ENEREV5 METALS INC.
(Formerly Cobalt Blockchain Inc.)

INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 2021 and 2020

(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of ENEREV5 METALS INC. (the "Company") are the responsibility of the management and Board of Directors of the Company. The interim financial statements have been prepared in accordance with International Financial Reporting Standards and reflect management's best estimate and judgment based on currently available information.

Management is also responsible for a system of internal controls which is designed to provide reasonable assurance that assets are safeguarded, liabilities are recognized, and that financial information is relevant and reliable.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities in respect of financial reporting and internal control. The Audit Committee of the Board of Directors, comprised of independent directors, meets periodically with management and the Company's independent auditors to discuss auditing matters and financial reporting issues. In addition, the Audit Committee reviews the financial statements and provides a recommendation to the Board of Directors on their approval.

"P Copetti" (signed)	*"M Cachia"* (signed)
Director, Chief Executive Officer	Director

NOTICE TO READER
The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim financial statements for the three and six months ended November 30, 2021 and November 30, 2020 have not been reviewed by the Company's auditors.

Enerev5 Metals Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

		As at	
		November 30, 2021	May 31, 2021
		Unaudited	Audited
Assets		**$**	**$**
Current Assets			
Cash and cash equivalents		137,510	548,894
HST receivable		19,875	44,625
Prepaid expenses		25,901	30,022
		183,286	623,541
Non-current Assets			
Right-of-use asset (note 9)		49,223	66,596
Property, plant and equipment		2,026	2,603
Total Assets		234,535	692,740
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities (note 7)		47,035	609,528
Current portion of lease liabilities (note 9)		36,502	36,502
		83,537	646,030
Lease Liabilities	(note 9)	18,575	36,115
Other Liabilities	(note 13)	164,336	164,336
Total Liabilities		266,448	846,481
Shareholders’ Equity (Deficiency)			
Share capital (note 8(a))		28,919,186	28,342,437
Warrants (note 8(b))		714,881	1,071,880
Stock options (note 8(c))		624,103	1,732,643
Restricted stock units (note 8(d))		450,000	450,000
Contributed surplus		5,463,655	4,330,143
Deficit		(36,203,738)	(36,080,844)
Total Shareholders' Equity (Deficiency)		(31,913)	(153,741)
Total Liabilities and Shareholders' Deficiency		234,535	692,740

Nature of operations and going concern considerations (Note 1)
Commitments (note 9, 12)

The accompanying notes form an integral part of these financial statements

Approved by the Board of Directors on January 21, 2022

Signed : M.Cachia Director *Signed: S.Peralta* Director

Enerev5 Metals Inc.
Statements of Comprehensive Loss
For the Three and Six Months ended November 30, 2021 and 2020
(Expressed in Canadian Dollars)

	Six months ended November 30, 2021	Six months ended November 30, 2020	Three months ended November 30, 2021	Three months ended November 30, 2020
Expenses				
Corporate and administrative expenses	$ 248,338	$ 239,469	$ 130,688	$ 179,854
Depreciation (note 9)	18,465	18,003	9,321	8,621
Director fees	48,255	-	28,506	-
Loss on forex	-	48,195	-	4,547
Interest	2,576	3,980	1,182	1,908
Management and consulting fees	40,812	279,652	-	88,500
Marketing	3,364	23,147	3,364	21,149
Premises rent	19,846	20,288	10,835	9,485
Professional fees	57,323	54,037	41,907	40,988
Share-based compensation (note 8(c))	24,972	554,472	10,439	554,472
Shareholder communications	825	3,060	825	1,345
Travel	7,408	4,117	4,771	4,117
Net loss before the undernoted	(472,184)	(1,248,420)	(241,838)	(914,985)
Gain/(Loss) on settlement of debt (note 14)	349,290	1,507,940	(30,000)	168,491
Net gain/(loss) for the period	(122,894)	259,520	(271,838)	(746,494)
Other Comprehensive Gain/(Loss for the period				
Item that may be reclassified to profit or loss:				
Currency translation reserve	-	47,867	-	4,475
Total Comprehensive Gain/(Loss) for the period	$ (122,894)	$ 307,387	$ (271,838)	$ (742,019)
Gain/(Loss) per Share - basic and diluted	$ (0.001)	$ 0.001	$ (0.001)	$ (0.004)
Weighted Average Number of Common Shares Outstanding - basic	218,390,615	193,949,620	219,592,173	211,648,995

The accompanying notes form an integral part of these consolidated financial statements

Enerev5 Metals Inc.
Statements of Changes in Shareholders' Deficiency
For the Six Months Ended November 30, 2021 and November 30, 2020
(expressed in Canadian dollars)

	Common Stock					Contributed	Cumulative	Accumulated	
					Restricted		translation		
	Shares	**Amount**	**Warrants**	**Stock Options**	**stock units**	**Surplus**	**reserve**	**Deficit**	**Total**
Balance - May 31, 2021	217,202,118	$ 28,342,437	$ 1,071,880	$ 1,732,643	$ 450,000	$ 4,330,143	$ -	$ (36,080,844)	$ (153,741)
Warrants exercised	4,395,000	576,749	(356,999)	-	-	-	-	-	219,750
Options cancelled	-	-	-	(1,133,512)	-	1,133,512		-	-
Stock based compensation	-	-	-	24,972	-	-	-	-	24,972
Net loss	-	-	-	-	-	-	-	(122,894)	(122,894)
Balance - November 30, 2021	221,597,118	$ 28,919,186	$ 714,881	$ 624,103	$ 450,000	$ 5,463,655	$ -	$ (36,203,738)	$ (31,913)

	Common Stock				Restricted	Contributed	Cumulative	Accumulated	
	Shares	**Amount**	**Warrants**	**Stock Options**	**stock units**	**Surplus**	**translation**	**Deficit**	**Total**
Balance - May 31, 2020	175,138,281	$ 26,939,593	$ 498,041	$ 1,153,711	$ 450,000	$ 4,312,796	$ (55,122)	$ (35,687,030)	$ (2,388,011)
Common shares and warrants issued for cash	40,100,000	1,570,959	434,041	-	-	-	-	-	2,005,000
Issuance costs	-	(197,288)	(54,553)	-	-	-	-	-	(251,841)
Broker warrants	-	-	77,558	-	-	-	-	-	77,558
Warrants exercised	87,500	5,169	(794)	-	-	-	-	-	4,375
Expired warrants	-	-	(7,349)	-	-	7,349	-	-	-
Shares issued for debt	150,000	7,500	-	-	-	-	-	-	7,500
Stock based compensation	-	-	-	554,472	-	-	-	-	554,472
Foreign currency translation adjustment	-	-	-	-	-	-	47,867	-	47,867
Net loss	-	-	-	-	-	-	-	259,520	259,520
Balance - November 30, 2020	215,475,781	$ 28,325,933	$ 946,944	$ 1,708,183	$ 450,000	$ 4,320,145	$ (7,255)	$ (35,427,510)	$ 316,440

The accompanying notes are an integral part of the consolidated financial statements

Enerev5 Metals Inc.
Statements of Cash Flows
For the Six Months ended November 30, 2021 and November 30, 2020
(Expressed in Canadian Dollars)

	As at	
	November 30, 2021	November 30, 2020
Cash flows from (used in) Operating Activities		
Net gain/(loss) for the period:	$ (122,894)	$ 259,520
Items not affecting cash:		
Depreciation	18,465	18,003
Gain on settlement of debt	(349,290)	(1,507,940)
Interest on right-of-use asset	2,609	3,980
Share-based compensation	24,972	554,472
	(426,138)	(671,965)
Net Changes in non-cash working capital:		
HST receivable	24,750	225,955
Advances	-	-
Prepaid expenses	4,121	-
Accounts payable and accrued liabilities	(216,327)	(258,311)
	(613,594)	(704,322)
Cash flows from (used in) Investing Activities		
(Acquisition)/Disposal of assets	-	(3,470)
Cash flows from (used in) Financing Activities		
Issuance of share capital	-	2,009,375
Exercise of warrants	219,750	-
Exercise of options	-	-
Share issuance costs	-	(174,283)
Short term loans and repayments	-	(34,993)
Repayment of lease liabilities	(17,540)	(19,449)
	202,210	1,780,650
Effect of exchange rates	-	47,867
Net change in cash and cash equivalents	(411,384)	1,120,725
Cash and cash equivalents - Beginning of the period	548,894	1,652
Cash and cash equivalents - End of the period	$ 137,510	$ 1,122,377

The accompanying notes are an integral part of the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS:

Enerev5 Metals Inc., (the "Company"), formerly Cobalt Blockchain Inc., was incorporated under the laws of the Province of Ontario. The Company's shares are listed on the TSX Venture Exchange. The registered head office of the Company is located at 141 Adelaide Street West, Suite 340, Toronto, Ontario, M5H 3L5.

The interim condensed financial statements for the three and six months ended November 30, 2021 were approved and authorized for issue by the board of directors on January 21, 2022.

As at November 30, 2021, the Company has working capital of $99,749 (May 31, 2021 – Deficiency $22,489) and an accumulated deficit of $36,203,738 (May 31, 2021 - $36,080,844). The ability of the Company to continue as a going concern is dependent on obtaining the necessary financing to fund future efforts. It is not possible to determine with any certainty, the adequacy of these initiatives, and therefore conditions indicate the existence of material uncertainties that may cast significant doubt in the Company's ability to continue as a going concern.

The interim financial statements of the Company have been prepared on the basis that the Company will continue as a going concern, which presumes that it will be able to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that might be necessary and would be significant if the Company is unable to continue as a going concern.

Where applicable, the Company takes steps to verify title to the properties in which it may have an interest in accordance with industry standards for the current stage of exploration and development of such properties, and such procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

In the year ended May 31, 2021, the Company determined that any potential future operations in the Democratic Republic of Congo ("DRC") would be conducted through a new entity to be created for that purpose, and accordingly abandoned its investment in Belair African Metals, which it acquired in December 2017.

The latest variant of the "COVID 19" virus, Omicron, has introduced renewed uncertainty into the local and global economies, and the impact of fluctuating forms of restrictions makes assessment of impact unpredictable. Various restrictions, (including restrictions on travel, various forms of quarantine, social distancing, and varying levels of forced business closures) have had, and may continue to have, a negative impact on the Company's ability to implement its strategic plans as well as ability to raise funds, although in recent months the overall sentiment to conducting business has much improved.

The direct impact of the pandemic on the Company's operations has been to restrict key executive travel, which, in turn, imposed limitations on the Company's ability to progress projects, assess other opportunities, and interact with stakeholders internationally. Access to vaccinations during 2021 made it possible for Company management to schedule activities and events to assess project opportunities and interact with potential investors, but the arrival of the Omicron variant created renewed uncertainty and constraints for travel. The Company is following federal and provincial COVID guidelines to protect personnel from potential exposure to the virus.

While the overall sentiment regarding COVID and the ability to operate is much improved, there is continued uncertainty surrounding COVID 19, and the resulting impact on the Company's financial position, results of operations, cash flows and ability to raise debt or equity financing in future periods cannot be reliably quantified and may be material. Consequently, factors related to COVID 19 cannot be dismissed and continue to elevate the level of going concern uncertainty.

2. BASIS OF PRESENTATION:

Statement of Compliance

These unaudited interim condensed financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The unaudited interim condensed financial statements do not include all the information required for full annual financial statements and accordingly, they should be read in conjunction with the Company's consolidated financial statements for the year ended May 31, 2021.

The accounting policies applied in preparing the interim financial statements for the three and six months ended November 30, 2021, and November 30, 2020 are consistent with the policies disclosed in Notes 2 and 3 of the audited consolidated financial statements for the year ended May 31, 2021.

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES:

Basis of Preparation

The interim financial statements are prepared on the historical cost basis except for certain financial instruments which are measured at their fair values, as explained in the relevant accounting policies.

The interim financial statements are presented in Canadian dollars which is also the Company's functional currency.

Principles of Consolidation

These financial statements include the accounts of the Company, its subsidiary Belair African Metals until May 31, 2021 at which date the Company abandoned its interest, and of Cobalt Blockchain S.A.S in which the Company holds an 80% interest. As of November 30, 2021, there has been no activity in Cobalt Blockchain S.A.S. See note 6.

Interest in Joint Venture Arrangement

The Company has a 50% equity interest in a joint venture entity Mintrax Inc. (which is governed by a joint venture agreement signed August 2, 2018) whereby the carrying amount of the interest is to be increased or decreased to recognize the proportionate share of the profit or loss of the entity. As of November 30, 2021, no transactions had been recorded in this entity. See note 11.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates.

Significant estimates and judgements used in the preparation of these financial statements included, but are not limited to, determination of functional currency, valuation of warrants, stock options and restricted share units, valuation of leases, the recognition of deferred income taxes, abandonment of the DRC subsidiary, other liabilities and the assessment of going concern. Actual results could differ from management's best estimates.

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES (continued):

Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Costs

All costs related to the exploration and evaluation of mineral resources are expensed (net of grants received) as exploration and evaluation costs. The policy is to expense all such expenditures until they are proven recoverable. Once a project has been established as commercially viable and technically feasible, all development costs will be capitalized. If the project is brought into production, these costs will be amortized against the income generated from the property.

Reclamation Obligations

A legal or constructive obligation to incur restoration, rehabilitation, and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of a project interest. The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive.

Restoration and rehabilitation costs are discounted to their net present value at the start of each project as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in resource properties once a project has been established as commercially viable and technically feasible. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate under IFRS. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company's policy is to expense all reclamation obligations that relate to projects that have yet to be proven commercially viable and technically feasible.

The Company has no material restoration, rehabilitation, and environmental costs.

Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date, using the Black-Scholes model. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 8(c) and 8(d).

The fair value is measured at grant date and each tranche is recognized over the period in which the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES (continued):

Share-based Payments (continued)

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Valuation of Equity Instruments in Private Placements

The proceeds from the issuance of units are allocated between share capital and reserve for warrants. The Company has adopted a relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. When the warrants are exercised, the applicable amounts of reserve for warrants are transferred to share capital. Any consideration paid on the exercise of the warrants is credited to capital stock. For those warrants that expire after vesting, the recorded value is transferred to contributed surplus.

Loss per Share

Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options, warrants and RSUs, in the weighted average number of common shares outstanding during the period, if dilutive.

Share Issuance Costs

Professional, consulting, regulatory fees and other costs that are directly attributable to the issuance of shares are charged to capital stock when the related shares are issued, net of any tax effects. Transaction costs of abandoned equity transactions are recognized in the statement of comprehensive loss.

Property, Plant and Equipment

Property, plant, and equipment are carried at cost less accumulated depreciation and impairment losses. Initially, an item of property, plant and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Company. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

Where an item of plant and equipment comprises significant components with different useful lives, the components are accounted for as separate items of property, plant and equipment and depreciated separately.

Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized and day-to-day maintenance costs are expensed. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

Depreciation is provided at rates calculated to write off the cost of property, plant and equipment less their residual value on the straight line over the estimated useful lives.

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES (continued):

Leases

The Company assesses whether a contract is or contains a lease, at the inception of a contract. The Company recognizes a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions:

i. the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or
ii. for leases of low value. The payments for such leases are recognized in profit or loss on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated 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 lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are included in property and equipment, and the lease liability is presented as a separate line in the consolidated statement of financial position. Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in profit or loss.

Impairment of Non-financial Assets

The carrying amounts of the Company's long-lived assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case, the individual assets are grouped together into cash generating units ("CGU") for impairment purposes.

Impairment exists when the carrying amount of the asset, or group of assets, exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the statement of comprehensive loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized such that the recoverable amount has increased.

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES (continued):

Financial Instruments

Financial assets are required to be initially measured at fair value and subsequently classified at amortized costs or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Company's financial assets include cash and cash equivalents which are classified as amortized cost because the Company's business model is to hold these financial instruments to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Financial liabilities include accounts payable and accrued and other liabilities and are initially measured at fair value and subsequently are classified as amortized cost.

Foreign Currency Translation

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate. All foreign currency adjustments are expensed, apart from adjustments on borrowing in foreign currencies, constituting a hedge for the net investment in a foreign entity. These adjustments are allocated directly to equity until the divestiture of the net investment.

Financial statements of subsidiaries, affiliates, and joint ventures for which the functional currency is not the Canadian dollar are translated into Canadian dollar as follows: all asset and liability accounts are translated at the period-end exchange rate and all earnings and expense accounts and cash flow statement items are translated at average exchange rates for the period. The resulting translation gains and losses are recorded as foreign currency translation adjustments in other comprehensive income and recorded in the currency translation reserve in equity.

Cash and Cash Equivalents

All cash and short-term investments with maturities of twelve months or less are considered cash and cash equivalents since they are readily converted to cash. Short-term investments are stated at cost, which approximates fair value.

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 statement of financial position 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 and the initial recognition of assets or liabilities that affect neither accounting nor taxable loss.

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.

3. SIGNIFICANT AND FUTURE ACCOUNTING POLICIES (continued):

Provisions

Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. The Company had no material provisions as at November 30, 2021 or May 31, 2021.

4. CAPITAL RISK MANAGEMENT:

The Company manages its capital structure and makes adjustments to it based on the funds required and available to the Company, in order to support the acquisition, exploration and development of resource properties. The Board of Directors does not establish quantitative return on capital criteria for this management, but rather relies on the expertise of the Company's management to sustain future development of the business. In this relatively formative stage of the Company's existence, the Company will rely on a combination of equity instruments and debt financing.

The Company considers its capital to be equity, which comprises capital stock, reserve for warrants, reserve for stock options, restricted stock units, contributed surplus, currency translation adjustment and deficit, which as at November 30, 2021, was a deficiency of $31,913 (May 31, 2021 - deficiency of $153,741).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three and six months ended November 30, 2021 or the year ended May 31, 2021. The Company is not subject to externally imposed capital requirements.

5. FINANCIAL INSTRUMENTS:

Fair Values

The estimated fair value of cash and cash equivalents, accounts payable and accrued liabilities, and other liabilities approximate their carrying value due to the relatively short-term nature of the instruments.

Financial Risk Management

The Company manages its exposure to a number of different financial risks arising from operations as well as from the use of financial instruments including market risks (commodity prices), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities. The Company does not use derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in key economic indicators and to up-to-date market information.

5. FINANCIAL INSTRUMENTS (continued):

Financial Risk Management (continued)

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 a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations.

Cash and cash equivalents consist of bank deposits which are held with reputable financial institutions, from which management believes the risk of loss to be remote.

Interest risk

Cash flow interest rate risk is the risk that future cash flow of financial instruments will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company is not exposed to interest rate risk as it does not have any interest-bearing loans.

Liquidity risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity are its cash. These funds are primarily used to finance working capital, exploration expenditures, capital expenditures, and acquisitions.

The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash. Accounts payable and accrued liabilities, and short-term loans and advances are current financial instruments expected to be settled when funds are available. See note 14 regarding other liabilities.

As at November 30, 2021 the Company has current assets of $183,286 (as at May 31, 2021 - $623,541), to settle accounts payable and accrued liabilities of $47,035 (May 31, 2021 - $609,528), and current lease liabilities of $36,502 (May 31, 2021 - $36,502). During the three and six months ended November 30, 2021, the Company entered into debt settlement agreements which reduced accounts payable and accrued liabilities by $502,106. Refer to note 14. The Company's cash reserves are sufficient until approximately March 2022, and will require additional financing in order to fund operations beyond that date.

6. EXPLORATION AND EVALUATION COSTS:

Exploration and evaluation project costs to date incurred to date related to expenditures incurred to evaluate potential mineral property acquisitions in the Democratic Republic of Congo. There were no project expenditures during the three and six months ended November 30, 2021, or during the year ended May 31, 2021.

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION COSTS (continued):

Although the Company has one effective agreement for the exploration and development of exploration properties ie Cobalt Blockchain SAS, the Company has determined that it is extremely unlikely that clear and clean title to the 2 underlying mineral properties covering 7.6 km² will ever be delivered.

The Company is therefore proceeding on the basis that this initiative has lapsed.

7. KEY MANAGEMENT AND RELATED PARTY TRANSACTIONS:

The Company considers key management to be its directors and officers.

During the three and six months ended November 30, 2021, the Company entered into debt settlement agreements with certain directors and officers and entities related to them for the settlement of accrued and unpaid fees owing to them. The settlements provided for debt in the aggregate amount of $173,985 was settled by cash payments amounting to $100,316, creating a gain on settlement of $73,661 which is included in the statement of comprehensive loss.

During the three and six months ended November 30, 2021, the Company paid or incurred the following amounts with related parties:

	2021	2020
Emoluments and fees paid to CEO	$ 150,000	$ 150,000
Management fees to Hooper Mining Services, a company controlled by a director and officer	66,000	190,200
Accounting fees to 1765271 Ontario Inc., a company controlled by an officer	60,000	58,839
Directors fees paid or accrued	48,255	-
	$ 324,255	$ 399,039

Included in accounts payable and accrued liabilities are amounts due to related parties. The total amount due to related parties as of November 30, 2021, was $16,500 (May 31, 2021 - $268,109).

Share-based compensation of $6,086 related to directors and officers was incurred in the six months ended November 30, 2021 (2020: - $554,472).

8. CAPITAL STOCK:

a) Common stock

The Company's authorized share capital consists of an unlimited number of common shares. The following is a summary of changes in common share capital from May 31, 2020 to November 30, 2021.

(Expressed in Canadian dollars)

8. CAPITAL STOCK (continued):

a) Common stock (continued)

	Number of Shares		Amount
May 31, 2020	**175,138,281**	**$**	**26,939,593**
Issued for cash - August 25 2020	20,000,000		781,205
Warrants exercised September 2, 2020	87,500		5,169
Issued for cash September 18 2020	20,100,000		789,754
Issued for debt October 14, 2020	150,000		7,500
Options exercise February 8, 2021	500,000		29,547
Issued for debt February 28, 2021	500,000		70,000
Options exercise March 22, 2021	600,000		35,452
Warrants exercised - broker April 22	76,337		4,961
Warrants exercised April 22	50,000		8,595
Issuance costs			(329,339)
Balance at May 31, 2021	**217,202,118**	**$**	**28,342,437**
Warrants exercised	4,395,000	$	576,749
Balance at November 30, 2021	**221,597,118**	**$**	**28,919,186**

There were no stock issuances during the six months ended November 30, 2021.

During the year ended May 31, 2021, the Company:

- issued 20,000,000 units at a price of $0.05 pursuant to a private placement for gross proceeds of$1,000,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.20 for a period of two years. In connection with the private placement, the Company paid agent's commission of $70,000, and issued 2,000,000 non-transferable broker warrants with a fair value of $123,610. Each broker warrant entitles the holder to acquire one unit of the Company, having the same terms as the units issued to subscribers, at a price of $0.05 until August 25, 2022. As part of this issuance, other issuance costs of $23,866 were incurred. A fair value of $218,795 was allocated to the warrants using the relative fair value method. The Black-Scholes pricing model was used with the following assumptions:

Share price	$0.07
Expected life	2 years
Expected dividend	Nil
Volatility	100.6%*
Risk free interest rate	0.29%

*Based on the volatility of the company's share price

- issued 20,100,000 units at a price of $0.05 pursuant to a private placement for gross proceeds of $1,005,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.20 for a period of two years. In connection with the private placement, the Company paid agent's commission of $70,350, and issued 2,010,000 non-transferable broker warrants with a fair value of $122,486. Each broker warrant entitles the holder to acquire one unit of the Company, having the same terms as those issued to subscribers, at a price of $0.05 until September 18, 2022. As part of this issuance, other issuance costs of $10,065 were incurred. A fair value of $215,246 was allocated to the warrants using the relative fair value method.

(Expressed in Canadian dollars)

8. CAPITAL STOCK (continued):

a) Common stock (continued)

- The Black-Scholes pricing model was used with the following assumptions:

Share price	$0.07
Expected life	2 years
Expected dividend	Nil
Volatility	99.3%*
Risk free interest rate	0.26%

*Based on the volatility of the company's share price

- issued 163,837 common shares and 76,337 warrants upon the exercise of 163,837 broker warrants at a price of $0.05.
- issued 650,000 common shares with market value of $77,500 in consideration of debt settlements to third parties; and issued 50,000 common shares upon the exercise of 50,000 warrants at an exercise price of $0.0525.
- issued 1,100,000 common shares with a market value of $95,000 upon the exercise of stock options for proceeds of $55,000.

b) Warrants:

The warrants consist of regular common share purchase warrants and broker warrants. The following table summarizes warrants that have been issued, exercised or have expired during the period May 31, 2020 to November 30, 2021:

	Number of Warrants		Amount		Weighted Average Exercise Price
Balance as at May 31, 2020	**5,224,102**	**$**	**498,041**	**$**	**0.121**
Warrants expired	(695,000)		(7,349)		0.050
Warrants issued	40,176,337		434,041		0.200
Broker warrants	4,010,000		246,096		0.050
Warrants exercised	(87,500)		(794)		0.050
Broker warrants exercised	(76,337)		(1,145)		0.050
Warrants exercised	(50,000)		(5,970)		0.0525
Issuance costs			(91,040)		
Balance May 31, 2021	**48,501,602**	**$**	**1,071,880**	**$**	**0.182**
Exercised	(4,395,000)		(356,999)	$	0.050
Issued upon exercise of broker units	2,950,000	$	-	$	0.200
Balance November 30, 2021	47,056,602	$	714,881	$	0.195

As at November 30, 2021, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price stated on or before the expiry date:

(Expressed in Canadian dollars)

8. CAPITAL STOCK (continued):

b) Warrants:

Number of Warrants	Exercise Price ($)	Expiry
24,902	0.05	January 11, 2023
450,000	0.0525	February 5, 2023
75,000	0.20	February 13, 2023
2,166,667	0.20	February 1, 2024
133,333	0.20	March 15, 2024
96,700	0.20	March 15, 2024
20,000,000	0.20	August 25, 2022
2,000,000	0.20	August 25, 2022
20,176,337	0.20	September 18, 2022
983,663	0.05	September 18, 2022
950,000	0.20	September 18, 2022
47,056,602		

c) Stock option plan:

Under the Company's Incentive Stock Option Plan ("the Plan"), the Company has granted options to its directors, officers, and consultants. The Company maintains the plan for the benefit of directors, officers, consultants, and other services providers in order to assist the Company in attracting, retaining, and motivating such persons by providing them with the opportunity, through stock options to acquire an increased proprietary interest in the Company. Under the plan, options are non-assignable and may be granted for a term not exceeding five years. The total number of common shares that may be reserved for issuance may not exceed 10% of outstanding common shares and may not exceed 5% for any one person. The exercise price of an option may not be lower than the discounted market price of the common shares on the TSX Venture Exchange. The options are non-transferable.

Outstanding options may be adjusted by the Board in certain events, as to exercise price and number of common shares, to prevent dilution or enlargement. The Company has reserved a total of 22,159,718 stock options to be granted under the Plan of which there are 11,359,718 options available at November 30, 2021.

The following table reflects stock option plan transactions during the period May 31, 2020, to November 30, 2021.

	Number of Options	Weighted Average Exercise Price ($)
Balance - May 31, 2020	7,195,307	0.050
Granted September 2020	9,700,000	0.065
Granted January 2021	300,000	0.085
Granted February 2021	800,000	0.085
Exercised February 2021	(500,000)	0.050
Exercised March 2021	(600,000)	0.050
Expired February 2021	(1,100,000)	0.050
Balance May 31, 2021 and August 31, 2021	15,795,307	0.062
Cancelled July 2021	(4,995,307)	0.05
Balance November 30, 2021	10,800,000	0.067

(Expressed in Canadian dollars)

8. CAPITAL STOCK (continued):

c) Stock option plan (continued):

On September 21, 2020, the Company granted 9,700,000 stock options to directors which vested immediately. Each option entitles the holder to purchase one common share of the Company at a price of $0.065 at any time on or before September 21, 2025.

The fair value was estimated at $554,472 at the grant date based on the Black-Scholes pricing model using the following assumptions:

Share price	$0.06
Expected dividend yield	Nil
Expected life	5 years
Risk-free interest rate	0.35%
Expected volatility	178.6%*

*Based on the volatility of the Company's share price

On January 25, 2021, the Company granted 300,000 stock options to an officer. Each option entitles the holder to purchase one common share of the Company at a price of $0.085 at any time on or before January 25, 2026. The options vest as to 25 % on grant date, and 25% on each of the 6, 12, and 24-month anniversaries of the grant.

The fair value was estimated at $16,849 at the grant date based on the Black-Scholes pricing model using the following assumptions:

Share price	$0.08
Expected dividend yield	Nil
Expected life	5 years
Risk-free interest rate	0.41%
Expected volatility	166.5%*

*Based on the volatility of the Company's share price

On February 1, 2021, the Company granted 800,000 stock options to consultants. Each option entitles the holder to purchase one common share of the Company at a price of $0.085 at any time on or before February 1, 2026. The options vest as to 25% on grant date, and 25% on each of the 6, 12, and 24-month anniversaries of the grant.

The fair value was estimated at $59,597 at the grant date based on the Black-Scholes pricing model using the following assumptions:

Share price	$0.08
Expected dividend yield	Nil
Expected life	5 years
Risk-free interest rate	0.46%
Expected volatility	163.5%*

*Based on the volatility of the Company's share price

(Expressed in Canadian dollars)

8. CAPITAL STOCK (continued):

c) Stock option plan (continued):

The following table summarizes information on stock options outstanding at November 30, 2021:

	Number of Options		
Exercise Price	Vested	Total	Expiry
0.065	9,700,000	9,700,000	September 21, 2025
0.085	150,000	300,000	January 25, 2026
0.085	400,000	800,000	February 1, 2026
	10,250,000	10,800,000	

d) Restricted Stock Unit Plan

On April 12, 2018, the Company granted 11,009,386 Restricted Stock Units ("RSU") to directors, officers and employees. As the RSU vest, the Company must within 30 days issue one common share for each RSU. In June 2019, 9,509,386 RSU's were surrendered unissued to the Company.

9. LEASE LIABILITY AND RIGHT-OF-USE ASSET:

The Company has a lease for its office premises until April 30, 2023. The associated lease liability and right-of-use asset information is summarized below.

	November 30, 2021	May 31, 2021
Right-of-use Asset		
As at beginning of the period	$ 66,596	$ 101,341
Less: Depreciation	(17,373)	(34,745)
As at end of period	$ 49,223	$ 66,596
Lease Liabilty		
As at beginning of the period	$ 72,617	$ 106,321
Less: lease payments	(20,149)	(40,992)
finance expenses	2,609	7,288
Total lease liability	55,077	72,617
Less: current portion	(36,502)	(36,502)
As at end of period	18,575	36,115
Lease Commitments - undiscounted cash flow:		
2022	$ 20,496	$ 40,992
2023	37,576	37,576
Finance charges	(2,995)	(5,951)
	$ 55,077	$ 72,617

10. BASIC AND DILUTED NET GAIN PER SHARE:

Basic gain per share has been calculated by dividing the net loss per financial statements by the weighted average number of shares outstanding during the period including any restricted shares issued that have vested. The fully diluted gain per share would be calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding warrants, options and RSUs of the Company.

11. INTEREST IN JOINT VENTURE ARRANGEMENT:

The Company is party to a joint venture agreement with DLT Labs Inc. ("DLT") to develop a platform providing secure and transparent methods for tracking the provenance of materials through the mining supply chain. Under the terms of the joint venture agreement, a joint venture entity Mintrax Inc, has been registered; each party is to hold a 50% interest in the share capital of Mintrax Inc. upon the initial issuance of 500,000 common shares to each, which has still to be completed. The Company and DLT have the right to equal representation on the board of directors. The parties were engaged in discussions regarding a restructuring of the joint venture arrangement however, no agreement was reached on any restructured terms. In the absence of a source of mineral supply, the Company has not been able to progress the Mintrax platform beyond the initial proof-of-concept, and accordingly has now entered discussions which are expected to lead to a termination of the joint-venture arrangement.

12. COMMITMENTS AND CONTINGENT LIABILITIES

On August 17, 2020, the Company entered into a consultancy agreement with 1765251 Ontario Inc. for the provision of consultancy services at a fee of $10,000 per month. The agreement may be terminated by the Company giving 90 days' notice of termination, except under changes of control, when a fee equal to 18 times the monthly fee is payable.

As announced on April 28, 2021, the Company received correspondence on behalf of a former independent contractor claiming entitlement to payment of alleged outstanding "salary" and expenses of US$329,000, 300,000 common shares of the Company, and payment in respect of the termination of services. The Company considers the claims to be without merit. No amounts have been recognized in the financial statements related to this matter.

13. OTHER LIABILITIES

As at November 30, 2021, the Company had other liabilities of $164,336 (May 31, 2021 - $164,336), relating to the transfer of $164,336 of accounts payable (the "Statute-barred Claims") to other liabilities on the basis that any claims in respect of the Statute-barred Claims were statute-barred under the Limitations Act (Ontario). The Statute-barred Claims related to third party liabilities incurred by prior management of the Company prior to August 2018. However, for accounting purposes under IFRS, a debt can only be removed from the Company's Statement of Financial Position when it is extinguished meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation, but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims are required to be reflected on the Company's Statement of Financial Position as a result of the current interpretation of IFRS, but they are classified as other liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment. While inclusion of these items is intended solely to comply with the requirements of IFRS, the Company in no way acknowledges any of the Statute-barred Claims.

14. GAIN ON SETTLEMENT OF DEBT

During the six months ended November 30, 2021, the Company entered into debt settlement agreements with various parties whereby related party debt totalling $220,059 was settled by cash payments of $100,316, and debt owed to third parties totalling $282,047 was settled by cash payments totalling $52,500.

15. SUBSEQUENT EVENTS

Subsequent to November 30, 2021

- the Company entered into an unsecured loan agreement for an amount of $87,500 for a period of one year. Interest of 10% per annum is payable on the loan in arrears. The loan may be repaid in part or in full at any time without penalty to the Company.

- 1,500,000 RSU’s expired unissued.

- the Company granted 700,000 stock options to an officer at an exercise price of $0.05 for a period of 5 years.

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