POWER METALS CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

MAY 31, 2022

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	May 31, 2022	November 30, 2021
ASSETS		
Current assets		
Cash	$ 2,430,265	$ 13,216
Receivables	8,260	14,213
Prepaids	34,981	1,038
Total current assets	2,473,506	28,467
Non-current assets		
Advances	63,900	63,900
Exploration and evaluation assets (Note 4)	8,291,524	8,254,276
Furniture and equipment	-	5,902
Total non-current assets	8,355,424	8,324,078
Total assets	$ 10,828,930	$ 8,352,545
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 5 and 9)	$ 729,979	$ 1,438,053
Loans payable (Notes 6 and 9)	-	65,000
Total liabilities	729,979	1,503,053
Equity		
Share capital (Note 7)	41,991,542	38,473,027
Shares to be issued	30,000	30,000
Share subscription receivable	(100,000)	(100,000)
Reserves (Note 7)	3,517,317	3,014,106
Deficit	(35,339,908)	(34,567,641)
Total equity	10,098,951	6,849,492
Total liabilities and equity	$ 10,828,930	$ 8,352,545

Nature, continuance of operations, and going concern (Note 1)

Approved and authorized on July 29, 2022 on behalf of the Board:

"Johnathan More", Director
Johnathan More

"Brent Butler", Director
Brent Butler

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

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	For the three months ended 2022	May 31, 2021	For the six months ended 2022	May 31, 2021
EXPENSES				
Depreciation	$ -	$ 369	$ 5,902	$ 738
Consulting	31,179	-	49,843	-
Filing fees	26,966	7,816	50,095	21,114
Investor relations (recovery)	(5,158)	-	-	(754)
Management fees (Note 9)	69,620	70,468	135,545	142,903
Marketing, promotion and communication	102,215	-	106,595	-
Office and miscellaneous recovery	(16,270)	(6,762)	(18,789)	(5,694)
Professional fees (Note 9)	4,637	31,400	27,595	72,718
Share-based compensation (Note 9)	503,211	-	503,211	-
Travel	15,082	333	19,210	333
	(731,482)	(103,624)	(879,207)	(231,358)
OTHER ITEMS				
Loss on settlement of debt (Note 9)	-	-	(153,804)	-
Recovery of flow-through premium liability	-	1,333	-	1,333
Write-off of accounts payable and accrued liabilities	-	90,404	260,744	90,404
Loss and comprehensive loss for the period	$ (731,482)	$ (11,887)	$ (772,267)	$ (139,621)
Basic and diluted loss per common share	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	131,866,343	114,738,233	125,760,405	110,255,675

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

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED MAY 31,

	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period	$ (772,267)	$ (139,621)
Items not affecting cash:		
Depreciation	5,902	738
Loss on settlement of debt	153,804	-
Flow-through premium recovery	-	(1,333)
Share-based compensation	503,211	-
Write-off of accounts payable and accrued liabilities	(260,744)	(90,404)
Changes in non-cash working capital items:		
Receivables	5,953	4,822
Prepaid	(33,943)	(1,038)
Accounts payable and accrued liabilities	(128,136)	121,157
Net cash used in operating activities	(526,220)	(105,679)
CASH FLOW FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(36,931)	(31,855)
Net cash used in investing activities	(36,931)	(31,855)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issuance	3,000,000	-
Share issuance costs	(19,800)	-
Proceeds from option exercise	-	149,317
Net cash provided by financing activities	2,980,200	149,317
Change in cash for the period	2,417,049	11,783
Cash, beginning of period	13,216	9,480
Cash, end of period	$ 2,430,265	$ 21,263

Supplementary cash flow information (Note 13)

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

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Share Capital						
	Common Shares	Amount	Shares to be issued	Share subscription receivable	Reserves	Deficit	Total Equity
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	149,317	-	-	-	-	149,317
Fair value of shares issued on options exercised	-	73,791	-	-	(73,791)	-	-
Loss and comprehensive loss for the period	-	-	-	-	-	(139,621)	(139,621)
Balance, May 31, 2021	116,110,455	38,473,028	30,000	(100,000)	2,664,668	(33,554,003)	7,513,693
Balance, November 30, 2021	116,110,455	$ 38,473,027	$ 30,000	$ (100,000)	$ 3,014,106	$ (34,567,641)	$ 6,849,492
Shares issued for private placement	15,000,000	3,000,000	-	-	-	-	3,000,000
Shares issuance cost	-	(19,800)	-	-	-	-	(19,800)
Shares for debt	1,922,555	538,315	-	-	-	-	538,315
Share-based compensation	-	-	-	-	503,211	-	503,211
Loss and comprehensive loss for the period	-	-	-	-	-	(772,267)	(772,267)
Balance, May 31, 2022	133,033,010	$ 41,991,542	$ 30,000	$ (100,000)	$ 3,517,317	$ (35,339,908)	$ 10,098,951

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

On July 6, 2022, the Company began trading on the OTCQB Venture Market in the United States under the symbol PWRMF.

The Company's registered office is PO Box 10026 Pacific Centre 25th 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 25th 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 condensed interim 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 May 31, 2022, the Company had an accumulated deficit of $35,339,908 (November 30, 2021 - $34,567,641) 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 unaudited condensed interim 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 condensed interim 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 condensed interim financial statements have been prepared on historical cost basis. In addition, 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 condensed interim financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these condensed interim financial statements.

2. BASIS OF PRESENTATION (cont'd…)

Significant accounting judgments and critical accounting estimates (cont'd…)

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.

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:

Income taxes

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements.

Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax assets and liabilities, and tax planning initiatives.

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%

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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

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.

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 May 31, 2022 and November 30, 2021, 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 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 and comprehensive 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, 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:

Financial Asset or liability	Classification and measurement
Cash	Amortized cost
Trade 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 (Warrants). Depending on the terms and conditions of each equity financing agreement (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 as set. 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 the in the period in which they are incurred.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

During the period ended May 31, 2022, the following exploration expenses were incurred on the exploration and evaluation assets:

	Case Lake Property	Paterson Lake and Gullwing Tot	Gullwing Extension Property	Total
Acquisition costs				
Balance, November 30, 2021	$ 3,871,161	$ 645,465	$ 2,802,500	$ 7,319,126
Shares issued	-	-	-	-
Balance, May 31, 2022	3,871,161	645,465	2,802,500	7,319,126
Exploration costs				
Balance, November 30, 2021	679,639	255,511	-	935,150
Field work	8,730	5,290	-	14,020
Geological consulting	15,651	1,634	4,826	22,111
Travel	1,117	-	-	1,117
Balance, May 31, 2022	705,137	262,435	4,826	972,398
Total balance, May 31, 2022	$ 4,576,298	$ 907,900	$ 2,807,326	$ 8,291,524

(Expressed in Canadian Dollars)

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

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
Acquisition costs				
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
Exploration costs				
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

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 (the "Sinomine Agreement") with Sinomine (Hong Kong) Rare Metals Resources Co Limited ("Sinomine") on December 15, 2021 which provides for an equity financing and an agreement to negotiate an offtake agreement with Sinomine. 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.

The Company 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.

<u>Case Lake Property</u>

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) incurred an aggregate of $200,000 of property expenditures over 36 months;

iv) issued 11,000,000 common shares of the Company (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).

<u>Paterson Lake and Gullwing-Tot</u>

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 made the following payments:

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

(Expressed in Canadian Dollars)

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

The community of Grassy Narrows in North Western Ontario has 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:

		May 31, 2022		November 30, 2021
Trade payables	$	64,779	$	64,589
Accrued liabilities		572,508		598,508
Due to related parties (Note 9)		92,692		774,956
Total	$	729,979	$	1,438,053

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 a non-interest bearing loan of $65,000 with no-specific term of repayment from a director of the Company which was settled by share issuance during the period ended May 31, 2022.

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 May 31, 2022:

Unlimited number of voting common shares without par value.
Unlimited number of preferred shares with no par value.

b) Issued share capital

During the period ended May 31, 2022, the Company

- 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.

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

b) Issued share capital (cont'd…)

- 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 $0.28 per common shares to two non-arm's length creditors and 177,975 units of the Company at a price of $0.28 per unit to one arm's length creditor resulting in a loss of $153,804 on the settlement of debt. 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.

- issued 7,500,000 units at $0.20 per unit to Sinomine 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.

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).

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 period ended May 31, 2022, the Company

i) granted stock options of 2,000,000 to officers, directors, employees and consultants of the Company. The options are valued at $405,394 exercisable at a price of $0.29 per share, expiring on March 23, 2027. The options were fully vested on the grant date.

ii) granted stock options of 600,000 to consultants of the Company. The options are valued at $97,817 exercisable at a price of $0.20 per share, expiring on May 30, 2027. The options were fully vested on the grant date.

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.

(Expressed in Canadian Dollars)

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

c) Stock options (cont'd…)

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, 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
Granted	2,600,000		0.27
Expired/Cancelled	(800,000)		0.31
Balance, May 31, 2022	13,226,045	$	0.31
Number of options currently exercisable	13,226,045	$	0.31

As at May 31, 2022, the following stock options were outstanding:

Number of options	Exercise Price	Expiry Date
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
2,000,000	0.29	March 23, 2027
600,000	0.20	May 30, 2027
13,226,045		

* Expired subsequently

d) Warrants

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

	Number of Warrants		Weighted Average Exercise Price
Balance, November 30, 2020 and 2021	-	$	-
Granted	15,177,975		0.40
Balance, May 31, 2022	15,177,975	$	0.40

(Expressed in Canadian Dollars)

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

d) Warrants (cont'd…)

As at May 31, 2022, the following warrants outstanding.

Number of options	Exercise Price	Expiry Date
7,500,000	0.40	January 20, 2025
7,500,000	0.40	January 20, 2025
177,975	0.40	February 14, 2025
15,177,975		

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 May 31, 2022.

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 May 31, 2022, the Company had $8,260 (November 30, 2021 – $14,213) 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 May 31, 2022, the Company had a cash balance of $2,430,265 (November 30, 2021 – $13,216) to settle accounts payable and accrued liabilities and loans payable of $729,979 (November 30, 2021 – $1,503,053). 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.

8. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

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 and loans payable 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 May 31, 2022, the Company did not hold any investments. The Company believes it has no significant interest rate risk.

b) Foreign currency risk

As at May 31, 2022, 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	May 31, 2022	May 31, 2021
Key management personnel:			
Chairman and Director	Management	$ 98,545	$ 112,903
Chairman and Director	Share-based compensation	101,349	-
A company controlled by CFO and Director	Management	37,000	30,000
A company controlled by CFO and Director	Professional	17,650	46,400
A company controlled by CFO and Director	Share-based compensation	50,674	-
VP Exploration and a company controlled by VP Exploration	Geological and consulting (i)	28,200	8,125
Directors	Share-based compensation	50,674	-
Total		$ 384,092	$ 197,428

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 repaid by issuance of shares in period ended May 31, 2022.

(Expressed in Canadian Dollars)

9. RELATED PARTY BALANCES AND TRANSACTIONS (cont'd…)

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

		May 31, 2022		November 30, 2021
Due to the Chairman and Director	$	-	$	343,736
Due to a company controlled by the CFO and Director		61,285		391,618
Due to a Director		6,025		8,110
Due to VP Exploration and a company controlled by VP Exploration		7,232		31,492
	$	74,542	$	774,956

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

The amounts due from related parties and key management personnel included in prepaids are as follows:

		May 31, 2022		November 30, 2021
Due to the Chairman and Director	$	17,821	$	-
	$	17,821	$	-

During the period ended May 31, 2022, the Company issued 1,744,580 common shares of the Company at a price of $0.28 per common shares to two non-arm's length creditors and 177,975 units of the Company at a price of $0.28 per unit to one arm's length creditor to settle an aggregate total of $384,511 in debt resulting in a loss of $153,804 on the settlement of debt. The Company wrote off accounts payable and accrued liabilities of $260,744.

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 May 31, 2022, 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, 2020	$	75,797
Expiry of flow-through expenditures period*		(75,797)
Balance at November 30, 2021 and May 31, 2022	$	-

*Refer to note 5 for additional estimated liabilities resulting from the expiry of the flow-through expenditure period

(Expressed in Canadian Dollars)

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 period ended May 31, 2022.

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

	May 31, 2022	May 31, 2021
Non-cash investing and financing activities		
Fair value reclassified from reserves to share capital for exercise of options	$ -	$ 73,791
Accounts payable and accrued liabilities for exploration and evaluation assets	7,232	129,307
Shares issued for exploration and evaluation assets	-	3,156,700
Shares for debt	538,315	-