BASIN URANIUM CORP.

(FORMERLY BLACK SHIELD METALS CORP.)

(AN EXPLORATION STAGE COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED November 30, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice of No Auditor Review of Interim Financial Statements

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

The accompanying condensed interim financial statement of Basin Uranium Corp. have been prepared by and are the responsibility of management.

These condensed interim financial statements for the six months ended November 30, 2021, have not been reviewed or audited by the Company’s independent auditors in accordance with standards established by the Chartered Professional Accountants of Canada.

BASIN URANIUM CORP. (FORMERLY BLACK SHIELD METALS CORP.)
INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	As at November 30, 2021 (Unaudited)	As at May 31, 2021 (Audited)
		$	$
ASSETS			
Current Assets			
Cash		2,433,345	376,756
Prepaid expenses and other receivables	4	191,937	59,256
		2,625,282	436,012
Exploration and evaluation assets	5	780,956	20,000
TOTAL ASSETS		3,406,238	456,012
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	6, 9	172,268	121,634
Liabilities		172,268	121,634
Shareholders' Equity			
Share capital	7	3,557,236	547,712
Reserves	8	297,177	71,755
Deficit		(620,443)	(285,089)
		3,233,970	344,378
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,406,238	456,012

Nature of operations and going concern (note 1)
Subsequent Events (note 12)

Approved on behalf of the Board of Directors

_____"Michael Blady"_____   _____"Kevin Ma"_____
Director   Director

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

BASIN URANIUM CORP. (FORMERLY BLACK SHIELD METALS CORP.)
INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited, Expressed in Canadian Dollars)

		Three Months ended		Six Months ended	
	Note	November 30, 2021	November 30, 2020	November 30, 2021	November 30, 2020
		$	$	$	$
OPERATING EXPENSES					
Advertising and promotion		2,500	-	2,500	-
Consulting fees		76,653	-	166,653	770
Filing fees		5,613	16,040	10,681	16,040
Insurance expense		2,156	-	4,172	-
Management fees	9	12,000	-	16,500	-
Office and administration		1,335	809	6,437	1,445
Professional fees		29,893	3,629	34,331	5,378
Rent		1,428	-	1,428	-
Share based payments	8	92,652	-	92,652	-
Travel and entertainment		-	-	-	3,134
		224,230	20,478	335,354	26,767
NET AND COMPREHENSIVE LOSS		(224,230)	(20,478)	(335,354)	(26,767)
BASIC AND DILUTED LOSS PER SHARE		(0.01)	(0.01)	(0.02)	(0.01)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		16,136,932	3,300,001	14,013,161	1,965,301

BASIN URANIUM CORP. (FORMERLY BLACK SHIELD METALS CORP.)
INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited, Expressed in Canadian Dollars)

	Common Shares		Share			
	Number of shares	Amount	Subscriptions Received	Reserves	Accumulated Deficit	Total
		$	$	$	$	$
Balance at May 31, 2020	**3,300,001**	**87,100**	**11,250**	**-**	**(52,815)**	**45,535**
Comprehensive loss for the period	-	-	-	-	(26,767)	(26,767)
Balance at November 30, 2020	**3,300,001**	**87,100**	**11,250**	**-**	**(79,582)**	**18,768**
Shares issued for cash, net of issuance costs	5,750,000	460,612	-	40,931	-	501,543
Stock options granted	-	-	-	30,824	-	30,824
Return of cash received in advance of financing	-	-	(11,250)	-	-	(11,250)
Comprehensive loss for the period	-	-	-	-	(205,507)	(205,507)
Balance at May 31, 2021	**9,050,001**	**547,712**	**-**	**71,755**	**(285,089)**	**334,378**
Shares issued for cash, net of issuance costs	7,144,661	2,296,283	-	152,310	-	2,448,593
Shares issued through conversion of debt	477,256	95,451	-	-	-	95,451
Property option agreement	1,000,000	570,000	-	-	-	570,000
Stock options granted	-	-	-	92,652	-	92,652
Share issued through warrant exercise	274,500	46,990	-	(19,540)	-	27,450
Issuance cost refund	-	800	-	-	-	800
Comprehensive loss for the period	-	-	-	-	(335,354)	(335,354)
Balance at November 30, 2021	**17,946,418**	**3,557,236**	**-**	**297,177**	**(620,443)**	**3,233,970**

BASIN URANIUM CORP. (FORMERLY BLACK SHIELD METALS CORP.)
INTERIM STATEMENTS OF CASH FLOWS
(Unaudited, Expressed in Canadian Dollars)

	For the Six Months Ended	
	November 30, 2021	November 30, 2020
	$	$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss	(335,354)	(26,767)
Adjustments for items not affecting cash:		
Share-based payments	92,652	-
	242,702	(26,767)
Changes in non-cash working capital items:		
Prepaid expenses and other receivables	(132,681)	(797)
Trade payables and accrued liabilities	50,634	(24,847)
Cash used in operating activities	(324,749)	(52,411)
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	(670,000)	-
Mineral property expenditures	(90,956)	-
Cash used in investing activities	(760,956)	-
FINANCING ACTIVITIES		
Proceeds from issuance of shares pursuant to private placements	2,448,593	-
Proceeds from issuance of shares pursuant to warrant exercise	27,450	-
Share issuance on acquisition of explorations asset	570,000	-
Share issuance on conversion of debt instruments	96,251	-
Cash provided by financing activities	3,142,294	-
Change in cash during the period	2,056,589	(52,411)
Cash – beginning of period	376,756	68,048
Cash – end of period	2,433,345	15,637
Supplemental Cash Flow Information		
Income tax paid	-	-
Interest paid	-	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Basin Uranium Corp. ("BUC" or the Company) was incorporated on October 13, 2017 under the British Columbia Corporations Act. The Company changed its name from ZP Mining Inc. to Black Shield Metals Corp. on February 7, 2020, and again changed its name from Black Shield Metals Corp. to Basin Uranium Corp. on October 27, 2021. The Company's common shares are listed for trading on the Canadian Stock Exchange (the "Exchange") under the symbol "NCLR". The address of the Company and the registered and records office is 503 – 905 Pender St. W., Vancouver, British Columbia V6E 1L6.

The Company is in the exploration stage and its principal business activity is the exploration and evaluation of mineral properties in Canada. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. As at November 30, 2021, the Company has not yet determined whether its property contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

The Company's financial statements for the six months ended November 30, 2021 and 2020 have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. For the six months ended November 30, 2021, the Company incurred a net loss of $335,354 (May 31, 2021 - $232,274). As at November 30, 2021, it had an accumulated deficit of $620,443 (May 31, 2021 - $285,089), which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values are dependent upon obtaining additional financing sufficient to cover its operating costs.

Although management is currently seeking additional sources of equity or debt financing, there is no assurance these activities will be successful. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economics, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time. To date, the impact on the Company's operations has been minimal, however, management continues to monitor the situation.

Statement of Compliance and Basis of Presentation

The condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of these interim financial statements, including International Accounting Standard ("IAS") 34 – Interim Financial Reporting.

These condensed interim financial statements do not include all of the information required for full IFRS financial statements and therefore should be read in conjunction with the Company's most recent annual financial statements for the year ended May 31, 2021, which were prepared in accordance with IFRS as issued by IASB.

The accounting policies and methods of application applied by the Company in these condensed interim financial statements are the same as those applied in the Company's most recent audited financial statements for the year ended May 31, 2021.

The preparation of financial statements in conformity with IFRS also requires management to make estimates and judgments that may have a significant impact on these condensed interim financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future estimates. The critical accounting judgments and estimates were presented in the Company's most recent audited financial statements for the year ended May 31, 2021 and are the same as those applied for the period ending November 30, 2021.

The financial statements were approved and authorized for issuance by the Board of Directors on January 31, 2022.

These financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The functional and presentation currency of the Company is the Canadian dollar.

2. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical Estimates
Areas requiring a significant degree of estimation relate to fair value measurements for financial instruments and the valuation of share-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from these estimates.

Critical Judgments
The following are critical judgments that management has made in the process of applying policies that have the most significant effect on the amount recognized in the financial statements:

<u>Going Concern</u>
The assessment of the Company's ability to continue as a going concern involves critical judgment based on historical experience. Significant judgements are used in the Company's assessment of its ability to continue as a going concern which is described in Note 1.

<u>Impairment of Exploration and Evaluation Assets</u>
The recoverability of amounts shown as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties.

Management reviews the carrying values of its mining claims on at least an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management considers, among other things, exploration results to date and future exploration plans for a particular property. In addition, capitalized costs related to relinquished property rights are written off in the period of relinquishment. Capitalized costs in respect of the Company's exploration and evaluation assets may not be recoverable and there is a risk that these costs may be written down in future periods.

Management reviewed exploration and evaluation assets for the period ended November 30, 2021 and May 31, 2021, and did not recognize an impairment charge on its exploration and evaluation assets.

3. ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

The Company has completed a review of accounting standards and has determined there are no IFRS or International Financial Reporting Interpretations Committee interpretations that would be expected to have a material impact on the Company's financial statements.

(Unaudited, Expressed in Canadian Dollars)

4. PREPAID EXPENSES AND OTHER RECEIVABLES

	November 30, 2021	May 31, 2021
	$	**$**
Prepaid expenses	158,750	50,650
GST receivables	33,187	8,606
	191,937	**59,256**

5. EXPLORATION AND EVALUATION ASSETS

Acquisition expenditures for the periods ended November 30, 2021 and May 31, 2021 are as follows:

	CHG Project	Mann Lake Project	Total
Acquisition Costs:	**$**	**$**	**$**
Balance, May 31, 2021	20,000	-	20,000
Cash	-	100,000	100,000
Shares issued	-	570,000	570,000
Balance, November 30, 2021	20,000	670,000	690,000
Exploration Costs:	**$**	**$**	**$**
Balance, May 31, 2021	-	-	-
Consulting	2,500	4,125	6,625
Geophysical expenses	83,244	1,087	84,331
Balance, November 30, 2021	85,744	5,212	90,956
Total, November 30, 2021	$ 105,744	$ 675,212	$ 780,956
Total, May 31, 2021	$ 20,000	$ -	$ 20,000

CHG Project (BC, Canada)

On March 23, 2020, the Company entered into an option agreement (the "Agreement") with Cariboo Rose Resources Ltd. ("CRR"), an unrelated company. Under the terms of the Agreement, the Company can earn a 60% interest and up to 10% additional interest in CRR's carbonate hosted gold ("CHG") project. Upon the exercise of the option, the parties will be deemed to have established a joint venture in relation to the property.

Under the terms of the Agreement, the Company is required to make payments and incur the minimum required expenditures in accordance with the following payment schedule in order to earn a 60% interest:

(Unaudited, Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (Continued)

Payment Period	Expenditures	Cash Payment	Status
	$	**$**	
Closing Date	-	20,000	*Paid*
On or before October 29, 2021	100,000	30,000	*Note 1*
On or before October 29, 2022	200,000	30,000	
On or before October 29, 2023	300,000	70,000	
On or before October 29, 2024	400,000	70,000	
On or before October 29, 2025	500,000	80,000	
Total	**1,500,000**	**300,000**	

Note 1 – The Company paid the second cash payment totaling $30,000 CDN subsequent to November 30, 2021.

At the option of the Company, any of the cash payments noted above or below for the 10% additional interest may be satisfied by the issuance of common shares of the Company.

In order to obtain the 10% additional interest, the Company must do the following:

- pay $100,000 within 60 days of exercising the option;
- commission a feasibility study within 60 days of exercising the option; the feasibility study is to be completed within 24 months following the exercise of the option;
- pay $200,000 on or before October 29, 2026; and
- pay $200,000 on or before October 29, 2027.

The CHG project is subject to a 0.5% net smelter royalty on commercial production from the mineral claims.

Mann Lake Project (SASK, Canada)

On October 18, 2021, the Company entered into an option agreement with Skyharbour Resources Ltd. (“Skyharbour”), an unrelated company, to acquire up to a 75-per-cent option of the Mann Lake uranium project, located in the Athabasca basin in Northern Saskatchewan, Canada. Skyharbour owns a 100% interest in the 3,473 hectare (8,582 acre) Mann Lake Uranium Project located in the eastern Athabasca Basin in northern Saskatchewan. It is strategically located 25 km southwest of the McArthur River Mine, the largest high-grade uranium deposit in the world, and 15 km to the northeast along strike of Cameco's Millennium uranium deposit.

5. EXPLORATION AND EVALUATION ASSETS (Continued)

Under the terms of the Option Agreement, the Company is committed to the following:

- paying to the Optionor a total of CAD $850,000 and issuing to the Optionor the total number of common shares (" Shares ") of the Company equivalent to a value of CAD $1,750,000 based on the 20 day VWAP at the time of issuance, as follows:
  - within five days of the signing of the Option Agreement, pay $100,000 and issue Shares equivalent to $250,000 at the 20 day VWAP at the time of issuance; **(Paid)**
  - on the first anniversary of the signing of the Option Agreement, pay $250,000 and issue Shares equivalent to $500,000 at the 20 day VWAP at the time of issuance;
  - on the second anniversary of the signing of the Option Agreement, pay $250,000 and issue Shares equivalent to $500,000 at the 20 day VWAP at the time of issuance;
  - on the third anniversary of the signing of the Option Agreement, pay $250,000 and issue Shares equivalent to $500,000 at the 20 day VWAP at the time of issuance;
- incur a minimum of $4,000,000 in exploration expenditures on the Property as follows:
  - $1,000,000 in exploration expenditures on or before the first anniversary of the signing of the Option Agreement;
  - an additional $1,000,000 in exploration expenditures on or before the second anniversary of the signing of the Option Agreement; and
  - an additional $2,000,000 in exploration expenditures on or before the third anniversary of the signing of the Option Agreement.

In the event that the Company spends, in any of the above periods, less than the specified sum, it may pay to the Optionor the difference between the amount it actually spent and the specified sum before the expiry of that period in full satisfaction of the exploration expenditures to be incurred. In the event that the Company spends, in any period, more than the specified sum, the excess shall be carried forward and applied to the exploration expenditures to be incurred in succeeding periods.

Immediately on the Company satisfying all of the conditions, the Company will be deemed to have exercised the Option and to have earned a 75% interest in and to the Property which will vest to the Company, subject to the net smelter returns royalty (" NSR Royalty "). A NSR Royalty of two and a half percent (2.5%) is payable to a third party of net smelter returns from minerals mined and removed from the Property (payable pro-rata based on ownership interest in the Property).

(Unaudited, Expressed in Canadian Dollars)

6. TRADE PAYABLES AND ACCRUED LIABILITIES

	November 30, 2021	May 31, 2021
	$	$
Trade payables	104,115	13,136
Accrued liabilities	68,153	108,498
	172,268	**121,634**

7. SHARE CAPITAL

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

Issued Share Capital

During the six months ended November 30, 2021, the Company received a refund of $800 from the agent of the April 2021 offering.

On October 18, 2021, the Company entered into debt settlement agreements with certain arms' length third party vendors to settle $95,451 accrued accounts payables in exchange for the issuance of 477,256 shares of the Company at a deemed price of $0.20 cents per share.

On October 22, 2021, the Company issued 274,500 common shares on exercise of agent's options for gross proceeds of $27,450.

On November 8, 2021, the Company closed a non-brokered private placement of 7,144,661 common shares at a price of $0.35 for gross proceeds of $2,500,630. In connection with the financing, the Company paid finders' fees of $52,037 and issued a total of 253,544 finders' warrants, of which 212,115 entitles the holder to purchase one share at a price of $0.70 and 51,429 entitles the holder to purchase one share at a price of $0.35 for 24 months from the date of closing the financing. The fair value of the warrants was estimated to be $152,310 using the Black-Scholes model with the following inputs:

	212,115 Warrants	51,429 Warrants
Share price at grant date	$0.80	$0.80
Volatility	150%	150%
Risk-free interest rate	2.40%	2.40%
Expected life of warrants	2 years	2 years
Dividend yield	0.00%	0.00%
Exercise price	$0.70	$0.35
Forfeiture rate	0.00%	0.00%
Fair value of warrants	$125,065	$27,245

On November 10, 2021, the Company issued 1,000,000 common shares to Skyharbour Resources Ltd. in accordance with the option agreement described in Note 5 above. At the time of issuance, the 20-day VWAP was calculated to be $0.25 which required the Company to issue 1,000,000 shares to meet the $250,000 payment threshold. The fair market value on the date of issuance was $0.57 per share, resulting in an increase in equity of $570,000.

(Unaudited, Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

Escrow shares

In connection with the Company's IPO completed during the year ended May 31, 2021, the Company entered into an Escrow Agreement whereby 3,200,001 common shares were held in escrow and are scheduled for release in accordance with the terms of the Escrow Agreement. As of November 30, 2021, there were 2,880,001 common shares in escrow.

8. RESERVES

Stock Options

The Company has a stock option plan under which the Board of Directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and other service providers. The stock options vest according to the provisions of the individual option agreements approved by the directors' resolutions and have a maximum life of 10 years. The plan allows for the issuance up to 10% of the number of issued and outstanding common shares of the Company at any time on a non-diluted basis.

On April 12, 2021, the Company granted 310,000 stock options to directors and officers. The options may be exercised within 10 years from the date of the grant at a price of $0.10 and vested on grant date.

On September 26, 2021, the Company granted 495,000 stock options to purchase up to 495,000 common shares of the company to two consultants of the Company. These options vested on grant date and are exercisable for a period of five years from the date of grant at a price of $0.20 per common share.

The Company recorded share-based compensation of $92,652 during the six months ended November 30, 2021 (November 30, 2020 - $Nil). All options granted were valued using the Black-Scholes Option Pricing Model with the following assumptions:

	April 12, 2021	September 26, 2021
Share price at grant date	$0.10	$0.205
Volatility	173%	150%
Risk-free interest rate	1.53%	2.40%
Expected life of options	10 years	5 years
Dividend yield	0.00%	0.00%
Exercise price	$0.10	$0.20
Forfeiture rate	0.00%	0.00%
Fair value of options	$30,824	$92,652

(Unaudited, Expressed in Canadian Dollars)

8. RESERVES (Continued)

Stock Options (Continued)

	Number of Options		Weighted Average Exercise Price
Balance at May 31, 2020	-	$	-
Stock options granted – directors and officers	310,000		0.10
Balance, May 31, 2021	**310,000**	$	**0.10**
Stock options granted – consultants	**495,000**	$	**0.20**
Balance, November 30, 2021	**805,000**	$	**0.16**

As of November 30, 2021, the following stock options were outstanding and exercisable:

Number Outstanding	Number Exercisable	Exercise Price	Expiry Date
310,000	310,000	$0.10	April 12, 2031
495,000	495,000	$0.20	September 26, 2026
805,000	**805,000**	$0.16	

Warrants

On April 8, 2021, the Company granted 575,000 warrants to the Company's agent for its IPO offering. These warrants may be exercised within two years from the date of grant at a price of $0.10.

On October 22, 2021, the Company issued 274,500 common shares on exercise of agent's options for gross proceeds of $27,450.

On November 8, 2021, the Company granted 253,544 finders' warrants, of which 212,115 entitles the holder to purchase one share at a price of $0.70 and 51,429 entitles the holder to purchase one share at a price of $0.35 for 24 months from the date of closing the financing.

	Number of Warrants		Weighted Average Exercise Price
Balance at May 31, 2020	-	$	-
Warrants issued – agent	575,000		0.10
Exercisable on May 31, 2021	575,000	$	0.10
Warrants issued - agent	212,115		0.70
Warrants issued – agent	51,429		0.35
Warrants exercised – agent	(274,500)		0.10
	564,044		0.35

The expire date of warrants as of November 30, 2021 is as follows:

Grant Date	Expiry Date		Exercise Price	Number of Warrants	Remaining Life (years)
April 8, 2021	April 8, 2023	$	0.10	300,500	1.35
November 8, 2021	November 8, 2023		0.70	212,115	1.94
November 8, 2021	November 8, 2023		0.35	51,429	1.94
		$	0.10	564,044	

(Unaudited, Expressed in Canadian Dollars)

8. RESERVES (Continued)

Restricted Share Units Plan

On September 30, 2021, the Company adopted a 10% rolling Restricted Share Units Plan (the "RSU Plan"). Under the RSU Plan, restricted shares units may be granted to directors, officers, employees, and consultants. The RSU plan permits the Company to either redeem RSU's for cash or issue common shares of the Company from treasury to satisfy all or any portion of a vested RSU award. The maximum number of common shares of the Company which are issuable upon the redemption of all RSU's is 10% of the issued and outstanding common shares of the Company on the date of issuance in accordance with the policies of the Canadian Securities Exchange.

9. RELATED PARTY TRANSACTIONS

Key management personnel include the Company's Board of Directors and members of senior management. The Company's related parties include key management personnel, and companies related by way of directors or shareholders in common. Transactions with related parties for goods and services are made on normal commercial terms.

The remuneration of directors and key management personnel during the six months ended November 30, 2021 and 2020 was as follows:

	November 30, 2021	November 30, 2020
	$	$
Management fees	16,500	-

As at November 30, 2021, accounts payable includes $7,000 (November 30, 2020 - $Nil) due to a company controlled by the CFO of the Company, and $5,000 (November 30, 2020 - $Nil) due to a company affiliated with the CEO of the Company.

10. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities

Information regarding the Company's financial assets and liabilities as at November 30, 2021 and May 31, 2021 is summarized as follows:

	November 30, 2021	**May 31, 2021**
	$	**$**
Financial Assets		
FVTPL		
Cash	2,433,345	376,756
Financial Liabilities		
At amortized cost		
Trade payables	104,115	13,136

10. FINANCIAL INSTRUMENTS (continued)

Financial Instrument Risk Exposure

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

Level 1	fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2	fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
Level 3	fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

Cash is classified as Level 1. The carrying balance of trade payables approximate their fair value due to their short-term nature.

The Company's financial instruments expose it to a variety of financial risk: market risk (including price risk and interest rate risk), credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions are undertaken to support those operations. Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units.

The Company's overall risk management program seeks to minimize potential effects on the Company's financial performance, in the context of its general capital management objectives.

<u>Credit Risk</u>
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The Company manages credit risk on liquid financial assets through maintaining its cash with high quality financial institutions.

<u>Liquidity Risk</u>
Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in Note 10.

10. FINANCIAL INSTRUMENTS (continued)

Financial Instrument Risk Exposure (continued)

The Company's ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities in the normal course of operations and to fund future operations and capital requirements through operating cash flows, as well as future equity and debt financing. As of November 30, 2021, the Company had a cash balance of $2,433,345 to settle current liabilities of $172,268. The Company's financial liabilities include trade payables which have contractual maturities of 30 days or are due on demand.

<u>Interest Rate Risk</u>
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash. The interest rate risk on cash is not considered significant due to its short term nature and maturity.

11. CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds for the exploration and development of the CHG project. The Company's capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

12. SUBEQUENT EVENTS

On December 7, 2021, the Company announced that it had closed its fully marketed, private placement of charity flow through units of the Company previously announced on November 15, 2021. The financing resulted in the issuance of 5,640,000 Charity FT Units at a price of $0.64 per Unit for gross proceeds of $3,609,600. The Charity FT Units were issued as part of a charity arrangement structured by Peartree Securities Inc. Each Charity FT Unit consisted of one common share of the Company to be issued as a "flow-through share" and one-half of one common share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of $0.75 at any time on or before December 7, 2023.

The agents of the deal received a cash commission equal to 7% of the gross proceeds of the Offering, totaling $252,672 and 394,800 agent warrants which entitle the holder to purchase one common share at a price of $0.64 per share for period of 24 months from the date of issuance. The Company also reimbursed the lead agent for the reasonable fees and expenses of legal counsel to the Agents totaling $51,390.21.

12. SUBEQUENT EVENTS (Continued)

On December 17, 2021, the Company announced that it had granted 925,000 RSU's to certain officers and consultants of the Company pursuant to the Company's restricted share unit plan. The RSU's announced will vest immediately and will be subject to a four-month and one day hold pursuant to the policies of the Canadian Securities Exchange.

On January 10, 2022, the Company announced the engagement of Think Ink Marketing Data & Email Services, Inc. to provide public relations services. The agreement if for six months at a total cost of US$100,000.

On January 18, 2022, the Company announced the resignation of Mr. David Goertz from the Board of Directors.