Blue Star Gold Corp.

Interim Condensed Consolidated Financial Statements

For the three months ended February 28, 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

MANAGEMENT'S RESPONBILITY 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 three months ended February 28, 2022 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	February 28, 2022	November 30, 2021
ASSETS			
Current			
Cash		$ 1,663,495	$ 2,433,209
Advances and deposits		190,578	295,766
Other receivables		30,357	139,070
Total current assets		1,884,430	2,868,045
Long-term deposits	6	2,991,665	2,991,541
Right-of-use assets	8	95,911	137,016
Equipment	7	479,903	521,576
Exploration and evaluation assets	9	17,708,034	17,233,182
Total assets		$ 23,159,943	$ 23,751,360
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		$ 77,832	$ 119,233
Due to related parties	10	205,874	200,241
Lease liabilities – short term	8	107,604	151,000
Loans payable – short term	11	2,339,026	2,281,562
Total current liabilities		2,730,336	2,752,036
Flow-through share premium liability	14	108,018	151,637
Total liabilities		2,838,354	2,903,673
Shareholders' equity			
Share capital	13	33,937,314	33,937,314
Reserves – options	13	1,915,046	1,907,101
Reserves – warrants	13	238,349	238,349
Deficit		(15,769,120)	(15,235,077)
Total shareholders' equity		20,321,589	20,847,687
Total liabilities and shareholders' equity		$ 23,159,943	$ 23,751,360

Nature of operations and going concern (Notes 1 and 2)
Events subsequent to the reporting period (Note 16)

Approved and authorized by the Board of Directors on April 12, 2022

"Kenneth R. Yurichuk" *"Robert Metcalfe"*

Kenneth R. Yurichuk, Director 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 February 28, 2022	Three months ended February 28, 2021
EXPENSES		
Accretion of interest (Notes 8, 11 and 12)	$ 61,591	$ 204,271
Amortization (Note 7)	830	947
Amortization of ROU assets (Note 8)	41,105	41,105
Director fees (Note 10)	25,000	25,000
Insurance	14,535	16,319
Investor and shareholder relations	208,779	75,071
Office and miscellaneous	11,336	19,978
Professional fees	32,883	16,081
Regulatory and transfer agent fees	9,011	9,198
Salaries (Note 10)	164,460	149,018
Share-based compensation (Notes 10 and 13)	7,945	540,595
Travel and entertainment	187	1,335
Loss before other item	(577,662)	(1,098,918)
Loss on debt settlement (Note 11)	-	(711,661)
Loss and comprehensive loss for the period before income tax	(577,662)	(1,810,579)
Flow-through tax recovery (Note 14)	43,619	-
Loss and comprehensive loss for the period	(534,043)	(1,810,579)
Basic and diluted loss per common share	$ (0.01)	$ (0.07)
Weighted average number of common shares outstanding	53,139,837	26,615,808

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								
	Number	Amount	Share subscription received in advance	Obligation to issue shares	Equity component of convertible debentures	Reserves - options	Reserves - warrants	Deficit	Total
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	221,777	67,741	-	(67,741)	-	-	-	-	-
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
Loss for the period	-	-	-	-	-	-	-	(1,810,579)	(1,810,579)
Balance, February 28, 2021	29,424,949	19,856,601	-	241,047	290,776	1,896,780	128,299	(13,525,632)	8,887,871
Shares issued in private placement	14,986,782	10,258,624	-	-	-	-	110,050	-	10,368,674
Shares issued for loan bonus	278,223	82,446	-	(82,446)	-	-	-	-	-
Cancellation of loan bonus shares	-	-	-	(158,601)	-	-	-	158,601	-
Conversion of convertible debentures	8,200,000	3,979,537	-	-	(290,776)	-	-	-	3,688,761
Finders' shares	249,884	174,087	-	-	-	-	-	-	174,087
Share issuance costs	-	(413,981)	-	-	-	-	-	-	(413,981)
Share-based compensation	-	-	-	-	-	10,321	-	-	10,321
Loss for the period	-	-	-	-	-	-	-	(1,868,046)	(1,868,046)
Balance, November 30, 2021	53,139,838	33,937,314	-	-	-	1,907,101	238,349	(15,235,077)	20,847,687
Share-based compensation	-	-	-	-	-	7,945	-	-	7,945
Loss for the period	-	-	-	-	-	-	-	(534,043)	(534,043)
Balance, February 28, 2022	53,139,838	$33,937,314	$ -	$ -	$ -	$ 1,915,046	$ 238,349	$ (15,769,120)	$ 20,321,589

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)

	Three months ended February 28, 2022	Three months ended February 28, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (534,043)	$ (1,810,579)
Items not affecting cash:		
Accretion of interest	61,591	204,271
Amortization	830	947
Amortization of ROU assets	41,105	41,105
Share-based compensation	7,945	540,595
Loss on debt settlement	-	711,661
Flow-through tax recovery	(43,619)	-
Changes in non-cash working capital items:		
Advances and deposits	105,188	(23,760)
Receivables	108,713	316,406
Accounts payable and accrued liabilities	(11,018)	(40,970)
Due to related parties	5,633	(238,308)
Net cash used in operating activities	(257,675)	(298,632)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance	-	2,410,800
Share issuance costs	-	(56,162)
Repayment of lease liability	(47,523)	(45,475)
Net cash (used in) provided by financing activities	(47,523)	2,309,163
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(464,516)	(1,041,119)
Net cash used in investing activities	(464,516)	(1,041,119)
Change in cash during the period	(769,714)	969,412
Cash, beginning of period	2,433,209	128,043
Cash, end of period	$ 1,663,495	$ 1,097,455
SUPPLEMENT NON-CASH DISCLOSURES		
Exploration and evaluation assets included in accounts payable and accrued liabilities	$ 33,758	$ 45,554
Finders' warrants in share issuance costs	$ -	$ 21,321
Amortization in exploration and evaluation assets	$ 40,843	$ 9,007
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.

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 on OTCQB under the symbol "BAUFF", 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, 2021 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 April 12, 2022

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) 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.

2. Basis of Presentation (continued)

c) Going concern (continued)

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 February 28, 2022, the Company has an accumulated deficit of $15,769,120 (November 30, 2021 - $15,235,077) and has a working capital deficiency of $845,906 (November 30, 2021 – working capital of $116,009) 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 November 30, 2021 and 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.

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.

d) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Ulu Mining Inc. 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.

e) 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.

f) 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, except for cash flow information.

2. Basis of Presentation (continued)

g) 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.

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 compensation

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, expected life, 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 and an incremental borrowing rate in determining the right-of-use asset. 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.

2. Basis of Presentation (continued)

g) Estimates and judgments (continued)

Critical accounting judgments

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.

iii. Application of IFRS 16 *Leases*

The Company applies judgment in determining whether the contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. Lease term reflect the period over which the lease payments are reasonably certain including renewal options that the Company is reasonably certain to exercise. The determination of lease terms involves significant judgment with respect to assumptions of whether lease extensions will be utilizes. Management makes assumptions about long-term industry outlook and store operating performances and growth which relate to future events and circumstances. Actual results could vary from these assumptions, and the differences could be material to the carrying value of the lease liabilities and right of use assets, for which the lease term is the basis for determining useful life.

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, 2021.

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 and convertible debentures. 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 next twelve months. The Company is not subject to externally imposed capital requirements.

5. Management of Financial Risks

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 February 28, 2022 are as follows:

	Level 1	Level 2	Level 3
Financial assets at FVTPL			
Cash	$ 1,663,495	$ -	$ -
Financial liabilities at amortized costs			
Accounts payable and accrued liabilities	$ 77,832	$ -	$ -
Due to related parties	$ 205,874	$ -	$ -
Lease liabilities	$ -	$ 107,604	$ -
Loans payable	$ -	$ 2,339,026	$ -

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.

5. Management of Financial Risks (continued)

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 no significant exposure at February 28, 2022 to interest rate risk through its financial instruments. The Company has loan payable with fixed, simple interest rates at 3% per annum.

c) Currency risk

As at February 28, 2022 and November 30, 2021, 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 and lease liabilities outstanding as at February 28, 2022 are in Canadian dollars. Currency risk is not significant.

d) 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.

e) 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 February 28, 2022, the Company had cash of $1,663,495 (November 30, 2021 - $2,433,209) to settle current liabilities of $2,730,336 (November 30, 2021 - $2,752,036).

6. Long-term deposits

As at February 28, 2022, the Company has the following long-term deposits:

a) a deposit of $943,835 (November 30, 2021 - $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, 2021 - $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 $362,288 (November 30, 2021 - $362,164) for exploration and evaluation expenditures.

(Expressed in Canadian dollars)

7. Equipment

	Computer and office equipment	Camp and field equipment	Total
Cost			
Balance, November 30, 2020	$ 19,097	$ 369,719	$ 388,816
Additions	-	252,506	252,506
Balance, November 30, 2021 and February 28, 2022	19,097	622,225	641,322
Accumulated amortization			
Balance, November 30, 2020	10,014	9,007	19,021
Additions	3,784	96,941	100,725
Balance, November 30, 2021	$ 13,798	$ 105,948	$ 119,746
Additions	830	40,843	41,673
Balance, February 28, 2022	$ 14,628	$ 146,791	$ 161,419
Carrying amounts			
At November 30, 2021	$ 5,299	$ 516,277	$ 521,576
At February 28, 2022	$ 4,469	$ 475,434	$ 479,903

During the three months ended February 28, 2022, amortization expenses of $40,843 (2021- $9,007) were recorded into the exploration and evaluation assets.

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 three months ended February 28, 2022 and the year ended November 30, 2021 is as follows:

	Total
Balance, November 30, 2020	$ 301,436
Amortization of ROU	(164,420)
Balance, November 30, 2021	137,016
Amortization of ROU	(41,105)
Balance, February 28, 2022	$ 95,911

(Expressed in Canadian dollars)

8. Right-of-Use ("ROU") Assets and Lease Liabilities (continued)

b) *Lease liabilities*

A reconciliation of the Company's lease liabilities for the three months ended February 28, 2022 and the year ended November 30, 2021 is as follows:

	Total
Balance, November 30, 2020	$ 305,869
Accretion of interest	28,400
Lease payments	(183,269)
Balance, November 30, 2021	151,000
Accretion of interest	4,127
Lease payments	(47,523)
Balance, February 28, 2022	$ 107,604

(Expressed in Canadian dollars)

9. Exploration and Evaluation Assets

	Ulu Property (Nunavut)	***Hood River Property (Nunavut)***	***Roma Property (Nunavut)***	***Total***
Balance, November 30, 2020	$ 4,327,276	$ 6,280,109	$ -	10,607,385
Acquisition - cash	-	125,000	22,230	147,230
Acquisition - shares	-	-	67,500	67,500
Exploration				
Amortization (Note 7)	48,471	48,470	-	96,941
Camp and supplies	2,556,952	4,812	-	2,561,764
Community support	10,078	7,000	-	17,078
Consulting	194,495	22,416	-	216,911
Drilling and geological	1,000,600	216,007	-	1,216,607
Equipment rental	37,615	13,880	-	51,495
General exploration	399,170	93,021	62,837	555,028
Geochemistry and assay	64,884	16,095	-	80,979
Geophysical	112,666	71,996	61,985	246,647
Geological data and analysis	139,670	75,980	-	215,650
Permits	30,898	24,545	-	55,443
Project manager	142,546	142,546	-	285,092
Remediation	810,973	-	-	810,973
Travel	-	459	-	459
Balance, November 30, 2021	9,876,294	7,142,336	214,552	17,233,182
Acquisition - cash	-	-	7,885	7,885
Exploration				
Amortization (Note 7)	20,422	20,421	-	40,843
Camp and supplies	1,814	-	-	1,814
Claim maintenance and filing fee	12,682	13,778	4,619	31,079
Community support	9,872	9,872	-	19,744
Drilling and geological	-	801	-	801
Equipment rental	1,430	1,430	-	2,860
General exploration	153,308	14,373	10,038	177,719
Geochemistry and assay	74,552	14,864	14,708	104,124
Geophysical	-	-	3,667	3,667
Project manager	38,288	38,288	-	76,576
Remediation	7,740	-	-	7,740
Balance, February 28, 2022	$ 10,196,402	$ 7,256,163	$ 255,469	$17,708,034

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. 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 acquired 100% of Ulu Property on February 10, 2020.

b) Hood River Property

The Company, through its subsidiary Inukshuk Exploration Inc. ("Inukshuk"), holds 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").

On February 26, 2018, the Company signed a final Transaction Agreement (the "Definitive Agreement") and NSR Royalty Agreement to acquire 100% of the outstanding shares of Inukshuk, with an effective date as of 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.

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

On January 25, 2022 the Company signed an amended Hood River MEA with NTI resulting in an expansion of the project area by approximately 40%. The project area now encompasses 11,203 hectares.

9. Exploration and Evaluation Assets (continued)

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 ($22,230) in connection with staking the claims.

In January 2022, the Company staked additional claims at a cost of $7,885. The project area now encompasses 10,405 hectares of mineral claims.

Also in January 2022, the Company entered into 20-year renewable mineral exploration agreement (“MEA”) with Nunavut Tunngavik Incorporated (“NTI”) for an exploration area of 4,119 hectares. Upon signing the MEA, the Company paid the first-year lease fee and the administration fee totalling $4,619.

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.

(Expressed in Canadian dollars)

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 February 28, 2022, $205,874 (November 30, 2021 - $200,241) was due to directors and officers of the Company:

	February 28, 2022	November 30, 2021
CFO	$ 11,623	$ 13,490
Former CEO*	168,000	168,000
Directors	26,251	18,751
	$ 205,874	$ 200,241

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

(Expressed in Canadian dollars)

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

During the three months ended February 28, 2022 and 2021, the Company entered into the following transactions with related parties:

		Three months ended February 28, 2022		Three months ended February 28, 2021
Salary – CEO	$	51,000	$	51,000
Salary – Spouse of CEO		30,240		29,280
Management fee – CFO		33,000		33,000
Directors' fees		25,000		25,000
Share-based compensation (Note 13)				
- 4,900,000 (2020 – Nil) options were granted to directors and officers		-		236,896
	$	139,240	$	375,176

Loans and convertible debentures

During the year ended November 30, 2021:

i) On January 25, 2021, the Company issued 1,526,533 post-consolidation shares to settle three loans with Dr. Georg Pollert (Notes 11).

ii) On July 3, 2021, Dr. Georg Pollert converted 3,175 units of convertible debentures into 6,350,000 shares (Note 12).

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. 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 recorded as a reduction to obligation to issue shares) 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 $839,594 and the carrying amount of the equity portion was $81,539. As a result, a loss on debt settlement of $681,727 is recorded in the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian dollars)

11. Loans Payable (continued)

- 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.

  In July 2021, the loan principal of $250,000 and interest of $38,373 was fully settled by the third party participating in a 411,961 common share financing at $0.70 per share (Note 13). No gain or loss was recorded on this transaction. The Company also issued 100,000 post-consolidation bonus shares valued at $41,454 recorded as a reduction to obligation to issue shares.

- On November 21, 2019, the Company entered into a loan agreement with Dr. Georg Pollert. The loan principal amount is $2,435,542 (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. In connection with the bonus shares described above, the Company initially 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 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%.

  During the year ended November 30 2021, the Company issued 300,000 post consolidation bonus shares valued at $69,505 recorded as a reduction to an obligation to issue shares. The Company transferred the remaining balance of an obligation to issue shares ($158,601) into deficit as the Company will not seek approval from the TSX-V to issue additional bonus shares.

		Liability Component		Obligation to issue shares
Balance at November 30, 2020	$	3,239,956	$	390,326
Accretion and interest		299,230		-
Bonus shares issued		-		(231,725)
Bonus shares cancelled		-		(158,601)
Loan principal settled by shares		(1,000,000)		-
Loan interest settled with shares		(235,702)		-
Interest repaid in cash		(21,922)		-
Balance at November 30, 2021		2,281,562		-
Accretion and interest		57,464		-
Balance at February 28, 2022	$	2,339,026	$	-

		February 28, 2022		November 30, 2021
Short-term portion of liability	$	2,339,026	$	2,281,562
Long-term portion of liability	$	-	$	-

(Expressed in Canadian dollars)

12. Convertible Debentures

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.

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. The Company repaid interest of $307,693. At the date of conversion, the carrying amount of liabilities of $3,688,761 and equity components of the debts of $290,776, totalling $3,979,537, were transferred to share capital. There is no gain or loss recorded at conversion.

		Liability component		Equity component
Balance, November 30, 2020	$	3,896,454	$	290,776
Accretion and interest		279,377		-
Conversion		(3,688,763)		(290,776)
Interest repaid by shares		(239,647)		-
Interest repaid in cash		(68,046)		-
Deferred financing charges		(179,375)		-
Balance, November 30, 2021 and February 28, 2022	$	-	$	-

13. Share Capital and Reserves

a) Authorized

Unlimited number of common shares without par value.

b) Share issuances

At February 28, 2022, the Company had 53,139,838 (November 30, 2021 – 53,139,838) post-consolidation common shares issued and outstanding.

There were no share issuances during the three months ended February 28, 2022.

During the year ended November 30, 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 (extended to December 16, 2022). The Company allocated $110,050 to the value of share purchase warrants.

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 deemed price of $0.55 per share (Note 11). The shares are valued at $1,602,860 ($1.05 per share) at the market price of the share issuance date. The Company also issued 100,000 post-consolidation bonus shares valued at $39,227. The Company 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). The Company also issued 100,000 post-consolidation bonus shares (valued at $41,454) to a non-related party in accordance with a $250,000 loan repaid in July 2021.

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

vi) On July 3, 2021, the Company issued 8,200,000 post-consolidation shares pursuant to the convertible debts issued in July 2020 (Note 12) with a value of $3,979,537.

vii) In June and July, 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. In relation with the private placement, the Company issued 229,051 finders' shares (valued at $160,337), and paid $85,453 of finders' fees, $8,250 corporate finance fees, $33,835 filing fees and $7,517 legal fees.

(Expressed in Canadian dollars)

13. Share Capital and Reserves (continued)

b) Share issuances (continued)

viii) In November 2021, the Company closed a non-brokered private placement by issuing 2,213,445 flow-through common shares at a price of $0.72 per share for gross proceeds of $1,593,680 and 735,294 common shares at a price of $0.68 per share for gross proceeds of $500,000. In relation with the private placement, the Company issued 20,833 finders' shares (valued at $13,750), and paid $84,000 of finders' fees, $12,773 filing fees and $8,096 legal fees.

c) 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 January 20, 2022, the Company granted to a consultant 50,000 stock options, exercisable at $1.10 per share for a term of 2 years. These options vested on the date of grant. The fair value of the stock options granted was $7,945 ($0.16 per option) and is recorded in the consolidated statements of loss and comprehensive loss.

On June 28, 2021, the Company granted to an employee 25,000 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 $10,321 ($0.41 per option) and is recorded in the consolidated statements of loss and comprehensive loss.

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 ($0.80 per option) and is recorded 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	**Three months ended February 28, 2022**	**Year ended November 30, 2021**
Risk free interest rate	1.28%	0.30%
Volatility	106.84%	120.34%
Expected life of options	2 years	3 years
Dividend rate	0%	0%

(Expressed in Canadian dollars)

13. Share Capital and Reserves (continued)

c) Stock options (continued)

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, November 30, 2020	1,100,000	$	1.00
Granted	1,085,000		1.10
Expired/cancelled	(245,000)		1.10
Balance, November 30, 2021	1,940,000	$	1.07
Granted	50,000		1.10
Balance, February 28, 2022	1,990,000	$	1.07
Exercisable, at February 28, 2022	1,990,000	$	1.07

At February 28, 2022, the Company has the following outstanding stock options outstanding:

Number of Options	Exercise Price	Expiry Date
765,000	$ 1.11	December 17, 2023
120,000	$ 1.25	August 7, 2025
60,000	$ 1.25	October 17, 2024
970,000	$ 1.10	October 17, 2024
25,000	$ 1.10	June 28, 2024
50,000	$ 1.10	January 20, 2024

d) Warrants

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. 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 (extended to December 16, 2022).

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 0.25%, dividend rate 0% and expected life of 2 years.

In July 2021, 7,850,000 warrants with exercise price at $0.75 per share were voluntarily cancelled. At the initial recognition, the warrants were classified as equity at issuance. The equity is not remeasured or reclassified afterwards even if the warrants are not exercised, expired or cancelled.

(Expressed in Canadian dollars)

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, 2020	9,800,000	$	0.75
Granted	2,248,910		1.10
Cancelled	(7,850,000)		0.75
Exercised	(1,400,000)		0.75
Balance, November 30, 2021 and February 28, 2022	2,798,910	$	1.03
Exercisable, at February 28, 2022	2,798,910	$	1.03

As at February 28, 2022, the following share purchase warrants were outstanding:

Number of Warrants		Exercise Price	Expiry Date
47,910	$	0.80	December 16, 2022
2,201,000	$	1.10	December 16, 2022
550,000	$	0.75	July 3, 2023

14. Flow-Through Share Premium Liabilities

During the year ended November 30, 2021:

In June and July 2021, the Company raised $1,917,296 through the issuance of 2,738,994 flow-through shares at a price of $0.70 per share. A flow-through liability of $nil was recognized on the issuance date. As of November 30, 2021, all of the $1,917,296 in qualified expenditures had been incurred.

On November 17, 2021, the Company raised $1,400,000 through the issuance of 1,944,445 flow-through shares at a price of $0.72 per share. A flow-through liability of $116,667 (premium of $0.06 per share) was recognized on the issuance date. As of November 30, 2021, $nil of the $1,400,000 in qualified expenditures had been incurred. The Company renounced these expenditures under the look-back rule and has until December 31, 2022 to complete qualified expenditures.

On November 29, 2021, the Company raised $193,680 through the issuance of 269,000 flow-through shares at a price of $0.72 per share. A flow-through liability of $34,970 (premium of $0.13 per share) was recognized on the issuance date. As of November 30, 2021, $nil of the $193,680 in qualified expenditures had been incurred. The Company renounced these expenditures under the look-back rule and has until December 31, 2022 to complete qualified expenditures.

During the three months ended February 28, 2022, the Company incurred $458,426 qualified expenditures. As a result, the Company recorded a flow-through tax recovery of $43,619. Accordingly, the Company's flow-through liability is reduced to $108,018 as of February 28, 2022 (November 30, 2021 - $151,637).

15. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At February 28, 2022 and November 30, 2021, the Company's exploration and evaluation assets are located in Canada. All expenses and cash receipts pertaining to exploration and evaluation activities are capitalized.

16. Events subsequent to the reporting period

On March 30, 20222, the Company granted to directors, officers and consultants 700,000 stock options, exercisable at $0.50 per share for a term of 5 years. These options vested on the date of grant.