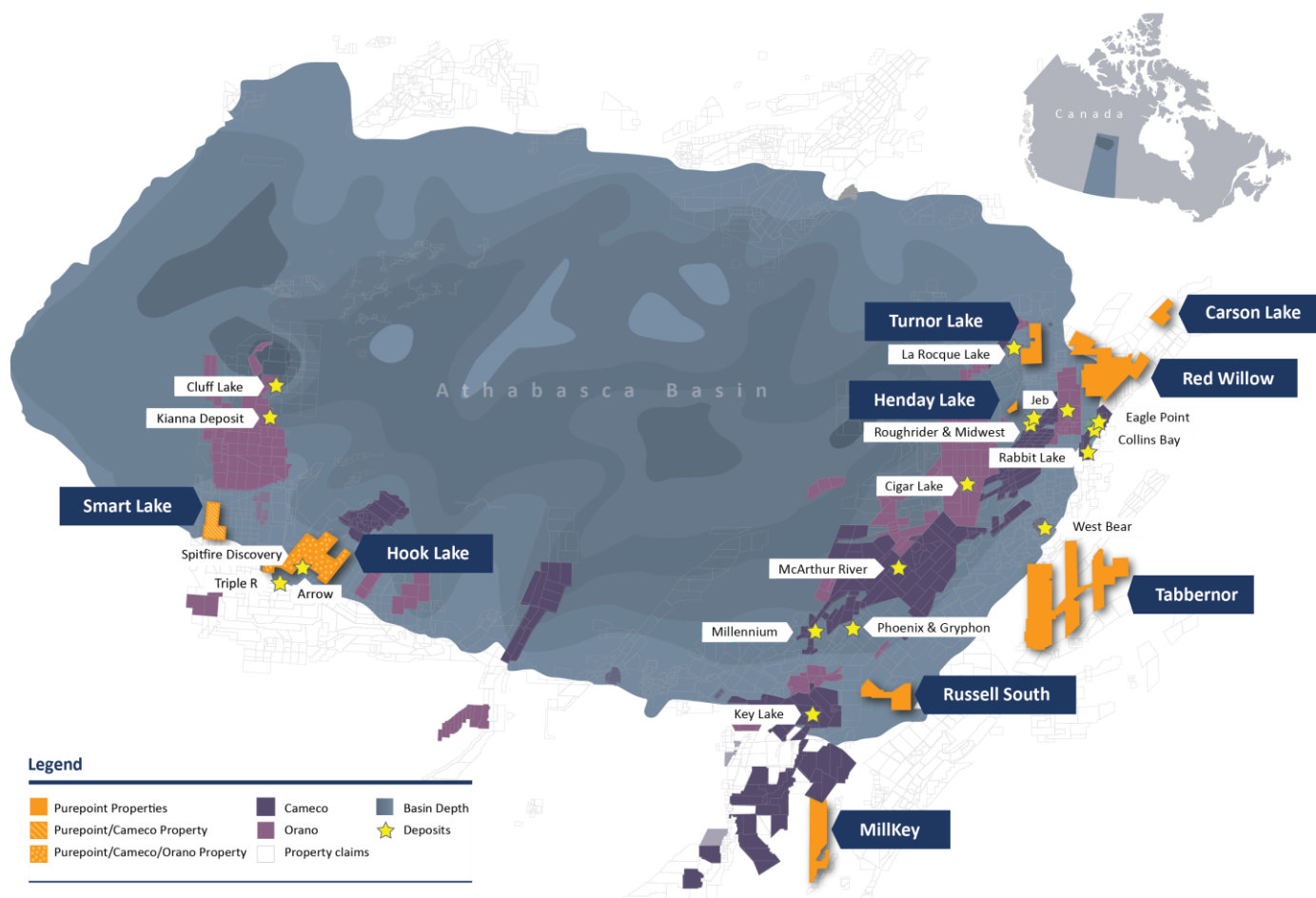


Condensed Interim Financial Statements

March 31, 2023 and 2022



Condensed Interim Statements of Financial Position

As at March 31, 2023 and December 31, 2022

(Expressed in Canadian Dollars)
 (Unaudited)

| | March 31, 2023 | December 31, 2022 |
|--|---------------------------|------------------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash | 1,501,732 | 3,925,659 |
| Accounts receivable | 227,640 | 162,119 |
| Receivable from projects (note 7) | 575,398 | 36,559 |
| Prepaid expenses | 95,446 | 83,062 |
| Deposits (note 8) | 274,005 | 275,647 |
| | <u>2,674,221</u> | <u>4,483,046</u> |
| Property, equipment and Right of use asset (note 5) | <u>97,810</u> | <u>994</u> |
| | <u>2,772,031</u> | <u>4,484,040</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 556,596 | 90,284 |
| Current portion of lease liability (note 9) | 31,531 | - |
| | <u>588,127</u> | <u>90,284</u> |
| Long term portion of lease liability (note 9) | <u>66,928</u> | <u>-</u> |
| | <u>655,055</u> | <u>90,284</u> |
| Shareholders' equity | | |
| Share capital (note 10(a)) | 46,018,773 | 46,018,773 |
| Contributed surplus | 15,148,193 | 15,148,193 |
| Deficit | (59,049,990) | (56,773,210) |
| | <u>2,116,976</u> | <u>4,393,756</u> |
| | <u>2,772,031</u> | <u>4,484,040</u> |

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

Condensed Interim Statements of Loss and Comprehensive Loss

For the Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

| | For the three-month period ended | |
|--|---|--------------------|
| | March 31, | |
| | 2023 | 2022 |
| | \$ | \$ |
| Expenses | | |
| Mining exploration and evaluation expenditures (note 6) | 2,152,559 | 1,443,270 |
| Mining exploration and evaluation salaries and benefits | 206,685 | 146,125 |
| Investor relations | 60,427 | 108,264 |
| Salaries, compensations and benefits | 56,050 | 57,050 |
| Transfer agent and filing fees | 34,953 | 10,468 |
| Professional fees | 29,159 | 41,530 |
| Insurance | 14,988 | 11,281 |
| General and administration | 8,211 | 9,013 |
| Travel | 4,031 | - |
| Depreciation (note 5) | - | 228 |
| | <u>2,567,063</u> | <u>1,827,229</u> |
| Other | | |
| Operator fees and other recoveries (note 7) | (256,158) | (6,450) |
| Interest income | (34,125) | (926) |
| Premium on flow-through shares | - | (205,714) |
| | <u>(290,283)</u> | <u>(213,090)</u> |
| Net loss and comprehensive loss | <u>(2,276,780)</u> | <u>(1,614,139)</u> |
| Basic and diluted loss per common share (note 12) | <u>(0.01)</u> | <u>(0.00)</u> |
| Weighted average number of shares (note 12) | 417,532,288 | 343,463,009 |

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

Condensed Interim Statements of Changes in Equity

For the Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)
(Unaudited)

| | Share capital | | Contributed surplus | Deficit | Equity total |
|----------------------------------|--------------------|-------------------|---------------------|---------------------|------------------|
| | Number of shares | Amount | | | |
| | | \$ | \$ | \$ | \$ |
| Balance at January 1, 2023 | 417,532,288 | 46,018,773 | 15,148,193 | (56,773,210) | 4,393,756 |
| Net loss | - | - | - | (2,276,780) | (2,276,780) |
| Balance at March 31, 2023 | 417,532,288 | 46,018,773 | 15,148,193 | (59,049,990) | 2,116,976 |
| Balance at January 1, 2022 | 343,351,111 | 41,980,262 | 12,404,406 | (50,420,067) | 3,964,601 |
| Exercise of warrants | 437,320 | 34,956 | - | - | 34,956 |
| Fair value of exercised warrants | - | 17,296 | (17,296) | - | - |
| Net loss | - | - | - | (1,614,139) | (1,614,139) |
| Balance at March 31, 2022 | 343,788,431 | 42,032,514 | 12,387,110 | (52,034,206) | 2,385,418 |

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

| | For the three-month period ended | |
|---|---|---------------------------|
| | 2023 | March 31, 2022 |
| | \$ | \$ |
| Cash flow from operating activities | | |
| Net loss for the period | (2,276,780) | (1,614,139) |
| Items not affecting cash: | | |
| Depreciation | 8,863 | 8,900 |
| Interest on lease liability | 3,615 | 1,314 |
| Premium on flow-through shares | - | (205,714) |
| | <u>(2,264,302)</u> | <u>(1,809,639)</u> |
| Changes in non-cash items relating to operating activities: | | |
| Accounts receivable | (65,521) | 31,754 |
| Prepaid expenses | (12,384) | (27,668) |
| Deposits | 1,642 | 40,000 |
| Accounts payable and accrued liabilities | 466,313 | 66,499 |
| Advances (disbursements) from joint venturers, net | (538,839) | 12,811 |
| | <u>(2,413,091)</u> | <u>(1,686,243)</u> |
| Cash flow from financing activities | | |
| Proceeds from exercise of warrants, net of costs | - | 34,956 |
| Amount paid on lease liability | (10,836) | (11,144) |
| | <u>(10,836)</u> | <u>23,812</u> |
| Net decrease in cash | (2,423,927) | (1,662,431) |
| Cash - Beginning of the period | 3,925,659 | 4,275,570 |
| Cash - End of the period | 1,501,732 | 2,613,139 |

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 interim financial statements are the same as those applied by the Company in its audited annual financial statements as at and for the year ended December 31, 2022. 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 financial statements of the Company as at and for the year ended December 31, 2022.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of May 29, 2023, the date the Board of Directors approved the condensed 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 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 and comprehensive loss.

5. Property and Equipment

| Cost | January 1, | Additions | December 31, | Additions and | March 31, |
|------------------------------------|-------------------|---------------------|---------------------|-----------------------|-------------------|
| | 2022 | in 2022 | 2022 | Reductions in 2023 | 2023 |
| 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 | (31,958) | 105,679 |
| Office property and equipment | | | | | |
| Furniture and fixtures | 6,544 | - | 6,544 | - | 6,544 |
| | <u>\$ 177,904</u> | <u>\$ -</u> | <u>\$ 177,904</u> | <u>\$ (31,958)</u> | <u>\$ 145,946</u> |
| Accumulated depreciation | January 1, | Depreciation | December 31, | Depreciation | March 31, |
| | 2022 | in 2022 | 2022 | in 2023 | 2023 |
| Exploration property and equipment | | | | | |
| Field property and equipment | \$ 4,603 | \$ 149 | \$ 4,752 | \$ 55 | \$ 4,807 |
| Furniture and equipment | 27,844 | 133 | 27,977 | - | 27,977 |
| Right of use assets | 103,225 | 34,412 | 137,637 | (128,829) | 8,808 |
| Office property and equipment | | | | | |
| Furniture and fixtures | 6,086 | 458 | 6,544 | - | 6,544 |
| | <u>\$ 141,758</u> | <u>\$ 35,152</u> | <u>\$ 176,910</u> | <u>\$ (128,774)</u> | <u>\$ 48,136</u> |
| Net book value | | | March 31, | December 31, | January 1, |
| | | | 2023 | 2022 | 2022 |
| Exploration property and equipment | | | | | |
| Field property and equipment | | | \$ 543 | \$ 598 | \$ 747 |
| Furniture and equipment | | | 396 | 396 | 529 |
| Right of use assets | | | 96,871 | - | 34,412 |
| Office property and equipment | | | | | |
| Furniture and fixtures | | | - | - | 458 |
| | | | <u>\$ 97,810</u> | <u>\$ 994</u> | <u>\$ 36,146</u> |

5. Property and Equipment - continued

In the three-month period ended March 31, 2023, \$8,863 (2022 - \$8,672) of depreciation expense was included in mining exploration and evaluation expenditures on the condensed interim statements of loss and comprehensive loss.

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. In 2023, the Company also added 7 new dispositions to the existing projects through staking. These early-stage uranium projects reside in Northern Saskatchewan and will be the subject of preliminary review and surveying in 2023.

Mining exploration expenditures on the Company's properties during the three-month periods ended March 31, 2023 and 2022 are as follows:

| | For the three-month period ended | |
|----------------------|---|---------------------|
| | March 31, | |
| | 2023 | 2022 |
| Red Willow Property | \$ 1,757,321 | \$ 1,434,104 |
| Hook Lake Property | 345,795 | 46 |
| Turnor Lake Property | 19,930 | 250 |
| Henday Lake Property | 2,258 | 8,870 |
| Tabbernor Block | 22,027 | - |
| Other Properties | 5,228 | - |
| | <u>\$ 2,152,559</u> | <u>\$ 1,443,270</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 2022, Cameco and Orano each funded their respective portions of the project by contributing \$81,602 (2021 - \$349,181) each for a total amount of \$163,204 (2021 - \$698,362). In the three-month period ended March 31, 2023 Cameco and Orano advanced further \$358,464 (2022 - \$6,493) each for a total amount of \$716,928 (2022 - \$12,986). At March 31, 2023 the Company has receivable balance of \$575,398 (2022 - \$68,951 unspent advance balance) 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 interim 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, 2023, a receivable balance from Cameco was Nil (2022 – Nil).

8. Deposits

Deposits consist of last month rent for Saskatoon office and a deficiency deposits for various properties. 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. The Company extended the lease of its office in Saskatoon for a further period of 3 years, from January 1, 2023 to December 31, 2025. The Company recognized right-of-use asset and initial lease liability totalling \$105,679 as of January 1, 2023. The new lease liability has a term of 3 years and is discounted at a rate of 11.67%.

| | For the three-month period ended | |
|--|---|---------------------------|
| | 2023 | March 31, 2022 |
| Lease liability at the beginning of the period | \$ - | \$ 41,388 |
| New lease liability | 105,679 | - |
| Add: Lease accretion | 3,615 | 1,314 |
| Less: Total lease payments | <u>(10,835)</u> | <u>(11,143)</u> |
| Lease liability at the end of the period | 98,459 | 31,559 |
| Less: Current portion | <u>(31,531)</u> | <u>(31,559)</u> |
| Lease liability - long term | <u>\$ 66,928</u> | <u>\$ -</u> |

10. Shareholders' Equity

(a) Share Capital

Authorized, issued and outstanding common shares

Authorized – unlimited number of common shares without par value.

Issued – 417,532,288 common shares at March 31, 2023 (December 31, 2022 – 417,532,288).

On December 8, 2022, the Company closed a non-brokered private placement. In connection with the closing, the Company issued 48,642,857 flow-through units at a price of \$0.07 per unit for aggregate gross proceeds of \$3,405,000. 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 (1/2) of a common share purchase warrant. Each whole 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.

10. Shareholders' Equity - continued

(a) Share Capital - continued

Authorized, issued and outstanding common shares – continued

In connection with the closing of the private placement, the Company paid certain finders' fees consisting of, in aggregate, \$167,929 in cash and 2,398,984 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 \$0.07 per share for a period of 24 months after the closing date. The net proceeds of the private placement will be used for the exploration and advancement of the Company's projects in the Athabasca Basin, Saskatchewan. 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 April 9, 2023.

The Company incurred aggregate cash costs of \$201,886 and compensation warrants were valued at \$138,146.

The net proceeds have been prorated to common shares and warrants in the unit based on their relative fair values with total value of \$885,762 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 are subject to a four-month hold period pursuant to the applicable securities laws with an expiry date of April 9, 2023.

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.

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 2022 private placements:

| | April | December |
|---------------------------|--------------|-----------------|
| Share price on issue date | \$0.12 | \$0.065 |
| Expected dividend yield | nil | nil |
| Expected volatility | 157% | 188% |
| Risk-free interest rate | 2.00% | 3.50% |
| Expected life | 2 years | 2 years |

In connection with the issuance of flow-through shares in 2022, the Company renounced a total of \$6,905,140 of qualifying expenditures to the shareholders on December 31, 2022. Out of that amount \$3,500,140 was spent in 2022, \$2,356,244 was spent in the first quarter of 2023 and a reminder of \$1,048,756 is the Company's commitment to fulfill until December 31, 2023.

10. Shareholders' Equity - continued

(b) Share purchase warrants

The following common share purchase warrants were outstanding at March 31, 2023:

| | Number of warrants | Exercise price | Expiry date |
|--------------------------------|-----------------------|-------------------|-------------------|
| 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 | 35,838,000 | \$ 0.08 | June 17, 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 | 1,500,060 | \$ 0.14 | April 14, 2024 |
| Common share purchase warrants | 24,321,427 | \$ 0.105 | December 8, 2024 |
| Common share purchase warrants | 2,398,984 | \$ 0.07 | December 8, 2024 |
| | <u>139,963,894</u> | | |

A summary of warrants outstanding as at March 31, 2023 and December 31, 2022 and changes during periods ending on these dates are presented below:

| | For the three-month period ended March 31, 2023 | | | For the year ended December 31, 2022 | | |
|-------------------------------------|---|--|---------------------|--|--|---------------------|
| | Number of warrants | Weighted average exercise price | Fair value | Number of warrants | Weighted average exercise price | Fair value |
| Balance, beginning of the period | 139,963,894 | \$ 0.13 | \$ 5,088,846 | 92,999,223 | \$ 0.11 | \$ 2,836,904 |
| Granted | - | - | - | 53,221,471 | 0.15 | 2,407,356 |
| Exercised and expired | - | - | - | (6,256,800) | 0.08 | (155,414) |
| Balance, end of the period | <u>139,963,894</u> | <u>\$ 0.13</u> | <u>\$ 5,088,846</u> | <u>139,963,894</u> | <u>\$ 0.13</u> | <u>\$ 5,088,846</u> |

Susequent to March 31, 2023, 41,702,826 common share purchase warrants with exercise price \$0.13 and 3,569,174 common share purchase warrants with exercise price \$0.105 were expired.

10. Shareholders' Equity - continued

(c) Shareholder's Rights Plan

The Company has adopted a shareholder's rights plan which is designed to ensure, to the extent possible, that all of the shareholders of the Company are treated fairly in the event that a take-over bid is made for the shares of the Company and to ensure that the Board of Directors has sufficient time to evaluate unsolicited takeover bids and to explore, develop and pursue alternatives that could maximize value for the shareholders of the Company.

11. Share-based Payments – Omnibus Plan

On May 13, 2022, the Company adopted an omnibus equity incentive compensation plan (the "Omnibus Plan"), which replaced the Company's former stock option plan. The Omnibus Plan provides that the Board of Directors may from time to time, in its discretion, and in accordance with the requirements of the TSXV, grant to directors, officers, employees and technical consultants to the Company security based compensations including restricted share units ("RSU"), performance share units ("PSU"), deferred share units ("DSU", together with RSU and PSU, the "Units") and common share purchase options ("options", together with the Units, the "Awards"). The maximum number of Common Shares issuable at any time pursuant to outstanding Awards under the Omnibus Plan is equal to the following: (i) in respect to grants of options under the Omnibus Plan, 10% of the total number of Common Shares that are issued and outstanding as of the date of any Option grant, and (ii) in respect to grants of Units under the Omnibus Plan, 36,888,943 Common 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.

Using the Black-Scholes pricing model, the weighted average fair value of options granted in 2022 was estimated at \$376,912. This amount, net of estimated forfeitures, has been recognized as an expense in the year ended December 31, 2022, as the options vested immediately. The unvested, unamortized fair value balance of stock options granted amounted to \$Nil at March 31, 2023.

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

| | |
|---------------------------|------------|
| | <u>May</u> |
| Share price on issue date | \$0.07 |
| Dividend rate | 0% |
| Expected volatility | 126% |
| Risk-free interest rate | 1.75% |
| Expected life | 5 years |

11. Share-based Payments – Omnibus Plan - continued

A summary of the status of the Plan as at March 31, 2023 and December 31, 2022, and changes during periods ending on these dates is presented below:

| | For the three-month period ended | | For the year ended | |
|----------------------------------|----------------------------------|---------------------------------|--------------------|---------------------------------|
| | March 31, 2023 | | December 31, 2022 | |
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Balance, beginning of the period | 32,550,000 | \$ 0.09 | 29,000,000 | \$ 0.09 |
| Granted | - | - | 6,350,000 | 0.07 |
| Exercised and expired | - | - | (2,800,000) | 0.065 |
| Balance, end of the period | 32,550,000 | \$ 0.09 | 32,550,000 | \$ 0.09 |

As at March 31, 2023, 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 | 5,650,000 | \$ 0.095 | December 29, 2026 |
| May 13, 2022 | 6,350,000 | 6,350,000 | \$ 0.07 | May 13, 2027 |
| | 32,550,000 | 32,400,000 | | |

Susequent to March 31, 2023, 2,700,000 stock options with exercise price \$0.06 expired.

12. 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 | |
|--|---|--------------------|
| | March 31, | |
| | 2023 | 2022 |
| | <u>2023</u> | <u>2022</u> |
| Loss attributable to common shareholders | \$ (2,276,780) | \$ (1,614,139) |
| Weighted average common shares outstanding | <u>417,532,288</u> | <u>343,463,009</u> |
| Basic loss per common share | <u>\$ (0.01)</u> | <u>\$ (0.00)</u> |

(b) Diluted

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

13. Commitment

Pursuant to the issuance of flow-through shares described in note 10(a), the Company is required to spend \$6,905,140 on Canadian exploration expenditures before the end of 2023. Out of that amount \$3,500,140 was spent in 2022, \$2,356,244 was spent in the first quarter of 2023 and a reminder of \$1,048,756 is the Company's commitment to fulfill until December 31, 2023.

14. Financial Instruments

The Company's financial instruments include cash, accounts receivable, receivable from projects, accounts payable and accrued liabilities, advances on project and lease liability with a remaining life of less than one year. 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.

15. 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.

(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, 2023, the Company had cash totaling \$1,501,732, (December 31, 2022 - \$3,925,659) and receivable from government and receivable from projects of \$803,038. All these funds are sufficient to settle current accounts payable and accrued liabilities and current portion of lease liability of \$588,127 (December 31, 2022 - \$90,284).

15. Financial Risk Management - continued

(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, receivable from projects 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.

16. 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, 2023, 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.

17. 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 aggregate compensation of key management and directors of the Company for the three-month periods ended March 31, 2023 and 2022 was as follows:

| | <u>2023</u> | <u>2022</u> |
|----------------------|-------------|-------------|
| Remuneration | \$ 106,954 | \$ 99,646 |
| Share-based payments | \$ Nil | \$ Nil |