

**POWER METALS CORP.**

**FINANCIAL STATEMENTS**

**(Expressed in Canadian Dollars)**

**NOVEMBER 30, 2021**

## Independent Auditor's Report

To the Shareholders of Power Metals Corp.

### Opinion

We have audited the financial statements of Power Metals Corp. ("the Company"), which comprise the statements of financial position as at November 30, 2021 and November 30, 2020 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2021 and November 30, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pejman Mahlooji.

**"Crowe MacKay LLP"**

**Chartered Professional Accountants  
Vancouver, Canada  
March 30, 2022**

**POWER METALS CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
AS AT NOVEMBER 30,

	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 13,216	\$ 9,480
Receivables	14,213	8,664
Prepays	1,038	-
<b>Total current assets</b>	<b>28,467</b>	<b>18,144</b>
<b>Non-current assets</b>		
Advances	63,900	73,900
Exploration and evaluation assets (Note 4)	8,254,276	4,986,322
Furniture and equipment	5,902	7,378
<b>Total non-current assets</b>	<b>8,324,078</b>	<b>5,067,600</b>
<b>Total assets</b>	<b>\$ 8,352,545</b>	<b>\$ 5,085,744</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 5, 9, and 10)	\$ 1,438,053	\$ 662,650
Loans payable (Notes 6 and 9)	65,000	-
Flow-through premium liability (Note 10)	-	75,797
<b>Total liabilities</b>	<b>1,503,053</b>	<b>738,447</b>
<b>Equity</b>		
Share capital (Note 7)	38,473,027	35,093,220
Shares to be issued	30,000	30,000
Share subscription receivable	(100,000)	(100,000)
Reserves (Note 7)	3,014,106	2,738,459
Deficit	(34,567,641)	(33,414,382)
<b>Total equity</b>	<b>6,849,492</b>	<b>4,347,297</b>
<b>Total liabilities and equity</b>	<b>\$ 8,352,545</b>	<b>\$ 5,085,744</b>

**Nature, continuance of operations, and going concern (Note 1)**  
**Subsequent events (Note 15)**

**Approved and authorized on March 30, 2022 on behalf of the Board:**

<u>"Johnathan More"</u> , Director Johnathan More	<u>"Brent Butler"</u> , Director Brent Butler
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The accompanying notes are an integral part of these financial statements.

**POWER METALS CORP.****STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED NOVEMBER 30,

	2021	2020
<b>EXPENSES</b>		
Depreciation	\$ 1,476	\$ 1,844
Consulting	-	3,341
Filing fees	36,557	32,461
Management fees (Note 9)	290,866	239,169
Marketing, promotion and communication	3,035	30,598
Office and miscellaneous	5,256	20,265
Professional fees (Note 9)	85,933	77,560
Share-based compensation (Notes 7 and 9)	423,130	978,832
Travel	391	18,725
	(846,644)	(1,402,795)
<b>OTHER ITEMS</b>		
Flow-through premium recovery/write-off (Note 10)	75,797	13,660
Flow-through penalties (Note 5 and 10)	(546,508)	-
Gain on settlement of debt (Note 5)	90,404	233,603
<b>Loss and comprehensive loss for the year</b>	<b>\$ (1,226,951)</b>	<b>\$ (1,155,532)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>113,191,085</b>	<b>103,725,345</b>

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

**POWER METALS CORP.**  
**STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)  
FOR THE YEARS ENDED NOVEMBER 30,

	2021	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (1,226,951)	\$ (1,155,532)
Items not affecting cash:		
Depreciation	1,476	1,844
Flow-through premium recovery/write-off	(75,797)	(13,660)
Flow-through penalties	(546,508)	-
Share-based compensation	423,130	978,832
Gain on settlement of debt	(90,404)	(233,603)
Changes in non-cash working capital items:		
Receivables	(5,549)	(4,127)
Prepays	(1,038)	-
Accounts payable and accrued liabilities	1,465,120	303,922
Net cash used in operating activities	(56,521)	(122,324)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation acquisition	-	(7,500)
Exploration and evaluation expenditures	(154,059)	(44,294)
Net cash used in investing activities	(154,059)	(51,794)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from options exercised	149,316	172,000
Loan proceeds	65,000	-
Net cash provided by financing activities	214,316	172,000
<b>Change in cash for the year</b>	<b>3,736</b>	<b>(2,118)</b>
<b>Cash, beginning of year</b>	<b>9,480</b>	<b>11,598</b>
<b>Cash, end of year</b>	<b>\$ 13,216</b>	<b>\$ 9,480</b>

**Supplementary cash flow information** (Note 13)

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

**POWER METALS CORP.**  
**STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian Dollars)

	Share Capital		Shares to be issued	Share subscription receivable	Reserves	Deficit	Total Equity
	Common Shares	Amount					
Balance, November 30, 2019	102,327,121	\$ 34,559,011	\$ 30,000	\$ (7,050)	\$ 2,352,124	\$ (32,588,088)	\$ 4,345,997
Shares issued for options exercised	2,400,000	272,000	-	(100,000)	-	-	172,000
Fair value of shares issued on options exercised	-	262,209	-	-	(262,209)	-	-
Share-based compensation	-	-	-	-	978,832	-	978,832
Cancellation of options	-	-	-	-	(107,494)	107,494	-
Expiry of warrants	-	-	-	-	(222,794)	222,794	-
Write-off of subscription receivable	-	-	-	1,050	-	(1,050)	-
Settlement of subscription receivable	-	-	-	6,000	-	-	6,000
Loss and comprehensive loss for the year	-	-	-	-	-	(1,155,532)	(1,155,532)
Balance, November 30, 2020	104,727,121	35,093,220	30,000	(100,000)	2,738,459	(33,414,382)	4,347,297
Shares issued for exploration assets	10,420,000	3,156,700	-	-	-	-	3,156,700
Shares issued for options exercised	963,334	149,316	-	-	-	-	149,316
Fair value of shares issued on options exercised	-	73,791	-	-	(73,791)	-	-
Expiry of options	-	-	-	-	(73,692)	73,692	-
Share-based compensation	-	-	-	-	423,130	-	423,130
Loss and comprehensive loss for the year	-	-	-	-	-	(1,226,951)	(1,226,951)
Balance, November 30, 2021	116,110,455	\$ 38,473,027	\$ 30,000	\$ (100,000)	\$ 3,014,106	\$ (34,567,641)	\$ 6,849,492

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



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

Power Metals Corp. ("Power Metals" or the "Company") is incorporated under the British Columbia Business Corporations Act and its common shares are listed on the TSX Venture Exchange (the "Exchange") under the symbol "PWM". The principal business of the Company is the acquisition, exploration and evaluation of resource properties.

The Company's registered office is PO Box 10026 Pacific Centre 25<sup>th</sup> Floor, 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1J7 and the head office, principal address and records office is PO Box 10026 Pacific Centre 25<sup>th</sup> Floor, 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1J7.

The Company is considered to be in the exploration stage with respect to its interests in exploration and evaluation assets. The recoverability of the amounts comprising exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

These financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at November 30, 2021, the Company had an accumulated deficit of \$34,567,641 (2020 - \$33,414,382) and has incurred losses since inception. These material uncertainties may raise substantial doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company's commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values.

In March 2020, there was a global outbreak of coronavirus (COVID-19). The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

**2. BASIS OF PRESENTATION**

**Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretation Committee ("IFRIC"). These financial statements have been prepared on the basis of IFRS standards that are effective for the Company's reporting year ended November 30, 2021.

**Basis of presentation**

The financial statements have been prepared on historical cost basis. Also, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The functional and presentation currency are both Canadian dollars.

**Significant accounting judgments and critical accounting estimates**

The preparation of these financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these financial statements.

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the determination of categories of financial assets and financial liabilities which has been identified as an accounting policy involving assessments made by management, recoverability of the carrying value of the Company's exploration and evaluation assets, and the going concern assumption.

**2. BASIS OF PRESENTATION (cont'd...)**

**Significant accounting judgments and critical accounting estimates (cont'd...)**

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

*Shares Issued to Acquire Exploration and Evaluation Assets*

From time to time, the Company issues common shares in the course of acquiring exploration and evaluation assets. When shares are issued without cash consideration, the transaction is recognized at the fair value of the assets received. In the event that the fair value of the assets cannot be reliably determined, the Company will recognize the transaction at the fair value of the shares issued. These estimates impact the value of share capital and exploration and evaluation assets.

*Valuation of flow-through premium and penalties*

The determination of the valuation of flow-through premium and any related penalties is subject to significant judgment and estimates. The flow-through premium is valued as the estimated premium that investors pay for the flow-through feature, being the portion in excess of the market value of shares without the flow-through feature issued in concurrent private placement financing. The penalties are estimated based on tax authorities' prescribed amounts and calculations.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Furniture and equipment**

Furniture and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the declining balance method at the following annual rates.

Furniture and equipment	20%
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Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, is regularly identified and written off.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditure relating to an item of property, plant and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

**Exploration and evaluation assets**

The Company capitalizes the acquisition costs of mineral claims and mineral rights. Exploration and development costs, subsequent to the determination of the feasibility of mining operations are capitalized.

Proceeds received on the sale of interests in exploration and evaluation assets are credited to the carrying value of exploration and evaluation assets, with any excess included in operations. Write-downs due to impairment in value are charged to profit or loss.

Management periodically reviews the carrying values of its investments in exploration and evaluation assets and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company and the assessment of future probability of revenues from the property or from the sale of the property. A decision to abandon, reduce or expand activity on a specific property is based upon many factors including general and specific assessments of mineral resources, anticipated future mineral prices, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases and the availability of financing. The Company does not set a pre-determined holding period for properties with unproven resources. However, properties which have not demonstrated suitable prospects at the conclusion of each phase of an exploration program are re-evaluated to determine if future exploration is warranted and that carrying values are appropriate.

If a mineral property is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against profit or loss in the period of abandonment or determination of impairment of value.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Exploration and evaluation assets (cont'd...)**

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

The amounts recorded as mineral claims represent unamortized costs to date and do not necessarily reflect present or future values. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties. The accumulated costs of mineral properties that are developed to the stage of commercial production will be amortized to operations using the unit of production depletion method.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing unless otherwise noted.

**Impairment of long-lived assets**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Flow-through shares**

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow-through premium liability is recognized for the difference. The liability is reversed when the expenditures are made and is recorded in other income. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Provision for environmental rehabilitation**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

As at November 30, 2021 and 2020, the Company has determined that it does not have any decommissioning obligations.

**Financial instruments**

Financial assets and financial liabilities are recognized on the statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

*Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

*Measurement*

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost calculated using the effective interest method, less any impairment.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

*Debt investments at FVOCI*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

*Equity investments at FVOCI*

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Financial instruments (cont'd...)**

*Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

*Derecognition*

*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

*Financial liabilities*

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The Company's financial assets and liabilities are recorded and measured as follows:

<b>Financial Asset or liability</b>	<b>Classification and measurement</b>
Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Loss per share**

The Company recognizes the dilutive effect on loss per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

**Share capital**

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued using residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share, and any residual amount is assigned to the warrants. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments and are recognized in equity. When warrants are forfeited or are not exercised at the expiry date the amount previously recognized in equity is transferred from reserves to deficit.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date the shares are issued.

**Share issuance costs**

Share issue costs are deferred and charged directly to share capital on completion of the related equity financing. If the financing is not completed, share issue costs are charged to profit or loss. Costs directly identifiable with the raising of capital will be charged against the related share capital.

**Share-based payments**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. The expected price volatility is based on the historical volatility. All equity-settled share-based payments are reflected in reserves until exercised. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based compensation is transferred from reserves to deficit.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Income taxes**

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Leases**

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company, as lessee, is required to recognize a right-of-use asset ("ROU asset"), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

The Company may elect to not apply IFRS 16 to leases with a term of less than 12 months or to low value assets, which is made on an asset by asset basis.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated amortization, impairment losses and adjusted for certain remeasurements of the lease liability. The ROU asset is amortized from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Variable lease payments that do not depend on an index or a rate not included in the initial measurement of the ROU asset and lease liability are recognized as an expense in profit or loss in the period in which they are incurred.

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**4. EXPLORATION AND EVALUATION ASSETS**

During the year ended November 30, 2021, the following exploration expenses were incurred on the exploration and evaluation assets:

	Case Lake Property	Paterson Lake and Gullwing Tot	Gullwing Extension Property	Total
<b>Acquisition costs</b>				
Balance, November 30, 2020	\$ 3,871,161	\$ 291,265	\$ -	\$ 4,162,426
Shares issued	-	354,200	2,802,500	3,156,700
Balance, November 30, 2021	3,871,161	645,465	2,802,500	7,319,126
<b>Exploration costs</b>				
Balance, November 30, 2020	574,701	249,195	-	823,896
Drilling	16,230	-	-	16,230
Geological consulting	18,853	6,316	-	25,169
Supplies	16,343	-	-	16,343
Travel	53,512	-	-	53,512
Balance, November 30, 2021	679,639	255,511	-	935,150
Total balance, November 30, 2021	\$ 4,550,800	\$ 900,976	\$ 2,802,500	\$ 8,254,276



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**4. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

During the year ended November 30, 2020, the following exploration expenses were incurred on the exploration and evaluation assets:

	Case Lake Property	Paterson Lake and Gullwing Tot	Total
<b>Acquisition costs</b>			
Balance, November 30, 2019	\$ 3,871,161	\$ 283,765	\$ 4,154,926
Cash paid	-	7,500	7,500
Balance, November 30, 2020	3,871,161	291,265	4,162,426
<b>Exploration costs</b>			
Balance, November 30, 2019	505,453	204,464	709,917
Geological consulting	65,595	38,225	103,820
Supplies	3,653	6,506	10,159
Balance, November 30, 2020	574,701	249,195	823,896
Total balance, November 30, 2020	\$ 4,445,862	\$ 540,460	\$ 4,986,322

**4. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

The Company entered into a letter of intent ("LOI") with Sinomine Resource Group Co., Ltd. ("Sinomine") on August 31, 2020 to further the exploration and development of the Company's property interests in Canada. Pursuant to the LOI, Sinomine would provide certain amount of funding to advance work on its Case Lake, Paterson Lake, and Gullwing-Tot Lakes properties through a direct investment in the Company or a joint venture. The Company entered into an agreement with Sinomine subsequent to year-end (Note 15).

Case Lake Property

During the year ended November 30, 2016, the Company entered into an agreement to acquire 100% interest in the Case Lake Property. To earn the interest, the Company made the following payments:

- i) paid \$260,000;
- ii) paid \$100,000 for the underlying option agreement;
- iii) incur an aggregate of \$200,000 of property expenditures over 36 months (incurred);
- iv) issuance of 11,000,000 common shares of the Company (issued and valued at \$990,000).

The property is subject to a 2% NSR.

The Company also issued 913,235 common shares valued at \$82,191 as finders' fees.

During the year ended November 30, 2017, the Company further acquired a 100% interest in additional claim units in consideration of 3,000,000 shares (issued and valued at \$2,430,000).

Paterson Lake and Gullwing-Tot

During the year ended November 30, 2017, the Company entered into an agreement, amended on October 30, 2020, to acquire 100% interest in the Paterson Lake and Gullwing-Tot properties. Pursuant to the agreement, the Company:

- i) paid \$140,000 in cash;
- ii) issued 1,230,336 shares with a value of \$499,200 (920,000 shares with a value of \$354,200 issued in current year);
- iii) incurred \$250,000 in exploration expenditures (\$6,316 incurred in current year).

In addition, upon a feasibility study being completed on the properties, the Company will make a payment for each Paterson Lake project and Gullwing-Tot property of \$450,000 up to a maximum \$900,000 in cash.

The properties will be subjected to a 0.5% NSR royalty and the remainder are subject to a 2% NSR on all production, with the Company retaining the right to purchase 1% on either property for \$650,000 cash.

During the year, the community of Grassy Narrows in North Western Ontario filed a statement of claim in the Ontario Superior Court of Justice, asserting the province should have first consulted with the Grassy Narrows Community before issuing nine permits to mining companies, which were approved by the Province of Ontario between 2018 and 2021. The Grassy Narrows community is requesting that until such time the conflict between the Province of Ontario and Grassy Narrows is resolved with respect to land use, to the satisfaction of both parties, no further mining or exploration permits will be issued. Power Metals is monitoring developments as certain claims related to the Company's Paterson Lake property are located on Grassy Narrows territory and one of the Company's mining permits containing 106 claims is specifically identified in the statement of claim filed with the Ontario Superior Court of Justice.

Gullwing Extension Property

During the year ended November 30, 2021, the Company acquired 100% interest in the Gullwing Extension Property in Dryden, northwestern Ontario. Pursuant to the agreement, the Company issued 9,500,000 (valued at \$2,802,500) common shares and granted 2% NSR.

The Company has the option to buy back 1% NSR in consideration of cash payment of \$1,000,000.

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities are as follows:

	November 30, 2021	November 30, 2020
Trade payables	\$ 64,589	\$ 200,260
Accrued liabilities	598,508	52,000
Due to related parties (Note 9)	774,956	410,390
<b>Total</b>	<b>\$ 1,438,053</b>	<b>\$ 662,650</b>

During the year ended November 30, 2021, the Company recorded a gain on settlement of a payable to a vendor in the amount of \$90,404 (2020 – \$233,603).

During the year ended November 30, 2021, the Company recorded accruals in the amount of \$546,508 resulting from the Company's estimated tax related interests and penalties pertaining to its flow-through obligations.

**6. LOANS PAYABLE**

During the year ended November 30, 2021, the Company received an unsecured, non-interest bearing loan of \$65,000 with no-specific term of repayment from a director of the Company which was still outstanding at November 30, 2021.

During the year ended November 30, 2020, the Company received a non-interest bearing loan of \$6,000 with no-specific term of repayment which was fully repaid.

**7. SHARE CAPITAL AND RESERVES**

a) Authorized share capital as at November 30, 2021:

Unlimited number of voting common shares without par value.

Unlimited number of preferred shares with no par value.

b) Issued share capital

During the year ended November 30, 2021, the Company

- issued 963,334 common shares upon exercise of options for gross proceeds of \$149,316, and accordingly, the Company reallocated \$73,791 of its share-based payment reserve to share capital.
- issued 920,000 shares valued at \$354,200 pursuant to the acquisition of Paterson Lake and Gullwing-Tot Property (Note 4).
- issued 9,500,000 shares valued at \$2,802,500 pursuant to the acquisition of Gullwing Extension Property (Note 4).

During the year ended November 30, 2020, the Company issued 2,400,000 shares pursuant to the exercise of options for gross proceeds of \$272,000 of which \$100,000 is recorded as subscription receivable, and accordingly, the Company reallocated \$262,209 of reserve to share capital.

c) Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the Board of Directors.

During the year ended November 30, 2021, the Company granted stock options of 2,500,000 to officers and consultants of the Company. The options are valued at \$423,130 exercisable at a price of \$0.22 per share, expiring on August 18, 2026. The options were fully vested on the grant date.

**7. SHARE CAPITAL AND RESERVES (cont'd...)**

c) Stock options (cont'd...)

During the year ended November 30, 2020, the Company:

- i) granted stock options of 3,000,000 to an officer and consultants of the Company. The options are valued at \$325,586 exercisable at a price of \$0.10 per share, expiring on February 5, 2025.
- ii) granted stock options of 2,876,045 to consultants, officers, and directors of the Company. The options are valued at \$653,245 exercisable at a price of \$0.30 per share, expiring on August 25, 2025.

Stock option transactions and the number of share options outstanding are summarized as follows:

	Number Of Options Outstanding	Weighted Average Exercise Price
Balance, November 30, 2019	8,400,000	\$ 0.32
Granted	5,876,045	0.20
Exercised	(2,400,000)	0.11
Expired/Cancelled	(1,403,333)	0.155
Balance, November 30, 2020	10,472,712	0.32
Granted	2,500,000	0.22
Exercised	(963,334)	0.16
Expired/Cancelled	(583,333)	0.26
Balance, November 30, 2021	11,426,045	\$ 0.32
Number of options currently exercisable	11,426,045	\$ 0.32

As at November 30, 2021, the following stock options were outstanding:

Number of options	Exercise Price	Expiry Date
500,000*	\$ 0.23	January 16, 2022
200,000*	0.48	February 20, 2022
100,000*	0.33	March 12, 2022
2,950,000	0.28	July 17, 2022
1,300,000	0.81	January 4, 2023
2,876,045	0.30	August 25, 2023
1,000,000	0.10	February 5, 2025
2,500,000	0.22	August 18, 2026
11,426,045		

\* Expired subsequently

The weighted average remaining contractual life of option of 2.05 years. The average share price on the date of options exercised was \$0.265.

**7. SHARE CAPITAL AND RESERVES (cont'd...)**

c) Stock options (cont'd...)

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of options granted for the years ended November 30, 2021 and 2020:

	Year ended November 30, 2021	Year ended November 30, 2020
Risk-free interest rate	0.81%	0.91%
Expected life of options	5.00 years	5.00 years
Expected annualized volatility	106.13%	108.19%
Exercise price	\$0.22	\$0.23
Expected dividend rate	0%	0%

The Company uses historical volatility to estimate the volatility of the share price.

d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, November 30, 2019	8,624,152	\$ 0.73
Expired/Cancelled	(8,624,152)	0.73
Balance, November 30, 2020 and 2021	-	\$ -

As at November 30, 2021, there were no warrants outstanding.

e) Agent's warrants

Agent's warrants transactions are summarized as follows:

	Number of Agent's Warrants	Weighted Average Exercise Price
Balance, November 30, 2019	620,898	\$ 0.66
Expired/Cancelled	(620,898)	0.66
Balance, November 30, 2020 and 2021	-	\$ -

As at November 30, 2021, there were no agent's warrants outstanding.

## **8. FINANCIAL INSTRUMENTS AND RISK**

### *Fair values*

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no financial instrument recorded at fair value as at November 30, 2021.

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

### *Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. As at November 30, 2021, the Company had \$14,213 (2020 – \$8,664) receivable from government authorities in Canada. The Company believes it has no significant credit risk.

### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2021, the Company had a cash balance of \$13,216 (2020 – \$9,480) to settle accounts payable and accrued liabilities and loans payable of \$1,503,053 (2020 – \$662,650). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity and equity prices.

#### a) Interest rate risk

The Company has cash balances which bear interest. The Company is satisfied with the credit ratings of its banks. The loans have fixed interest rates thus there is no interest rate risk. As of November 30, 2021, the Company did not hold any investments. The Company believes it has no significant interest rate risk.

#### b) Foreign currency risk

As at November 30, 2021, the Company has a minimal balance of cash in US dollars and does not believe that the foreign currency risk related to the balance is significant.

#### c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations may be significant. Much of this is out of the control of management and will be dealt with based on circumstances at any given time.

**9. RELATED PARTY BALANCES AND TRANSACTIONS**

Transactions with related parties and key management personnel are as follows:

	Nature of transactions	November 30, 2021	November 30, 2020
<b><u>Key management personnel:</u></b>			
Chairman and Director	Management	\$ 225,866	\$ 189,169
Chairman and Director	Share-based compensation	42,313	227,133
Spouse of Chairman and Director	Share-based compensation	-	90,853
A company controlled by CFO and Director	Management	65,000	50,000
A company controlled by CFO and Director	Professional	64,800	47,200
A company controlled by CFO and Director	Share-based compensation	33,850	28,629
Directors of the Company	Share-based compensation	16,925	11,357
VP Exploration and a company controlled by VP Exploration	Geological and consulting (i)	45,426	116,575
Total		\$ 494,180	\$ 760,916

i) Capitalized in exploration and evaluation assets.

During the year ended November 30, 2021, the Company received a non-interest bearing loan of \$65,000 with no-specific term of repayment from a director of the Company which was still outstanding at November 30, 2021.

During the year ended November 30, 2020, the Company received a non-interest bearing loan of \$6,000 with no-specific term of repayment from a director of the Company which was repaid in the year ended November 30, 2020.

The amounts due to other related parties and key management personnel included in accounts payable and accrued liabilities are as follows:

	November 30, 2021	November 30, 2020
Due to the Chairman and Director	\$ 343,736	\$ 136,183
Due to a company controlled by the CFO and Director	391,618	176,413
Due to a Director	8,110	8,110
Due to VP Exploration and a company controlled by VP Exploration	31,492	89,684
	\$ 774,956	\$ 410,390

The amounts due to related parties are unsecured, non-interest bearing and are due on demand.

**10. COMMITMENT**

In connection with the issuance of flow-through common shares in June 2018, the Company had a commitment to incur \$2,000,014 of qualifying flow-through expenditures. As at November 30, 2021, the Company has a remaining flow-through commitment of \$Nil as the period to incur expenses has expired.

The following is a continuity schedule of the deferred premium on flow-through shares issuance:

Balance at November 30, 2019	\$ 89,457
Settlement of flow-through share liability through incurring expenditures	(13,660)
Balance at November 30, 2020	75,797
Expiry of flow-through expenditures period <sup>1</sup>	(75,797)
Balance at November 30, 2021	\$ -

<sup>1</sup>Refer to note 5 for additional estimated liabilities resulting from the expiry of the flow-through expenditure period.

**11. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. share capital, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

No changes were made to capital management during the year ended November 30, 2021.

**12. SEGMENTED INFORMATION**

The Company operates in one reportable operating segment, being the acquisition, exploration, and development of mineral properties.

**13. SUPPLEMENTARY CASH FLOW INFORMATION**

	November 30, 2021	November 30, 2020
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -
<b>Non-cash investing and financing activities</b>		
Fair value reclassified from reserves to share capital for exercise of options	\$ 73,791	\$ 262,209
Fair value reclassified from reserves to deficit for cancellations of options	-	107,494
Fair value reclassified from reserves to deficit for expiry of options	73,692	-
Fair value reclassified from reserves to deficit for expiry of warrants	-	222,794
Accounts payable and accrued liabilities for exploration and evaluation assets	97,319	150,124
Shares issued for exploration and evaluations assets	3,156,700	-
Subscriptions receivable	-	100,000
Settlement of debt	-	261,096
Settlement of subscription receivable	-	6,000
Write-off of subscription receivable	-	1,050



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**14. INCOME TAXES**

A reconciliation of income taxes at statutory rates is as follows:

	November 30, 2021	November 30, 2020
Loss for the year	\$ (1,226,951)	\$ (1,155,532)
Canadian statutory rates	27.00%	27.00%
Income tax recovery at statutory rates	\$ (331,277)	\$ (311,994)
Non-deductible items	156,867	261,797
True-up	(63,149)	-
Tax benefit not recognized	237,559	50,197
Total income taxes	\$ -	\$ -

The significant components of the Company's unrecorded deferred tax assets are as follows:

	November 30, 2021	November 30, 2020
Non-capital losses	\$ 4,037,800	\$ 3,747,900
Share Issuance Costs	29,400	61,800
Exploration and evaluations assets	3,482,700	3,503,000
Capital Loss	173,600	173,600
Equipment	11,400	11,000
	7,734,900	7,497,300
Unrecognized deferred tax assets	(7,734,900)	(7,497,300)
Net deferred tax assets	\$ -	\$ -

The Company has available for deduction against future year' taxable income non-capital losses of approximately \$15,045,300. Subject to certain restrictions, the Company also has resource expenditures of approximately \$21,153,000 available to reduce taxable income in future years. Non-capital losses expire as follows:

2026	\$ 16,600
2027	103,000
2028	175,800
2029	246,100
2030	926,600
2031	959,700
2032	929,200
2033	1,172,100
2034	1,101,100
2035	509,200
2036	597,000
2037	1,849,200
2038	3,737,200
2039	1,164,600
2040	627,600
2041	930,300
	\$ 15,045,300

Future tax benefits, which may arise as a result of these losses, have not been recognized in these financial statements as it is not probable that the Company will generate future taxable income against which to utilize the temporary differences.

**15. SUBSEQUENT EVENTS**

Subsequent to November 30, 2021, the Company:

- i) entered into agreements to settle some of accounts payable and accrued liabilities, and loans payable of the Company for an aggregate total of \$384,511 through conversion of such debt into common shares of the Company. Pursuant to the shares for debt transactions, the Company issued 1,744,580 common shares of the Company at a price of \$0.20 per common shares to two non-arm's length creditors and 177,975 units of the Company at a price of \$0.20 per unit to one arm's length creditor. Each unit consists of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to acquire one additional common share of the Company exercisable at a price of \$0.40 per share for a period of three years.
- ii) entered into an agreement (the "Sinomine Agreement") with Sinomine (Hong Kong) Rare Metals Resources Co Limited ("Sinomine") which provides for an equity financing and an agreement to negotiate an offtake agreement with Sinomine (see below). As a result of the agreement, the Company issued to Sinomine 7,500,000 units at \$0.20 per unit for gross proceeds of \$1,500,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of three years at a price of \$0.40.
- iii) entered into the formal off-take agreement with Sinomine on all lithium, cesium and tantalum produced from the Company's Case Lake Property. Sinomine will pay the Company for all lithium and tantalum at 95% of the market value of such resources and pay for all cesium in accordance with an agreed upon grade scale schedule established between the two parties. The agreement remains in effect for a period of three years from closing date and continues thereafter as long as Sinomine holds not less than 2.5% of the Company's shares on a non-diluted basis. Sinomine is also provided with an option to participate in future financings and share issuances to retain its minimum 2.5% share holdings. In the event of default under the agreement by either party, such party will be liable for a total of \$8,000,000.
- iv) closed a non-brokered private placement of 7,500,000 units at \$0.20 per unit for gross proceeds of \$1,500,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of three years at a price of \$0.40. The Company paid \$19,800 in finders' fees.
- v) granted stock options of 2,000,000 to officers, directors, employees and consultants of the Company. The options are exercisable at a price of \$0.29 per share, expiring on March 23, 2027.