

**NSJ GOLD CORP.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the six months ended May 31, 2022**

**(Unaudited - Expressed in Canadian dollars)**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

**NSJ GOLD CORP.****Condensed Interim Statements of Financial Position**

(Unaudited - Expressed in Canadian dollars)

	Note	As at May 31, 2022	As at November 30, 2021
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		684,892	933,840
GST Receivable		33,187	23,574
Due from related party	7	25,515	12,447
Prepaid expenses and deposits	5, 7	12,500	28,770
Total current assets		756,094	998,631
Exploration and evaluation asset	6, 7	531,925	478,978
<b>Total assets</b>		<b>\$1,288,019</b>	<b>\$1,477,609</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable	7	26,641	35,548
Accrued liabilities	7	16,800	12,000
Total current liabilities		43,441	47,548
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	2,059,500	2,059,500
Reserves	8	377,155	342,458
Deficit		(1,192,077)	(971,897)
Total shareholders' equity		1,244,578	1,430,061
<b>Total liabilities and shareholders' equity</b>		<b>\$1,288,019</b>	<b>\$1,477,609</b>

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors on July 22, 2022:

<u><b>"Jag Sandhu"</b></u>	<u><b>"Rodney Stevens"</b></u>
Director	Director

The accompanying notes are an integral part of the condensed interim financial statements

**NSJ GOLD CORP.****Condensed Interim Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in Canadian dollars, except number of shares)

		<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	Note	<b>May 31, 2022</b>	<b>May 31, 2021</b>	<b>May 31, 2022</b>	<b>May 31, 2021</b>
		\$	\$	\$	\$
<b>Operating expenses</b>					
Management fees	7	90,000	40,000	115,000	85,000
Consulting fees	7, 8	-	94,572	-	94,572
Marketing and promotion	7	10,427	49,880	37,947	67,980
Office and miscellaneous	7	12,938	11,263	18,154	16,859
Professional fees		-	25,067	-	36,760
Stock-based compensation	7, 8	5,953	-	34,697	-
Transfer agent and filing fees		3,722	11,440	4,151	19,785
Travel Expenses		9,026	-	9,026	224
<b>Total operating expenses</b>		<b>132,066</b>	<b>232,222</b>	<b>218,975</b>	<b>321,180</b>
<b>Other Income (Expenses)</b>					
Foreign exchange gain (loss)		(1,205)	(501)	(1,205)	1,466
Gain on debt settlement	7, 8	-	1,500	-	1,500
<b>Net Loss</b>		<b>\$(133,271)</b>	<b>\$(231,223)</b>	<b>\$(220,180)</b>	<b>\$(318,214)</b>
<b>Loss per share:</b>					
Basic and diluted		<b>\$(0.01)</b>	<b>\$(0.01)</b>	<b>\$(0.01)</b>	<b>\$(0.02)</b>
<b>Weighted average number of shares outstanding:</b>					
Basic and diluted		<b>23,309,000</b>	<b>23,198,341</b>	<b>23,309,000</b>	<b>18,755,475</b>

The accompanying notes are an integral part of the condensed interim financial statements

**NSJ GOLD CORP.****Condensed Interim Statements of Changes in Shareholders' Equity**

(Unaudited - Expressed in Canadian Dollars, except number of shares)

	Share capital		Reserves	Deficit	Total
	Common shares	Amount			
<b>Balance at November 30, 2020</b>	<b>14,000,000</b>	<b>\$774,200</b>	<b>\$-</b>	<b>\$(31,706)</b>	<b>\$742,494</b>
Special warrants (Note 8)	9,104,000	1,229,000	-	-	1,229,000
Shares issued for services (Notes 7, 8)	105,000	37,800	-	-	37,800
Shares issued for debt settlement (Notes 7, 8)	100,000	18,500	-	-	18,500
Net Loss	-	-	-	(318,214)	(318,214)
<b>Balance at May 31, 2021</b>	<b>23,309,000</b>	<b>\$2,059,500</b>	<b>\$-</b>	<b>\$(349,920)</b>	<b>\$1,709,580</b>

  

	Share capital		Reserves	Deficit	Total
	Common shares	Amount			
<b>Balance at November 30, 2021</b>	<b>23,309,000</b>	<b>\$2,059,500</b>	<b>\$342,458</b>	<b>\$(971,897)</b>	<b>\$1,430,061</b>
Reserves (Note 8)	-	-	34,697	-	34,697
Net Loss	-	-	-	(220,180)	(220,180)
<b>Balance at May 31, 2022</b>	<b>23,309,000</b>	<b>\$2,059,500</b>	<b>\$377,155</b>	<b>\$(1,192,077)</b>	<b>\$1,244,578</b>

The accompanying notes are an integral part of the condensed interim financial statements

**NSJ GOLD CORP.****Condensed Interim Statements of Cash Flows****For the six months ended May 31, 2022 and May 31, 2021**

(Unaudited - Expressed in Canadian dollars)

	2022	2021
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(220,180)	(318,214)
Adjustments for:		
Share-based compensation	34,697	-
Shares issued for consulting	-	37,800
Gain on debt settlement	-	(1,500)
Changes in non-cash working capital		
GST receivable	(9,613)	(13,500)
Due from related party	(13,068)	-
Prepaid expenses and deposits	16,270	(13,477)
Accounts payable and accrued liability	(4,107)	18,651
<b>Net cash flows used in operating activities</b>	<b>(196,001)</b>	<b>(289,745)</b>
<b>Investing activities</b>		
Exploration and evaluation asset	(52,947)	(282,627)
<b>Net cash flows used in investing activities</b>	<b>(52,947)</b>	<b>(282,627)</b>
<b>Financing activities</b>		
Shares for debt	-	20,000
Special warrants	-	1,229,000
<b>Net cash flows provided by financing activities</b>	<b>-</b>	<b>1,249,000</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(248,948)</b>	<b>676,628</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>933,840</b>	<b>654,492</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$684,892</b>	<b>\$1,331,120</b>
Cash paid for interest	\$-	\$-
Cash paid for income taxes	\$-	\$-

Non-cash transaction during the periods ended May 31, 2021 and 2020 include:

- a) The fair value of \$Nil (2021 - \$37,800) allocated to shares issued for services

The accompanying notes are an integral part of the condensed interim financial statements

**NSJ GOLD CORP.****Notes to the Condensed Interim Financial Statements****For the six months ended May 31, 2022**

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

NSJ Gold Corp. (the “Company”) is in the business of the exploration and evaluation of mineral properties. The Company was incorporated under the *Business Corporations Act* of British Columbia on May 22, 2020. On March 8, 2021, the Company listed its shares on the Canadian Securities Exchange (“CSE”) and trades under the symbol NSJ. The address of the Company's registered and records office is Suite 101, 17565 58 Avenue, Surrey, British Columbia, V3S 4E3 Canada and principal place of business is 1701 – 1408 Strathmore Mews, Vancouver, British Columbia, V6Z 3B1 Canada.

The Company’s primary business is the acquisition and exploration of mineral properties. The Company’s exploration and evaluation asset (Note 6) does not presently host any known mineral deposits nor, given the high degree of risk involved, can there be any assurance that its exploration activities will result in the definition of such deposits being located or, ultimately, a profitable mining operation in the future.

These condensed interim financial statements (the “financial statements”) have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a loss of \$220,180 during the six months ended May 31, 2022, and has an accumulated deficit as at May 31, 2022 of \$1,192,077. Further, the Company has no source of operating cash flows, and there is no assurance that sufficient funding (including adequate financing) will be available to conduct required exploration and development of its mineral property projects. These factors indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company’s ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern. These adjustments could be material.

In 2020, there was a global outbreak of coronavirus that has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot be determined, but they could have a prospective material impact to the Company’s project exploration activities, cash flows and liquidity. Various restrictions on gatherings, work and access to remote communities near the Company’s project may also impact the Company’s ability to perform exploration activities at the project.

**NSJ GOLD CORP.**

**Notes to the Condensed Interim Financial Statements**

**For the six months ended May 31, 2022**

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

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**2. BASIS OF PRESENTATION**

**a) Statement of compliance**

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board. IFRS includes International Accounting Standards (“IAS”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). As such, these condensed interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company’s audited annual financial statements for the year ended November 30, 2021.

These condensed interim financial statements were approved and authorized for issuance by the Company’s Board of Directors on July 22, 2022.

**b) Basis of measurement**

These condensed interim financial statements have been prepared on a historical cost basis, except for those financial instruments which have been classified and measured at fair value. In addition, with the exception of cash flow information, these financial statements have been prepared using the accrual method of accounting.

The accounting policies set out below have been applied consistently.

**c) Functional and presentation currency**

The Company considers the primary and secondary indicators as part of its decision-making process. The financial statements are presented in Canadian dollars, which is also the functional currency of the Company.



**NSJ GOLD CORP.****Notes to the Condensed Interim Financial Statements****For the six months ended May 31, 2022**

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in notes 2 and 3 to the Company's audited annual financial statements for the year ended November 30, 2021.

IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. A summary of significant judgments and key sources of estimation uncertainty is below.

*Critical accounting estimates*

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Environmental rehabilitation obligation

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

Share-based compensation

The fair value of stock options issued are subject to the limitations of the Black-Scholes Option Pricing Model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes Option Pricing Model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

**NSJ GOLD CORP.****Notes to the Condensed Interim Financial Statements****For the six months ended May 31, 2022**

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Critical accounting judgements*

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

**4. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS****a) Recent accounting pronouncements**

Certain other accounting pronouncements were issued but the Company anticipates that the application of these standards, amendments and interpretations in future periods will have no material impact on the results and financial position of the Company except for additional disclosures. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance.

**5. PREPAID EXPENSES AND DEPOSITS**

Prepaid expenses are comprised of the following as at May 31, 2022:

	<b>May 31, 2022</b>	<b>November 30, 2021</b>
	\$	\$
Prepaid marketing	-	<b>18,770</b>
Prepaid management fee (Note 7)	<b>12,500</b>	<b>10,000</b>
	<b>\$12,500</b>	<b>\$28,770</b>

**6. EXPLORATION AND EVALUATION ASSET**

The Company entered into an option agreement dated August 14, 2020, as amended November 25, 2020 (the "Option Agreement") to acquire a 100% interest in certain claims comprising the Golden Hills Project (the "Golden Hills Property") located in Arizona, USA. Pursuant to the Option Agreement, to exercise the option the Company is required to pay a total of USD299,000 over a five year period with the first payment of USD24,000 due on or before March 28, 2021 (paid) and pay annual claim maintenance fees totaling USD15,510. The Company is also obligated to complete an exploration development program totaling USD4,635,000 per the following schedule:

- USD85,000 on or before the first anniversary date of the original agreement (completed)
- USD150,000 on or before the second anniversary date of the original agreement (completed)
- USD400,000 on or before the third anniversary date of the original agreement
- USD1,000,000 on or before the fourth anniversary date of the original agreement
- USD3,000,000 on or before the fifth anniversary date of the original agreement

**NSJ GOLD CORP.****Notes to the Condensed Interim Financial Statements****For the six months ended May 31, 2022**

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

**6. EXPLORATION AND EVALUATION ASSET (CONTINUED)**

The Golden Hills Property is subject to a 3% Net Smelter Return as payable to the Vendor.

During the six months ended May 31, 2022, the Company incurred a total of \$52,947 (\$282,627 for the six months ended May 31, 2021) in exploration expenditures as follows:

For the six months ended May 31, 2022:

	November 30, 2021	Net change	May 31, 2022
	\$	\$	\$
<b>Acquisition costs</b>	49,163	45,605	<b>94,768</b>
<b>Exploration costs</b>			
Field expenses	19,532	-	<b>19,532</b>
Geological consulting (Note 7)	136,410	7,342	<b>143,752</b>
Geophysical	102,821	-	<b>102,821</b>
Drilling	171,052	-	<b>171,052</b>
<b>Total exploration costs</b>	429,815	7,342	<b>437,157</b>
<b>Total</b>	<b>\$478,978</b>	<b>\$52,947</b>	<b>\$531,925</b>

For the six months ended May 31, 2021:

	November 30, 2020	Net change	May 31, 2021
	\$	\$	\$
<b>Acquisition costs</b>	-	30,403	<b>30,403</b>
<b>Exploration costs</b>			
Field expenses	2,825	16,614	<b>19,439</b>
Geological consulting	84,143	34,835	<b>118,978</b>
Geophysical	2,901	47,317	<b>50,218</b>
Drilling	-	153,458	<b>153,458</b>
<b>Total exploration costs</b>	89,869	252,224	<b>342,093</b>
<b>Total</b>	<b>\$89,869</b>	<b>\$282,627</b>	<b>\$372,496</b>

**NSJ GOLD CORP.****Notes to the Condensed Interim Financial Statements****For the six months ended May 31, 2022**

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

**7. RELATED PARTY TRANSACTIONS AND BALANCES**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that its key management personnel are the members of the Company's current and former Board of Directors and its executive officers.

During the six months ended May 31, 2022 and 2021, the Company incurred the following transactions with key management personnel:

- \$72,500 (2021 - \$60,000) in management fees to a company controlled by the CEO and recognized \$12,500 (2021 - \$Nil) prepaid expenses of which \$Nil (2021 - \$10,000) was recorded in accrued liabilities;
- \$42,500 (2021 - \$40,000) in management fees to a company which the CFO of the Company is a partner of;
- \$8,700 (2021 - \$Nil) in rent expense (recorded in office expense) to the CEO of the Company for office space of which \$5,800 (2021 - \$Nil) was recorded in accrued liabilities;
- \$Nil (2021 - \$32,500) in marketing fees to a company controlled by a relative of the CEO;
- USD3,946 (CAD4,999) (2021 - USD18,870 (CAD 23,021)) in Geological Consulting fees to the Vice President of Exploration which was capitalized to exploration and evaluation asset.
- USD1,350 (CAD1,710) (2021 - \$Nil) in Geological Consulting fees to a relative of the Vice President of Exploration which was capitalized to exploration and evaluation asset.
- \$Nil (2021 - \$36,000) in consulting fees a director of the Company. The Company issued Nil (2021 - 105,000) shares valued at \$Nil (2021 - \$37,800) to this director for these services, and \$Nil (2021 - \$1,800) of GST.
- \$Nil (2021 - \$27,071) in consulting fees to a company controlled by a director of the Company. The Company also issued Nil (2021 - 100,000) shares valued at \$Nil (2021 - \$18,000) to this director for the settlement of \$Nil (2021 - \$21,000) of accounts payable, resulting in a gain on settlement of debt of \$1,500.

During the six months ended May 31, 2022 the Company recognized \$16,555 (2021 - \$Nil) for the vesting of options granted to related parties.

As at May 31, 2022 and November 30, 2021, the Company had the following balances with related parties:

	May 31, 2022	November 30, 2021
	\$	\$
Due from a related party	25,515	12,447
Prepaid management fees (Note 5)	12,500	10,000
Due to officers of the Company, included in accounts payable	13,730	867

Amounts due to related parties are unsecured and non-interest bearing and measured at the amount of consideration established and agreed to by the related parties.

**NSJ GOLD CORP.****Notes to the Condensed Interim Financial Statements****For the six months ended May 31, 2022**

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

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**8. SHARE CAPITAL**

The Company is authorized to issue an unlimited number of common shares.

**Share transactions**

During the six months ended May 31, 2022 the Company did not issue any shares.

During the year ended November 30, 2021, the Company issued the following:

- a) The Company received notice of receipt for its long form prospectus from the British Columbia Securities Commission. As such all outstanding Special Warrants were exercised and the Company issued 9,104,000 common shares to the special warrant holders for no additional consideration.
- b) On March 15, 2021 the Company issued 105,000 at a price of \$0.36 per share for services rendered by a director of the Company (Note 7).
- c) On May 26, 2021 the Company issued 100,000 shares to settle \$21,000 due to a director of the Company (Note 7). The fair value of the shares on the date of issuance was \$18,500 and the Company recorded a gain of \$2,500.

**Special Warrants**

During the six months ended May 31, 2022 the Company had no warrant activity.

During the year ended November 30, 2021, the Company issued the following:

- a) On January 18, 2021 the Company issued 1,937,000 special warrants (the “Special Warrants”) at a price of \$0.20 per Special Warrant, for total proceeds of \$387,400. Each Special Warrant entitles the holder to acquire, without payment of any consideration in addition to that paid for the Special Warrant, one previously unissued unit in the capital of the Company. Each unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant where each whole warrant entitles the holder to purchase one additional common share at an exercise price of \$0.40 per share for a period of 18 months
- b) On January 20, 2021 the Company issued 4,446,000 Special Warrants at a price of \$0.20 per Special Warrant, for total proceeds of \$889,200. Each Special Warrant entitles the holder to acquire, without payment of any consideration in addition to that paid for the Special Warrant, one previously unissued unit in the capital of the Company. Each unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant where each whole warrant entitles the holder to purchase one additional common share at an exercise price of \$0.40 per share for a period of 18 months.

The Company raised a total of \$1,229,000 (net of finder’s fees totaling \$47,600) through the issuance of 6,383,000 Special Warrants.

On February 25, 2021 the Company received notice of receipt for its long form prospectus from the British Columbia Securities Commission. As such, all outstanding Special Warrants were exercised and the Company issued 9,104,000 common shares and 4,552,000 common share purchase warrants to the Special Warrant holders.

**NSJ GOLD CORP.****Notes to the Condensed Interim Financial Statements****For the six months ended May 31, 2022**

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

**8. SHARE CAPITAL (CONTINUED)****Warrants**

During the six months ended May 31, 2022 the Company had no warrant activity.

During the year ended November 30, 2021 the Company issued the following:

- a) In conjunction with the exercise of the Special Warrants, the Company issued 4,552,000 common share purchase warrants. Each whole warrant entitles the holder to purchase one additional common share at an exercise price of \$0.40 per share for a period of 18 months. The value of the warrants issued was deemed to be \$nil based on the residual valuation method applied.

Below is a summary of warrant activity during the six months ended May 31, 2022:

	<b>Amount</b>	<b>Weighted average exercise price</b>
<b>Outstanding November 30, 2020</b>	<b>5,000,000</b>	<b>\$0.20</b>
Issued	4,552,000	\$0.40
<b>Balance at May 31, 2021</b>	<b>9,552,000</b>	<b>\$0.30</b>
Issued	-	-
<b>Balance at November 30, 2021 and May 31, 2022</b>	<b>9,552,000</b>	<b>\$0.30</b>

Below is a summary of warrants outstanding as at May 31, 2022:

<b>Number of warrants outstanding</b>	<b>Exercise price</b>	<b>Expiry date</b>	<b>Remaining life (years)</b>
	\$		
5,000,000	0.20	August 22, 2025	3.22
4,552,000	0.40	August 27, 2022	0.24
9,552,000	\$0.30		1.80

**NSJ GOLD CORP.****Notes to the Condensed Interim Financial Statements****For the six months ended May 31, 2022**

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

**8. SHARE CAPITAL (CONTINUED)****Options**

During the six months ended May 31, 2022 the Company recognized \$34,697 (2021 - \$Nil) in stock-based compensation for the vesting of options.

During the year ended November 30, 2021, the Company granted 1,690,000 stock options exercisable at a price of \$0.20 with a 5-year life, 150,000 stock options exercisable at a price of \$0.30 with a 5-year life and 200,000 stock options exercisable at a price of \$0.25 with a 5-year life. The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of the options granted. The Company utilized the following weighted average assumptions: volatility - 152%, average risk-free rate – 0.77% and a five-year term. Accordingly, the estimate grant date fair value of the options was \$378,401. All options granted vest over a period of 1 year with 25% of the options vesting every 3 months. During the year ended November 30, 2021 the Company recorded \$342,458 in share-based compensation in relation to these grants.

A summary of the Company's stock option activity is as follows:

	<b>Number outstanding</b>	<b>Weighted average exercise price</b>
	#	\$
<b>Outstanding at November 30, 2020 and May 31, 2021</b>	-	-
Granted	2,040,000	0.21
<b>Outstanding at November 30, 2021 and May 31, 2022</b>	<b>2,040,000</b>	<b>\$0.21</b>

A summary of the Company's stock options outstanding and exercisable at May 31, 2022 is presented below:

<b>Expiry Date</b>	<b>Options Outstanding</b>	<b>Options Exercisable</b>	<b>Exercise Price</b>	<b>Remaining Life (Years)</b>
	#	#	\$	
March 8, 2026	1,690,000	1,690,000	0.20	3.77
March 19, 2026	150,000	150,000	0.30	3.81
July 28, 2026	200,000	150,000	0.25	4.16
	2,040,000	1,390,000	\$0.21	3.81

**Escrow Shares**

Under the escrow agreement dated January 27, 2021, 10% of the escrowed common shares were to be released from escrow on the date of listing on the CSE. Subsequent to listing (March 8, 2021), an additional 15% are to be released every six months over a thirty-six month period. As at May 31, 2022, a total of 8,400,000 shares and 3,000,000 warrants were held in escrow (November 30, 2021 – 10,500,000 shares and 3,750,000 warrants).

**NSJ GOLD CORP.****Notes to the Condensed Interim Financial Statements****For the six months ended May 31, 2022**

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

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**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash, due from related parties, and accounts payable. The carrying values of these financial instruments approximate their respective fair values due to the short term of these instruments.

As at May 31, 2022, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

The Company's primary exposure to credit risk is its cash of \$684,892 as at May 31, 2022. With cash on deposit with reputable financial institutions, it is management's opinion that the Company is not exposed to significant credit risks arising from the financial instruments.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at May 31, 2022, the Company had current liabilities totaling \$43,441 and cash of \$684,892 and is not exposed to significant liquidity risk at this time. However, since the Company is in the exploration stage, it will periodically have to raise funds to continue operations and intends to raise further financing through private placements.



**NSJ GOLD CORP.****Notes to the Condensed Interim Financial Statements****For the six months ended May 31, 2022**

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

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**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)***Market risk*

Market risk is the risk that changes in market prices such as commodity prices, foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. The Company does not use derivative instruments to reduce its insignificant exposure to market risks.

**10. CAPITAL MANAGEMENT**

The Company includes shareholders' equity and any debt it may issue, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company's property is in the exploration stage and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. The Company is not subject to any external covenants.