FREEMAN GOLD CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months ended February 28, 2023 and 2022

Unaudited

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not performed a review of these condensed consolidated interim financial statements.

FREEMAN GOLD CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

	Note	February 28, 2023 $	November 30, 2022 $
ASSETS			
Current assets			
Cash and cash equivalents	3	4,355,381	5,311,644
Receivables		48,225	172,577
Prepaid expenses and deposits	4	70,692	81,110
Total current assets		4,474,298	5,565,331
Non-current assets			
Advances for exploration and evaluation activities		2,099	39,798
Property, plant and equipment	5	149,610	191,125
Reclamation bond	6	110,012	110,012
Exploration and evaluation assets	6	24,584,983	24,068,518
		24,846,704	24,409,453
TOTAL ASSETS		29,321,002	29,974,784
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	7,8	178,473	450,766
Current portion of lease payable	9	74,904	73,417
Warrant liabilities	10	1,301,756	1,292,095
Total current liabilities		1,555,133	1,816,278
Lease payable	9	14,349	33,645
Total liabilities		1,569,482	1,849,923
SHAREHOLDERS' EQUITY			
Share capital	10	36,313,958	36,313,958
Reserves	10	5,442,102	4,990,950
Deficit		(14,004,540)	(13,180,047)
Total Shareholders' Equity		27,751,520	28,124,861
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		29,321,002	29,974,784

Approved by the Board of Directors on April 14, 2023:

"Simon Marcotte"	*"Victor Cantore"*
Simon Marcotte, Director	Victor Cantore, Director

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

FREEMAN GOLD CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian dollars, except number of shares)

		Three months ended February 28,	
		2023	2022
		$	$
EXPENSES			
Bank charges		907	1,265
Consulting	8	268,312	545,136
General and administrative		29,257	55,392
Marketing fees		14,554	76,716
Professional fees		59,037	51,798
Regulatory and filing fees		29,312	61,204
Share-based compensation	8,10	451,152	1,150,159
Net loss before other items		(852,531)	(1,941,670)
Other items			
Fair value loss on liability warrants	10	(9,661)	-
Interest on lease payable	9	(1,909)	-
Interest income		27,574	-
Foreign exchange		12,034	(111,764)
		28,038	(111,764)
Net loss and comprehensive loss		(824,493)	(2,053,434)
Earnings (loss) per common share - basic and diluted		(0.01)	(0.02)
Weighted average number of common shares outstanding		131,751,484	131,333,359

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

FREEMAN GOLD CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian dollars, except number of shares)

		Share Capital				
	Note	Number of shares outstanding	Amount	Reserves	Deficit	Total shareholders' equity
			$	**$**	**$**	**$**
Balance at November 30, 2021		131,333,359	35,612,684	4,369,480	(13,906,486)	26,075,678
Share-based compensation	10	-	-	1,150,159	-	1,150,159
Net loss for the period		-	-	-	(2,053,434)	(2,053,434)
Balance at February 28, 2022		131,333,359	35,612,684	5,519,639	(15,959,920)	25,172,403
Issuance of common shares pursuant to mining option agreement	10	375,000	163,125	-	-	163,125
Exercise of warrants	10	43,125	37,856	(16,294)	-	21,562
Share issuance costs		-	(12,102)	-	-	(12,102)
Expiry of warrants	10	-	512,395	(512,395)	-	-
Net income for the period		-	-	-	2,779,873	2,779,873
Balance at November 30, 2022		131,751,484	36,313,958	4,990,950	(13,180,047)	28,124,861
Share-based compensation	10	-	-	451,152	-	451,152
Net loss for the period		-	-	-	(824,493)	(824,493)
Balance at February 28, 2023		131,751,484	36,313,958	5,442,102	(14,004,540)	27,751,520

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

FREEMAN GOLD CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited - Expressed in Canadian dollars)

	Three months ended February 28,	
	2023	2022
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(824,493)	(2,053,434)
Items not affecting cash:		
Fair value loss on warrant liabilities	9,661	-
Share-based compensation	451,152	1,150,159
Unrealized foreign exchange	(21,397)	113,325
Interest on lease	1,909	-
Changes in non-cash working capital items:		
Receivables	124,352	(17,906)
Prepaid expenses	10,418	(51,456)
Accounts payable and accrued liabilities	(29,892)	(17,697)
Cash used in operating activities	(278,290)	(877,009)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances for exploration and evaluation activities	-	(319,944)
Expenditures for exploration and evaluation assets	(679,652)	(1,304,387)
Cash used in investing activities	(679,652)	(1,624,331)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease payments	(19,718)	-
Cash used in financing activities	(19,718)	-
Change in cash and cash equivalents during the period	(977,660)	(2,501,340)
Effect of exchange rate changes on cash	21,397	(113,325)
Cash and cash equivalents, beginning of period	5,311,644	20,054,776
Cash and cash equivalents, end of period	4,355,381	17,440,111
Supplemental Cash Flow Information:		
Evaluation and exploration expenditures included in accounts payable	65,667	363,923
Advances for exploration and evaluation activities applied to exploration and evaluation assets	37,699	-
Depreciation of property, plant and equipment included in exploration and evaluation expenditures	41,515	21,947

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

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

Freeman Gold Corp. (the "Company") was incorporated in the Province of British Columbia on October 24, 2018, under the Business Corporations Act of British Columbia. The Company is in the business of exploring exploration and evaluation assets. The Company's registered office is Suite 1500 – 1055 W. Georgia Street, Vancouver BC V6E 4N7 and its business office is located at 1570 – 505 Burrard Street, Vancouver, BC V7X 1M5. The Company's shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "FMAN".

On April 16, 2020, (the "Closing Date"), the Company completed a share exchange transaction (the "RTO") with 1132144 B.C. Ltd. ("113BC"), the parent company of Lower 48 Resources Inc. ("Lower 48 BC") and Lower 48 Resources (Idaho) LLC ("Lower 48"), whereby the Company acquired all of the issued and outstanding common shares of 113BC through the issuance of 33,740,000 common shares of the Company, subject to escrow terms to 113BC's shareholders. Additionally, the Company issued 3,500,000 common shares as finder fee shares to an arm's length finder that facilitated the RTO. Prior to the Closing Date, 14,257,770 common shares of the Company were outstanding. Following the Closing Date, 51,497,770 common shares of the Company were outstanding, with 66% of the Company's shares held by shareholders of 113BC.

Management determined that the RTO transaction constituted a reverse acquisition for accounting purposes whereby 113BC acquired the Company. For accounting purposes, 113BC is treated as the accounting acquirer (legal subsidiary), and the Company is treated as the accounting acquiree (legal parent) in these condensed consolidated interim financial statements. As 113BC was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these condensed consolidated interim financial statements at their historical carrying values. The Company's results of operations are included from the Closing Date. The comparative figures are those of 113BC prior to the reverse acquisition.

On November 30, 2022, the Company amalgamated all of its Canadian subsidiaries leaving its sole remaining subsidiary Lower 48.

At February 28, 2023, the Company had cash and cash equivalents totalling $4,355,381. As a result, the Company believes that it has adequate cashflow to meet obligations and carry out planned activities for the next twelve months.

On March 11, 2020, the World Health Organization declared the global outbreak of a novel coronavirus identified as "COVID-19" a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with *International Accounting Standard 34 - Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. As such, these condensed consolidated interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended November 30, 2022, and 2021.

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the most recent audited annual financial statements and were consistently applied to all periods presented.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on April 14, 2023.

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS for each type of asset, liability, income and expense as set out in the accounting policies below.

c) Functional and presentation currency

The presentation and functional currency of the Company and its subsidiaries is considered to be the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

d) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company, and its wholly owned subsidiary Lower 48 (see Note 1). Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation.

e) Significant accounting estimates and judgments

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim 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 in future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant assumptions about the future and other sources of estimation uncertainty that

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Significant accounting estimates and judgments (continued)

management has made at period end that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

(i) Critical accounting estimates

Valuation of options and warrants
The fair value of common share purchase options and warrants granted is determined at the issue date using the Black-Scholes pricing model. The fair value of common shares issued for finders' fees are based on the closing price of the transaction those fees pertain to.

Current and deferred taxes
The determination of tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgment by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of deferred tax assets and liabilities. Management also makes estimates of future earnings which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. Management provides for such differences where known based on its best estimate of the probable outcome of these matters.

(ii) Critical accounting judgments

Impairment of exploration and evaluation assets
Management is required to assess impairment in respect to the Company's intangible mineral property interests. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves.

Going concern assessment
The Company has projected cash flows that are sufficient to cover its ongoing expenditures and meet its liabilities for the ensuing year. The future cash flow projection involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

f) Accounting standards and interpretations issued but not yet adopted

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its condensed consolidated interim financial statements. Other accounting standards or 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 condensed consolidated interim financial statements.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	February 28, 2023	November 30, 2022
	$	$
Cash	623,487	5,311,644
Guaranteed Investment Certificate in Canadian dollars	1,002,712	-
Guaranteed Investment Certificate in US dollars	2,729,182	-
Total cash and cash equivalents	4,355,381	5,311,644

The guaranteed investments certificates are redeemable, bear interest at 4.5% and mature on February 6, 2024.

4. PREPAID EXPENSES AND DEPOSITS

	February 28, 2023	November 30, 2022
	$	$
Marketing	-	2,554
Insurance	19,073	27,877
Regulatory and filing fees	45,050	40,033
Computer and software	6,104	9,737
Other	465	909
Total prepaid expenses and deposits	70,692	81,110

(Expressed in Canadian dollars, unless otherwise noted)

5. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Vehicles	Right of Use Asset	Total
	$	$	$	$
Cost				
Balance at November 30, 2021	57,119	206,237	-	263,356
Additions	9,380	-	147,171	156,551
Balance at November 30, 2022 and February 28, 2023	66,499	206,237	147,171	419,907
Amortization				
Balance at November 30, 2021	21,253	81,778	-	103,031
Additions (Note 6)	20,212	68,746	36,793	125,751
Balance at November 30, 2022	41,465	150,524	36,793	228,782
Additions (Note 6)	5,932	17,187	18,396	41,515
Balance at February 28, 2023	47,397	167,711	55,189	270,297
Net book value				
Balance at November 30, 2022	25,034	55,713	110,378	191,125
Balance at February 28, 2023	19,102	38,526	91,982	149,610

On June 7, 2022, the Company entered into a lease agreement for a warehouse facility. In accordance with IFRS 16, the Company recognized a lease liability of $147,171 and a right of use asset of $147,171. The fair value of the lease liability and right of use asset were determined through discounting future lease payments at a discount rate of 8%. The right of use asset is being amortized over the lease period plus one renewal period for a total of two years.

(Expressed in Canadian dollars, unless otherwise noted)

6. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets for the period ended February 28, 2023 and year ended November 30, 2022 are as follows:

Period ended February 28, 2023	
	$
Property acquisition costs	
Balance at November 30, 2022 and February 28, 2023	5,819,498
Exploration and evaluation costs	
Balance at November 30, 2022	18,249,020
Costs incurred during the period:	
Depreciation of equipment, vehicles and right of use asset (Note 5)	41,515
Assaying and sampling	133,080
Drilling	68,483
Fees and taxes	677
Geology	199,955
Metallurgy	28,376
Permitting	2,586
Resource estimate	41,793
	18,765,485
Balance at February 28, 2023	24,584,983

Year ended November 30, 2022	
	$
Property acquisition costs	
Balance at November 30, 2021	5,519,808
Option payments	227,933
Claim maintenance payments	71,757
	5,819,498
Exploration and evaluation costs	
Balance at November 30, 2021	5,408,194
Costs incurred during the year:	
Depreciation of equipment, vehicles and right of use asset (Note 5)	125,751
Assaying and sampling	815,944
Archaeology	3,847
Camp and accommodations	13,946
Drilling	9,938,755
Fees and taxes	700
Geology	1,478,478
Metallurgy	94,486
Permitting	168,481
Resource estimate	200,438
	18,249,020
Balance at November 30, 2022	24,068,518

(Expressed in Canadian dollars, unless otherwise noted)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Lemhi Property

On October 16, 2019, the Company entered into an option agreement to acquire 100% of the rights and interest in certain mining claims located in Lemhi County, Idaho for USD $1,615,000 ($1,872,002).

On August 19, 2019, the Company entered into an option agreement to acquire a 100% interest in an additional 46 unpatented mining claims located in Lemhi County, Idaho. In order to exercise the option, the Company is required to make the following payments:

i) USD $75,000 within 3 days of the effective date (paid - $101,475);
ii) USD $50,000 on or before the first anniversary of the effective date (paid - $67,531);
iii) USD $50,000 on or before the second anniversary of the effective date (paid - $62,772);
iv) USD $50,000 on or before the third anniversary of the effective date (paid - $64,415);
v) USD $75,000 on or before the fourth anniversary of the effective date;
vi) USD $75,000 on or before the fifth anniversary of the effective date;
vii) USD $75,000 on or before the sixth anniversary of the effective date; and
viii) USD $550,000 on or before the seventh anniversary of the effective date.

On September 8, 2020, the Company acquired and extinguished a back-in right from Yamana Gold Inc. (“Yamana”) over the Lemhi Project for the issuance of 4,035,273 common shares with a fair value of $2,098,342. In connection with the transaction the Company issued finder’s fees consisting of 260,000 common shares of the Company with a fair value of $135,200.

On September 15, 2020, the Company acquired 100% ownership of the Moon #100 and Moon #101 unpatented mining claims (“Moon Claims”), located within the Lemhi project for cash consideration of $199,950 (US $150,000) and the issuance of 375,000 common shares of the Company. In the prior year, this agreement was revised, requiring the payment of an additional USD $100,000 ($124,546) (paid). On June 6, 2022, the Company issued 375,000 shares with a fair value of $163,125 to complete the acquisition.

During the year ended November 30, 2022, the Company purchased a reclamation bond in the amount of $110,012 (US $85,400) in accordance with the requirements of the USDA Forestry Service.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	February 28, 2023	November 30, 2022
	$	$
Accounts payable (Note 8)	79,723	368,840
Accrued liabilities	98,750	81,926
	178,473	450,766

(Expressed in Canadian dollars, unless otherwise noted)

8. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and senior corporate officers. The Company entered into the following transactions with related parties during the periods ended February 28, 2023 and 2022:

	February 28, 2023	February 28, 2022
	$	$
Consulting fees paid to a company controlled by the CEO	56,250	150,000
Consulting fees paid to the CFO and to a company controlled by the CFO	86,250	179,500
Consulting and equipment rental fees paid to the VP, Exploration	48,000	45,500
Consulting fees paid to the VP, Development	12,000	12,000
Consulting fees paid to a company controlled by the Executive Chairman	56,250	149,500
Share-based compensation paid to officers and directors	451,152	701,792
	709,902	1,238,292

Included in accounts payable at February 28, 2023 is $21,200 (November 30, 2022 - $48,573) owing to related parties. Amounts due to related parties are unsecured, non-interest bearing and have no specified terms of repayment.

On July 23, 2021, the Company issued 1,000,000 RSU’s to the Chief Financial Officer and to the Executive Chairman of the board. The RSUs expire three years from the date of issue and vest upon the occurrence of any one of the following events:

1) The Company is sold;
2) The participant resigns;
3) The participant is terminated without cause; or
4) The participant is otherwise unable to perform services for the Company.

On June 22, 2022, the Company issued 150,000 RSU’s to two directors of the Company. The RSUs expire three years from the date of issue and vest upon the occurrence of any one of the following events:

1) The Company is sold; or
2) The participant ceases to perform as director or is otherwise unable to perform services for the Company.

(See Note 10).

9. LEASE LIABILITY

On June 6, 2022, the Company entered into a lease agreement for a warehouse space in Alberta, Canada for a period of one year plus one renewal year. Lease payments are $6,572 per month.

The Company recognized a lease liability of $147,171 and a right of use asset of $147,171. The fair value of the lease liability was determined through discounting future lease payments at a discount rate of 8% over two years. During the period ended February 28, 2023, the Company made total lease payments of $19,718 (period ended February 28, 2022 - $Nil) of which $1,909 was recorded as interest expense in the condensed consolidated statements of loss and comprehensive loss for the current period. The balance of the lease liability at February 28, 2023 is $89,253 (November 30, 2022 - $107,062).

The Company is committed to lease payments totaling $19,718 over the next three months.

(Expressed in Canadian dollars, unless otherwise noted)

10. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Common share transactions

There were no common share transactions for the period ended February 28, 2023.

Year ended November 30, 2022:

On June 6, 2022, the Company issued 375,000 shares with a fair value of $163,125 for acquisition of the Moon claims (Note 6).

During the year ended November 30, 2022, the Company issued 43,125 common shares for proceeds of $21,562 pursuant to the exercise of 43,125 warrants and reclassified $16,294 from reserves to share capital.

c) Warrants

The following is a summary of the Company's warrant transactions for the period ended February 28, 2023 and year ended November 30, 2022:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance at November 30, 2021	32,067,790	0.64
Exercised	(43,125)	0.50
Expired	(1,356,169)	0.50
Balance at November 30, 2022 and February 28, 2023	30,668,496	0.68

Warrants outstanding at February 28, 2023 are as follows:

	Exercise Price ($)	Number of Warrants	Expiry Date
Equity Warrants			
	0.35	11,537,692	September 7, 2024
Liability Warrants			
	*0.88	19,130,804	November 29, 2026
		30,668,496	

* The liability warrants are exercisable at US$0.65 (CAD$0.88).

The weighted average remaining life of equity warrants is 1.5 years, and the remaining life of liability warrants is 3.75 years.

The warrants and were valued based on the closing market price at February 28, 2023 resulting in a fair value loss of $9,661 (period ended February 28, 2022 - $Nil) recorded in the condensed consolidated interim statements of loss and comprehensive loss for the current period.

(Expressed in Canadian dollars, unless otherwise noted)

10. SHARE CAPITAL (Continued)

d) Stock Options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with Exchange policies, grant to directors, officers and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares issued and outstanding from time to time. Such options are non-transferable and are exercisable at a price per share not below the closing traded price on the date of grant for a period of up to ten years from the date of grant.

The following is a summary of the Company's stock option transactions for the period ended February 28, 2023 and year ended November 30, 2022:

	Number of Options	Weighted Average Exercise Price $
Balance November 30, 2021	6,750,000	0.49
Granted	2,950,000	0.50
Balance November 30, 2022	9,700,000	0.49
Granted	2,325,000	0.25
Balance February 28, 2023	12,025,000	0.45
Exercisable at February 28, 2023	12,025,000	0.45

The fair value of the stock options granted during the periods ended February 28, 2023 and 2022 was estimated using the Black-Scholes pricing model with the following assumptions:

	February 28, 2023	February 28, 2022
Risk-free interest rate	3.17%	1.63%
Expected life of options	5 years	5 years
Annualized volatility	125.00%	125.00%
Dividend rate	0%	0%

Volatility assumptions for the valuation of options were derived by reference to the volatility of comparable companies.

During the periods ended February 28, 2023 and 2022, the Company incurred $451,152 and $1,150,159 respectively, in share-based compensation expense related to the vesting of stock options.

Stock options outstanding at February 28, 2023 are as follows:

Exercise Price ($)	Number of Shares Issuable on Exercise	Expiry Date
0.60	1,750,000	May 27, 2025
0.60	1,300,000	October 6, 2025
0.40	3,700,000	August 31, 2026
0.50	2,950,000	February 1, 2027
0.25	2,325,000	February 10, 2028
	12,025,000	

10. SHARE CAPITAL (Continued)

The weighted average remaining life of stock options is 3.8 years.

e) Restricted Share Units

During the year ended November 30, 2021, the Company adopted a restricted share unit plan (the "RSU Plan") to promote and advance the interests of the Company by (i) providing eligible persons (as defined in the RSU Plan) with additional incentive through an opportunity to receive discretionary bonuses in the form of shares of the Company, (ii) encouraging stock ownership by such eligible persons, (iii) increasing the proprietary interest of eligible persons in the success of the Company, and (iv) increasing the ability to attract, retain and motivate eligible persons.

The proposed RSU Plan provides that RSUs may be granted by the Board or a committee or member of the Board as the administrator of the RSU Plan, to directors, officers, employees, and consultants of the Company. The maximum number of shares made available for issuance pursuant to the RSU Plan shall be determined from time to time by the Board, but in any case, shall not exceed 10% of the shares issued and outstanding from time to time, less any shares reserved for issuance under all other share compensation arrangements (including the Company's stock option plan). Due to uncertainties related to the amount and timing of the future settlement of the RSU's, no value has been assigned to the RSU's as of February 28, 2023. See Note 8.

11. FINANCIAL INSTRUMENTS

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include interest rate risk, credit risk, liquidity risk, and currency risk. The carrying value of the Company's financial instruments approximates their fair value due to their short-term nature. Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

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

At February 28, 2023, the fair values of the Company's warrant liabilities and cash and cash equivalents are based on Level 1 measurements. The fair values of other financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

Interest rate risk: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has no debt. The only interest-bearing assets are redeemable guaranteed investment certificates which mature within one year. As such, the Company has minimal interest rate risk.

Credit risk: Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, which is held with a high-credit financial institution and amounts receivable from the Government of Canada. As such, the Company's credit exposure is minimal.

Liquidity risk: Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves to meet its liquidity requirements. The Company addresses its liquidity through equity financing obtained through the sale of common shares. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

11. FINANCIAL INSTRUMENTS (Continued)

Currency risk: Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange. As of February 28, 2023, the Company has US dollar denominated assets of $2,890,480 and US dollar denominated liabilities of $2,254. Based on this net US dollar exposure, at February 28, 2023, a 10% change in the Canadian dollar to the US dollar exchange rate would impact the Company's net income or loss by $288,823.

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholders' equity. The Company's primary source of capital is through the issuance of equity. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.