



## **Condensed Consolidated Interim Financial Statements**

**March 31, 2021 and 2020**

### **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 indication that the financial statements have not been reviewed by an auditor.

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

**Purepoint Uranium Group Inc.**  
**Condensed Consolidated Statements of Financial Position**

*As at March 31, 2021*

*(Expressed in Canadian Dollars)*

*(Unaudited)*

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	1,955,394	2,341,237
Accounts receivable	64,612	24,644
Prepaid expenses	29,497	48,170
Deposits <i>(note 8)</i>	11,362	32,362
	<u>2,060,865</u>	<u>2,446,413</u>
<b>Property, equipment and Right of use asset <i>(note 5)</i></b>	<u>62,909</u>	<u>71,830</u>
	<u>2,123,774</u>	<u>2,518,243</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	136,203	74,878
Advances on projects <i>(note 7)</i>	187,369	326,948
Current portion of lease liability <i>(note 9)</i>	37,287	36,035
	<u>360,859</u>	<u>437,861</u>
<b>Long term portion of lease liability <i>(note 9)</i></b>	<u>31,559</u>	<u>41,388</u>
	<u>392,418</u>	<u>479,249</u>
<b>Shareholders' equity</b>		
Share capital <i>(note 10(a))</i>	36,963,075	36,868,260
Contributed surplus	9,447,915	9,469,207
Deficit	(44,679,634)	(44,298,473)
	<u>1,731,356</u>	<u>2,038,994</u>
	<u>2,123,774</u>	<u>2,518,243</u>

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

# Purepoint Uranium Group Inc.

## Condensed Consolidated Statements of Loss and Comprehensive Loss

For the three month period ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited)

	For the three month period ended	
	March 31,	
	2021	2020
	\$	\$
<b>Expenses</b>		
Mining exploration and evaluation expenditures (note 6)	330,634	401,429
Mining exploration and evaluation salaries and benefits	126,813	142,377
Salaries, compensations and benefits	56,500	55,500
Investor relations	37,439	25,631
Transfer agent and filing fees	9,028	7,753
Insurance	8,929	4,543
Professional fees	8,389	8,625
General and administration	6,643	22,120
Travel	-	2,728
Depreciation (note 5)	228	228
	<u>584,603</u>	<u>670,934</u>
<b>Other</b>		
Operator fees and other recoveries	(203,441)	(291,221)
Interest income	(1)	(637)
	<u>(203,442)</u>	<u>(291,858)</u>
<b>Net loss and comprehensive loss</b>	<u>(381,161)</u>	<u>(379,076)</u>
<b>Basic and diluted loss per common share (note 13)</b>	<u>(0.00)</u>	<u>(0.00)</u>

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

Purepoint Uranium Group Inc.  
**Condensed Consolidated Statements of Changes in Equity**

*As at March 31, 2021 and 2020*

*(Expressed in Canadian Dollars)*

*(Unaudited)*

	Share capital		Contributed surplus	Deficit	Equity total
	Number of shares	Amount			
		\$	\$	\$	\$
Balance at January 1, 2021	268,297,459	36,868,260	9,469,207	(44,298,473)	2,038,994
Exercise of warrants	919,231	73,523	-	-	73,523
Fair value of exercised warrants	-	21,292	(21,292)	-	-
Net loss	-	-	-	(381,161)	(381,161)
<b>Balance at March 31, 2021</b>	<b>269,216,690</b>	<b>36,963,075</b>	<b>9,447,915</b>	<b>(44,679,634)</b>	<b>1,731,356</b>
Balance at January 1, 2020	223,370,228	35,643,027	8,191,727	(42,842,378)	992,376
Net loss	-	-	-	(379,076)	(379,076)
<b>Balance at March 31, 2020</b>	<b>223,370,228</b>	<b>35,643,027</b>	<b>8,191,727</b>	<b>(43,221,454)</b>	<b>613,300</b>

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

# Purepoint Uranium Group Inc.

## Condensed Consolidated Statements of Cash Flows

For the three month period ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited)

	For the three month period ended	
	2021	March 31,
	\$	2020
	\$	\$
<b>Cash flow from operating activities</b>		
Net loss for the year	(381,161)	(379,076)
Items not affecting cash:		
Depreciation	8,921	8,935
Interest on lease liability	2,566	3,695
	<u>(369,674)</u>	<u>(366,446)</u>
Changes in non-cash items relating to operating activities:		
Accounts receivable	(39,968)	(94,484)
Prepaid expenses	18,673	(11,813)
Deposits	21,000	-
Accounts payable and accrued liabilities	61,326	(11,551)
Disbursements on behalf of joint venturer, net	<u>(139,579)</u>	<u>(495,310)</u>
	<u>(448,222)</u>	<u>(979,604)</u>
<b>Cash flow from investing activities</b>		
Short-term investments	<u>-</u>	<u>(635)</u>
	<u>-</u>	<u>(635)</u>
<b>Cash flow from financing activities</b>		
Proceeds from exercise of warrants	73,523	-
Amount paid on lease liability	<u>(11,144)</u>	<u>(11,144)</u>
	<u>62,379</u>	<u>(11,144)</u>
<b>Net decrease in cash</b>	(385,843)	(991,383)
<b>Cash - Beginning of the period</b>	<u>2,341,237</u>	<u>1,244,550</u>
<b>Cash - End of the period</b>	<u>1,955,394</u>	<u>253,167</u>

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

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2021 and 2020*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

**1. General Information**

Purepoint Uranium Group Inc. ("the Company") is a Canadian resource company engaged in the acquisition, exploration and development of properties for the purpose of producing uranium. The Company's principal assets are mineral properties located in Saskatchewan. The ability of the Company to realize the costs it has incurred to date on these and other properties is dependent upon the discovery of economically recoverable reserves, the preservation of the Company's interest in the underlying mining claims, the ability to continue to raise adequate financing and to commence profitable operations in the future, or alternatively, upon the disposal of properties, or the Company's interests therein, on an advantageous basis.

The Company's head office is located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, M5H 1T1, Canada.

Subsequent to 2019 year-end, there was a worldwide outbreak of COVID-19 (coronavirus), which had a significant impact on businesses through restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolations/quarantine orders. These restrictions and the public health measures implemented to contain the virus have not had a significant financial impact on the Company's operations to date. Management is not aware of any cases of the virus among its personnel and has implemented work from home protocols and restricted all unnecessary travel. The Company has implemented all safety protocols at its exploration sites, including social distancing, wearing masks, hand and equipment sanitization and regular staff testing. Management continues to monitor and assess ongoing developments and respond accordingly.

**2. Basis of Presentation and Going Concern**

These condensed consolidated interim financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the successful completion of the actions taken or planned. In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. These circumstances may cast significant doubt as to the Company's ability to continue as a going concern and ultimately the appropriateness of the use of accounting principles to a going concern.

These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these condensed consolidated interim financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses, and the condensed consolidated interim statement of financial position classifications used.

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2021 and 2020*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

### **3. Significant Accounting Policies**

#### **(a) Statement of compliance**

The accounting policies applied by the Company in these unaudited condensed consolidated interim financial statements are the same as those applied by the Company in its audited consolidated annual financial statements as at and for the year ended December 31, 2020. These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended December 31, 2020.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of May 28, 2021, the date the Board of Directors approved the condensed consolidated interim financial statements.

#### **(b) IFRS 11, Joint Arrangements:**

In May 2011, the IASB issued IFRS 11, which provides guidance on accounting for joint arrangements. If an arrangement has joint control, IFRS 11 classifies joint arrangements as either joint operations or joint ventures, depending on the rights and obligations of the parties involved.

A joint operation is an arrangement where the jointly controlling parties have rights to the assets and obligations in respect of the liabilities relating to the arrangement. An entity accounts for a joint operation by recognizing its portion of the assets, liabilities, revenues and expenses. A joint venture is an arrangement where the jointly controlling parties have rights to the net assets of the arrangement. This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. Adoption of IFRS 11 has had no impact on the Company.

#### **(c) Basis of preparation**

The condensed consolidated interim financial statements are presented in Canadian dollars. The condensed consolidated interim financial statements are prepared on the historical cost basis.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary William River Exploration Corp. Subsidiaries are entities over which the Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible, are taken into account in the assessment of whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases.

All intercompany accounts and transactions have been eliminated.

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2021 and 2020*

*(Expressed in Canadian Dollars)*

*(Unaudited)*

**4. Significant Accounting Judgments and Estimates**

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could have an effect on the amounts recognized in the condensed consolidated interim financial statements relate to, but are not limited to, the following:

*Share-based payments*

The Company grants options to certain individuals. Fair value is measured at the date of grant using the Black-Scholes option pricing mechanism. Management is required to make certain estimates when determining the fair value of stock option awards. These estimates affect the amount recognized as share-based payment expense in the condensed consolidated interim statements of loss.

**5. Property and Equipment**

<b>Cost</b>	<b>January 1, 2020</b>	<b>Additions in 2020</b>	<b>December 31, 2020</b>	<b>Additions in 2021</b>	<b>March 31, 2021</b>
Exploration property and equipment					
Field property and equipment	\$ 5,350	\$ -	\$ 5,350	\$ -	\$ 5,350
Furniture and equipment	28,373	-	28,373	-	28,373
Right of use assets	137,637	-	137,637	-	137,637
Office property and equipment					
Furniture and fixtures	6,544	-	6,544	-	6,544
	<u>\$ 177,904</u>	<u>\$ -</u>	<u>\$ 177,904</u>	<u>\$ -</u>	<u>\$ 177,904</u>
<b>Accumulated depreciation</b>	<b>January 1, 2020</b>	<b>Depreciation in 2020</b>	<b>December 31, 2020</b>	<b>Depreciation in 2021</b>	<b>March 31, 2021</b>
Exploration property and equipment					
Field property and equipment	\$ 4,184	\$ 233	\$ 4,417	\$ 47	\$ 4,464
Furniture and equipment	27,432	235	27,667	44	27,711
Right of use assets	34,409	34,408	68,817	8,602	77,419
Office property and equipment					
Furniture and fixtures	4,260	913	5,173	228	5,401
	<u>\$ 70,285</u>	<u>\$ 35,789</u>	<u>\$ 106,074</u>	<u>\$ 8,921</u>	<u>\$ 114,995</u>



# Purepoint Uranium Group Inc.

## Notes to Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited)

### 5. Property and Equipment - continued

Net book value	March 31, 2021	December 31, 2020	January 1, 2020
Exploration property and equipment			
Field property and equipment	\$ 886	\$ 933	\$ 1,166
Furniture and equipment	662	706	941
Right of use assets	60,218	68,820	103,228
Office property and equipment			
Furniture and fixtures	1,143	1,371	2,284
	<u>\$ 62,909</u>	<u>\$ 71,830</u>	<u>\$ 107,619</u>

In the three-month period ended March 31, 2021, \$8,693 (2020 - \$8,707) of depreciation expense was included in mining exploration and evaluation expenditures on the condensed consolidated interim statements of loss and comprehensive loss.

#### Right of use asset – Leases per IFRS 16

IFRS 16, Leases eliminates the classification of leases as either operating or finance leases for lessees and introduces a single lessee model which requires the lessee to recognize assets and liabilities for all leases with a term of longer than 12 months, with the exception of low-value assets. The Company adopted IFRS 16 effective January 1, 2019, using the modified retrospective approach. As a result, comparative information has not been restated and is accounted for under IAS 17, Leases. Upon transition to IFRS 16, on January 1, 2019, the Company recognized a right-of-use asset and an initial lease liability totalling \$137,637. The lease liability has a remaining term of 4 years and is discounted at a rate of 13.95%. The accretion of the lease liability and the depreciation of the right-of-use assets are recorded in mining exploration expenditures. The following table outlines the difference between operating lease commitments immediately preceding the date of initial adoption and lease liabilities recognized on the consolidated statement of financial position at adoption:

Future minimum lease payments under operating leases at December 31, 2018	\$ 44,574
Aggregate lease payments through the expected renewal periods	<u>133,722</u>
Undiscounted lease payments at January 1, 2019	178,296
Less: Effect of discounting at January 1, 2019	<u>(40,659)</u>
Lease liability and right of use asset arising on initial application of IFRS 16	<u>\$ 137,637</u>

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2021 and 2020*

*(Expressed in Canadian Dollars)*

*(Unaudited)*

**5. Property and Equipment - continued**

The Company applied the following practical expedients in the adoption of IFRS 16:

- Applied the exception not to recognize right-of-use assets for leases with a term of 12 months or less remaining at January 1, 2019;
- Excluded initial direct costs from measuring right-of-use assets at the date of initial application.

**6. Mining Exploration and Evaluation Expenditures**

The Company's properties are all located at the Athabasca Basin, Northern Saskatchewan. The Company currently maintains twelve properties. The Company entered into joint venture agreements and operates one of these projects with Cameco Corporation and Orano Canada Inc. (formerly AREVA Resources Canada Inc.), one of these projects with Cameco Corporation, while the other eight projects remain 100% owned. The Company also acquired 6 additional projects in 2021 through staking. These early-stage uranium projects reside in Northern Saskatchewan and will be the subject of preliminary review and surveying this year.

Mining exploration expenditures on the Company's properties during the three-month period ended March 31, 2021 and 2020 are as follows:

	<b>For the three-month period ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
Red Willow Property	\$ 921	\$ -
Hook Lake Property	271,884	399,064
Smart Lake Property	-	-
Turnor Lake Property	-	-
Umfreville Lake Property	8,859	2,365
Henday Lake Property	-	-
McArthur East Property	-	-
New Properties	48,970	-
	<b>\$ 330,634</b>	<b>\$ 401,429</b>

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2021 and 2020*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

## **7. Advances and Receivables on Projects**

### **Joint Venture with Cameco and Orano**

On October 31, 2012, the Company entered into a definitive joint venture agreement with Cameco Corporation ("Cameco") and Orano Canada Inc. ("Orano", formerly Areva Resources Canada Inc.) for the ongoing exploration of Hook Lake uranium project in the Athabasca Basin (the "Project") and pursuant to the option agreement with Cameco from 2007. The Company holds a 21% interest in the Project. The remaining 79% is owned equally by Cameco and Orano. The Company acts as the Project operator for the Joint Venture and charges an administration fee of 10% of the invoiced Project costs incurred. In 2020, Cameco and Orano each funded their respective portions of the project by contributing \$749,159 (2019 - \$959,163) to the Company for a total amount of \$1,498,318 (2019 - \$1,918,326). In the three-month period ended March 31, 2021 Cameco and Orano advanced further \$349,181 (2020 - \$449,738) each for a total amount of \$698,362 (2020 - \$899,476). At March 31, 2021 the Company has advances balance of \$187,369 (2020 – receivable balance of 212,817) from Joint Venture partners. The advances and receivables are unsecured and non-interest bearing.

The administration fees are included in operator fees and other recoveries in the condensed consolidated statements of loss and comprehensive loss.

### **Joint Venture with Cameco**

On January 1, 2010, the Company entered into a definitive joint venture agreement with Cameco Corporation ("Cameco") for the ongoing exploration of the Smart Lake uranium project in the Athabasca Basin (the "Smart Lake Project"). The Company holds a 27% interest in the Smart Lake Project. The remaining 73% is owned by Cameco. The Company acts as the Project operator for the Joint Venture. At March 31, 2021, a receivable balance from Cameco was Nil (2020 – Nil).

## **8. Deposits**

Deposits consist of security deposit for rent for Toronto office, last month rent for Saskatoon office, deposit to drilling company for Red Willow Project 2021 drilling program and a deficiency deposit for Henday property. The deficiency deposit is held by the Province of Saskatchewan in lieu of exploration work performed. The deficiency deposits will be refunded once the exploration work is completed and required filings submitted and processed.

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2021 and 2020*

*(Expressed in Canadian Dollars)*

*(Unaudited)*

**9. Lease Liability**

The Company adopted IFRS 16 effective January 1, 2019 with respect to its office in Saskatoon, using the modified retrospective approach. As a result, comparative information has not been restated and is accounted for under IAS 17, Leases. Upon transition to IFRS 16 on January 1, 2019, the Company recognized right-of-use asset and initial lease liability totalling \$137,637. The lease liability has a remaining term of 4 years and is discounted at a rate of 13.95%.

	<b>For the three-month period ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<u>2021</u>	<u>2020</u>
Lease liability at the beginning of the year	\$ 77,423	\$ 108,759
Less: Lease accretion	<u>(8,577)</u>	<u>(7,449)</u>
Lease liability at the end of period	68,846	101,310
Less: Current portion	<u>(37,287)</u>	<u>(32,464)</u>
Lease liability - long term	<u>\$ 31,559</u>	<u>\$ 68,846</u>

**10. Shareholders' Equity**

**(a) Share Capital**

**Authorized, issued and outstanding common shares**

Authorized – unlimited number of common shares without par value.

Issued – 268,297,459 common shares at March 31, 2021 (December 31, 2020 – 267,378,228).

On October 22, 2020, the Company closed its non-brokered private placement for gross proceeds of \$275,000. In connection with the private placement, the Company issued 5,500,000 units at a price of \$0.05 per unit. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of \$0.08 per share for a period of 24 months from the date of issuance. In connection with the private placement, the Company paid finders' fees consisting of \$10,850 plus applicable taxes in cash and issued 217,000 non-transferrable compensation warrants. Each compensation warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of \$0.08 per share for a period of 24 months after the date of issuance.

All securities issued in connection with the private placement were subject to a four-month hold period pursuant to the applicable securities laws and expired on February 23, 2021.

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2021 and 2020*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

**10. Shareholders' Equity - continued**

**(a) Share Capital - continued**

**Authorized, issued and outstanding common shares – continued**

On December 18, 2020, the Company closed its non-brokered private placement for aggregate gross proceeds of \$1,925,400. In connection with the private placement, the Company issued 30,170,000 flow-through units and 8,338,000 hard-dollar units, both at a price of \$0.05 per unit. Each flow-through unit consists of one common share in the capital of the Company issued on a "flow through" basis pursuant to the Income Tax Act (Canada) and one common share purchase warrant. Each hard-dollar common share unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of \$0.08 per share for a period of 24 months from the date of issuance.

In connection with the closing of the private placement, the Company paid certain finders' fees consisting of \$58,620 in cash and 1,214,400 non-transferable compensation warrants. Each compensation warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of \$0.08 per share for a period of 24 months after the closing date.

All securities issued in connection with the closing of the private placement were subject to a four-month hold period pursuant to the applicable securities laws and expired on April 18, 2021.

The Company incurred aggregate cash costs of \$106,398 and non-cash compensation warrants valued at \$70,975.

The Black-Scholes option pricing model was used to determine the fair value of the warrants and the compensation warrants using the following assumptions for the two following private placements:

	<b>October</b>	<b>December</b>
Expected dividend yield	nil	nil
Expected volatility	127%	138%
Risk-free interest rate	1.24%	1.09%
Expected life	2 years	2 years
Relative fair value allocated to warrants	\$83,542	\$714,252

The net proceeds have been prorated to common shares and warrants in the unit based on their relative fair values with total value of \$797,794 being allocated to warrants.

The net proceeds of the private placements of flow-through units will be used to advance the Company's Hook Lake exploration program in Saskatchewan and the net proceeds of the private placement of hard-dollar common share units will be used for the Company's working capital.

# Purepoint Uranium Group Inc.

## Notes to Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited)

### 10. Shareholders' Equity - continued

#### (b) Share purchase warrants

The following common share purchase warrants were outstanding at March 31, 2021:

	Number of warrants	Exercise price	Expiry date
Common share purchase warrants	7,267,304	0.08	December 18, 2021
Common share purchase warrants	769,232	0.08	December 30, 2021
Common share purchase warrants	5,717,000	0.08	October 22, 2022
Common share purchase warrants	<u>39,722,400</u>	0.08	December 17, 2022
	<u>53,475,936</u>		

A summary of warrants outstanding as at March 31, 2021 and December 31, 2020 and changes during periods ending on these dates are presented below:

	For the three-month period ended March 31, 2021			For the year ended December 31, 2020		
	Number of warrants	Weighted average exercise price	Fair value	Number of warrants	Weighted average exercise price	Fair value
Balance, beginning of the year	54,395,167	\$ 0.08	\$1,048,301	19,245,832	\$ 0.11	\$ 445,778
Granted	-	-	-	45,439,400	0.08	868,769
Exercised and expired	<u>(919,231)</u>	0.08	<u>(21,292)</u>	<u>(10,290,065)</u>	0.13	<u>(266,246)</u>
Balance, end of the period	<u>53,475,936</u>	\$ 0.08	<u>\$1,027,009</u>	<u>54,395,167</u>	\$ 0.08	<u>\$1,048,301</u>

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2021 and 2020*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

## **10. Shareholders' Equity - continued**

### **(c) Shareholder's Rights Plan**

The shareholder's rights plan is intended to ensure, to the extent possible, that all shareholders of the Company are treated equally and fairly in connection with any take-over bid for the Company, and was designed to discourage discriminatory or unfair bids and to provide management, if appropriate, with sufficient time to pursue alternatives to maximize shareholder value.

## **11. Share-based Payments – Employee Share Option Plan**

The Company has a stock option plan (the "Plan"). Under the Plan, the Company can grant options to directors, officers, employees and consultants for up to 10% of the total number of issued and outstanding shares. The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. No option shall be exercisable for a period exceeding ten years from the date the option is granted and vesting limitations shall be determined by the Board at the time that such option is granted.

No stock options have been granted in the three-month period ended March 31, 2021 and 2020.

On April 27, 2020 the Company granted 6,650,000 stock options at an exercise price of \$0.07 per option, vesting immediately. These options expire in 5 years.

Using the Black-Scholes pricing model, the weighted average fair value of options granted during the year ended December 31, 2020 was estimated at \$408,711. This amount, net of estimated forfeitures, has been recognized as an expense in 2020, as the options vested immediately. The unvested, unamortized fair value balance of stock options granted at December 31, 2020 amounted to \$Nil.

The following principal assumptions were used in applying the Black-Scholes option-pricing model for options granted in 2020:

Risk-free interest rate	1.20%
Dividend rate	0%
Expected volatility	137%
Expected life	5 years

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2021 and 2020*

*(Expressed in Canadian Dollars)*

*(Unaudited)*

**11. Share-based Payments – Employee Share Option Plan - continued**

A summary of the status of the Plan as at March 31, 2021 and December 31, 2020, and changes during periods ending on these dates is presented below:

	<b>For the three-month period ended March 31, 2021</b>		<b>For the year ended December 31, 2020</b>	
	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>
Balance, beginning of the year	22,210,000	\$ 0.08	21,260,000	\$ 0.08
Granted	-	-	6,650,000	0.07
Expired and cancelled	(930,000)	0.08	(5,700,000)	0.06
Balance, end of the period	21,280,000	\$ 0.08	22,210,000	\$ 0.08

As at March 31, 2021, the Company had stock options issued to directors, officers, employees and contractors of the Company outstanding and exercisable as follows:

<b>Date of grant</b>	<b>Number of options</b>	<b>Number exercisable</b>	<b>Exercise price</b>	<b>Expiry date</b>
September 27, 2016	5,850,000	5,850,000	\$ 0.10	September 27, 2021
July 13, 2017	2,950,000	2,950,000	\$ 0.065	July 13, 2022
May 16, 2018	2,700,000	2,700,000	\$ 0.06	May 16, 2023
April 26, 2019	3,130,000	3,130,000	\$ 0.085	April 26, 2024
April 27, 2020	6,650,000	6,650,000	\$ 0.07	April 27, 2025
	<u>21,280,000</u>	<u>21,280,000</u>		



**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2021 and 2020*

*(Expressed in Canadian Dollars)*

*(Unaudited)*

**12. Income Taxes**

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences because the Company cannot reliably estimate if future taxable profit will be available, against which these benefits can be utilized:

	<u>2020</u>	<u>2019</u>
Non capital losses	\$ 7,021,300	\$ 6,836,710
Exploration expenditures	9,473,210	9,123,940
Share issuance costs	147,150	110,340
Property and equipment	103,460	75,170
Investment tax credits	67,850	67,850
Capital lease obligation	8,600	5,530

The non-capital losses carried forward will expire between 2026 and 2040. The exploration expenditures, and property and equipment may be carried forward indefinitely. The share issue and financing costs will be deducted for tax purposes over the next three years. Investment tax credits will expire between 2029 and 2033.

**13. Loss per Share**

**(a) Basic**

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares issued during the period.

	<b>For the three-month period ended</b>	
	<b>March 31,</b>	
	<u>2021</u>	<u>2020</u>
Loss attributable to common shareholders	\$ (381,161)	\$ (379,076)
Weighted average common shares outstanding	267,714,596	223,370,228
Basic loss per common share	\$ (0.00)	\$ (0.00)

**(b) Diluted**

Diluted loss per common share has not been presented as this is anti-dilutive.

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2021 and 2020*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

**14. Commitments**

- (a) The Hook Lake property has an annual expenditure commitment of \$690,755 to maintain title. The Company's cumulative expenditures to date are approximately \$550,000 and with expected expenditures in a winter 2021/2022 drilling season will be sufficient to satisfy the minimum requirement for the foreseeable future. There are no other commitments on the other properties.
- (b) Pursuant to the issuance of flow-through shares described in note 10(a), the Company is required to spend \$1,508,500 on Canadian Exploration Expenditures before the end of 2021. To date, the Company spent approximately \$850,000.

**15. Financial Instruments**

The Company's financial instruments include cash, accounts receivable, receivable from project and accounts payable and accrued liabilities and advances on project. The fair value of these financial instruments approximates their carrying value.

*Fair Value Hierarchy*

The fair value hierarchy establishes three levels to classify inputs to the valuation techniques used to measure fair value. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly, such as prices, or indirectly (derived from prices). Level 3 inputs are unobservable (supported by little or no market activity), such as non-corroborative indicative prices for a particular instrument provided by a third party.

**16. Financial Risk Management**

**(a) Credit risk management**

The Company's credit risk is primarily attributable to short-term investments and accounts receivable (excluding HST). The Company has no significant concentration of credit risk arising from operations. Short-term investments consist of GIC's, which have been invested with reputable Canadian financial institution, from which management believes the risk of loss to be remote. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2021 and 2020*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

**16. Financial Risk Management - continued**

**(b) Liquidity risk**

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, development and exploration expenditures. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

As of March 31, 2021, the Company had a cash totaling \$1,955,394, (December 31, 2020 - \$2,341,237), accounts receivable and receivable from government of \$64,612. All these funds are sufficient to settle current accounts payable and accrued liabilities of \$136,203 (December 31, 2020 - \$74,878).

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest bearing debt.

**(d) Commodity price risk**

The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. 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. The ability of the Company to develop its mining properties and the future profitability of the Company is directly related to the market price of uranium. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

**(e) Fair value of financial assets and liabilities**

The carrying value of the receivable on project approximates its respective fair value due to the short-term nature of this instrument.

For accounts receivable, excluding HST, and accounts payable and accrued liabilities and lease liability with a remaining life of less than one year, the carrying value amounts are equivalent to their fair values.

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2021 and 2020*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

## **17. Capital Risk Management**

The Company considers its capital structure to consist of capital stock and contributed surplus. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its exploration, development and operations activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at March 31, 2021, the Company had no bank debt.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

## **18. Related Party Transactions and Balances**

Related parties include the Board of Directors, officers, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The remuneration of key management of the Company for the three-month periods ended March 31, 2021 and 2020 was as follows:

	<b>2021</b>	<b>2020</b>
Remuneration	\$ 90,558	\$ 90,558
Share-based payments	\$ Nil	\$ Nil

**Notes to Condensed Consolidated Interim Financial Statements**

*For the Three Months Ended March 31, 2021 and 2020*

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*(Expressed in Canadian Dollars)*

*(Unaudited)*

## **19. Subsequent Events**

### **(a) Private placement financings**

On April 7, 2021 the Company announced the closing of its brokered private placement with Red Cloud Securities Inc.

In connection with the closing, the Company issued 20,404,095 flow-through units ("FT Units") at a price of \$0.105 per unit and 31,750,778 hard-dollar units ("Units" together with the FT Units are hereinafter referred to as the "Offered Securities") at a price of \$0.09 per unit for aggregate gross proceeds of \$5,000,000. Each Unit consists of one common share in the capital of the Company and one common share purchase warrant (each, a "Warrant"). Each FT Unit consists of one common share in the capital of the Company (each, a "Flow-Through Share") issued on a "flow through" basis pursuant to the Income Tax Act (Canada) and one half of one Warrant. Each Warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of \$0.13 per share for a period of 24 months from the date of issuance. In connection with the closing of the Private Placement, the Company has paid Red Cloud and a member of the selling group cash commissions in the aggregate amount of \$342,650 and issued to Red Cloud 3,569,174 non-transferrable compensation warrants ("Broker Warrants") with each Broker Warrant exercisable to purchase one common share of the Company at a price of C\$0.105 per share for a term of 24 months following the Closing Date.

The net proceeds raised from the sale of Units will be used for the exploration and advancement of the Company's projects in the Athabasca Basin in Saskatchewan and for general working capital purposes. The gross Proceeds from the sale of Flow-Through Shares will be used to incur "Canadian exploration expenses" as defined in subsection 66.1(6) of the Income Tax Act and "flow through mining expenditures" as defined in subsection 127(9) of the Income Tax Act. Such proceeds will be renounced to the subscribers with an effective date not later than December 31, 2021, in the aggregate amount of not less than the total amount of gross proceeds raised from the issue of Flow-Through Shares.

All securities issued in connection with the closing of the Private Placement are subject to a four-month hold period pursuant to the applicable securities laws with an expiry date of August 8, 2021.

### **(b) Issuance of options**

On May 13, 2021 the Company's Board of Directors approved the issuance of a total of 8,400,000 options to its Board of Directors, management and certain staff members pursuant to the Company's stock option plan. The options vest immediately, are exercisable at a price of \$0.13 per common share and expire on a date that is five years from the date of grant.