



Blue Star Gold Corp.

Interim Condensed Consolidated Financial Statements

For the six months ended May 31, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The interim condensed consolidated financial statements and all information in the quarterly report are the responsibility of the Board of Directors and management. These interim condensed consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. Management maintains the necessary systems of internal controls, policies and procedures to provide assurance that assets are safeguarded and that the financial records are reliable and form a proper basis for the preparation of financial statements.

The Board of Directors ensures that management fulfils its responsibilities for financial reporting and internal control through an Audit Committee. This committee, which reports to the Board of Directors, meets with the independent auditors and reviews the financial statements.

The interim condensed consolidated interim financial statements for the six months ended May 31, 2021 are unaudited and prepared by Management. The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

BLUE STAR GOLD CORP.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

(Unaudited)

AS AT,

	Notes	May 31, 2021	November 30, 2020
ASSETS			
Current			
Cash		\$ 231,847	\$ 128,043
Advances and deposits		275,290	101,845
GST receivable		30,619	339,518
Deferred financing charges	12	25,625	179,375
Total current assets		563,381	748,781
Long-term deposits	6	2,645,218	2,755,076
Right-of-use assets	8	219,226	301,436
Equipment	7	566,575	369,795
Exploration and evaluation assets	9	11,536,767	10,607,385
Total assets		\$ 15,531,167	\$ 14,782,473
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		\$ 213,693	\$ 670,637
Due to related parties	10	240,601	455,162
Lease liabilities – short term	8	168,514	154,869
Loans payable – short term	10, 11	280,654	1,067,366
Convertible debentures – short term	10, 12	495,841	483,859
Total current liabilities		1,399,303	2,831,893
Lease liabilities – long term	8	62,784	151,000
Loans payable – long term	10, 11	2,283,406	2,172,590
Convertible debentures – long term	10, 12	3,481,630	3,412,595
Total liabilities		7,227,123	8,568,078
Shareholders' equity			
Share capital	13	19,897,592	15,385,183
Share subscription received in advance		-	400,000
Obligation to issue shares	10, 11	41,454	390,326
Equity component of convertible debentures	12	290,776	290,776
Reserves – options	13	1,896,780	1,356,185
Reserves – warrants	13	128,299	106,978
Deficit		(13,950,857)	(11,715,053)
Total shareholders' equity		8,304,044	6,214,395
Total liabilities and shareholders' equity		\$ 15,531,167	\$ 14,782,473

Nature of operations and going concern (Notes 1 and 2)

Events subsequent to the reporting period (Note 15)

Approved and authorized by the Board of Directors on July 23, 2021.

"Kenneth R. Yurichuk"

Kenneth R. Yurichuk, Director

"Robert Metcalfe"

Robert Metcalfe, Director

The accompanying notes are an integral part of these consolidated financial statements.

BLUE STAR GOLD CORP.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended May 31, 2021	Three months ended May 31, 2020	Six months ended May 31, 2021	Six months ended May 31, 2020
EXPENSES				
Accretion and interest (Notes 11 and 12)	\$ 219,835	\$ 238,272	\$ 424,106	\$ 466,913
Amortization (Note 8)	944	513	1,892	1,169
Amortization of ROU assets (Note 8)	41,105	-	82,210	-
Directors fees (Note 10)	25,000	25,000	50,000	50,000
Insurance	17,343	10,860	33,662	23,655
Investor and shareholder relations	88,633	28,575	163,704	85,774
Office and miscellaneous	14,074	7,571	34,051	27,241
Professional fees	24,672	36,892	40,753	59,689
Regulatory and transfer agent fees	5,676	9,667	14,874	16,546
Rent and administrative services	-	16,212	-	32,606
Salaries (Note 10)	146,359	143,759	295,377	284,026
Share-based compensation (Note 13)	-	-	540,595	-
Travel and entertainment	186	4,095	1,521	21,973
Loss before other item	(583,827)	(521,416)	(1,682,745)	(1,069,592)
Loss on debt settlement (Notes 10 and 11)	-	-	(711,661)	-
Loss and comprehensive loss before income tax	(583,827)	(521,416)	(2,394,406)	(1,069,592)
Deferred income tax recovery (Note 11)	-	-	-	242,764
Loss and comprehensive loss for the period	(583,827)	(521,416)	(2,394,406)	(826,828)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.04)	\$ (0.09)	\$ (0.06)
Weighted average number of common shares outstanding	29,424,944	13,137,807	28,035,811	13,055,703

The accompanying notes are an integral part of these consolidated financial statements.

BLUE STAR GOLD CORP.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian dollars)

(Unaudited)

	Share Capital		Share subscription received in advance	Obligation to issue shares	Equity component of convertible debentures	Reserves - options	Reserves - warrants	Deficit	Total
	Number	Amount							
Balance, November 30, 2019	12,960,031	\$ 8,964,629	\$ -	\$ 187,420	\$ 580,294	\$ 1,203,705	\$ 106,978	\$ (9,133,860)	\$ 1,909,166
Obligation to issue bonus shares on loans	-	-	-	656,363	-	-	-	-	656,363
Shares issued for finders' shares	56,000	25,200	-	(25,200)	-	-	-	-	-
Shares issued for loan bonus	121,777	54,800	-	(54,800)	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	-	(826,828)	(826,828)
Balance, May 31, 2020	13,137,808	9,044,629	-	763,783	580,294	1,203,705	106,978	(9,960,688)	1,738,701
Finder's shares	65,000	61,750	-	-	-	-	-	-	61,750
Shares issued for loan bonus	365,331	59,253	-	(373,457)	-	-	-	-	(314,204)
Exercise of options	32,500	42,936	-	-	-	(10,436)	-	-	32,500
Exercise of warrants	4,400,000	3,300,000	-	-	-	-	-	-	3,300,000
Convertible debentures	-	-	-	-	290,776	-	-	-	290,776
Conversion of convertible debentures	6,000,000	2,877,365	-	-	(580,294)	-	-	-	2,297,071
Share subscription received in advance	-	-	400,000	-	-	-	-	-	400,000
Share issuance costs	-	(750)	-	-	-	-	-	-	(750)
Share-based compensation	-	-	-	-	-	162,916	-	-	162,916
Loss for the period	-	-	-	-	-	-	-	(1,754,365)	(1,754,365)
Balance, November 30, 2020	24,000,639	15,385,183	400,000	390,326	290,776	1,356,185	106,978	(11,715,053)	6,214,395
Shares issued in private placement	2,201,000	1,760,800	(400,000)	-	-	-	-	-	1,360,800
Shares issued for loan bonus	400,000	108,732	-	(108,732)	-	-	-	-	-
Exercise of warrants	1,400,000	1,050,000	-	-	-	-	-	-	1,050,000
Shares issued for debt settlement	1,526,533	1,602,860	-	(81,538)	-	-	-	-	1,521,322
Shares issued for property acquisition	75,000	67,500	-	-	-	-	-	-	67,500
Share issuance costs	-	(77,483)	-	-	-	-	21,321	-	(56,162)
Share-based compensation	-	-	-	-	-	540,595	-	-	540,595
Obligation to issue shares	-	-	-	(158,602)	-	-	-	158,602	-
Loss for the period	-	-	-	-	-	-	-	(2,394,406)	(2,394,406)
Balance, May 31, 2021	29,603,172	\$19,897,592	\$ -	\$ 41,454	\$ 290,776	\$ 1,896,780	\$ 128,299	\$ (13,950,857)	\$ 8,304,044

The accompanying notes are an integral part of these consolidated financial statements.

BLUE STAR GOLD CORP.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian dollars)

(Unaudited)

	Six months ended May 31, 2021	Six months ended May 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (2,394,406)	\$ (826,828)
Items not affecting cash:		
Accretion of interest	402,679	466,913
Amortization	1,892	1,169
Amortization of ROU assets	82,210	-
Share-based compensation	540,595	-
Loss on debt settlement	711,661	-
Deferred income tax recovery	-	(242,764)
Changes in non-cash working capital items:		
Advances and deposits	65,698	(47,833)
Receivables	308,899	71,967
Accounts payable and accrued liabilities	(1,885)	(396,711)
Due to related parties	(230,683)	94,561
Net cash used in operating activities	<u>(513,340)</u>	<u>(879,526)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	-	2,435,542
Proceeds from share issuance	2,410,800	-
Share issuance costs	(56,162)	-
Repayment of lease liability	(90,952)	-
Net cash provided by financing activities	<u>2,263,686</u>	<u>2,435,542</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Reclamation deposits	-	(1,685,542)
Acquisition of property, plant and equipment	(216,687)	(6,099)
Exploration and evaluation expenditures	(1,429,855)	(1,115,227)
Reimbursement from Mandalay	-	1,685,542
Restricted cash	-	(412,003)
Net cash used in investing activities	<u>(1,646,542)</u>	<u>(1,533,329)</u>
Change in cash during the period	103,804	22,687
Cash, beginning of period	128,043	94,725
Cash, end of period	\$ 231,847	\$ 117,412
SUPPLEMENT NON-CASH DISCLOSURES		
Exploration and evaluation assets included in accounts payable and accrued liabilities	\$ 100,373	\$ 89,060
Exploration and evaluation assets included in due to related parties	\$ -	\$ 412,003
Finders' warrants in share issuance costs	\$ 21,321	\$ -
Amortization in exploration and evaluation assets	\$ 18,015	\$ -
Loan principal and interest settled with shares	\$ 839,593	\$ -
Interest paid	\$ 213,325	\$ -
Taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

Blue Star Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
For the six months ended May 31, 2021
(Expressed in Canadian dollars)
(Unaudited)

1. Nature of Operations

Blue Star Gold Corp. (“Blue Star” or the “Company”) was incorporated on April 13, 2007 pursuant to the *Business Corporations Act* of British Columbia. The Company’s principal business activity is the acquisition and exploration of mineral property interests. The Company is in the exploration stage and substantially all the Company’s efforts are devoted to financing and developing these property interests. There has been no determination whether the Company’s interests in unproven exploration and evaluation assets contain economically recoverable mineral resources.

The Company is listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “BAU”, and its corporate head office is located at 507 - 700 West Pender St., Vancouver, BC, Canada V6C 1G8.

2. Basis of Presentation

a) Statement of compliance

These unaudited interim condensed consolidated financial statements, including comparatives that are unaudited, have been prepared in accordance with IAS 34 (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These interim condensed consolidated financial statements have been prepared using accounting policies consistent with those used in the Company’s audited annual financial statements for the year ended November 30, 2020 except for income tax expense which is recognized and disclosed for the full financial year in the audited financial statements.

These interim condensed consolidated financial statements were authorized by the Board of Directors on July 23, 2021

b) Going concern

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of its resource properties and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively, upon the Company’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

These consolidated financial statements have been prepared in accordance with IFRS on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. As at May 31, 2021, the Company has an accumulated deficit of \$13,950,857 (November 30, 2020 - \$11,715,053) and has a working capital deficiency of \$835,922 (November 30, 2020 – deficiency of \$2,083,112) and has incurred significant losses. These circumstances may cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The recovery of amounts capitalized for exploration and evaluation assets at May 31, 2021 and November 30, 2020 in the consolidated statement of financial position is dependent upon the ability of the Company to arrange appropriate financing to complete the development and continued exploration of the properties. The Company plans to raise funds primarily through the issuance of shares or obtain profitable operations. The outcome of these matters cannot be predicted at this time.

2. Basis of Presentation (continued)

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak has caused staff shortages, reduced consumer demand, increased government regulations or interventions, all of which may negatively impact the business, financial condition or results of operations of the Company. The duration of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

c) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Ulu Mining Inc. (“Ulu”) and Inukshuk Exploration Incorporated (“Inukshuk”), both incorporated under the laws of British Columbia. All significant intercompany transactions have been eliminated upon consolidation. A subsidiary is an entity that the Company controls, either directly or indirectly. Control is based on whether an investor has power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of returns.

d) Functional and presentation currency

The Company and its wholly owned subsidiaries’ reporting and functional currency is the Canadian dollar. Monetary assets and liabilities of the Company are translated into Canadian dollars at the exchange rate in effect on the consolidated statements of financial position date, while non-monetary assets and liabilities are translated at historical rates. Expenses are translated at the average rates over the reporting period. Gains and losses from these translations are included in profit or loss.

e) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

f) Estimates and judgments

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows.

2. Basis of Presentation (continued)

f) Estimates and judgments (continued)

Critical accounting estimates

i. Recognition of deferred taxes

The determination of income tax expense and deferred income tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred income taxes or the timing of tax payments.

ii. Share-based payments

Estimating the fair value of granted stock options requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected rate of forfeitures, price volatility, interest rate and dividend yield. Changes in the input assumptions can materially affect the fair value estimate of the Company's earnings and reserves.

iii. Interest rates

The Company estimates a market interest rate in determining the fair value of the liability component of its convertible debentures and loans payable. The determination of market interest rate is subjective and could materially affect the fair value estimate.

iv. Recoverable amount of exploration and evaluation assets

The carrying value of exploration and evaluation assets and the likelihood of future economic recoverability of these carrying values is subject to significant management estimates. The application of the Company's accounting policy for and determination of recoverability of capitalized assets is based on assumptions about future events or circumstances. New information may change estimates and assumptions made. If information becomes available indicating that recovery of expenditures is unlikely, the amounts capitalized are impaired and recognized as a loss in the period that the new information becomes available. A change in estimate could result in the carrying amount of capitalized assets being materially different from their presented carrying costs.

Critical accounting judgements

i. Impairment of exploration and evaluation assets

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

ii. Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. Significant Accounting Policies

These Condensed Interim Consolidated Financial Statements have been prepared using accounting policies consistent with those used in the Company's audited consolidated financial statements for the year ended November 30, 2020.

New, amended and future accounting pronouncements

Accounting standards and amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Capital Management

Capital includes all the components of shareholders equity as well as proceeds from loans. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition and exploration of its exploration and evaluation assets and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. Further information relating to liquidity risk is disclosed in note 5.

The Company manages the capital structure and adjusts 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 issue new shares, enter into joint venture property arrangements, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and investments.

To facilitate the management of its capital requirements, the Company prepares budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The budgets are approved by the Board of Directors.

There were no changes in the Company's approach to capital management during the period ended May 31, 2021. The Company is not subject to externally imposed capital requirements.

Blue Star Gold Corp.
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(Unaudited)

5. Management of Financial Risk

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's financial instruments as at May 31, 2021 are as follows:

	Level 1	Level 2	Level 3
Financial assets at FVTPL			
Cash	\$ 231,847	\$ -	\$ -
Financial liabilities at amortized costs			
Accounts payable and accrued liabilities	\$ 213,693	\$ -	\$ -
Due to related parties	\$ 240,601	\$ -	\$ -
Lease liabilities	\$ -	\$ 231,298	\$ -
Loans payable	\$ -	\$ 2,564,060	\$ -
Convertible debentures	\$ -	\$ 3,977,471	\$ -

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

a) Fair value

The carrying value of cash, accounts payable and accrued liabilities and amounts due to related parties approximated their fair value since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. The lease liabilities, loans payable and convertible debentures are classified as level 2 due as the fair value is determined based on market interest rates.

b) Interest rate risk

The Company has some exposure at May 31, 2021 and November 30, 2020 to interest rate risk through its financial instruments; however, the risk is not significant as the loans payable and convertible debentures have fixed, simple interest rates between 3% - 7.5% per annum.

c) Currency risk

As at May 31, 2021 and November 30, 2020, the majority of the Company's cash was held in Canadian dollars, the Company's functional and reporting currency. The majority of the Company's accounts payable and accrued liabilities are denominated in Canadian dollars. Loans payable, convertible debentures and lease liabilities outstanding as at May 31, 2021 and November 30, 2020 are in Canadian dollars. Currency risk is not significant.

5. Management of Financial Risk (continued)

b) Credit risk

Concentration of credit risk exists with respect to the Company's cash, as substantially all amounts are held at major financial institutions. The credit risk associated with cash is minimized by ensuring that these financial assets are placed with financial institutions with investment-grade ratings by a primary ratings agency.

c) Liquidity risk

The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at May 31, 2021, the Company had cash of \$231,847 (November 30, 2020 - \$128,043) to settle current liabilities of \$1,399,303 (November 30, 2020 - \$2,831,893).

6. Long-term deposits

As at May 31, 2021, the Company has the following long-term deposits:

a) a deposit of \$943,835 (November 30, 2020 - \$943,835) held with the Kitikmeot Inuit Association pursuant to its application to obtain a Land Use License to get access to the Inuit Owned Lands for the Hood River exploration camp and operations;

b) a deposit of \$1,685,542 (November 30, 2020 - \$1,685,542) with Crown-Indigenous Relations and Northern Affairs Canada, in relation to the Ulu Water License issued by the Nunavut Water Board ("NWB") for the reclamation liability of the mining license;

c) advances of \$Nil (November 30, 2020 - \$91,715) for exploration and evaluation expenditures; and

e) deposit of \$15,841 (November 30, 2020 - \$33,984) for the Company's office lease.

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7. Equipment

	Computer and office equipment	Camp and field equipment	Total
COST			
Balance, November 30, 2019	\$ 8,543	\$ -	\$ 8,543
Additions	10,554	369,719	380,273
Balance, November 30, 2020	19,097	369,719	388,816
Additions	-	216,687	216,687
Balance, May 31, 2021	19,097	586,406	605,503
Accumulated amortization			
Balance, November 30, 2019	7,830	-	7,830
Additions	2,184	9,007	11,191
Balance, November 30, 2020	10,014	9,007	19,021
Additions	1,892	18,015	19,907
Balance, May 31, 2021	\$ 11,906	\$ 27,022	\$ 38,928
Carrying amounts			
At November 30, 2020	\$ 9,083	\$ 360,712	\$ 369,795
At May 31, 2021	\$ 7,191	\$ 559,384	\$ 566,575

During the six months ended May 31, 2021, amortization expenses of \$18,015 (2020- \$Nil) were recorded into the exploration and evaluation assets.

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8. Right-of-Use (“ROU”) Assets and Lease Liabilities

On August 19, 2020, the Company entered into an office lease agreement for a 24- month lease period starting October 1, 2020. In accordance with IFRS 16 *Leases*, the Company recorded right-of-use assets of \$328,839 and recognized lease liabilities of \$328,839 on commencement of the lease. As at August 19, 2020, the Company measured the present value of its lease liabilities using a discount rate of 12% as determined from its incremental borrowing rate.

a) *Right-of-use assets*

A reconciliation of the Company’s right-of-use assets for the six months ended May 31, 2021 and for the year ended November 30, 2020 is as follows:

	Total
Balance, December 1, 2019	\$ -
Acquisition of office lease ROU	328,839
Amortization of ROU	(27,403)
Balance, November 30, 2020	301,436
Amortization of ROU	(82,210)
Balance, May 31, 2021	<u>\$ 219,226</u>

b) *Lease liabilities*

A reconciliation of the Company’s lease liabilities for the six months ended May 31, 2021 and for the year ended November 30, 2020 is as follows:

	Total
Balance, December 1, 2019	\$ -
Addition	328,839
Accretion of interest	7,347
Lease payments	(30,317)
Balance, November 30, 2020	305,869
Accretion of interest	16,381
Lease payments	(90,952)
Balance, May 31, 2021	<u>\$ 231,298</u>

	May 31,	November 30,
	2021	2020
Short-term portion of lease liability	\$ 168,514	\$ 154,869
Long-term portion of lease liability	\$ 62,784	\$ 151,000

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9. Exploration and Evaluation Assets

	<i>Ulu Property (Nunavut)</i>	<i>Hood River Property (Nunavut)</i>	<i>Roma Property (Nunavut)</i>	<i>Total</i>
Balance, November 30, 2019	\$ 1,688,280	\$ 3,304,010	\$ -	\$ 4,992,290
Acquisition - cash	450,000	125,000	-	575,000
Exploration			-	
Amortization	4,504	4,503	-	9,007
Assay	146,330	109,906	-	256,236
Camp and supplies	183,995	126,400	-	310,395
Claim maintenance	6,602	-	-	6,602
Community support	32,080	26,996	-	59,076
Consulting	160,647	70,286	-	230,933
Equipment rental	96,469	125,744	-	222,213
Fuel	133,532	133,532	-	267,064
Geological data and analysis	74,716	40,848	-	115,564
Helicopter and flight	772,602	772,602	-	1,545,204
Permits	299,351	67,669	-	367,020
Site personnel	289,506	249,413	-	538,919
Remediation	543,855	-	-	543,855
Drilling and geological	1,078,610	1,090,057	-	2,168,667
Travel	51,739	33,143	-	84,882
Cash received from Mandalay	(1,685,542)	-	-	(1,685,542)
Balance, November 30, 2020	4,327,276	6,280,109	-	10,607,385
Acquisition - cash	-	125,000	22,730	147,730
Acquisition - shares	-	-	67,500	67,500
Exploration				
Amortization	9,007	9,008	-	18,015
Camp and supplies	11,294	412	-	11,706
Consulting	152,170	15,128	-	167,298
Equipment rental	32,318	8,584	-	40,902
General exploration	42,052	8,156	3,221	53,429
Geochemistry and assay	-	2,601	-	2,601
Geophysical	2,438	2,438	15,375	20,251
Geological data and analysis	130,210	77,552	-	207,762
Permits	29,203	500	-	29,703
Project manager	68,046	68,046	-	136,092
Remediation	25,934	-	-	25,934
Travel	-	459	-	459
Balance, May 31, 2021	\$ 4,829,948	\$ 6,597,993	\$ 108,826	\$11,536,767

9. Exploration and Evaluation Assets (continued)

a) Ulu Property

The Ulu Property consists of a renewable 21-year lease with an area of approximately 947 hectares and an expiry date of November 18, 2038.

On May 30, 2014, the Company entered into an option agreement (the “Option Agreement”) with Elgin Mining Inc. and Bonito Capital Corp. (collectively, “Elgin”), to acquire an 80% undivided interest in the Ulu Property. Pursuant to the Option Agreement, the Company issued 500,000 post-consolidation shares (valued at \$320,000), paid \$125,000, and incurred \$300,000 in property expenditures to earn a 70% interest in the Ulu Property. On September 10, 2014, Mandalay Resources Corporation (“Mandalay”) acquired Elgin. The Ulu Property is subject to a 5% net production proceeds royalty payable after 675,000 ounces of gold have been mined and recovered.

On January 8, 2018, the Company and Mandalay entered into a New Ulu Property Option Agreement. The new option agreement supersedes all prior agreements covering the Ulu Property. On July 19, 2019, the option agreement was further amended (the “Amended Option Agreement”). The TSX-V approved the Amended Option Agreement on November 26, 2019.

Pursuant to the terms of the Amended Option Agreement, the Company paid \$850,000, completed other obligations under the Amended Option Agreement, and acquired 100% of Ulu Property on February 10, 2020.

In February 2020, the Company received \$1,685,542 from Mandalay on assignment of the rights to the remediation security which is recorded as a reduction to the Ulu Property. The Company reposted the remediation security with the Nunavut government, which is recorded as a long-term deposit (Note 6).

b) Hood River Property

Pursuant to a letter of intent dated May 15, 2014, on February 26, 2018, the Company signed the final Transaction Agreement (the “Definitive Agreement”) and NSR Royalty Agreement to acquire 100% of the outstanding shares of Inukshuk Exploration Inc. (“Inukshuk”), with an effective date as of September 18, 2014. Inukshuk owns a 100% interest in the Hood River Property in Nunavut through a 20-year renewable mineral exploration agreement (“MEA”) dated June 1, 2013, issued by Nunavut Tunngavik Incorporated (“NTI”).

Pursuant to the terms of the Definitive Agreement, the Company acquired 100% of the outstanding shares of Inukshuk by issuing the shareholders (the “Vendors”) and their assignees 800,000 post-consolidation common shares of the Company (valued at \$560,000) for the transaction. The TSX-V approved the transaction on September 18, 2014.

Under the terms of the Royalty Agreement in the Definitive Agreement, the Company will pay the following:

- i. Pay a 3% NSR royalty on the disposition of all minerals produced from the Hood River Property;
- ii. Make advance royalty payments totalling \$500,000 (paid);
- iii. Offer the vendor a right of conveyance if the Company abandons the Hood River Property; and
- iv. Maintain the Hood River Property in good standing during the conveyance period.

9. Exploration and Evaluation Assets (continued)

b) Hood River Property (continued)

Prior to the commencement of commercial production on the Hood River Property, the Company has the option to acquire up to 2% of the NSR for up to \$8,000,000 under the following terms:

- i. Purchase an initial 0.5% of the NSR for \$1,000,000;
- ii. Purchase an additional 0.5% of the NSR for an additional \$1,500,000;
- iii. Purchase an additional 0.5% of the NSR for an additional \$2,500,000; and
- iv. Purchase an additional 0.5% of the NSR for an additional \$3,000,000

c) Roma property

On February 17, 2021, the Company entered into a Property Purchase Agreement to acquire 100% interest in 9 mineral claims ("Roma") located in Nunavut. The Company issued 75,000 post-consolidation shares (valued at \$67,500) on February 22, 2021 and reimbursed all expenses (\$22,730) in connection with staking the claims.

Title to resource properties

Although the Company has taken steps to verify the title to exploration properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Realization of assets

The investment in and expenditures on exploration properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims are permitted to lapse.

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9. Exploration and Evaluation Assets (continued)

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

10. Related Party Transactions and Key Management Compensation

Related party transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties. Amounts due to or from related parties are non-interest bearing and unsecured.

As at May 31, 2021, \$240,601 (November 30, 2020 - \$455,162) was due to directors and officers of the Company:

	May 31, 2021	November 30, 2020
CFO	\$ 11,646	\$ 9,984
Former CEO**	168,000	168,000
Directors	21,115	237,338
Former CFO*	39,840	39,840
	\$ 240,601	\$ 455,162

* Former CFO was related parties during the year ended November 30, 2019 or during previous fiscal years.

** The Company's CEO was terminated during the year ended November 30, 2020.

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10. Related Party Transactions and Key Management Compensation (continued)

During the six months ended May 31, 2021 and 2020, the Company entered into the following transactions with related parties:

	Six months ended May 31, 2021	Six months ended May 31, 2020
Salary – CEO	\$ 102,000	\$ -
Salary – Spouse of CEO	60,960	-
Management fee – CFO	66,000	42,750
Directors’ fees	50,000	50,000
Salary – former CEO*	-	78,285
Share-based compensation (Note 13)		
- 490,000 (2020 – Nil) options were granted to directors and officers	236,896	-
	\$ 515,856	\$ 171,035

*The Company’s CEO was terminated during the year ended November 30, 2020.

Loans and convertible debentures

During the six months ended May 31, 2021:

i) On January 25, 2021 the Company issued 1,526,533 post-consolidation shares at a deemed price of \$0.55 per share to settle three loans, with loan principal of \$750,000 and interest of \$89,593 totalling \$839,593, with Dr. Georg Pollert. The Company also issued 100,000 post-consolidation bonus shares (valued at \$39,227) in accordance with the loan that matured on December 29, 2020, while the remaining 200,000 post-consolidation bonus shares (valued at \$81,539) were not issued (Notes 11 and 12).

ii) The Company paid \$213,325 of interest in cash to Dr. Pollert.

During the year ended November 30, 2020:

i) On November 21, 2019, the Company entered into a loan agreement with Dr. Georg Pollert, a director of the Company. The loan principal amount of \$2,435,542 was received on December 10, 2019 (Note 11). In connection with the loan, the Company issued 487,108 post-consolidation bonus shares with a fair value of \$114,053 during the year ended November 30, 2020.

ii) On July 3, 2020, Dr. Georg Pollert, a director of the Company, subscribed for 3,175 units of the Company’s convertible debenture for a principal amount of \$3,175,000 (Note 12).

iii) During the year ended November 2020, Dr. Georg Pollert privately sold his 2,200 units of the Company’s convertible debenture issued in August 2019. Those units were converted by the purchaser into 4,400,000 post-consolidation shares of the Company afterwards.

11. Loans Payable

- On December 19, 2018, March 10, 2019 and May 7, 2019, the Company entered into three loan agreements with a director of the Company (Note 10). Each loan had a principal of \$250,000, bore 7.5% simple interest per annum, and were repayable on or before December 31, 2020, March 31, 2021 and June 30, 2021 respectively. In addition, the director will receive 100,000 post-consolidation bonus shares on each loan upon approval by the TSX-V.

On January 25, 2021 the Company issued 1,526,533 post-consolidation shares to settle the three loans with a total principal of \$750,000 and accrued interest of \$89,593 at a deemed price of \$0.55 per share. The Company also issued 100,000 post-consolidation bonus shares (valued at \$39,227) in accordance with the loan that matured on December 29, 2020, while the remaining 200,000 post-consolidation bonus shares (valued at \$81,539) were not issued.

The Company recorded the 1,526,533 post-consolidation shares issued at the market price on the issuance date, being \$1,602,860 (\$1.05 per share), while the carrying amount of the loans was \$809,660 and the carrying amount of the equity portion was \$81,538. As a result, a loss on debt settlement of \$711,661 is recorded in the statement of loss and comprehensive loss.

- On June 19, 2019, a loan agreement was entered into with a third party for \$250,000. The loan bears 7.5% simple interest per annum payable on or before the date of repayment of July 30, 2021. In consideration, the lender will receive 100,000 post-consolidation bonus shares upon approval by the TSX-V.

In July 2021, subsequent to the period ended May 31, 2021, the Company fully repaid the loan and interest.

- On November 21, 2019, the Company entered into a loan agreement with Dr. Georg Pollert. The loan principal amount is \$2,435,542 (Note 10; received on December 10, 2019). The loan has a term of three years and bears interest at 3% per annum. In relation to the loan, the Company intends to issue up to 787,108 post-consolidation bonus shares to Dr. Georg Pollert which was approved by TSX-V on November 26, 2019. During the six months ended May 31, 2021, the Company issued 300,000 (November 30, 2020 - 487,108) post consolidation bonus shares (Note 10) valued at \$69,505 (November 30, 2020 - \$114,053).

In connection with the bonus shares described above, the Company recognized an obligation to issue shares of \$342,159 and a deferred tax recovery of \$126,552.

For accounting purposes, the loans with bonus shares were considered a hybrid financial instrument and were allocated into corresponding debt and equity components at the date of issue. The Company used the residual value method to allocate the principal amount of the loans between the liability and obligation to issue shares component. The Company valued the debt component of the loan agreements by calculating the present value of principal and interest payments, discounted at a rate of 11% for loans with bonus shares borrowed during the year ended November 30, 2020 (21% for loans with bonus shares borrowed during the year ended November 30, 2019) which represents managements best estimate of the rate that a loan without bonus shares would earn. The debt component is subsequently accreted to the face value of the loan agreements with an effective interest rate of 10% for loans with bonus shares borrowed during the year ended November 30, 2020 (19% for loans with bonus shares borrowed during the year ended November 30, 2019).

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11. Loans Payable (continued)

		Liability Component	Obligation to issue shares
Balance at November 30, 2019	\$	1,094,654	\$ 162,220
Proceeds received		1,966,831	468,711
Accretion and interest		400,618	-
Deferred income tax recovery		-	(126,552)
Bonus shares issued		-	(114,053)
Repayment of loan principal		(200,000)	-
Repayment of interest		(22,147)	-
Balance at November 30, 2020		3,239,956	390,326
Accretion and interest		149,884	-
Bonus shares issued/cancelled		-	(348,872)
Debts settled		(809,660)	-
Accrued interest transferred to due to liabilities		(16,120)	-
Balance at May 31, 2021	\$	2,564,060	\$ 41,454

		May 31, 2021	November 30, 2020
Short-term portion of liability	\$	280,654	\$ 1,067,366
Long-term portion of liability	\$	2,283,406	\$ 2,172,590

12. Convertible Debentures

Convertible debenture 2019

On November 26, 2019, the TSX-V approved the closing of a non-brokered private placement of convertible debentures. Each unit is priced at \$1,000 and consists of 20,000 non-secured Convertible Debentures (the "Debentures") and 20,000 non-transferable Common Share purchase warrants ("Warrants"). Each Debenture bears an annual simple interest rate of 7.5% over its term of up to three years (the "Term") and the interest is to be calculated and paid annually in advance for each year. During the first year of the Term, the conversion price will be \$0.50 per post-consolidation share. During the second and third years of the Term, the conversion price will be \$1.00 per post-consolidation share. Each Warrant will entitle the holder to purchase one common share of the Company at an exercise price of \$0.75 per post-consolidation share during the Term.

The Company received total proceeds of \$3,000,000 by issuing 3,000 units of convertible debentures. In November 2019, upon the approval of the TSX-V, the Company issued 6,000,000 post-consolidation warrants to the debenture holders. The Company paid finders' fees of \$66,635, incurred legal and filing fees of \$41,257, and has an obligation to issue 56,000 post-consolidation finders' shares at a fair value of \$25,200 (issued in February 2020).

Upon issuance, the convertible debentures of \$3,000,000 was separated into a debt component of \$2,116,662 and an equity component of \$883,338. On issuance, the Company also recognized deferred financing charges of \$278,630 related to interest for the first year payable in advance on the Debentures.

12. Convertible Debentures (continued)

In November 2020, the principal of \$3,000,000 was converted into 6,000,000 post-consolidation common shares of the Company at a conversion price of \$0.50. The Company repaid interest of \$73,909 and the remaining interest of \$202,604 (repaid in December 2020) was recorded in accounts payable and accrued liabilities as of November 30, 2020. At the date of conversion, the carrying amount of liabilities of \$2,297,071 and equity components of the debts of \$580,294, totalling \$2,877,365, was transferred to share capital. There is no gain or loss recorded at conversion.

Convertible debenture 2020

On July 3, 2020, the Company closed a non-brokered private placement of 4,100 units of the Company (the “Units”) at a price of \$1,000 per Unit for gross proceeds of up to \$4,100,000. Each Unit is comprised of 20,000 unsecured convertible debentures (the “Debentures”) and 20,000 non-transferable common share purchase warrants (“Warrants”) of the Company.

Each Debenture has a maximum term of 3 years (the “Term”) and will bear an annual simple interest rate of 7.5%. During the first year of the Term, the principal amount of each Debenture may be converted by the holder, for no additional consideration, into common shares of the Company at a conversion price of \$0.50 per post-consolidation share and \$1.00 per post-consolidation share during the second and third years of the Term.

Each Warrant entitles the holder to purchase one additional share at an exercise price of \$0.75 per post-consolidation share until the expiry date of the Term.

The Company paid finder’s fee of \$32,500 in cash, issued 65,000 post-consolidation finder’s shares at a fair value of \$61,750 and incurred legal and filing fees of \$30,662.

For accounting purposes, the convertible debentures of \$4,100,000 are hybrid financial instruments and were allocated into corresponding debt and equity components at the date of issue. The Company determined the conversion feature and warrant components of the convertible debenture meet the definition of equity instruments as the Company is obligated to issue a fixed number of shares for a fixed price within each year of the Term. The Company used the residual value method to allocate the principal amount of the Debentures between the liability and equity components. The Company valued the debt component of the Debentures by calculating the present value of principal and interest payments, discounted at a rate of 13.25% which represents managements best estimate of the rate that a non-convertible debenture with similar terms and risk would earn. The debt component is subsequently accreted to the face value of the debt portions of the convertible debentures at the effective interest rate of 14%. Upon issuance of the unsecured debentures, the fair value was separated into a debt component of \$3,641,508 and an equity component of \$458,492. On issuance, the Company recognized deferred financing charges of \$307,500 related to interest for the first year payable in advance on the Debentures.

On July 3, 2021, the principal of \$4,100,000 was converted into 8,200,000 post-consolidation common shares of the Company at a conversion price of \$0.50.

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12. Convertible Debentures (continued)

	Liability component	Equity component
Balance, November 30, 2019	\$ 2,350,684	\$ 580,294
Accretion and interest	445,281	-
Interest paid or accrued	(276,514)	-
Deferred financing charges	(222,380)	-
Conversion	(2,297,071)	(580,294)
Convertible debenture at issuance	3,641,508	458,492
Transaction costs	(110,943)	(13,969)
Accretion and interest	186,514	-
Interest payable recorded as deferred financing charges	179,375	-
Deferred income tax recovery	-	(153,747)
Balance, November 30, 2020	3,896,454	290,776
Accretion and interest	236,412	-
Interest paid or accrued	(1,645)	-
Deferred financing charges	(153,750)	-
Balance, May 31, 2021	\$ 3,977,471	\$ 290,776

	May 31, 2021	November 30, 2020
Short-term portion of liability	\$ 495,841	\$ 483,859
Long-term portion of liability	\$ 3,481,630	\$ 3,412,595

13. Share Capital and Reserves

a) Authorized

Unlimited number of common shares without par value.

b) Share consolidation

Effective June 18, 2021, the Company consolidated its shares on a basis of one (1) post-consolidated share for ten (10) pre-consolidated shares. After the share consolidation, the Company had 29,603,172 common shares issued and outstanding. In these consolidated financial statements, reference to common shares and per share amounts have been retroactively restated.

c) Share issuances

At May 31, 2021, the Company had 29,603,172 (November 30, 2020 – 24,000,639) post-consolidation common shares issued and outstanding.

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13. Share Capital and Reserves (continued)

c) Share issuances (continued)

During the six months ended May 31, 2021:

i) In December 2020, the Company closed a private placement by issuing 2,201,000 post-consolidation units (the “Units”) at a price of \$0.80 per Unit for gross proceeds of \$1,760,800, of which \$400,000 was received as of November 30, 2020. Each Unit consists of one common share and one transferable common share purchase warrant with each warrant exercisable into shares of the Company at a price of \$1.10 per post-consolidation share with an expiry date of December 16, 2021. In relation to the private placement, the Company paid or accrued \$38,328 cash finders’ fees and \$12,214 of legal and filing fees and issued 47,910 of share purchase warrants (valued at \$21,321) with each warrant exercisable into shares of the Company at a price of \$0.80 per post-consolidation share until December 16, 2022.

ii) On January 25, 2021 the Company issued 1,526,533 post-consolidation shares to settle loans and interest totalling \$839,593 at a price of \$0.55 per share (Note 11). The Company also issued 100,000 post-consolidation bonus shares valued at \$39,227. The Company also paid filing fees of \$5,589.

iii) On February 17, 2021, the Company issued 1,400,000 post-consolidation shares as per exercise of warrants at \$0.75 per share for total proceeds of \$1,050,000.

iv) the Company issued 300,000 post-consolidation bonus shares (valued at \$69,505) to Dr. Georg Pollert in relation to a loan of \$2,453,542 the Company received in December 2019 (Note 11).

v) On February 22, 2021, the Company issued 75,000 post-consolidation shares (valued at \$67,500) to acquire the Roma Property in accordance with a Property Purchase Agreement dated February 17, 2021.

During the year ended December 31, 2020:

i) the Company issued 121,000 post-consolidation finders’ shares valued at \$86,950.

ii) the Company issued 487,108 post-consolidation bonus shares (valued at \$114,053) to Dr. Georg Pollert in relation to a loan of \$2,453,542 the Company received in December 2019 (Note 11).

iii) the Company issued 4,400,000 post-consolidation shares to Dr. Georg Pollert pursuant to the exercise of warrants at \$0.75 per share for total proceeds of \$3,300,000. The fair market value of the common shares on the exercise date was \$1.10.

iv) the Company issued 32,500 post-consolidation shares pursuant to the exercise of options at \$1.10 per share for total proceeds of \$32,500. The Company recorded \$10,436, the fair value of the 32,500 post-consolidation options exercised, from reserves to share capital.

v) The Company issued 6,000,000 post-consolidation shares pursuant to the convertible debts issued in November 2019 (Note 12) with a value of \$2,877,365.

13. Share Capital and Reserves (continued)

d) Stock options

The Company has a stock option plan under which the aggregate number of common shares to be reserved for exercise of all options granted under the plan and any other share compensation arrangement shall not exceed 10% of the issued shares of the Company at the time of granting of options. The stock option plan provides for the granting of stock options to regular employees and persons providing investor relations or consulting services up to a limit of 5% and 2%, respectively, of the Company's total number of issued and outstanding shares per year. Options granted to consultants providing investor relations services shall vest at a minimum over a period of twelve months with no more than one-quarter of such options vesting in any three-month period.

On December 17, 2020, the Company granted to directors, officers and consultants 1,060,000 post-consolidation stock options, exercisable at \$1.10 per share for a term of 3 years. These options vested on the date of grant. The fair value of the stock options granted was \$512,468 (\$0.08 per option) and is recorded in the consolidated statements of loss and comprehensive loss.

In August 2020, the Company granted to two directors 60,000 post-consolidation stock options, exercisable at \$1.25 per share for a term of 4.19 years. These options vested on the date of grant. The fair value of the stock options granted was \$61,833 (\$0.10 per option) and is recorded in the consolidated statements of loss and comprehensive loss.

In August 2020, the Company granted 120,000 post-consolidation stock options to the CEO, exercisable at \$1.25 per share for a term of 5 years. These options vested on January 1, 2021. The fair value of the stock options granted was \$129,210 (\$0.11 per option). As of November 30, 2020, the Company recorded share-based compensation of \$101,083 in the consolidated statements of loss and comprehensive loss.

The fair value of the stock options granted was determined using the Black-Scholes option price modelling with the following assumptions:

Weighted average assumptions	Six months ended May 31, 2021	Year ended November 30, 2020
Risk free interest rate	0.30%	0.38%
Volatility	120.34%	131.99%
Expected life of options	3 years	4.73 years
Dividend rate	0%	0%

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13. Share Capital and Reserves (continued)

d) Stock options (continued)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2019	1,292,500	\$ 0.70
Granted	180,000	1.25
Exercised	(32,500)	1.00
Expired/cancelled	<u>(340,000)</u>	<u>1.00</u>
Balance, November 30, 2020	1,100,000	1.00
Granted	1,060,000	1.10
Expired/cancelled	<u>(220,000)</u>	<u>1.10</u>
Balance, November May 31, 2021	1,940,000	\$ 1.10
Exercisable, at May 31, 2021	1,940,000	\$ 1.10

At May 31, 2021, the Company has the following outstanding stock options with a weighted average life of 3.97 years enabling holders to acquire common shares as follows:

Number of Options	Exercise Price	Expiry Date
970,000	\$ 1.11	December 17, 2023
120,000	\$ 1.25	August 7, 2025
60,000	\$ 1.25	October 17, 2024
790,000	\$ 1.10	October 17, 2024

e) Warrants

During the six months ended May 31, 2021, the Company closed a private placement by issuing 2,201,000 post-consolidation units (the "Units") at a price of \$0.80 per Unit for gross proceeds of \$1,760,800. Each Unit consists of one common share and one transferable common share purchase warrant with each warrant exercisable into shares of the Company at a price of \$1.10 per share until December 16, 2021.

In relation to the private placement, the Company issued 47,910 of post-consolidation share purchase warrants with each warrant exercisable into shares of the Company at a price of \$0.80 per share till December 16, 2022. The fair value of the finders' warrants (\$21,321) was valued by using Black-Scholes option price modelling with the following assumptions: volatility 120.84%, risk-free interest rate .25%, dividend rate 0% and expected life of 2 years.

During the year ended November 30, 2020, the Company issued 8,200,000 post-consolidation warrants with an exercise price of \$0.75 and a three year term, pursuant to the private placement of convertible debentures closed on July 3, 2020 (Note 12).

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13. Share Capital and Reserves (continued)

d) Warrants (continued)

Share purchase warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, November 30, 2019	6,000,000	\$ 0.75
Granted	8,200,000	0.75
Exercised	(4,400,000)	0.75
Balance, November 30, 2020	9,800,000	0.75
Granted	2,248,910	1.10
Exercised	(1,400,000)	0.75
Balance, May 31, 2021	10,648,910	\$ 0.80
Exercisable, at May 31, 2021	10,648,910	\$ 0.80

As at May 31, 2021, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
47,910	\$ 0.80	December 17, 2022
2,201,000	\$ 1.11	December 17, 2021
1,600,000	\$ 0.75	November 26, 2022
6,800,000	\$ 0.75	July 3, 2023

14. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At May 31, 2021 and November 30, 2020, the Company's exploration and evaluation assets are located in Canada. All expenses and cash receipts pertaining to exploration and evaluation activities are capitalized.

15. Events subsequent to the reporting period

Share consolidation

Effective June 18, 2021, the Company consolidated its shares on a basis of one (1) post-consolidated share for ten (10) pre-consolidated shares. After the share consolidation, the Company had 29,603,172 common shares issued and outstanding. In these consolidated financial statements, reference to common shares and per share amounts has been retroactively restated.

Conversion of convertible debentures issued in July 2020

On July 3, 2021, the principal amount of \$4,100,000 was converted into 8,200,000 post-consolidation common shares of the Company at a conversion price of \$0.50.

Cancellation of warrants

On July 12, 2021, the Company cancelled 7,850,000 post-consolidation warrants upon the agreement of certain investors. Those warrants were exercisable into 7,850,000 post-consolidation shares at an exercise price of \$0.75 share

Private placement

On July 20, 2021, the Company closed a non-brokered private placement by issuing 9,299,049 common shares and 2,738,994 flow-through common shares at a price of \$0.70 per share for gross proceeds of \$8,426,630. The Company paid corporate finance fee of \$8,250, cash finders' fee of \$85,453 and issued 229,051 finders' shares valued at \$160,336.