

Condensed Interim Financial Statements

September 30, 2022 and 2021



Condensed Statements of Financial Position
As at September 30, 2022 and December 31, 2021
(Expressed in Canadian Dollars)
(Unaudited)

	September 30, 2022	December 31, 2021
	\$	\$
Assets		
Current assets		
Cash	3,006,314	4,275,570
Accounts receivable	87,848	126,218
Receivable from projects (note 7)	112,887	-
Prepaid expenses	88,169	107,343
Deposits (note 8)	275,647	51,362
	3,570,865	4,560,493
Property, equipment and		
Right of use asset (note 5)	9,672	36,146
	3,580,537	4,596,639
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	334,111	328,796
Advances on projects (note 7)	-	56,140
Current portion of lease liability (note 9)	10,891	41,388
Deferred premium on flow-through shares (note 10(a))	-	205,714
	345,002	632,038
Shareholders' equity		
Share capital (note 10(a))	43,818,237	41,980,262
Contributed surplus	14,145,615	12,404,406
Deficit	(54,728,317)	(50,420,067)
	3,235,535	3,964,601
	3,580,537	4,596,639

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

Condensed Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars)
(Unaudited)

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Expenses				
Mining exploration and evaluation expenditures (note 6)	1,443,482	355,286	3,008,387	1,961,620
Mining exploration and evaluation salaries and benefits	136,223	102,613	430,882	378,865
Share-based payments (notes 11 and 18)	-	-	376,912	931,524
Salaries, compensations and benefits	55,050	55,050	187,150	163,250
Investor relations	69,821	74,246	335,715	196,974
Professional fees	94,051	37,447	189,649	68,181
Transfer agent and filing fees	70,197	23,870	92,650	57,577
Insurance	11,226	11,977	31,642	30,901
General and administration	5,595	2,605	21,489	22,976
Travel	6,917	1,453	10,851	1,453
Depreciation (note 5)	-	228	456	685
	<u>1,892,562</u>	<u>664,775</u>	<u>4,685,783</u>	<u>3,814,006</u>
Other				
Operator fees and other recoveries (note 7)	(94,224)	(64,727)	(145,331)	(293,016)
Interest income	(18,138)	(2,108)	(26,488)	(3,114)
Premium on flow-through shares	-	-	(205,714)	-
	<u>(112,362)</u>	<u>(66,835)</u>	<u>(377,533)</u>	<u>(296,130)</u>
Net loss and comprehensive loss	<u>(1,780,200)</u>	<u>(597,940)</u>	<u>(4,308,250)</u>	<u>(3,517,876)</u>
Basic and diluted loss per common share (note 13)	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.01)</u>	<u>(0.01)</u>
Weighted average number of shares (note 13)	368,889,431	324,680,742	359,221,512	303,796,315

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

Condensed Statements of Changes in Equity
For the Nine Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital		Contributed surplus	Deficit	Equity total
	Number of shares	Amount \$			
Balance at January 1, 2022	343,351,111	41,980,262	12,404,406	(50,420,067)	3,964,601
Issuance of common shares from private placements	25,001,000	3,500,140	-	-	3,500,140
Fair value of issued warrants from private placements	-	(1,263,482)	1,263,482	-	-
Fair value of finders fee compensation warrants	-	(119,966)	119,966	-	-
Expenses of the private placements	-	(340,824)	-	-	(340,824)
Exercise of warrants	537,320	42,956	-	-	42,956
Fair value of exercised warrants	-	19,151	(19,151)	-	-
Share-based payment	-	-	376,912	-	376,912
Net loss	-	-	-	(4,308,250)	(4,308,250)
Balance at September 30, 2022	368,889,431	43,818,237	14,145,615	(54,728,317)	3,235,535
Balance at January 1, 2021	267,378,228	36,868,260	9,469,207	(44,298,473)	2,038,994
Issuance of common shares from private placements	52,154,873	5,000,000	-	-	5,000,000
Fair value of issued warrants from private placements	-	(1,386,504)	1,386,504	-	-
Fair value of finders fee compensation warrants	-	(253,764)	253,764	-	-
Expenses of the private placements	-	(515,974)	-	-	(515,974)
Exercise of warrants and options	6,207,563	499,713	-	-	499,713
Fair value of exercised warrants	-	190,974	(190,974)	-	-
Share-based payment	-	-	931,524	-	931,524
Net loss	-	-	-	(3,517,876)	(3,517,876)
Balance at September 30, 2021	325,740,664	40,402,705	11,850,025	(47,816,349)	4,436,381

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

Condensed Statements of Cash Flows
For the Nine Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars)
(Unaudited)

	For the nine-month period ended	
	2022	September 30, 2021
	\$	\$
Cash flow from operating activities		
Net loss for the period	(4,308,250)	(3,517,876)
Items not affecting cash:		
Depreciation	26,472	26,764
Interest on lease liability	2,932	6,881
Share-based payments	376,912	931,524
Premium on flow-through shares	(205,714)	-
	(4,107,648)	(2,552,707)
Changes in non-cash items relating to operating activities:		
Accounts receivable	38,370	(8,470)
Prepaid expenses	19,174	(14,399)
Deposits	(224,285)	(19,000)
Accounts payable and accrued liabilities	5,318	171,990
Disbursements from joint venturers, net	(169,027)	(268,026)
	(4,438,098)	(2,690,612)
Cash flow from financing activities		
Proceeds from issuance of shares, net of costs	3,159,316	4,484,026
Proceeds from exercise of options and warrants, net of costs	42,956	499,713
Amount paid on lease liability	(33,430)	(33,430)
	3,168,842	4,950,309
Net (decrease) increase in cash	(1,269,256)	2,259,697
Cash - Beginning of the period	4,275,570	2,341,237
Cash - End of the period	3,006,314	4,600,934

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

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.

2. Basis of Presentation and Going Concern

These condensed 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 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 interim financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses, and the condensed interim statement of financial position classifications used.

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, 2021. These unaudited condensed 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, 2021.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of November 29, 2022, the date the Board of Directors approved the condensed interim financial statements.

(b) Basis of preparation

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

4. Significant Accounting Judgments and Estimates

The preparation of these condensed 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 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 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 interim statements of loss.

Private placements

The Company issues flow-through units to finance a significant portion of its exploration program. Units are comprised of flow-through common shares and non-flow-through warrants. Management is required to make certain estimates when making a pro rata allocation of private placements proceeds between common shares, share purchase warrants and flow-through premium. Fair value of warrants is measured at the date of financing using the Black-Scholes option pricing mechanism. These estimates affect the amount recognized as share capital and contributed surplus in the condensed interim statements of equity and a deferred premium on flow-through shares in the condensed statements of financial position.

5. Property, Equipment, and Right of use asset

Cost	January 1, 2021	Additions in 2021	December 31, 2021	Additions in 2022	September 30, 2022
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>
Accumulated depreciation	January 1, 2021	Depreciation in 2021	December 31, 2021	Depreciation in 2022	September 30, 2022
Exploration property and equipment					
Field property and equipment	\$ 4,417	\$ 186	\$ 4,603	\$ 111	\$ 4,714
Furniture and equipment	27,667	177	27,844	99	27,943
Right of use assets	68,817	34,408	103,225	25,806	129,031
Office property and equipment					
Furniture and fixtures	5,173	913	6,086	458	6,544
	<u>\$ 106,074</u>	<u>\$ 35,684</u>	<u>\$ 141,758</u>	<u>\$ 26,474</u>	<u>\$ 168,232</u>

5. Property, Equipment, and Right of use asset - continued

Net book value	September 30, 2022	December 31, 2021	January 1, 2021
Exploration property and equipment			
Field property and equipment	\$ 636	\$ 747	\$ 933
Furniture and equipment	430	529	706
Right of use assets	8,606	34,412	68,820
Office property and equipment			
Furniture and fixtures	-	458	1,371
	<u>\$ 9,672</u>	<u>\$ 36,146</u>	<u>\$ 71,830</u>

In the three- and nine-month periods ended September 30, 2022, \$8,672 and \$26,016 (2021 - \$8,693 and \$26,079) of depreciation expense was included in mining exploration and evaluation expenditures on the condensed interim statements of loss and comprehensive loss.

Right of use asset – Leases per IFRS 16

The following table outlines the difference between operating lease commitments immediately preceding the date of initial adoption and lease liabilities recognized on the 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>

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 and
- 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 ten 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 in 2022.

Mining exploration expenditures on the Company's properties during the three- and nine-month periods ended September 30, 2022 and 2021 are as follows:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2022	2021	2022	2021
Red Willow Property	\$ 266,277	\$ 56,106	\$ 1,786,201	\$ 954,434
Hook Lake Property	21,934	4,298	45,314	291,443
Smart Lake Property	2,386	-	4,269	-
Turnor Lake Property	-	-	250	520
Umfreville Lake Property	-	270,638	5,299	632,335
Henday Lake Property	-	24,244	14,169	24,244
Tabbemor Block	724,647	-	724,647	-
Other Properties	428,238	-	428,238	58,644
	<u>\$ 1,443,482</u>	<u>\$ 355,286</u>	<u>\$ 3,008,387</u>	<u>\$ 1,961,620</u>

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 2021, Cameco and Orano each funded their respective portions of the project by contributing \$349,181 (2020 - \$749,159) each for a total amount of \$698,362 (2020 - \$1,498,318). In the nine-month period ended September 30, 2022 Cameco and Orano advanced further \$6,493 each for a total amount of \$12,986. At September 30, 2022 the Company has receivable balance of \$101,344 (2021 - advances balance of \$56,140) 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 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 September 30, 2022, a receivable balance from Cameco was \$11,543 (2021 – Nil).

8. Deposits

Deposits consist of security deposit for rent for Toronto office, last month rent for Saskatoon office, deficiency deposits for various properties and deposit for airborne surveys. The deficiency deposits are 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.

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 is discounted at a rate of 13.95%.

	For the nine-month period ended September 30, 2022	For the year ended December 31, 2021
Lease liability at the beginning of the period	\$ 41,388	\$ 77,423
Add: Lease accretion	2,932	8,539
Less: Total lease payments	(33,429)	(44,574)
Lease liability at the end of the period	10,891	41,388
Less: Current portion	(10,891)	(41,388)
Lease liability - long term	\$ -	\$ -

10. Shareholders' Equity

(a) Share Capital

Authorized, issued and outstanding common shares

Authorized – unlimited number of common shares without par value.

Issued – 368,889,431 common shares at September 30, 2022 (December 31, 2021 – 343,351,111).

On April 14, 2022 the Company closed its brokered private placement with Red Cloud Securities Inc. In connection with the closing, the Company issued 25,001,000 flow-through units at a price of \$0.14 per unit for aggregate gross proceeds of \$3,500,140. 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 warrant. Each warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of \$0.20 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 cash commissions in the aggregate amount of \$210,008 and issued to Red Cloud 1,500,060 non-transferrable compensation warrants, with each compensation warrant exercisable to purchase one common share of the Company at a price of \$0.14 per share for a term of 24 months following the closing date.

10. Shareholders' Equity - continued

(a) Share Capital - continued

Authorized, issued and outstanding common shares – continued

The Company incurred aggregate cash costs of \$340,824 and compensation warrants were valued at \$119,966.

The net proceeds have been prorated to common shares and warrants in the unit based on their relative fair values with total value of \$1,263,482 being allocated to warrants.

The net proceeds from the sale of flow-through shares will be used for the exploration and advancement of the Company's projects in the Athabasca Basin in Saskatchewan and 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, 2022, 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 were subject to a four-month hold period pursuant to the applicable securities laws and expired on August 15, 2022.

On April 7, 2021 the Company closed its brokered private placement with Red Cloud Securities Inc. In connection with the closing, the Company issued 20,404,095 flow-through units at a price of \$0.105 per unit and 31,750,778 hard-dollar units at a price of \$0.09 per unit for aggregate gross proceeds of \$5,000,000. Each hard-dollar unit consists of one common share in the capital of the Company and one common share purchase warrant. 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 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 with each compensation warrant exercisable to purchase one common share of the Company at a price of \$0.105 per share for a term of 24 months following the closing date. The Company incurred aggregate cash costs of \$515,974 and compensation warrants were valued at \$253,764.

The net proceeds have been prorated to common shares and warrants in the unit based on their relative fair values with total value of \$1,386,504 being allocated to warrants.

10. Shareholders' Equity - continued

(a) Share Capital - continued

Authorized, issued and outstanding common shares – continued

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 were subject to a four-month hold period pursuant to the applicable securities laws that expired on August 8, 2021.

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 April 2022 and April 2021 private placements:

	2022	2021
Share price on issue date	\$0.12	\$0.11
Expected dividend yield	nil	nil
Expected volatility	157%	138%
Risk-free interest rate	2.00%	1.10%
Expected life	2 years	2 years

On December 31, 2021 the Company closed the final tranche of the non-brokered private placement. Together with the first tranche of the private placement closed on December 15, 2021, the Company issued a total of 10,107,643 flow-through units for aggregate gross proceeds of \$1,415,070. 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 half of 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 \$0.20 per share for a period of 24 months from the date of issuance.

Together with the first tranche of the Private Placement, the Company paid finders' fees consisting of a total of \$81,004 in cash and issued a total of 578,601 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 \$0.20 per share for a period of 24 months after the date of issuance. The Company incurred aggregate cash costs of \$100,673 and compensation warrants were valued at \$35,036.

10. Shareholders' Equity - continued

(a) Share Capital - continued

Authorized, issued and outstanding common shares – continued

The net proceeds have been prorated to common shares, warrants and deferred premium on flow-through shares based on their relative fair values with total value of \$254,556 being allocated to warrants and \$205,714 being premium on flow-through shares.

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 December 2021 private placement:

	<u>December 15</u>	<u>December 31</u>
Share price on issue date	\$0.09	\$0.085
Expected dividend yield	nil	nil
Expected volatility	160%	157%
Risk-free interest rate	1.00%	1.00%
Expected life	2 years	2 years
Relative fair value allocated to warrants	\$366,952	\$22,396

All securities issued in connection with the first tranche closing of the private placement were subject to a four-month hold period pursuant to the applicable securities laws that expired on April 14, 2022 and all securities issued in connection with the final tranche closing of the private placement were subject to a four-month hold period pursuant to the applicable securities laws that expired on April 30, 2022.

In connection with the issuance of flow-through shares in 2021, the Company renounced a total of \$3,557,500 of qualifying expenditures to the shareholders in 2021. Out of that amount \$2,257,500 was spent in 2021 and \$1,300,000 was spent in the first quarter of 2022.

In connection with the issuance of flow-through shares in April 2022, the Company will renounce a total of \$3,500,140 of qualifying expenditures to the shareholders on December 31, 2022 (note 14).

10. Shareholders' Equity - continued

(b) Share purchase warrants

The following common share purchase warrants were outstanding at September 30, 2022:

	Number of warrants	Exercise price	Expiry date
Common share purchase warrants	5,500,000	0.08	October 22, 2022
Common share purchase warrants	36,057,480	0.08	December 17, 2022
Common share purchase warrants	41,702,826	0.13	April 7, 2023
Common share purchase warrants	3,569,174	0.105	April 7, 2023
Common share purchase warrants	5,232,191	0.20	December 15, 2023
Common share purchase warrants	400,232	0.20	December 31, 2023
Common share purchase warrants	25,001,000	0.20	April 14, 2024
Common share purchase warrants	<u>1,500,060</u>	0.14	April 14, 2024
	<u>118,962,963</u>		

A summary of warrants outstanding as at September 30, 2022 and December 31, 2021 and changes during periods ending on these dates are presented below:

	For the nine-month period ended September 30, 2022			For the year ended December 31, 2021		
	Number of warrants	Weighted average exercise price	Fair value	Number of warrants	Weighted average exercise price	Fair value
Balance, beginning of the period	92,999,223	\$ 0.11	\$ 2,836,904	54,395,167	\$ 0.08	\$ 1,048,301
Granted	26,501,060	0.20	1,383,448	51,154,423	0.14	2,038,897
Exercised and expired	(537,320)	0.08	(19,151)	(12,550,367)	0.08	(250,294)
Balance, end of the period	<u>118,962,963</u>	<u>\$ 0.13</u>	<u>\$ 4,201,201</u>	<u>92,999,223</u>	<u>\$ 0.11</u>	<u>\$ 2,836,904</u>

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.

On May 13, 2022 the Company granted 6,350,000 stock options at an exercise price of \$0.07 per common share, vesting immediately. These options expire in five years from the date of grant.

On May 13, 2021 the Company granted 8,400,000 stock options at an exercise price of \$0.13 per common share, vesting immediately. These options expire in five years from the date of grant.

On December 29, 2021 the Company granted 5,800,000 stock options at an exercise price of \$0.095 per common share, vesting immediately. These options expire in five years from the date of grant.

Using the Black-Scholes pricing model, the weighted average fair value of options granted in 2022 and 2021 was estimated at \$376,912 and \$1,342,069, respectively. These amounts, net of estimated forfeitures, have been recognized as an expenses in the nine month period ended September 30, 2022 and in the year ended December 31, 2021, respectively, as the options vested immediately. The unvested, unamortized fair value balance of stock options granted amounted to \$Nil at September 30, 2022.

The following principal assumptions were used in applying the Black-Scholes option-pricing model for options granted in 2022 and 2021:

	<u>May 2022</u>	<u>May 2021</u>	<u>December 2021</u>
Share price on issue date	\$0.07	\$0.13	\$0.095
Dividend rate	0%	0%	0%
Expected volatility	126%	128%	125%
Risk-free interest rate	1.75%	1.10%	1.00%
Expected life	5 years	5 years	5 years

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

A summary of the status of the Plan as at September 30, 2022 and December 31, 2021, and changes during periods ending on these dates is presented below:

	For the nine-month period ended September 30, 2022		For the year ended December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of the period	29,000,000	\$ 0.09	22,210,000	\$ 0.08
Granted	6,350,000	0.07	14,200,000	0.12
Exercised and expired	(2,800,000)	0.065	(7,410,000)	0.10
Balance, end of the period	32,550,000	\$ 0.09	29,000,000	\$ 0.09

As at September 30, 2022, the Company had stock options issued to directors, officers, employees and contractors of the Company outstanding and exercisable as follows:

Date of grant	Number of options	Number exercisable	Exercise price	Expiry date
May 16, 2018	2,700,000	2,700,000	\$ 0.06	May 16, 2023
April 26, 2019	2,900,000	2,900,000	\$ 0.085	April 26, 2024
April 27, 2020	6,400,000	6,400,000	\$ 0.07	April 27, 2025
May 13, 2021	8,400,000	8,400,000	\$ 0.13	May 13, 2026
December 29, 2021	5,800,000	5,800,000	\$ 0.095	December 29, 2026
May 13, 2022	6,350,000	6,350,000	\$ 0.07	May 13, 2027
	32,550,000	32,550,000		

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:

	For the years ended	
	December 31,	
	2021	2020
Non capital losses	\$ 7,994,110	\$ 7,021,300
Exploration expenditures	9,750,710	9,473,210
Share issuance costs	816,540	147,150
Property and equipment	104,730	103,460
Investment tax credits	67,850	67,850
Capital lease obligation	6,980	8,600

The non-capital losses carried forward will expire between 2026 and 2041. 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.

	For the three-month period ended		For the nine-month period ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Loss attributable to common shareholders	\$ (1,780,200)	\$ (597,940)	\$ (4,308,250)	\$ (3,517,876)
Weighted average common shares outstanding	368,889,431	324,680,742	359,221,512	303,796,315
Basic loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

13. Loss per Share - continued

(b) Diluted

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

14. Commitments

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 and 2,142,430 before the end of 2022. The Company fulfilled its commitment spending on qualifying Canadian exploration expenditures approximately \$2,350,930 in 2021 and \$1,300,000 in the first half of 2022.

In connection with the issuance of flow-through shares in April 2022, the Company is required to spend \$3,500,140 on Canadian exploration expenditures before December 31, 2023. As of September 30, 2022, the Company spent approximately \$2,080,900 on Canadian exploration expenditures out of that requirement.

15. Financial Instruments

The Company's financial instruments include cash, accounts receivable, 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 accounts receivable (excluding HST). The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

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 September 30, 2022, the Company had cash totaling \$3,006,314, (December 31, 2021 - \$4,275,570) and receivable from government of \$87,848. All these funds are sufficient to settle current accounts payable and accrued liabilities of \$334,111 (December 31, 2021 - \$328,796).

(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

For cash, 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.

17. Capital Risk Management

The Company considers its capital structure to consist of share capital 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 September 30, 2022, 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 nine-month periods ended September 30, 2022 and 2021 was as follows:

	2022	2021
Remuneration	\$ 333,554	\$ 289,961
Share-based payments	\$ 376,912	\$ 914,890

19. Subsequent Events

(a) Private placement financings

On November 23, 2022, the Company announced a non-brokered private placement of up to 28,571,429 flow-through units at a price of \$0.07 per unit for aggregate gross proceeds of up to \$2,000,000. Each flow-through unit consist 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-half (1/2) of a 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 \$0.105 per share for a period of 24 months from the date of issuance.

On November 25, 2022 the Company announced that due to strong investor demand, it has increased the offering size of the non-brokered private placement previously announced on November 23, 2022 from \$2,000,000 to \$3,750,000 (the "Offering"). Up to 53,571,429 flow-through units ("Units") at a price of \$0.07 per Unit are issuable pursuant to the Offering. Each flow-through unit consists of one common share of the Company to be issued on a "flow through" basis pursuant to the Income Tax Act (Canada) (each a "Flow-Through Share") and one-half (1/2) of one common share purchase warrant. Each whole warrant entitles its holder to purchase one common share of the Company (each a "Warrant Share") at an exercise price of \$0.105 per share for a period of 24 months from the date of issuance. The completion of the Offering is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory and corporate approvals, including the approval of approval of the Offering by the TSX Venture Exchange.

The net proceeds of the Offering will be used for the exploration and advancement of the Company's projects in the Athabasca Basin, Saskatchewan. The gross proceeds of the Flow-Through Common Shares sold under the Offering will be used for Canadian Exploration Expenses (within the meaning of the *Income Tax Act* (Canada)) which qualify as a "flow-through mining expenditure" for purposes of the *Income Tax Act* (Canada) related to the exploration program of the Company to be conducted on the Company's properties located in the Province of Saskatchewan. The Company will renounce such Canadian Exploration Expenses with an effective date of no later than December 31, 2022.

(b) Extension of warrants

On October 31, 2022 the Company announced that has received approval from the TSX Venture Exchange of the extension by six months of the expiry date of a total of 35,838,000 outstanding common share purchase warrants issued by the Company in connection with a private placement of flow-through units and common share units of the Company that were to expire on December 17, 2022. New expire date for these warrants is June 17, 2023. All other terms of the warrants, including the exercise price, will remain the same. Each warrant entitles the holder to acquire one common share in the capital of the Company at an exercise price of \$0.08.