



# Transition Metals

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**TRANSITION METALS CORP.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**THREE AND NINE MONTHS ENDED MAY 31, 2022 AND 2021**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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**NOTICE OF NO AUDITOR REVIEW OF CONDENSED 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 interim 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 management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

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

**Transition Metals Corp.**  
**Condensed Interim Statements of Financial Position**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

As at	May 31, 2022	August 31, 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 2,100,512	\$ 2,807,171
Restricted cash equivalents (note 3)	49,865	49,817
Accounts receivable (note 9 and 10)	150,665	320,188
Prepaid expenses	125,992	80,458
Marketable securities (note 4)	1,734,856	3,889,800
<b>Total current assets</b>	<b>4,161,890</b>	<b>7,147,434</b>
<b>Non-Current</b>		
Equity investment in associates (note 5 and 6)	1,720,045	2,043,965
Mineral exploration property acquisition costs (note 10)	57,000	57,000
Equipment (note 7)	50,324	61,119
<b>Total assets</b>	<b>\$ 5,989,259</b>	<b>\$ 9,309,518</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 9)	\$ 258,061	\$ 381,092
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 8)	11,284,034	11,271,034
Warrant reserve (note 8)	377,018	473,651
Contributed surplus (note 8)	365,000	441,800
Deficit	(6,294,854)	(3,258,059)
<b>Total shareholders' equity</b>	<b>5,731,198</b>	<b>8,928,426</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 5,989,259</b>	<b>\$ 9,309,518</b>

*See accompanying notes to these unaudited condensed interim financial statements.*

**Nature of operations and going concern** (note 1)  
**Contingencies and commitments** (note 10 and 13)

**Approved on Behalf of the Board:**

"Scott McLean"

Director

"Jason Marks"

Director

# Transition Metals Corp.

## Condensed Interim Statements of (Loss) Income and Comprehensive (Loss) Income

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended May 31, 2022	Three Months Ended May 31, 2021	Nine Months Ended May 31, 2022	Nine Months Ended May 31, 2021
<b>Expenses</b>				
Exploration and evaluation expenditures (recoveries) (note 9 and 10)	\$ 116,853	\$ 104,820	\$ 103,703	\$ (1,297,165)
Consultant fees (note 9)	73,944	80,750	207,959	219,680
Depreciation (note 7)	4,633	4,683	13,609	7,553
Investor relations	36,704	21,495	77,403	47,475
Professional fees	39,737	41,391	138,482	130,172
Office and general	65,940	56,821	273,212	151,475
Share based compensation (note 8(d) and 9)	-	-	-	279,000
Rent	11,250	10,339	33,750	45,927
<b>Total</b>	<b>349,061</b>	<b>320,299</b>	<b>848,118</b>	<b>(415,883)</b>
<b>Other Items</b>				
Share of loss of equity investment (note 5 and 6)	(132,355)	(354,504)	(370,411)	(805,621)
Gain on dilution (note 5 and 6)	40,977	277,745	46,492	277,745
Management fee income (note 5 and 6)	317	184	5,486	15,829
Interest income	1	145	610	622
Other income	63,947	-	92,212	58,055
Gain on sale of marketable securities (note 4)	(8,565)	1,747,957	102,940	1,967,474
Gain on dividend-in-kind (note 5)	-	1,303,819	-	1,303,819
Loss on dividend payment (note 5)	-	(1,303,819)	-	(1,303,819)
Unrealized gain (loss) on marketable securities (note 4)	(1,146,017)	(859,609)	(2,239,439)	2,431,509
<b>Total other items</b>	<b>(1,181,695)</b>	<b>811,918</b>	<b>(2,362,110)</b>	<b>3,945,613</b>
<b>Net (loss) income and comprehensive (loss) income for the period</b>	<b>\$ (1,530,756)</b>	<b>\$ 491,619</b>	<b>\$ (3,210,228)</b>	<b>\$ 4,361,496</b>
<b>Net (loss) income and comprehensive (loss) income per share</b>				
Basic (note 8(f))	\$ (0.03)	\$ 0.01	\$ (0.06)	\$ 0.08
Diluted (note 8(f))	\$ (0.03)	\$ 0.01	\$ (0.06)	\$ 0.08
<b>Weighted average number of common shares outstanding</b>				
Basic (note 8(f))	57,145,841	55,981,389	57,119,540	55,922,415
Diluted (note 8(f))	57,145,841	55,981,389	57,119,540	55,922,415

See accompanying notes to these unaudited condensed interim financial statements.

# Transition Metals Corp.

## Statement of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

For the nine months ended May 31,	2022	2021
<b>Operating Activities</b>		
Net (loss) income for the period	\$ (3,210,228)	\$ 4,361,496
<i>Non-cash adjustment:</i>		
Shares issued for property acquisitions (note 8 and 10)	13,000	44,450
Depreciation (note 7)	13,609	7,553
Property option payments received in shares (note 10)	(644,264)	(300,000)
Gain on sale of marketable securities and investment in SPC (note 5 and 4)	(102,940)	(3,271,293)
Unrealized loss (gain) on investments (note 4)	2,239,439	(2,431,509)
Loss on dividend payment (note 5)	-	1,303,819
Share based compensation (note 8)	-	279,000
Shares received on sale of royalties	-	(525,000)
Gain on sale of equipment	-	(7,500)
Gain on dilution (note 6)	(46,492)	(277,745)
Share of loss of equity investment (note 5 and 6)	370,411	805,621
<i>Net changes in non-cash working capital</i>		
Net changes in restricted cash	(48)	(26)
Net changes in accounts payable and accrued liabilities	(123,031)	(20,658)
Net changes in accounts receivable	169,523	(67,857)
Net changes in prepaid expenses	(45,534)	(33,326)
<b>Cash flows used in operating activities</b>	<b>(1,366,555)</b>	<b>(132,975)</b>
<b>Investing Activities</b>		
Proceeds on sale of marketable securities	662,710	1,401,382
Purchase of marketable securities	-	(20,000)
Purchase of equipment (note 7)	(2,814)	(34,107)
Proceeds on sale of equipment	-	7,500
<b>Cash flows from investing activities</b>	<b>659,896</b>	<b>1,354,775</b>
<b>Financing Activities</b>		
Issuance of shares	-	93,000
<b>Cash flows from financing activities</b>	<b>-</b>	<b>93,000</b>
<b>Net change in cash</b>	<b>(706,659)</b>	<b>1,314,800</b>
<b>Cash, beginning of period</b>	<b>2,807,171</b>	<b>1,544,170</b>
<b>Cash, end of period</b>	<b>\$ 2,100,512</b>	<b>\$ 2,858,970</b>
<b>Supplemental information</b>		
Marketable securities received from option payments (note 10)	\$ 644,265	\$ 300,000

See accompanying notes to these unaudited condensed interim financial statements.

## Transition Metals Corp.

### Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	# of Common shares	Share capital	Options reserve	Warrants reserve	Deficit	Total
<b>Balance, August 31, 2020</b>	<b>55,681,389</b>	<b>\$ 11,009,709</b>	<b>\$ 277,050</b>	<b>\$ 473,651</b>	<b>\$ (4,450,042)</b>	<b>\$ 7,310,368</b>
Exercise of stock options	800,000	152,750	(59,750)	-	-	93,000
Share-based compensation (note 8(c))			279,000	-	-	279,000
Shares issued for property acquisitions (note 8(c))	625,000	44,450	-	-	-	44,450
Dividend in kind	-	-	-	-	(2,214,471)	(2,214,471)
Expiry of stock options	-	-	(47,500)	-	47,500	-
Net income and comprehensive income for the period	-	-	-	-	4,361,496	4,361,496
<b>Balance, May 31, 2021</b>	<b>57,106,389</b>	<b>\$ 11,206,909</b>	<b>\$ 448,800</b>	<b>\$ 473,651</b>	<b>\$ (2,255,517)</b>	<b>\$ 9,873,843</b>
<b>Balance, August 31, 2021</b>	<b>57,106,389</b>	<b>\$ 11,271,034</b>	<b>\$ 441,800</b>	<b>\$ 473,651</b>	<b>\$ (3,258,059)</b>	<b>\$ 8,928,426</b>
Shares issued for property acquisitions (note 8(c))	100,000	13,000	-	-	-	13,000
Expiry of options (note 8(d))	-	-	(76,800)	-	76,800	-
Expiry of warrants (note 8(e))	-	-	-	(96,633)	96,633	-
Net loss and comprehensive loss for the period	-	-	-	-	(3,210,228)	(3,210,228)
<b>Balance, May 31, 2022</b>	<b>57,206,389</b>	<b>\$ 11,284,034</b>	<b>\$ 365,000</b>	<b>\$ 377,018</b>	<b>\$ (6,294,854)</b>	<b>\$ 5,731,198</b>

See accompanying notes to these unaudited condensed interim financial statements.

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# Transition Metals Corp.

## Notes to Financial Statements

May 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. Nature of Operations and Going Concern

#### Nature of Operations

Transition Metals Corp. ("TMC" or the "Company") was incorporated federally on June 30, 1999. The Company is engaged in the acquisition and exploration of mineral exploration properties in Canada and the United States. The Company's registered office is 100 King Street West, 1 First Canadian Place, Suite 6200, Toronto, Ontario, M5X 1B8.

#### Going concern

These financial statements have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they become due. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programmes will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves and the achievement of the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest in accordance with industry standards to the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

The Company raises capital and equity for working capital and exploration and development of its properties. The Company's continuance as a going concern is dependent on its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. Management believes that it has sufficient working capital to support operations for the next 12 months. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those presented in these financial statements.

#### COVID-19

The global outbreak of COVID-19 (coronavirus), has had a significant impact on businesses through restrictions put in place by the Canadian government regarding travel, business operations and isolations/quarantine orders. At this time it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate that this outbreak may cause supply chain disruptions, staff shortages and increased government regulations, all of which may negatively impact the Company's business and financial condition.

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# Transition Metals Corp.

## Notes to Financial Statements

May 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

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## 2. Summary of Significant Accounting Policies

### *Statement of Compliance*

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards 34, Financial Reporting. Accordingly, they do not include all the information required for full annual financial statements.

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of July 25, 2022, the date the Board of Directors approved these unaudited condensed interim financial statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended August 31, 2021, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending August 31, 2022 could result in restatement of these unaudited condensed interim statements.

### *Standards to be adopted*

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16 – Property, Plant and Equipment ("IAS 16") was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

## 3. Restricted Cash Equivalents

As at May 31, 2022, the Company held GICs in the aggregate amount of \$49,865 (August 31, 2021 - \$49,817) as security for its corporate credit cards.

# Transition Metals Corp.

## Notes to Financial Statements

May 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

### 4. Investment in Marketable Securities

Entity	May 31, 2022		August 31, 2021	
	Number of Shares	Fair Value	Number of Shares	Fair Value
Class 1 Nickel and Technologies Limited	1,000,600	\$ 250,150	1,179,600	\$ 589,800
Forum Energy Metals Corp.	5,250,000	735,000	6,000,000	2,310,000
Nova Royalty Corp.	200,000	414,000	300,000	990,000
Homerun Resources Inc. (note 10)	1,170,588	210,706	-	-
McFarlane Lake Mining Inc. (note 10)	1,250,000	125,000	-	-
<b>Total</b>		<b>\$ 1,734,856</b>		<b>\$ 3,889,800</b>

During the nine months ended May 31, 2022, the Company realized a gain on sale of marketable securities of \$102,940 (May 31, 2021 - \$1,967,474).

During the nine months ended May 31, 2022, the Company had an unrealized loss on marketable securities of \$2,239,439 (May 31, 2021 - unrealized gain of \$2,431,509).

### 5. Investment in SPC Nickel Corp. (formerly Sudbury Platinum Corp.) ("SPC")

TMC entered into a multi-year operating agreement with SPC to provide exploration services related to the Aer Kidd property, the terms of the agreement allow for the Company to earn a 10% management fee on all exploration costs incurred by SPC other than drilling to which a 3% fee was charged. Included in management fees is \$nil (May 31, 2021 - \$nil and \$13,370) charged to SPC during the three and nine months ended May 31, 2022. Included in amounts receivable as at May 31, 2022, is \$2,913 (August 31, 2021 - \$3,888) due from SPC. Included in amounts payable as at May 31, 2022, is \$6,873 (August 31, 2021 - \$nil) due to SPC.

As at May 31, 2022, the Company's ownership is 9% (May 31, 2021 - 23%). The Company has assessed that it still holds significant influence over SPC as a result of maintaining greater than 20% of the voting rights on the Board.

A continuity of the investment in SPC as an associate is as follows:

<b>Balance, August 31, 2020</b>	\$ 2,388,889
Carrying value of shares distributed for dividend-in-kind	(910,651)
Gain on dilution	277,964
Share of the loss for the year	(520,140)
<b>Balance, August 31, 2021</b>	1,236,062
Gain on dilution	40,978
Share of the loss for the period	(296,226)
<b>Balance, May 31, 2022</b>	<b>\$ 980,814</b>

Summarized financial information for SPC as at May 31, 2022 and 2021 and for the periods then ended is as follows:

	2022	2021
Total assets	\$ 5,434,346	\$ 7,752,068
Total liabilities	\$ 650,397	\$ 1,364,191
Total equity	\$ 4,783,949	\$ 6,387,877
Net loss and comprehensive loss	\$ 3,501,089	\$ 2,595,242
Cash flows used in operating activities	\$ 3,396,394	\$ 1,682,347
Cash flows used in investing activities	\$ 20,764	\$ 190,545
Cash flows from financing activities	\$ 2,947,465	\$ 7,171,926



# Transition Metals Corp.

## Notes to Financial Statements

May 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

### 6. Investment in Canadian Gold Miner Corp. ("CGM")

TMC has entered into a multi-year operating agreement with CGM to provide exploration services, the terms of which allow for the Company to earn a 10% management fee on all exploration costs incurred by CGM and administered through the operating agreement with the Company.

Included in management fees is \$nil (May 31, 2021 – \$nil and \$1,468, respectively) charged to CGM during the three and nine months ended. Included in amounts receivable as at May 31, 2022 is \$355 (August 31, 2021 - \$4,879) due from CGM.

As at May 31, 2022, the Company's ownership is 20.3% (August 31, 2021 – 20.5%).

A continuity of the investment in CGM as an associate is as follows:

<b>Balance, August 31, 2020</b>	\$ 1,200,000
Gain on dilution	6,650
Share of the loss for the year	(398,747)
<b>Balance, August 31, 2021</b>	\$ 807,903
Gain on dilution	5,515
Share of the loss for the period	(74,185)
<b>Balance, May 31, 2022</b>	<b>\$ 739,233</b>

Summarized financial information for CGM as at May 31, 2022 and 2021 and for the periods then ended is as follows:

	2022	2021
Total assets	\$ 829,265	\$ 1,457,003
Total liabilities	\$ 584,412	\$ 630,491
Total equity	\$ 244,853	\$ 826,512
Net loss and comprehensive loss	\$ 363,288	\$ 1,765,028
Cash flows used in operating activities	\$ 379,814	\$ 1,420,462
Cash flows (used in) from investing activities	\$ (29,926)	\$ (56,537)
Cash flows from financing activities	\$ 56,158	\$ 2,589,996

### 7. Equipment

	Furniture	Vehicles	Computer Equipment and Software	Exploration Equipment	Total
<b>Cost</b>					
Balance, August 31, 2020	\$ 32,906	\$ 107,514	\$ 269,453	\$ 53,270	\$ 463,143
Additions	-	70,191	-	3,034	73,225
Balance, August 31, 2021	32,906	177,705	269,453	56,304	536,368
Additions	-	-	-	2,814	2,814
Balance, May 31, 2022	<b>\$ 32,906</b>	<b>\$ 177,705</b>	<b>\$ 269,453</b>	<b>\$ 59,118</b>	<b>\$ 539,182</b>
<b>Accumulated depreciation and impairment</b>					
Balance at August 31, 2020	\$ 29,028	\$ 103,348	\$ 269,453	\$ 50,734	\$ 452,563
Additions	699	20,807	-	1,180	22,686
Balance at August 31, 2021	29,727	124,155	269,453	51,914	475,249
Additions	420	12,380	-	809	13,609
Balance at May 31, 2022	<b>\$ 30,147</b>	<b>\$ 136,535</b>	<b>\$ 269,453</b>	<b>\$ 52,723</b>	<b>\$ 488,858</b>
Net book value August 31, 2021	<b>\$ 3,179</b>	<b>\$ 53,550</b>	<b>\$ -</b>	<b>\$ 4,390</b>	<b>\$ 61,119</b>
Net book value May 31, 2022	<b>\$ 2,759</b>	<b>\$ 41,170</b>	<b>\$ -</b>	<b>\$ 6,395</b>	<b>\$ 50,324</b>

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# Transition Metals Corp.

## Notes to Financial Statements

May 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 8. Share Capital

#### a) Authorized

An unlimited number of common shares with no par value

An unlimited number of preferred shares, non-voting, non-participating, retractable, redeemable

#### b) Common shares issued

At May 31, 2022, the issued share capital amounted to \$11,284,034 (August 31, 2021 - \$11,271,034).

#### c) Transactions

##### Period ended May 31, 2022

The Company issued 100,000 shares based on the quoted market price for a total value of \$13,000 in satisfaction of an exploration property option payment (see note 10).

##### Year ended August 31, 2021

The Company issued 625,000 shares based on the quoted market price for a total value of \$98,325 in satisfaction of exploration property option payments (see note 10).

The Company further issued 800,000 shares pursuant to the exercise of stock options at an average exercise price of \$0.12.

#### d) Stock Options

The Company has a stock option plan (the "Plan") for its directors, officers, consultants and key employees under which the Company may grant options to acquire a maximum number of 10% of the total issued and outstanding common shares of the Company. These options are non-transferable and are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The exercise price of the options is fixed by the Board of Directors of the Company at the time of the grant at a minimum of the market price of the common shares, subject to all regulatory requirements. Expected volatility has been determined using the share price of the Company for the period equivalent to the life of the options prior to grant date.

At May 31, 2022, the following options were outstanding and available to be exercised:

<u>Grant Date</u>	<u>Number</u>	<u>Exercise Price</u>	<u>Expiration</u>	<u>Remaining Years</u>	<u>Grant Date Fair Value</u>
January 9, 2019	1,400,000	\$0.10	January 9, 2024	1.61	\$0.07
December 18, 2020	2,225,000	\$0.155	December 18, 2025	3.55	\$0.12
	3,625,000			2.80	

On December 18, 2020, the Company granted 2,325,000 incentive stock options to directors, management and employees of the Company, exercisable at \$0.155 per share for a period of 5 years. The grant date fair value of \$0.12 per option was estimated using the Black-Scholes option pricing model based on the following assumptions: expected life of 5 years, expected volatility of 160%, expected dividend yield of 0%, and a risk free interest rate of 0.05%. The options vested immediately. Management and directors were granted 1,900,000 incentive stock options.

# Transition Metals Corp.

## Notes to Financial Statements

May 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

### 8. Share Capital (continued)

#### d) Stock Options (continued)

A summary of stock option activity during the periods ended May 31, 2022 and 2021 is as follows:

	Number of Outstanding Options	Weighted Average Exercise Price (\$)
Outstanding - August 31, 2020	2,880,000	0.13
Issued	2,325,000	0.16
Cancelled	(300,000)	0.18
Exercised	(800,000)	0.12
Outstanding - May 31, 2021 and August 31, 2021	4,105,000	0.14
Expired	(480,000)	0.20
Outstanding - May 31, 2022	3,625,000	0.13

#### e) Warrants

At May 31, 2022, the following warrants to purchase common shares were outstanding and available to be exercised:

Issue Date	Number of Warrants	Adjusted Exercise Price (*)	Expiration	Remaining Years
June 3, 2020	8,418,357	\$ 0.20	June 3, 2022	0.01
	8,418,357			

(\*) The exercise prices of all of the warrants that were outstanding on March 17, 2021 were adjusted in accordance with the terms of such warrants as a result of the special distribution of the shares of SPC. The adjusted exercise price for the warrants, is set out above (in the column "Adjusted Exercise Price").

A summary of warrant activity during the periods ended May 31, 2022 and 2021 is as follows:

	Number of Outstanding Warrants	Weighted Average Exercise Price (\$)
Outstanding - August 31, 2020 and May 31, 2021	10,351,024	0.20
Outstanding - August 31, 2021	10,351,024	0.20
Expired	(1,932,667)	0.23
Outstanding - May 31, 2022	8,418,357	0.20

#### f) Basic and Diluted Income (Loss) per Share

Basic income (loss) per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted income per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same, as the inclusion of stock options and share purchase warrants is anti-dilutive.

# Transition Metals Corp.

## Notes to Financial Statements

May 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

### 8. Share Capital (continued)

#### f) Basic and Diluted Income (loss) per Share (continued)

	Three Months Ended May 31, 2022	Three Months Ended May 31, 2021	Nine Months Ended May 31, 2022	Nine Months Ended May 31, 2021
Weighted average shares outstanding - basic	57,145,841	55,981,389	57,119,540	55,922,415
Dilutive effect of stock options	-	-	-	-
Dilutive effect of warrants	-	-	-	-
Weighted average shares outstanding - diluted	57,145,841	55,981,389	57,119,540	55,922,415
Income and comprehensive income per share				
- basic	\$ (0.03)	\$ 0.01	\$ (0.06)	\$ 0.08
- diluted	\$ (0.03)	\$ 0.01	\$ (0.06)	\$ 0.08

### 9. Related Party Balances and Transactions

a) In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key management of the Company for the three and nine months ended May 31, 2022 and 2021 was as follows:

	Three Months Ended May 31, 2022	Three Months Ended May 31, 2021	Nine Months Ended May 31, 2022	Nine Months Ended May 31, 2021
Short term benefits (i)	\$ 104,481	\$ (35,414)	\$ 333,659	\$ 161,566
Share based payments	-	94,500	-	322,500
Accounting fees	18,180	-	40,360	-
	\$ 122,661	\$ 59,086	\$ 374,019	\$ 484,066

(i) Short term benefits are included in consultant fees and exploration and evaluation expenditures.

Included in accounts payable and accrued liabilities as at May 31, 2022, is \$74,322 (August 31, 2021 \$109,762) owing to officers and management of TMC. The amounts are unsecured, non-interest bearing, and are due on demand.

During the year ended August 31, 2021, the Company entered into an accounting support services agreement with Marrelli Support Services Inc. ("Marrelli Support") wherein Marrelli Support provided certain accounting support services to the Company. On September 21, 2021, in connection with such agreement with Marrelli Support, the Company retained Mr. Carmelo Marrelli, Principal of Marrelli Support, as its Chief Financial Officer. During the three and nine months ended May 31, 2022, the Company paid professional fees of \$18,180 and \$40,360 (May 31, 2021 - \$nil), respectively, to Marrelli Support. These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at May 31, 2022, Marrelli Support was owed \$3,440 (August 31, 2021 - \$5,000) with respect to services provided. The amounts are unsecured, non-interest bearing, and are due on demand.

b) See also Notes 5, 6 and 8.

# Transition Metals Corp.

## Notes to Financial Statements

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(Unaudited)

### 10. Exploration Properties

As at May 31, 2022, the capitalized balance of mineral exploration property acquisition costs totaling \$57,000 (August 31, 2021 – \$57,000) are as follows: Homathko - \$52,000 (August 31, 2021 – \$52,000), Doherty Lake - \$5,000 (August 31, 2021 – \$5,000).

Summary of exploration and evaluation expenditures (recoveries) for the periods ended May 31, 2022 and 2021:

Property	2022	2021
New project generation expenditures	\$ 58,999	\$ 109,785
Gowganda Gold (a-b)	-	(298,260)
Janice Lake (d)	-	(1,201,964)
Wollaston (e)	217,694	(68,454)
Sunday Lake (f)	1,089	1,992
Saturday Night (g)	538	(64,713)
Eva Kitto (g)	538	1,677
Highland Gold (h)	9,245	(3,000)
Maude Lake (i)	182,787	(63,375)
Cryderman (j)	20,298	73,631
Duntara (k)	25,337	9,521
Foster (l)	49,261	941
Aylmer (m)	77,307	93,009
Dundonald (n)	1,118	(111,017)
Other (o)	(540,508)	223,062
Totals	\$ 103,703	\$ (1,297,165)

During the period ended May 31, 2022, gross proceeds of \$891,460 (2021 - \$2,188,625) and share payments of \$644,265 (2021 - \$nil) from the sale of royalties, option payments and government grants.

#### Abitibi Gold – Ontario (a-b)

##### a) Gowganda Gold

The Company holds an interest in certain mining claims in Nicol, Haultain, and Van Hise townships in the Larder Lake Mining District near the town of Gowganda, Ontario.

Pursuant to a First Nations Memorandum of Understanding ("MOU") there is a 2% commitment to the First Nations on all exploration and evaluation expenditures and up to a \$15,000 commitment per year to fund an Environmental/Elders Committee.

On March 12, 2019, the Company executed an option and joint venture agreement with Battery Minerals Resources Limited ("Battery") whereby Battery can earn up to an 80% interest in the Gowganda Gold project. To earn a 60% interest, Battery must provide option payments totaling \$600,000 over 3 years (\$200,000 received) Battery must complete \$3,400,000 of exploration expenditures over 3 years including a commitment of \$400,000 during the first year. Upon vesting a 60% interest, Battery may increase its interest to 80% by delivering a feasibility study within three years subject to certain time extension provisions. After earning its 60% or 80% interest in the property, a joint venture would be formed, with each party funding its proportionate share of future work programs or suffering dilution of interest.

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# Transition Metals Corp.

## Notes to Financial Statements

May 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Exploration Properties (continued)

#### a) Gowganda Gold (continued)

On March 1, 2021 the agreement was amended whereby the 2nd years expenditure requirement was waived and total expenditures to earn 60% were reduced to \$2,400,000 in exchange for a cash payment of \$150,000 (received) and the transfer of all gold claims owned by Transition under the Option agreement and those held solely by Battery to the Company. In addition the requirement for Battery to expend 25% of Exploration expenditures under the option was removed.

On March 3, 2022, Battery Minerals notified the Company that it was terminating the Agreement and all property and data controlled by Battery was returned to Transition Metals.

#### b) Pipestone – Optioned to Gowest Gold Ltd.

This group of properties located in the Wark, Prosser, Little and Evelyn townships in Ontario, is wholly owned by the Company. On April 27, 2011 and as amended February 3, 2014, the Company entered into an option and joint venture agreement with Gowest Gold Ltd. (“Gowest”) that provides Gowest with the option to acquire a 60% interest or 75% interest in the Pipestone Property. To earn a 60% in the Pipestone Property, Gowest would be required to make cash payments of \$100,000 (\$100,000 received), issue 500,000 common shares of Gowest to the Company (500,000 issued) and incur exploration expenditures of \$1,000,000 by the fourth-year anniversary of the agreement. Furthermore, Gowest retains the one-time option upon vesting its 60% interest to increase its ownership to 75% by issuing an additional 150,000 Gowest common shares to the Company and incurring an additional \$2,000,000 in exploration expenditures within two years.

On April 25, 2016, Gowest vested its initial 60% interest in the property and notified the Company that it would not be increasing its interest to 75%. In 2017, the Company declined its right to maintain its 40% participating right in the project and may have its interest diluted accordingly.

#### c) Nunavut Resources Corporation Strategic Alliance

On March 5, 2012, the Company and Nunavut Resources Corp (“NRC”) executed a strategic alliance agreement (“Alliance”) to jointly generate and explore mineral properties in the Kitikmeot Region of Nunavut.

On August 12, 2019, the NRC Alliance was terminated and all projects generated under the Alliance were assigned to West Kitikmeot Gold, (“WKG”) a private subsidiary of Nunavut Resources Corporation. The Company converted its interest in the projects for 1,000,000 shares (to be received) of WKG that represents 10% of the seed shares of WKG which have been valued at \$Nil. As the shares of have not yet been received and due to the uncertainty of their receipt, they have been valued at \$Nil.

#### Saskatchewan Copper

#### d) Janice Lake, Saskatchewan

On February 5, 2018, the Company entered into an option agreement with Forum Energy Metals Corp. (“Forum”) that provided Forum with the option to acquire a 100% interest in the Janice Lake Property which at the time was held by the Company. To earn 100%, Forum was required to make cash payments of \$250,000 over four years (\$75,000 received), issue 8,000,000 common shares of Forum to the Company (8,000,000 issued) and incur exploration expenditures of \$250,000 within six months. The agreement also provided for a payment to the Company of \$1,000,000 on completion of a Feasibility Study and a \$5,000,000 payment within twelve months of commercial production. Upon exercise of the option the property is subject to a 2% NSR to the Company of which Forum can purchase 0.75% of the NSR for \$1,500,000.

On October 2, 2020, the Company amended the agreement allowing Forum to vest its 100% interest in the property.

On October 5, 2020, The Company furthermore sold 50% of its royalty (1.0% NSR) to Nova Royalty Corp.

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## Transition Metals Corp.

### Notes to Financial Statements

May 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

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#### 10. Exploration Properties (continued)

##### e) Wollaston, Saskatchewan

In May 2020 the Company staked certain claims in the Wollaston Basin Copper Belt northern Saskatchewan.

In October of 2020, the Company assigned a 1% NSR on the Wollaston Copper project to Nova Royalties Corp.

##### Thunder Bay - Ni-Cu-PGM's

##### f) Sunday Lake

On February 1, 2014, the Company entered into an agreement with Impala Platinum Holdings Inc. ("Implats"), which assigned 100% of rights and interests in properties generated under a strategic alliance to the Company, with the exception of the Sunday Lake Property subject to a 1.0% to 1.5% NSR royalty held by Implats. Currently the Sunday lake property is held 25% (free carried interest to completion of a feasibility study) by the Company, 64.99% by Impala Canada, and 10.01% by Implats.

The property is subject to a number of underlying agreements noted below:

Parcels 19889, 19890 and eight claims are subject to an option agreement between the Company and Rio Tinto Explorations Canada Inc. ("RTEC") dated May 10, 2013. Under the terms of the option agreement, the Company can acquire a 100% interest in the properties by making payments to RTEC totaling \$350,000 (\$225,000 paid) by the third anniversary of the agreement, subject to a payment of \$3,500,000 upon commercial production with an additional payment of \$1,500,000 on or before the first anniversary of commercial production. The Company's interest in the optioned properties is also subject to a 1.5% NSR held by RTEC, of which 0.5% can be purchased for \$1,000,000. On June 14, 2016, the final payment to RTEC was made thus vesting the joint venture's 100% interest in the property grouping subject to the pre-production royalty payments and associated NSR noted above.

Parcel 19889, is subject to an underlying agreement between RTEC and a vendor that allows the Company to conduct mineral exploration on the property by making annual rental payments of \$1,132 with an option to purchase the surface and mineral rights by paying the vendors 1.5 times the fair market value of the premises subject to a 1% NSR, of which the Company can purchase 0.5% for \$250,000. This agreement has been extended to January 1, 2019. Under the terms of extension, the Company made a \$20,000 payment on signing. This agreement was further extended to January 1, 2021. Under the terms of the extension, the Company made a \$50,000 payment on signing. The agreement is all paid in full until January 1, 2021. Effective January 1, 2021 this agreement was further extended until January 1, 2024. Under the terms of the agreement the Company must make annual rent payments of \$25,000.

Parcel 6056 and one claim are subject to an assignment agreement between the Company and RTEC dated March 25, 2013 and underlying agreements between RTEC, Peter DeRozea and the Sunday Lake Syndicate. Under the terms of this agreement, the Company can earn a 100% interest by making cash payments totaling \$250,000 by March 31, 2014, subject to a 3% NSR held by the vendors. Upon vesting, pre-production royalty payments of \$40,000 per year to a total of \$200,000 are due, the total of which will be deducted from future production based NSR payments. The Company maintains the right to purchase 2% of the NSR from DeRozea and the Sunday Lake Syndicate for \$2,000,000. During the year ended August 31, 2016, a \$140,000 payment to the Sunday Lake Syndicate was made thus vesting the Joint Venture's 100% interest in the property grouping subject to the pre-production royalty payments and associated NSR noted above. From April 22, 2017 to April 22, 2021, yearly pre-production royalty payments of \$40,000 were made to the vendors totaling \$200,000. No further payments to the vendors are required.

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# Transition Metals Corp.

## Notes to Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Exploration Properties (continued)

#### Thunder Bay - Ni-Cu-PGM's (continued)

##### f) Sunday Lake (continued)

On January 23, 2014, the Company entered into an option to purchase agreement with a private land owner near Sunday Lake. Under the terms of the agreement, the Company must make bi-annual lease payments of \$3,725 until July 2018. The Company retains the right during the option period to purchase a 100% interest in the surface and mineral rights of the property for 1.5 times the fair market value of the unimproved property, subject to a 1% NSR, of which the Company can purchase back 0.5% for \$500,000. This agreement has been extended for a further three years until January 24, 2022. Under the terms of the agreement, the Company must make bi-annual lease payments of \$3,725 until July 2021.

In June of 2017, the Company entered into an option agreement with joint venture partner Implats and North American Palladium Ltd. ("NAP") whereby NAP had the right to acquire Implats' 75% ownership in the Sunday Lake Project by completing work commitments totaling \$4,500,000 and making cash payments of \$3,500,000 over a five year period according to the following schedule: Stage 1: NAP may acquire a 51% controlling interest in the property by completing \$1,500,000 of exploration expenditures and making cash payments of \$75,000 to TMC and \$675,000 to Implats within a two year period (completed); Stage 2: NAP may increase its interest from 51% to 65% by completing an additional \$2,500,000 of exploration expenditures and making further cash payments of \$125,000 to TMC and \$1,125,000 to Implats within a two year period (completed); and Stage 3: NAP may further increase its interest from 65% to 75% by completing an additional \$500,000 of exploration expenditures and making final cash payments of \$150,000 to TMC and \$1,350,000 to Implats within a one year period. TMC retains a 25% free carried interest until the completion of Feasibility Study.

Subsequent to the NAP option agreement execution and completion of Stage 2, Implats purchased NAP and assigned the NAP interest to a wholly owned subsidiary called Impala Canada. On October 15, 2021, Impala Canada has notified the Company that it does not intend to complete Stage 3.

##### g) Thunder Bay – Saturday Night, Eva Kitto, Owl Lake, Fraser Lake, Revell, Nabish Lake, Wagner

At May 31, 2022 and 2021, the Company maintained a 100% interest in property groupings in the Thunder Bay Mining District for which it is seeking partners. These properties include Saturday Night, Eva Kitto, Hele, Owl Lake, Fraser Lake, Revell, Nabish Lake, and Wagner.

In October of 2020, the Company assigned a 1% NSR on the Saturday Night project to Nova Royalties Corp.

In December of 2021, the Company entered into an Option Agreement to vend a 100% interest in the Nabish Lake project to Heritage Mining.Ltd. (Heritage) in consideration of \$10,000 cash on signing, and \$10,000 cash and \$25,000 worth of Heritage shares within 1 year based on pricing and timing tied to a planned go public listing event for Heritage.

During the reporting period the Eva Kitto property was allowed to lapse.

##### h) Highland Gold, Nova Scotia

On August 20, 2018, the Company entered into an option agreement to acquire a 100% interest in the Highland Gold property located in Nova Scotia. The Company has since completed additional staking. On April 1, 2020 the Company was informed that no further approvals for work on the property would be granted until such time as the Government of Nova Scotia concluded consultations with First Nations. On July 29, 2020 the option agreement was amended such that all future requirements under the option agreement were suspended until all permits to continue exploration have been received by the Company. The Company will make cash payment of \$7,500 (to be credited towards the cash portion of the option agreement consideration) on or before April 1 each year during the suspension.



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# Transition Metals Corp.

## Notes to Financial Statements

May 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Exploration Properties (continued)

#### h) Highland Gold, Nova Scotia (continued)

To earn a 100% interest, the Company is required to make cash payments of \$170,000 over four years (\$65,000 paid), issue \$175,000 worth of common shares of the Company (241,325 common shares issued based on VWAP pricing estimated to be worth \$65,000 at the time of issuance) over four years and incur exploration expenditures of \$1,500,000 over five years.

The agreement also provides for a milestone payment by the Company of \$500,000 in cash or shares within 90 days after a commercial production decision. If by the 8th anniversary of the agreement no production decision has been made, a milestone prepayment of \$25,000 per year to the optionee capped at \$500,000. Upon exercise of the option the property is subject to a 1.0% NSR of which the Company can purchase 1.0% of the NSR for \$1,250,000. The optionee has been granted a 1.0% NSR on the adjacent company staked Claims. The Company retains the right to purchase from the optionee the Company granted 1.0% NSR on the adjacent properties for \$500,000.

#### i) Maude Lake

On December 3, 2018, the Company entered into an option agreement to acquire a 100% interest in the Maude Lake property located in Ontario. Pursuant to the terms of the option agreement, TMC retains the right and option to earn a 100% interest in the property by issuing \$25,000 in cash (paid) and \$25,000 in shares (issued) to the vendor over a 6-month period (see note 8(c)). On October 15, 2019, the Company vested its 100% interest in the property with the vendor retaining a 2% Net Smelter Return royalty ('NSR'). TMC reserves the right to buy back 1.5% of this NSR at any time for \$2,000,000.

In October of 2020, the Company assigned a 1% NSR on the project to Nova Royalties Corp.

#### j) Cryderman

On April 18, 2019, the Company entered into an option agreement to acquire a 100% interest in the Cryderman Lake property in Ontario. Pursuant to the terms of the option agreement, TMC retains the right and option to earn a 100% interest in the property by issuing \$60,000 in cash (paid) on signing and an additional \$110,000 in cash over a 3 year period and incurring work commitments of \$300,000 over a 3 year period. On May 11, 2021, the Company announced that it had vested its interest, with the Vendor retaining a 2% NSR. TMC reserves the right to buy back 1.0% of this NSR at any time for \$1,000,000.

On May 11, 2021 the Company announced that it had negotiated an accelerated earn-in with the Vendor to fully vest a 100% interest in the property in exchange for a lump sum payment of \$25,000 in cash (paid) and the issuance of 250,000 shares (issued). In addition, the parties amended the terms of the NSR agreement such that the maximum NSR encumbrance is reduced from 2.0% to 1.5% with Transition retaining the right to buy down 0.5% for \$1.0 million at any time.

#### k) Duntara

The Company staked a new copper property known as the Duntara Copper in Eastern Newfoundland. The Company retains a 100% interest in this property

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# Transition Metals Corp.

## Notes to Financial Statements

May 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Exploration Properties (continued)

#### I) Foster

On November 14, 2019, the Company announced that it had acquired a 100% interest in the Foster property located near the town of Espanola approximately 70 kilometers southwest of Sudbury, Ontario. The property was acquired by staking and two separate purchase and sale agreements. The CJP purchase, of a 100% interest in certain mining claims was secured by issuing \$20,000 in cash and \$20,000 in shares (issued) to the vendor. The vendor retains a 1% NSR on the property with the Company retaining the right to buy back 0.5% NSR for \$500,000. In addition the Company purchased an additional 100% interest in 3 mining claims for \$5,000 in the Foster Township.

On July 24, 2020, the Company executed an option and joint venture agreement with 1930153 Ontario Ltd. ("Ontario Ltd.") whereby Ontario Ltd can earn a up to an 100% interest in the Foster Gold project. To earn a 50% interest, Ontario Ltd. must provide option payments totaling \$120,000 over 4 years (\$15,000 received) Ontario Ltd must complete \$500,000 of exploration expenditures over 4 years. Ontario Ltd may increase its interest to 80%, the buy-up option, by making additional cash payments of \$500,000 and incurring an additional \$1,500,000 of exploration expenditures prior to the second anniversary of the buy-up option.

Ontario Ltd may then further increase its interest to 100%, the second buy-up option, by making additional cash payments of \$4,500,000 prior to the second anniversary of the second buy-up option. Upon exercise of the second buy-up option the company will be granted a NSR Royalty of 2.0%.

#### m) Aylmer

On May 11, 2020, the Company announced that it had entered into an agreement to earn a 100% interest in the Aylmer IOCG property by making aggregate cash payments of \$102,000; (\$37,000 paid) issuing an aggregate total of 625,000 (202,500 issued) common shares; and incurring exploration work expenditures totaling \$900,000 by May 4, 2024. If the Company exercises its option the vendors will retain a 2.0% Net Smelter Return Royalty (NSR) from any Commercial Production from the property for which Transition may purchase 1.0% of the NSR for \$1,000,000 at any time.

#### n) Dundonald Ontario

The Dundonald property near Timmins consists of certain freehold patents, mining leases and claims. On August 27, 2018, the Company announced that it had signed a binding letter of intent with VaniCom Limited ("VaniCom") of Perth, Western Australia for the sale of a 100% interest in the Dundonald Nickel Project located near Iroquois Falls, Ontario. The purchase terms include a payment of \$50,000 by VaniCom to the Company on signing the binding letter of intent with a further payment of \$100,000 to the Company in cash on closing of the definitive purchase agreement. In addition, VaniCom will issue the Company shares with a value of \$350,000. TMC will receive a 2.5% NSR on any future production from the property. The letter of intent also includes a requirement that VaniCom incur expenditures of at least \$750,000 on exploration and development on the property over a 36-month period.

On August 2, 2019, VaniCom converted its shares to Legendary Ore Mining Corporation ("Legendary") on the basis of 1 Legendary share for each 1.14 VaniCom shares held). Subsequently, Legendary completed a reverse take-over of Lakefield Marketing Corp. which was renamed Class 1 Nickel and Technologies Inc. ("Class 1") on a basis of 1 Legendary shares for 1 Class 1 share.

On October 5, 2020, The Company furthermore sold 50% of its 2% royalty (1.0% NSR) to Nova Royalty Corp.

During the year ended August 31, 2020, the Company received 1,529,720 Class 1 shares.

During the year ended August 31, 2021, Class 1 Nickel notified the Company that it had completed \$750,000 of expenditures on the Property.

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# Transition Metals Corp.

## Notes to Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Exploration Properties (continued)

#### o) Other

As at May 31, 2022, the Company maintained additional ownership interests located in Ontario, New Brunswick, Saskatchewan and British Columbia as follows:

#### **Homathko, British Columbia**

The Homathko property consists of 100% owned staked claims in British Columbia. In December, 2020, the Company optioned the Property to Homerun Resources (formerly Envirotek Technologies). Homerun Resources can earn 100% interest in the Property by providing \$10,000 on signing (received), 700,000 shares within six months and a further \$140,000 worth of shares within 3 years. The Company retains a 1% NSR of which 0.5% can be purchased by Homerun Resources for \$1,000,000.

In October of 2020, the Company assigned a 1% NSR on the project to Nova Royalties Corp.

During November 2021, 700,000 shares of Homerun Resources were issued to the Company in accordance with the property agreement.

On January 27, 2022, the Agreement with Homerun was amended. Under the terms of the amendment, the Area of Interest was expanded from 2 kilometres from the outer property boundary to 25 kilometres. In addition, the royalty was increased from 1.0% NSR (with a buy back option for Homerun of 0.5% NSR for \$1,000,000) to 1.5% NSR (with a buy back option for Homerun of 0.75% NSR for \$1,000,000)

During April 2022, 470,588 shares of Homerun Resources were issued to the Company in accordance with the property agreement.

#### **Porterville and Lewisporte, Newfoundland**

The Porterville and Lewisporte properties consist of staked claims in Newfoundland.

The Lewisporte property consists of staked claims located to the east of the Porterville property extending from the Bay of Exploits south to Burnt Bay.

#### **Thompson, British Columbia**

The Thompson property consists of staked and optioned claims located in the Vernon Mining Division, southeastern British Columbia. The optioned claims are subject to an agreement whereby TMC can earn a 100% interest in exchange for optional payments of \$100,000 (\$10,000 paid) and the issuance of 250,000 common shares of the Company over 4 years subject to a 1.5% NSR retained by the Optionors. Under this agreement TMC retains the option to purchase 0.5% NSR back from the vendors at any time for \$1,000,000.

#### **Sawmill, Ontario**

On October 13, 2020, the Company entered into an agreement to option the Sawmill Gold property from a Sudbury area vendor. The property consists of contiguous mining claims, mining leases and patents. Under the terms of the agreement, Transition has the right to earn a 100% interest in the property by issuing \$300,000 in cash (\$25,000 paid) and 1,000,000 shares (100,000 issued) to the Vendor and completing an aggregate of \$1,000,000 in work over a 4-year period. If the Company vests its interest, the Vendor will retain a 2% NSR with Transition retaining the right to buy back 1% NSR for \$1.0 million and a further 0.5% NSR for an additional \$1,000,000.

In October 2021, the Company terminated the option agreement and returned the property to the Vendor.

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# Transition Metals Corp.

## Notes to Financial Statements

May 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Exploration Properties (continued)

#### o) Other (continued)

##### **Mongowin, Ontario**

On June 14, 2021 the Company announced that it had entered into a binding Letter of Intent (LOI) with McFarlane Lake Mining Incorporated ("MFM") whereby MFM can purchase a 100% interest in mining claims and patents in the Mongowin Township. Under the terms of the LOI, MFM paid XTM \$15,000 upon signing for a 5-month period of exclusivity to assign the Property to a public vehicle ("Pubco") and complete due diligence. Upon completion of the period of exclusivity, Transition will receive an additional payment of \$85,000 and \$500,000 worth of common stock in Pubco prior to transferring the Property. In addition, Transition will be granted a 1.5% net smelter return royalty from commercial production from the Property, a \$2,500,000 milestone payment upon commencement of commercial production and non-refundable, advanced royalty payments of \$25,000 per year following the 5th year of the execution of a Definitive Agreement for up to 10 years following the date of the agreement.

On February 1, 2022 the Company announced that it had sold its 100% interest in its 2,605 hectare Mongowin project to McFarlane Lake Mining Limited ("MFM"), a corporation that trades on the NEO Exchange under the symbol MFM. The property is located approximately 13 kilometres south of Espanola, Ontario and 70 kilometres southwest of Sudbury and is adjacent to MFM's past gold producing McMillan property. Pursuant to the purchase and sale agreement with MFM, Transition, received total consideration consisting of \$145,000 cash, \$500,000 worth of MFM stock and a 1.5% Net Smelter Return royalty (NSR) from any commercial production from the Property. Additionally, beginning on the fifth anniversary of the Purchase Agreement, MFM will pay Transition advanced royalty payments of \$25,000 per year (in cash or common shares) to a maximum total of \$250,000 (in cash or shares). Lastly, upon the commercial production of mineral products from the Property, Transition will be entitled to a one-time payment of \$2,500,000.

##### **Bancroft (NI-CU-PGM's)**

The Bancroft project is a greenfield exploration project that has seen the benefit of approximately \$5.0 million in exploration expenditures. The property consists of approximately 3,833 hectares of mining claims located in the Southern Mining district near Bancroft, Ontario.

In October of 2020, the Company assigned a 1% NSR on the project to Nova Royalties Corp.

##### **Jolly Gold, Northwest Ontario**

On November 24, 2020, the Company announced that it has entered into an option agreement to acquire a 100% interest in certain contiguous mining claims 75 kilometres north of Thunder Bay and has additionally staked new claims of the Beardmore-Geraldton Greenstone Belt. The terms of the option agreement on the 9 claims grant the Company the option to earn a 100% interest in the optioned claims by issuing \$175,000 in cash to the vendors (\$25,000 paid) and by completing an aggregate of \$250,000 in work expenditures over a 4-year period. If the Company vests its interest, the Vendors will retain a 2% NSR with Transition retaining the right to buy back 1% NSR for \$500,000 and the remaining 1% NSR for an additional \$1.5 million.

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# Transition Metals Corp.

## Notes to Financial Statements

May 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Exploration Properties (continued)

#### o) Other (continued)

##### Island Copper - Ontario

On January 25, 2021, the Company announced that it had granted an option on its Island Copper project to Rich Copper Exploration Corp ("Rich Cu"), a private corporation. Under the terms of the Agreement, Rich Cu can vest a 100% interest in the Property by providing Transition with \$150,000 cash over 3 years (\$25,000 received), 500,000 shares on signing (received) and an additional \$475,000 worth of shares over the following 3 years as well as completion of \$750,000 in exploration expenditures. Transition will receive a 2.5% Net Smelter Return royalty on any future production from the Property and within a 5 kilometre area of interest. In addition, Transition is entitled to milestone payments of \$1,000,000 upon Rich Cu or its assigns completing a Feasibility Study and an additional payment of \$5,000,000 within 12 months of commencement of Commercial Production. Rich Cu can purchase 1% of the NSR for \$1,000,000 anytime prior to commercial production.

The property was returned to the Company and the Option Agreement with Rich Copper was terminated on January 6, 2022.

### 11. Capital Management

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the current size of the Company. There were no changes to its capital management approach during the period ended May 31, 2022 and 2021. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is dependent on its strategic alliance partners as well as on the capital markets to finance exploration and development activities.

### 12. Financial Instruments and Financial Risk Factors

The Company has established a fair value hierarchy that reflects the significance of inputs of valuation techniques used in making fair value measurements as follows:

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in level one.
- Level Three - includes inputs that are not based on observable market data.

The financial instruments that are not measured at fair value on the statement of financial position include cash, accounts receivables, restricted cash, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to their short-term nature.

# Transition Metals Corp.

## Notes to Financial Statements

May 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

### 12. Financial Instruments and Financial Risk Factors (continued)

The following table illustrates the classification of the Company's financial instruments, measured at fair value in the statements of financial position as of May 31, 2022 and August 31, 2021 categorized into the levels of the fair value hierarchy.

<b>August 31, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Aggregate Fair Value</b>
Marketable securities	\$ 3,889,800	\$ -	\$ -	\$ 3,889,800
Restricted cash	-	49,817	-	49,817
<b>Total</b>	<b>\$ 3,889,800</b>	<b>\$ 49,817</b>	<b>\$ -</b>	<b>\$ 3,939,617</b>
<b>May 31, 2022</b>				
Marketable securities	\$ 1,734,856	\$ -	\$ -	\$ 1,734,856
Restricted cash	-	49,865	-	49,865
<b>Total</b>	<b>\$ 1,734,856</b>	<b>\$ 49,865</b>	<b>\$ -</b>	<b>\$ 1,784,721</b>

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no material changes in these risks, objectives, policies and procedures during the year ended August 31, 2021, and for the period ended May 31, 2022.

#### *Credit Risk*

The Company's credit risk is primarily attributable to its amounts receivable. Amounts receivable consist primarily of sales taxes due from the Federal Government of Canada. The Company has no significant concentration of credit risk arising from its operations. Management believes that the credit risk concentration with respect to financial instruments included in other assets is low. The Company also received funding from exploration partners including CGM, SPC and the government of Nova Scotia. The Company believes that the credit risk associated with all of these corporations is low. Accounts receivable from one customer represents approximately 72% of the Company's receivables (August 31, 2021 - 56%). The Company believes that the credit risk associated with this customer is low.

#### *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 has current assets totaling \$4,161,890 (August 31, 2021 - \$7,147,434) to settle current liabilities of \$258,061 (August 31, 2021 - \$381,092).

#### *Price Risk*

The Company is exposed to price risk with respect to commodity prices. The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

#### *Other price risk*

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies.

Other price risk typically arises from exposure to equity and commodity securities. If the prices on the respective exchanges for these securities increased or decreased by 10%, all other variables held constant the investment value could have increased or decreased by approximately \$345,490 (August 31, 2021 - \$593,377).

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# Transition Metals Corp.

## Notes to Financial Statements

May 31, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 12. Financial Instruments and Financial Risk Factors (continued)

#### *Interest Rate Risk*

The Company does not currently have any outstanding variable interest bearing loans and, therefore, the Company is not exposed to interest rate risk through fluctuation in the prime interest rate.

### 13. Commitments and Contingencies

#### *Environmental Contingencies*

The Company's exploration activities are subject to various federal, state, provincial, and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

#### *Flow-through Expenditures*

From time-to time, the Company and its associates enter into flow-through financings and indemnify the subscribers of flow-through shares for any tax related amounts that become payable by the subscriber. In the ordinary course of business, the Company is subject to ongoing audits by tax authorities. There are many transactions and calculations for which the ultimate tax determination is uncertain. While the Company believes that its tax filing positions are appropriate and supportable, from time to time, certain matters are reviewed and challenged by the tax authorities. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities.