

**BASIN URANIUM CORP.**  
**(FORMERLY BLACK SHIELD METALS CORP.)**

**(AN EXPLORATION STAGE COMPANY)**

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)

**BASIN URANIUM CORP. (FORMERLY BLACK SHIELD METALS CORP.)**  
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## **GENERAL**

The following Management's Discussion and Analysis ("MD&A") is presented as at January 31, 2022 and provides an analysis of the financial results of Basin Uranium Corp. (Formerly Black Shield Metals Corp.) ("BASIN" or the "Company") for the six months ended November 30, 2021 and 2020. This MD&A should be read in conjunction with the Company's condensed interim financial statements for the six months ended November 30, 2021 and 2020 and the audited financial statements at May 31, 2021 and accompanying MD&A dated August 10, 2021. The Company's condensed interim financial statements and the financial information contained in this MD&A were prepared in accordance with IFRS. Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

The MD&A, particularly under the heading "Capital Resources", contains forward-looking statements that involve numerous risks and uncertainties. Forward-looking statements are not historical fact, but rather are based on the Company's current plans, objectives, goals, strategies, estimates, assumptions, and projections about the Company's industry, business and future financial results. The Company's actual results could differ materially from those discussed in such forward-looking statements.

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A constitute forward-looking statements and forward-looking information (collectively, "**forward-looking statements**"). Such forward-looking statements relate to possible events, conditions or financial performance of the Corporation based on future economic conditions and courses of action. All statements other than statements of historical fact are forward-looking statements. The use of any words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "will likely result", "are expected to", "will continue", "is anticipated", "believes", "estimated", "intends", "plans", "projection", "outlook" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes there is a reasonable basis for the expectations reflected in the forward-looking statements, however no assurance can be given that these expectations will prove to be correct, and the forward-looking statements included in this prospectus should not be unduly relied upon by investors. The forward-looking statements speak only as of the date of this prospectus and are expressly qualified, in their entirety, by this cautionary statement.

## **COMPANY OVERVIEW**

Basin Uranium Corp. was incorporated in British Columbia, Canada on October 13, 2017. Basin Uranium Corp. is a Canadian junior exploration company focused diversified mineral resources. The Company recently acquired an option to acquire a 75% interest in the Mann Lake uranium project, located in the Athabasca basin in Northern Saskatchewan, Canada, and is also currently undertaking the CHG gold exploration project located approximately 15 kilometers northwest of the town of Clinton in south-central British Columbia. The CHG Project consists of seven contiguous mineral claims covering 3,606 hectares.

The registered and records office is 503-905 Pender St. W, Vancouver, British Columbia V6C 1L6.

**BASIN URANIUM CORP. (FORMERLY BLACK SHIELD METALS CORP.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021, AND 2020**

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In April 2021, the Company completed its listing with the Canadian Securities Exchange ("CSE") and an initial public offering ("IPO") of common shares in the capital of the Company.

The Company retained Haywood Securities Inc. (the "Agent") to solicit subscriptions for minimum offering of 4,000,000 common shares for aggregate gross proceeds of \$400,000 and up to a maximum offering amount of 5,000,000 common shares for aggregate proceeds of \$500,000, at a price of \$0.10 per common share. The Company has also agreed to grant the Agent an over-allotment option (the "Over-Allotment Option") which will entitle the Agent to purchase up to 750,000 common shares (the "Over-Allotment Shares") at the Issue Price per Over-Allotment Share, at the discretion of the Agent for a period of 48 hours prior to the closing of the IPO (the "Closing") assuming that the Maximum Offering is achieved. The Company has agreed to pay the Agent a cash commission of 10% of the gross proceeds raised under the IPO. The Company will also issue to the Agent, warrants (the "Agent's Warrants") entitling the Agent to purchase that number of common shares (the "Agent's Warrant Shares") that is equal to 10% of the number of common shares sold and issued under the IPO. Each Agent's Warrant entitles the holder to purchase one Agent's Warrant Share at the Issue Price for a period of 24 months following the Closing. The Company shall also pay the Agent a corporate finance fee of \$35,000 (of which \$10,000 has already been paid) and expenses plus taxes, incurred pursuant to the IPO.

On April 8, 2021, the Company closed its IPO with an issuance of 5,750,000 shares, including 750,000 shares issued pursuant to the exercise of Over-Allotment Option, at a price of \$0.10 per share for gross proceeds of \$575,000.

In addition, the Company paid \$57,500 as cash commission and \$35,000 as corporate finance fee to the Agent and issued 575,000 Agent's Warrants at a price of \$0.10 until April 8, 2023. The Agent exercised its over-allotment option in full, pursuant to which it arranged for purchasers of 750,000 shares.

## **GOING CONCERN**

This MD&A and the Financial Statements have been prepared on the basis that the Company will remain a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the Company's next fiscal year. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

The Company has not advanced its property to commercial production and is not able to finance its day-to-day activities through operations. The Company's ability to continue as a going concern is dependent upon successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Therefore, this indicates a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

As a result of the above, realization values may be substantially different from the carrying values shown and the Company's financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of the assets and liabilities should the Company be unable to continue as a going concern.

**BASIN URANIUM CORP. (FORMERLY BLACK SHIELD METALS CORP.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021, AND 2020**

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**OVERALL PERFORMANCE**

The following discussion of the Company's financial performance is based on the financial statements for the six months ended November 30, 2021, and the audited annual statements for the year ended May 31, 2021.

The statement of financial position as of November 30, 2021, indicates a cash position of \$2,433,345 (May 31, 2021 - \$376,756), and total current assets of \$2,625,282 (May 31, 2021 - \$436,012). Total current assets comprise primarily of cash in bank accounts, GST receivables and prepaid expenses. The increase in cash as at November 30, 2021, resulted from the closing of a non-brokered private placement of 7,144,661 common shares for gross proceeds of \$2,500,630 on November 8, 2021.

Basin completed an IPO for cash proceeds during the year ended May 31, 2021; 5,750,000 common shares were issued for total gross proceeds of \$575,000. The Company completed two equity private placement offerings for cash proceeds during the year ended May 31, 2020; 3,300,000 common shares were issued for total gross proceeds of \$87,000.

The Company has capitalized the investment of \$780,956 as at November 30, 2021 (May 31, 2021 - \$20,000) relating to the acquisition and exploration of two property option agreements: The CHG Project in British Columbia, Canada and the Mann Lake Project in Saskatchewan, Canada. Below is a summary of expenditures incurred as at November 30, 2021, and May 31, 2021:

	<b>CHG Project</b>	<b>Mann Lake Project</b>	<b>Total</b>
<b>Acquisition Costs:</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
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
<b>Exploration Costs:</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
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
<b>Total, November 30, 2021</b>	<b>\$ 105,744</b>	<b>\$ 675,212</b>	<b>\$ 780,956</b>
<b>Total, May 31, 2021</b>	<b>\$ 20,000</b>	<b>\$ -</b>	<b>\$ 20,000</b>

Current liabilities at November 30, 2021, totaled \$172,268 (May 31, 2021 - \$121,634), which was comprised entirely of trade payables and accrued liabilities. The Company does not have any long-term liabilities as at November 30, 2021, and May 31, 2021.

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.

**BASIN URANIUM CORP. (FORMERLY BLACK SHIELD METALS CORP.)**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021, AND 2020

---

Shareholders' equity, as of November 30, 2021, is comprised of capital stock of \$3,557,236 (May 31, 2021 - \$547,712), reserves of \$297,177 (May 31, 2021 - \$71,155) and accumulated deficit of \$620,443 (May 31, 2021 - \$285,059).

As at November 30, 2021, working capital, which is current assets less current liabilities, was \$2,453,014 (May 31, 2021 – \$314,378). Working capital as of November 30, 2021 increased due the aforementioned capital raise of gross proceeds totaling \$2,500,630. Management believes that there is sufficient working capital to maintain the Company's day-to-day operations for the next 12 months, however, the Company will need to raise additional funds through issuance of debt or equity instruments for exploration of its mineral properties.

## **RESULTS OF OPERATIONS**

### **Selected Annual Financial Data**

The following sets out selected financial information from the Company's most recently completed financial period, being the years ended May 31, 2021, 2020 and 2019, and are derived from, and should be read together with the Company's annual financial statements.

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Summary of Components of Statements of Operations and Comprehensive Loss	Year ended May 31, 2021	Year ended May 31, 2020	Year ended May 31, 2019
Operating expenses	\$ 232,274	\$ 52,715	\$ 43
Net loss and comprehensive profit (loss)	\$ (232,274)	\$ (52,715)	\$ (100)
Earnings (loss) per share	\$ (0.06)	\$ (0.16)	\$ (100)
Total assets	\$ 456,012	\$ 98,060	\$ -
Total liabilities	\$ 121,634	\$ 52,525	\$ -
Retained earnings (deficit)	\$ (285,089)	\$ (52,815)	\$ (100)

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**BASIN URANIUM CORP.** (FORMERLY BLACK SHIELD METALS CORP.)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021, AND 2020

---

**Selected Quarterly Financial Data**

The following table sets forth selected financial information for the Company for the eight most recently completed quarters. Such information is derived from unaudited financial statements and audited annual financial statements prepared by management in accordance with IFRS.

	Nov 30, 2021	Aug 31, 2021	May 31, 2021	Feb 28, 2021
	(\$)	(\$)	(\$)	(\$)
Total Expenditures	224,230	111,124	195,804	9,703
Net Loss	(224,230)	(111,124)	(195,804)	(9,703)
Loss per Share	(0.01)	(0.01)	(0.05)	(0.00)
Total Assets	3,406,238	428,993	456,012	45,393
Working Capital	2,453,014	204,054	314,378	(22,185)

  

	Nov 30, 2020	Aug 31, 2020	May 31, 2020	Feb 29, 2020
	(\$)	(\$)	(\$)	(\$)
Total Expenditures	20,478	6,289	52,715	-
Net Loss	(20,478)	(6,289)	(52,715)	-
(Gain) Loss per Share	(0.01)	(0.00)	(0.16)	-
Total Assets	46,446	64,533	98,060	-
Working Capital	(1,232)	19,246	14,285	-

**Results for the Three Months ended November 30, 2021**

During the three-month period ended November 30, 2021, the Company reported a net loss of \$224,230 (November 30, 2020 - \$46,446). A summary of material expenditures included in the determination of operating loss is as follows:

Consulting fees – The Company incurred consulting fees in the quarter ended November 30, 2021 of \$76,653 (November 30, 2021 - \$Nil). Management of the Company engaged strategic consultants during the quarter to assist with the Company's expansion with the addition of the Mann Lake Uranium Project. New consultants were required to evaluate potential properties as well as for corporate development, finance, and to negotiate the new option agreement with Skyharbour Resources Ltd ("Skyharbour").

Management fees – During the three-month period ended November 30, 2021, the Company paid management fees of \$12,000 (November 30, 2020 - \$Nil). The Company added a new CEO and CFO in October to oversee and advance its projects.

Professional fees – The Company incurred professional fees totaling \$29,893 during the three-months ended November 30, 2021 (November 30, 2020 - \$3,629). The expense consists entirely of legal fees paid relating to the IPO, the financing completed during the quarter and general corporate maintenance.

Share based payments – The Company recognized share-based payments of \$92,652 during the three-month period ended November 30, 2021 (November 30, 2020 - \$Nil). The expense represents the fair market value of the 495,000 stock options issued to consultants on September 26, 2021 using the Black-Scholes Option Pricing Model.

### **Results for the Three Months ended August 31, 2021**

During the three months ended August 31, 2021, the expenses of the Company were mainly exploration and evaluation costs, filing fees as well as office and administration expenses whereby the Company incurred \$45,000 in consulting fees in the three months ended August 31, 2021 (August 31, 2020 - \$nil), \$45,000 in exploration and evaluation costs (August 31, 2020 - \$770), \$5,068 in filing fees (August 31, 2020 - \$nil) and \$5,102 in office and administration expenses (August 31, 2020 - \$635). The Company reported a net loss of \$111,124 during the three months ended August 31, 2021 and \$6,289 during the three months ended August 31, 2020.

### **OUTLOOK**

The Company has not yet determined whether its current exploration and evaluation assets have economically recoverable ore reserve. The Company aims to continue to seek potential mineral properties and bring these properties from exploration to commercial production.

The Company intends to raise funds in order to secure its interests in CHG project and Mann Lake project as well as actively seeking other properties. Ultimately, the Company anticipates creating shareholder value through the advancements of its current CHG project, Mann Lake project, and other projects as they come along.

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company does not generate cash from operations and finances its activities by raising funds via issuance of the Company's common shares.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of November 30, 2021, the Company's cash balance was \$2,433,345 (May 31, 2021 - \$376,756) and the Company had working capital of \$2,453,014 (May 31, 2021 - \$314,378).

### **Financing Activities**

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 are vested immediately and exercisable for a period of five years from the date of grant at a price of 20 cents per common share.

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 10, 2021, the Company issued 1,000,000 common shares to Skyharbour Resources Ltd. in accordance with the option agreement described in the Investing Activities section of this MD&A below. 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.

**BASIN URANIUM CORP. (FORMERLY BLACK SHIELD METALS CORP.)**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021, AND 2020

---

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.

Subsequent to November 30, 2021, the Company issued the following:

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.

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.

### **Investing Activities**

#### CHG Project (BC, Canada)

On March 23, 2020, BSM entered into an option agreement with Cariboo Rose Resources Ltd. ("CRR"), an unrelated company, to grant BSM a 60% interest and up to 10% additional interest in CRR's carbonate hosted gold ("CHG") project.

Under the agreement, BSM is required to make payments and incur the minimum required expenditures in accordance to the following payment schedule:

Payment Period	Expenditures	Cash Payment
Closing Date	\$ -	\$ 20,000
On or before October 29, 2021	100,000	30,000
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

In order to obtain the additional 10% interest, BSM must make the following payments to CRR:

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



**BASIN URANIUM CORP. (FORMERLY BLACK SHIELD METALS CORP.)**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021, AND 2020

---

Subsequent to November 30, 2021, the Company made the second cash payment instalment and ensured the option agreement remained in good standing.

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.

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

**BASIN URANIUM CORP. (FORMERLY BLACK SHIELD METALS CORP.)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021, AND 2020**

---

minerals mined and removed from the Property (payable pro-rata based on ownership interest in the Property).

## **CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the ability to continue as a going concern in order to support the Company's operations and growth strategies for the benefit of the Company's stakeholders. As the Company is in its development stage, the principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of equity as well as cash and restricted cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and investments.

The Company is not subject to externally imposed capital requirements and the overall strategy with respect to capital risk management remains unchanged during the period presented.

## **CAPITAL STRUCTURE**

The Company had 17,946,418 shares issued and outstanding as of November 30, 2021. As of the date of issuance of this MD&A the Company has 23,586,418 shares issued and outstanding.

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 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.

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.

### 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.

**BASIN URANIUM CORP. (FORMERLY BLACK SHIELD METALS CORP.)**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021, AND 2020

---

The Company has 805,000 stock options outstanding on November 30, 2021 and the issuance date of this MD&A report.

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.

#### Warrants

The Company had 554,044 warrants issued and outstanding with a weighted average exercise price of \$0.35 as of November 30, 2021. As of the date of issuance of this MD&A the Company has 3,778,844 shares issued and outstanding.

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.

#### 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.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

#### **FINANCIAL INSTRUMENTS**

Refer to Note 10 of the Company's condensed interim financial statements for the six months ended November 30, 2021 and 2020.

## **RISK FACTORS**

The Company's business is subject to the risks set out below. Please see the section titled "*Risk Factors*" in the Company's Prospectus for additional risk factors.

### Financing of Existing and Future Operations

With no source of revenue, the Company has negative cash flow from operations and raises funds for operations through equity financings. The Company's ability to raise funds for existing and continuing operations and future exploration and development of its properties cannot be guaranteed.

### Mining Industry

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that any exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mining deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The Company's mineral exploration activities are directed towards the exploration, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercially viable quantities of ore. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

**BASIN URANIUM CORP. (FORMERLY BLACK SHIELD METALS CORP.)**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021, AND 2020

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Government Regulation

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

Permits and Licenses

The exploitation and development of mineral properties may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

Environmental Risks and Hazards

All phases of the Company's mineral exploration operations are subject to environmental regulation in jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused, by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

**BASIN URANIUM CORP. (FORMERLY BLACK SHIELD METALS CORP.)**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021, AND 2020

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**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.

**CRITICAL ACCOUNTING ESTIMATES**

Refer to Note 2 to the Company's condensed interim financial statements for the six months ended November 30, 2021 and 2020.

**FUTURE CHANGES IN ACCOUNTING POLICIES**

Refer to Note 3 to the Company's condensed interim financial statements for the six months ended November 30, 2021, and 2020.

**SUBSEQUENT 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.

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.

**BASIN URANIUM CORP.** (FORMERLY BLACK SHIELD METALS CORP.)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021, AND 2020

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On January 10, 2022, the Company announced the engagement of Think Ink Marketing Data & Email Services, Inc. to provide public relations services. The agreement is 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.