |
| **Cash, end of period** | **$ 2,362,849** | $ 518,012 |

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

## 1. Nature of operations and going concern

Arizona Metals Corp., formerly Ring The Bell Capital Corp. ("AMC" or the "Company") was incorporated under the Canada Business Corporations Act on June 28, 2017. The Company's head office, principal address and registered and records office is located at 66 Wellington Street West, Suite 4100, Toronto, Ontario, Canada, M5K 1B7. The Company completed its Initial Public Offering on March 6, 2018 and is classified as a Capital Pool Company ("CPC") as defined by the TSX Venture Exchange ("TSX-V").

On August 1, 2019, the Company completed a reverse take-over transaction ("RTO") with Croesus Gold Corp. ("Croesus") wherein the Company acquired 100% of the issued and outstanding common shares of Croesus. As a result of the share exchange, Croesus is considered to have control. While the Company is the legal acquirer, the accounting acquirer is Croesus and these financial statements are consolidated and presented with Croesus as the continuing entity. Concurrent with the RTO, the Company changed its name to Arizona Metals Corp. and began trading on the TSX-V under the symbol "AMC".

AMC is a Canadian exploration company focused on precious metal exploration in the United States. At the date of these unaudited condensed interim consolidated financial statements, the Company has not yet discovered any deposits, nor has it earned any income.

Although the Company has taken customary steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

AMC is at an early stage of exploration and as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company has current assets in excess of current liabilities of $2,763,806 at March 31, 2020 (December 31, 2019 - $2,150,835). For the three months ended March 31, 2020, the Company had a net loss of $1,555,742 (three months ended March 31, 2019 - $1,783,295), and had cash outflows from operations of $1,455,643 (three months ended March 31, 2019 - $916,214). These material uncertainties cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern.

The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production in the future. The Company is currently evaluating various options in order to address its financing needs. There can be no assurance that the Company's financing activities will continue to be successful or sufficient.

Longer term, the Company may pursue opportunities to raise additional capital through equity markets; however, there can be no assurance it will be able to raise funds in the future. The ultimate ability of the Company to remain a going concern and complete exploration and development of properties, if properties are proven successful, is dependent upon successfully raising additional capital.

These unaudited condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets, liabilities and reported expenses should the Company be unable to continue as a going concern. These adjustments could be material.

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

**(Expressed in Canadian Dollars)**

## 2. Significant accounting policies

***Statement of compliance***

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's 2019 annual financial statements which have been prepared in accordance with IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of May 26, 2020, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2019.

## 3. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

| | Number of common shares | | Amount |
|---|---|---|---|
| **Balance, December 31, 2018** | **32,050,000** | **$** | **3,431,482** |
| Private placements (i) | 3,658,400 | | 1,097,520 |
| Share issuance costs (i) | - | | (69,627) |
| **Balance, March 31, 2019** | **35,708,400** | **$** | **4,459,375** |
| | | | |
| **Balance, December 31, 2019** | **49,855,368** | **$** | **7,622,591** |
| Private placement (ii) | 4,741,000 | | 2,370,500 |
| Share issuance costs (ii) | - | | (163,899) |
| **Balance, March 31, 2020** | **54,596,368** | **$** | **9,829,192** |

(i) During January-March 2019, the Company closed private placements whereby the Company issued a total of 3,658,400 common shares at $0.30 per share for aggregate proceeds of $1,097,520. Cash issuance cost was $69,627.

(ii) On February 12, 2020, the Company announced that it has closed a non-brokered private placement offering of 4,741,000 common shares of the Company at a price of $0.50 per common share, for aggregate gross proceeds of $2,370,500. Colin Sutherland and Rick Vernon, directors of the Company, each purchased an aggregate of 100,000 common shares under the offering. Kevin Reid, an insider of the Company, beneficially purchased an aggregate of 500,000 common shares under the offering. In connection with the offering, the Company paid cash finders' fees of an aggregate of $93,900 and other share issuance cost of $69,999.

**(Expressed in Canadian Dollars)**

## 4. Stock options

The Company's stock otpions outstanding are as follows:

| | Number of stock options | Weighted average exercise price |
|---|---|---|
| Balance, December 31, 2018 | 5,300,000 | $ 0.14 |
| Issued (i) | 1,800,000 | 0.30 |
| Balance, March 31, 2019 | 7,100,000 | $ 0.18 |
| Balance, December 31, 2019 and March 31, 2020 | 8,300,000 | $ 0.21 |

(i) On March 27, 2019, the Company granted 1,800,000 stock options to directors of the Company with exercise price of $0.30 per share, expiring in 5 years. The stock options were assigned a grant date value of $467,071 as estimated by using the Black-Scholes valuation model with the following assumptions: share price of $0.30, expected dividend yield of 0%, expected volatility of 132%, risk-free rate of return of 1.43%, and an expected maturity of 5 years.

The following table reflects the actual stock options issued and outstanding as of March 31, 2020:

| Fair value ($) | Weighted average remaining contractual life (years) | Number of options outstanding | Exercisable options | Weighted average exercise price ($) | Expiry date |
|---|---|---|---|---|---|
| 42,652 | 0.34 | 400,000 | 400,000 | 0.25 | August 1, 2020 |
| 497,732 | 3.99 | 1,800,000 | 1,800,000 | 0.30 | March 27, 2024 |
| 269,375 | 4.63 | 800,000 | 800,000 | 0.40 | November 15, 2024 |
| 324,573 | 5.72 | 2,000,000 | 2,000,000 | 0.10 | December 18, 2025 |
| 250,336 | 6.05 | 1,000,000 | 1,000,000 | 0.10 | April 18, 2026 |
| 627,386 | 6.14 | 2,300,000 | 2,300,000 | 0.20 | May 19, 2026 |
| 2,012,054 | 5.14 | 8,300,000 | 8,300,000 | 0.21 | |

**(Expressed in Canadian Dollars)**

## 5. Warrants

The Company's warrants outstanding are as follows:

| | Number of warrants | Weighted average exercise price |
|---|---|---|
| Balance, December 31, 2018 and March 31, 2019 | - | $ - |
| Balance, December 31, 2019 | 7,303,440 | $ 0.58 |
| Warrants repriced (i) | (6,117,999) | 0.60 |
| Warrants repriced (i) | 6,117,999 | 0.50 |
| Balance, March 31, 2020 | 7,303,440 | $ 0.42 |

(i) On February 24, 2020, the Company repriced 6,117,999 of the Company's outstanding warrants expiring on August 1, 2022 from an exercise price of $0.60 per warrant to an exercise price of $0.50 per warrant.

The following table reflects the actual warrants issued and outstanding as of March 31, 2020:

| Fair value ($) | Number of warrants | Weighted average exercise price ($) | Expiry date |
|---|---|---|---|
| 1,225 | 8,040 | 0.25 | March 6, 2020 |
| 89,443 | 540,400 | 0.40 | August 7, 2021 |
| 97,370 | 637,001 | 0.60 | August 1, 2022 |
| 935,177 | 6,117,999 | 0.50 | August 1, 2022 |
| 1,123,215 | 7,303,440 | 0.42 | |

## 6. Exploration and evaluation expenditures

| | Three Months Ended March 31, 2020 | Three Months Ended March 31, 2019 |
|---|---|---|
| **Sugarloaf Peak Gold Project** | | |
| Concession fees | $ - | $ 11,499 |
| | **-** | **11,499** |
| **Kay Mine** | | |
| Acquisition cost | - | 1,002,245 |
| Concession fees | 15,901 | - |
| Legal fees | 1,523 | 31,602 |
| Consulting | 237,985 | 145,938 |
| Camp costs | 17,009 | - |
| Drilling | 1,083,360 | - |
| Storage | 6,903 | - |
| | **1,362,681** | **1,179,785** |
| **Total exploration and evaluation expenditures** | **$ 1,362,681** | **$ 1,191,284** |

## 6. Exploration and evaluation expenditures (continued)

### Sugarloaf Peak Gold Project

On December 16, 2014, Croesus entered into an option agreement with Riverside Resources Inc. ("Riverside") where Riverside grants to Croesus the irrevocable and exclusive right and option to purchase and acquire 100% of Riverside's right, title and interest (of any nature or kind whatsoever) in and to the Sugarloaf Peak Gold Project. On December 18, 2015, Croesus and Riverside amended the option agreement ("December 18, 2015 Option Agreement"). On March 21, 2016, Croesus exercised the option concurrently with amending the cash payment and common share issuance in the December 18, 2015 Option Agreement ("March 21, 2016 Option Agreement").

Under the terms of the March 21, 2016 Option Agreement between Croesus and Riverside, a 100% interest, subject to a 1% net smelter returns royalty to Riverside, in the Sugarloaf Peak Gold Project can be acquired by complying with the following terms:

(i) Croesus making aggregate cash payments to Riverside of $750,000 (paid). Per the March 21, 2016 Option Agreement, the Company's aggregate cash contribution was reduced to $700,000 if the Company paid all cash obligations by March 23, 2016, which it did, therefore, aggregate cash contributions of $700,000 were paid;
(ii) Croesus making a payment to Riverside for concession fees on the Sugarloaf Peak Gold Project from September 30, December 31, 2016 to August 1, 2016 in the amount of $42,000 (paid);
(iii) the issuance to Riverside of 6,500,000 common shares in the capital of Croesus. Per the March 21, 2016 Option Agreement, share obligations were reduced to 6,000,000 common shares if all cash obligations were satisfied within a twelve month period after the December 18, 2015 Option Agreement, which it was, therefore an aggregate of 6,000,000 common shares were issued;
(iv) if Croesus has not completed a public listing recognized by the Ontario Securities Commission on or before specified dates from the December 18, 2015 Option Agreement, up to 4,300,000 common shares may be issued;
(v) if the market value of the common shares on a public listing recognized by the Ontario Securities Commission is less than $0.15, Croesus shall issue to Riverside the number of common shares equal to the true-up amount in respect of each common share payment made prior to, or, with respect to the common share payment, following the completion of such public listing.

Croesus shall have the right to purchase one-half of the Production Royalty (equivalent to 1% of Net Smelter Returns) for $5,500,000, exercisable at any time on or before the fourth anniversary of the date of this NSR Agreement, exercisable by written notice to the Royalty Holder with payment of cash in immediately available funds to follow, to or as directed by the Royalty Holder, no more than 10 Business Days following receipt of such notice by the Royalty Holder (unless otherwise mutually agreed by the parties).

As of March 31, 2020, the Company paid an aggregate cash payments to Riverside of $700,000 (December 31, 2019 - aggregate cash payments of $700,000) and issued an aggregate of 6,000,000 common shares (December 31, 2019 - aggregate common shares issued of 6,000,000) to Riverside.

The Company did not complete a public listing within 18 months of the December 18, 2015 Option Agreement and issued 300,000 common shares valued at $60,000 to Riverside.

## 6. Exploration and evaluation expenditures (continued)

### Sugarloaf Peak Gold Project

The Company did not complete a public listing within 24 months of the December 18, 2015 Option Agreement and issued 500,000 common shares valued at $100,000 to Riverside.

The Company did not complete a public listing within 36 months of the December 18, 2015 Option Agreement and issued 1,500,000 common shares valued at $450,000 to Riverside.

The Company did not complete a public listing within 42 months of the December 18, 2015 Option Agreement and issued 2,000,000 common shares valued at $600,000 to Riverside.

The estimated fair value of the shares issued was based on the value of shares issued in the most recent private placement of the Company's shares prior to the issuance.

### Kay Mine

On November 15, 2018, Croesus entered into an acquisition agreement ("Acquisition Agreement") with Silver Spruce Resources Inc. ("Silver Spruce") to acquire 100% interest in certain patented and unpatented mining claims in Yavapai County, Arizona, USA, known collectively as the "Kay Mine Claims". The purchase price includes:

(a) Cash consideration of $50,000 (paid), which is being held by the escrow agent until closing; and
(b) the assumption by the Company of a loan on the closing date with a principal amount of US$450,000, accruing interest at a rate of 12% per annum. The Company repaid the full amount of the loan and the accrued interest on March 12, 2019 in the amount of $652,165.

Following the closing, Croesus is to make the following payments to Silver Spruce:

(a) Cash consideration of $100,000 on the earlier of (i) six months from the date of the Acquisition Agreement; or (ii) the date of Croesus' public listing; and
(b) Common shares worth $250,000 concurrently with or immediately prior to Croesus' public listing.

The acquisition closed on January 25, 2019.

In May 2019, the Company entered into an agreement with Silver Spruce to amend the ongoing terms of the Acquisition Agreement (“Extension Agreement”). Under the Extension Agreement, Croesus made additional payments to Silver Spruce of $200,000 on May 9, 2019 and $150,000 on June 27, 2019, satisfying all of the Company’s obligations under the Acquisition Agreement and Extension Agreement.

As at March 31, 2020, prepaid expenses included an amount of $307,883 which was returned to the Company due to the suspension of the drilling operations at Kay Mine due to COVID-19 pandemic.

At March 31, 2020, the Company has provided aggregate of $95,232 (2019 - $57,344) in deposits as security against potential future reclamation work related to the Kay Mine.

**(Expressed in Canadian Dollars)**

## 7. Related party transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

(a) Remuneration of directors and key management personnel of the Company was as follows:

| | Three Months Ended March 31, 2020 | Three Months Ended March 31, 2019 |
|---|---|---|
| Salaries and benefits | **$ 81,220** | $ 42,804 |
| Share-based payments | **-** | 467,071 |
| Professional fees | **10,932** | - |
| Legal fees | **54,131** | - |
| | **$ 146,283** | $ 509,875 |

(b) Included in professional fees is $10,932 (three months ended March 31, 2019 - $nil) paid to Marrelli Support Services Inc. ("MSSI") for Eric Myung, an employee of MSSI, to act as the Chief Financial Officer ("CFO") of the Company and bookkeeping services. As at March 31, 2020, $2,443 (December 31, 2019 - $2,321) was owed to this company and this amount was included in accounts payable and accrued liabilities.

(c) A director of the Company is a partner in a law firm that provides services on a recurrent basis to the Company. During the three months ended March 31, 2020, the Company incurred legal fees of $54,131 (three months ended March 31, 2019 - $nil) to this law firm which were included in share issuance costs.

## 8. Segmented information

### Operating segments

At March 31, 2020, the Company's operations comprise a single reporting operating segment engaged in mineral exploration in the United States. As the operations comprise a single reporting segment, amounts disclosed in these unaudited condensed interim consolidated financial statements also represent operating segment amounts.

### Geographic segments

The Company is in the business of mineral exploration in the United States. As such, management has organized the Company's reportable segments by geographic area. The Company's operations in the United States are responsible for mineral exploration activities while the Canadian segment manages corporate head office activities. Information concerning the Company's reportable segments is as follows:

| | Three Months Ended March 31, 2020 | Three Months Ended March 31, 2019 |
|---|---|---|
| **Net loss and comprehensive net loss** | | |
| Canada | **$ (193,061)** | $ (596,403) |
| United States | **(1,362,681)** | (1,186,892) |
| Total | **$ (1,555,742)** | $ (1,783,295) |

## 9. Commitments and contingencies

***Environmental contingencies***

The Company's mineral exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

***Management contract***

The Company is party to certain employment contracts. These contracts require that additional payments of approximately $600,000 be made upon the occurrence of a change of control or termination without cause. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

***Exploration properties***

See note 6.

## 10. Subsequent events

On May 13, 2020, the Company announced that the Company reached an agreement to enter into a bought deal financing whereby Stifel GMP and Canaccord Genuity Corp. (collectively, the "Underwriters"). The Underwriters will purchase on their own behalf, up to 4,650,000 units of the Company (the "Units") at a price of $0.65 per Unit for gross proceeds of $3,022,500. Each Unit shall consist of one common share and one half of a common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share of the Company at an exercise price of $0.85 for a period of 18 months following the closing date. Additionally, the Company will grant the Underwriters an option to purchase up to additional 4,650,000 Units at $0.65, exercisable 5 days prior to the closing date.

The Company shall pay the Underwriters a cash fee equal to 5% of the gross proceeds from the sale of the Units and compensation warrants equal to 5% of the number of Units sold. Each compensation warrant will entitle the holder to subscribe for one common share of the Company at a price of $0.65 for a period of 18 months.