

Traction Uranium Corp.
(Formerly Traction Exploration Inc.)

Condensed Interim Financial Statements
For the Three and Six Months Ended March 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying condensed interim financial statements of Traction Uranium Corp. (formerly Traction Exploration Inc.) have been prepared by and are the responsibility of the Company's management. The Company's independent auditors have not performed a review or audit of these interim financial statements.

TRACTION URANIUM CORP. (Formerly Traction Exploration Inc.)
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	March 31, 2022	September 30, 2021
Assets		
Current		
Cash	\$ 4,596,370	\$ 677,874
Receivables	49,623	5,223
Prepaid expenses (note 5)	1,656,017	-
Restricted cash (note 4)	10,000	-
	6,312,010	683,097
Mineral properties (note 6)	6,102,726	-
	\$ 12,414,736	\$ 683,097
Liabilities and Shareholders' Equity		
Liabilities		
Current		
Accounts payable and accrued liabilities (note 8)	\$ 631,424	\$ 70,420
Shareholders' Equity		
Share Capital (note 7)	9,620,889	856,268
Reserves (note 7)	6,552,077	120,000
Deficit	(4,389,654)	(363,591)
	11,783,312	612,677
Total Liabilities and Shareholders' Equity	\$ 12,414,736	\$ 683,097

Approved on behalf of the Board:

"Lester Esteban" (signed)
 Director

"Faizaan Lalani" (signed)
 Director

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

TRACTION URANIUM CORP. (Formerly Traction Exploration Inc.)
Condensed Interim Statement of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Six Months Ended March 31, 2022	Six Months Ended March 31, 2021
Operating expenses				
Accounting and audit fees	\$ 5,000	\$ 6,500	\$ 18,322	\$ 12,500
Consulting fees	32,676	480	192,536	44,272
Directors' fees (note 8)	15,000	-	25,000	-
Exploration and evaluation costs (note 6)	-	-	-	83,363
Interest and bank charges	978	174	1,649	256
Investor relations	1,740,382	-	1,790,882	-
Legal fees	7,631	6,651	32,826	12,484
Management fees (note 8)	37,333	3,000	56,833	6,000
Office service and supplies	741	125	913	125
Rent and services agreement	4,500	-	9,000	-
Realized exchange gain/loss	-	-	368	-
Share-based compensation (note 7,8)	1,714,650	-	1,837,650	-
Transfer agent and filing fees	5,925	1,050	57,064	1,050
Travel	3,020	-	3,020	-
Net loss and comprehensive loss for the period	\$ (3,567,836)	\$ (17,980)	\$ (4,026,063)	\$ (160,050)
Basic and diluted loss per share	\$ (0.08)	\$ (0.00)	\$ (0.11)	\$ (0.01)
Weighted average number of common shares outstanding	47,043,573	16,300,000	35,850,658	15,196,685

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

TRACTION URANIUM CORP. (Formerly Traction Exploration Inc.)
Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	<u>Common Shares</u>					Total Shareholders' Equity
	Number	Amount	Reserves	Subscriptions Received	Deficit	
		\$	\$	\$	\$	\$
Balance, September 30, 2020	12,300,000	206,589	-	30,000	(9,140)	227,449
Private placement	4,000,000	200,000	-	(30,000)	-	170,000
Private placement-special warrants	-	-	216,000	(15,200)	-	200,800
Share issuance costs	-	(3,146)	(2,775)	-	-	(5,921)
Subscriptions received	-	-	-	15,200	-	15,200
Net loss for period	-	-	-	-	(160,050)	(160,050)
Balance, March 31, 2021	16,300,000	403,443	213,225	-	(169,190)	447,478
Balance, September 30, 2021	22,033,000	856,268	120,000	-	(363,591)	612,677
Private placement	12,641,021	1,987,475	3,354,936	-	-	5,342,411
Private placement – flow-through shares	5,602,000	2,027,100	773,900	-	-	2,801,000
Option agreement – Fission 3.0	6,046,952	5,502,726	-	-	-	5,502,726
Share issuance costs	-	(918,730)	494,541	-	-	(424,189)
Share based compensation	-	-	1,837,650	-	-	1,837,650
Warrant exercise	799,000	166,050	(28,950)	-	-	137,100
Net loss for period	-	-	-	-	(4,026,063)	(4,026,063)
Balance, March 31, 2022	47,121,973	9,620,889	6,552,077	-	(4,389,654)	11,783,312

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

TRACTION URANIUM CORP. (Formerly Traction Exploration Inc.)
Condensed Interim Statement of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six Months Ended March 31, 2022	Six Months Ended March 31, 2021
Cash Provided by (Used In)		
Operating Activities		
Net loss for the period	\$ (4,026,063)	\$ (160,050)
Items not affecting cash:		
Share-based compensation expense	1,837,650	-
Change in working capital balances:		
Receivables	(44,400)	(7,826)
Prepaid expenses	(1,656,017)	19,892
Restricted cash	(10,000)	-
Accounts payable and accrued liabilities	561,004	6,476
Cash Used in Operating Activities	(3,337,826)	(141,508)
Investing Activities		
Mineral property acquisition costs (note 6)	(600,000)	-
Cash Used in Investing Activities	(600,000)	-
Financing Activities		
Proceeds on issuance of common shares	8,143,411	216,000
Proceeds on exercise of warrants	137,100	170,000
Share issuance costs	(424,189)	(5,921)
Cash Provided by Financing Activities	7,856,322	380,079
Inflow of Cash	3,918,496	238,571
Cash, Beginning of Period	677,874	201,306
Cash, End of Period	\$ 4,596,370	\$ 439,877
Supplemental cash flows disclosure		
Shares issued for mineral property acquisition	\$ 5,502,726	\$ -

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

TRACTION URANIUM CORP. (Formerly Traction Exploration Inc.)
Notes to the Condensed Interim Financial Statements
For the Three and Six Months Ended March 31, 2022
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(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Traction Uranium Corp. (formerly Traction Exploration Inc.) (the “Company”) was incorporated under the *BC Business Corporations Act* on July 20, 2020. On November 4, 2021, the Company changed its name from Traction Exploration Inc. to Traction Uranium Corp. The principal business of the Company is the acquisition, exploration and evaluation of resource properties. The Company’s registered and records office address is 6th Floor, 905 West Pender Street, Vancouver, BC, V6C 1L6. Its principal place of business is 915 – 700 West Pender Street, Vancouver, BC, V6C 1G8.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the six-month period ended March 31, 2022, the Company incurred a net loss of \$4,026,063 (2021 - \$160,050) and at present, the Company has no current operating income. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties may cast significant doubt on the Company’s ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations. These condensed interim financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

On August 12, 2021, the Company received conditional approval from the Canadian Securities Exchange (the “CSE”) for the listing of its common shares on the CSE. On August 17, 2021, the Company obtained a receipt for its final long form prospectus (the “Prospectus”) from the British Columbia Securities Commission, Alberta Securities Commission, Manitoba Securities Commission and Ontario Securities Commission. The Prospectus qualified the distribution of 5,710,000 common shares and 5,710,000 common share purchase warrants of the Company (Note 7). On September 1, 2021, the Company’s common shares began trading on the CSE under the symbol “TRAC”.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These unaudited condensed interim financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended September 30, 2021 which have been prepared in accordance with IFRS as issued by the IASB.

In preparing these condensed interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company’s significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company’s audited financial statements for the year ended September 30, 2021.

These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

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2. BASIS OF PRESENTATION (Continued)

(b) Basis of presentation

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Approval of the financial statements

These financial statements were authorized for issue by the Audit Committee and Board of Directors on May 30, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed interim financial statements, the significant accounting policies and the significant estimates and judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited financial statements for the year ended September 30, 2021.

(a) Use of estimates and judgments

Share-based payments and restricted share units

The Company has a stock option plan that is described in Note 7 and grants share options to acquire common shares of the Company to directors, officers, employees, and consultants. Share-based payments to employees are measured at the fair value of the instruments granted. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued as calculated using the Black-Scholes option pricing model. The offset to the recorded expense is to reserve.

Consideration received on the exercise of stock options is recorded as share capital and the recorded amount in reserves is transferred to share capital. For those options that expire or cancelled, the recorded fair value in reserves is transferred to deficit.

The fair value of the restricted share units ("RSU") over the vesting periods is based on the volume weighted average trading price of the Company's common shares for the five trading days immediately preceding the grant date. Costs recognized when the RSUs vest are charged to share-based payment with the corresponding equity recorded as reserves. When the restricted share units are settled in shares, recorded fair value is transferred from reserves to share capital.

4. RESTRICTED CASH EQUIVALENTS

As at March 31, 2022, the Company classified \$10,000 (September 30, 2021 - \$nil) as restricted cash equivalents. This amount is held as collateral for the Company's corporate credit cards and is invested in GICs at a rate of prime less 0.50%.

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5. PREPAID EXPENSES

The Company's prepaid expenses include expense advances to consultants and for exploration and evaluation costs. As at March 31, 2022, the Company has \$1,656,017 (September 30, 2021 - \$nil) in prepaid expenses.

6. MINERAL PROPERTIES

Whitewater Property, British Columbia, Canada

In August 2020, the Company entered into an option agreement with Afzaal Ahmed Pirzad (a related party) to acquire 100% interest in the Whitewater Property by paying consideration of \$80,000 in cash and agreeing to incur at least \$515,000 in expenditures on the Whitewater Property. This consideration will be paid as follows:

- Within three months of the agreement, the Company must incur expenditures of \$75,000 (met);
- On or before the first anniversary of the date upon which the Company's shares are listed for trading on any stock exchange in Canada (the "Listing Date"), the Company must incur additional expenditures of \$110,000 (met);
- On or before the second anniversary of the Listing Date, the Company will pay \$30,000 in cash and incur additional expenditures of \$130,000 (unpaid); and
- On or before the third anniversary of the Listing Date, the Company will pay \$50,000 in cash and incur additional expenditures of \$200,000 (unpaid).

During the six-month period ended March 31, 2022, the Company incurred \$nil expenditures (2020 - \$83,363) expenditures on the Whitewater Property.

Hearty Bay Property, Saskatchewan, Canada

The Company entered into an arm's-length letter of intent dated October 30, 2021 with Fission 3.0 Corp. ("Fission") whereby the Company will be granted the right to earn and acquire up to a 70% interest in the Hearty Bay property in Saskatchewan.

The Company will earn an initial 50% interest in the Hearty Bay property by paying consideration as follows:

- Within seven days of the effective date, the Company will pay \$100,000 in cash (paid);
- Seven days after the effective date, the Company will pay \$200,000 in cash (paid);
- On or before the first anniversary of the effective date, the Company will pay \$100,000 in cash;
- On or before the eighteen-months after the effective date, the Company will pay \$100,000 in cash; and
- On or before the second anniversary of the effective date, the Company will pay \$150,000 in cash.

The Company must also incur exploration expenditures on the Hearty Bay property as follows:

- On or before the first anniversary of the effective date, the Company must incur expenditures of \$1,000,000; and
- On or before the second anniversary of the effective date, the Company must incur additional expenditures of \$2,000,000.

During the six-month period ended March 31, 2022, the Company issued 3,023,476 common shares to Fission 3.0 Corp. at \$0.91 per share as part of the Hearty Bay option agreement.

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6. MINERAL PROPERTIES (Continued)

Hearty Bay Property, Saskatchewan, Canada (Continued)

The Company will earn an additional 20% interest in the Hearty Bay property by paying consideration as follows:

- On or before the 30-months after the effective date, the Company will pay \$150,000 in cash; and
- On or before the third anniversary of the effective date, the Company will pay \$200,000 in cash.

The Company must also incur exploration expenditures on the Hearty Bay property as follows:

- On or before the third anniversary of the effective date, the Company must incur expenditures of \$3,000,000.

Lazy Edwards Property, Saskatchewan Canada

The Company entered into an arm's-length letter of intent dated October 30, 2021 with Fission whereby the Company will be granted the right to earn and acquire up to a 70% interest in the Lazy Edwards property in Saskatchewan.

The Company will earn an initial 50% interest in the Lazy Edwards property by paying consideration as follows:

- Within seven days of the effective date, the Company will pay \$100,000 in cash (paid);
- Seven days after the effective date, the Company will pay \$200,000 in cash (paid);
- On or before the first anniversary of the effective date, the Company will pay \$100,000 in cash;
- On or before the eighteen-months after the effective date, the Company will pay \$100,000 in cash; and
- On or before the second anniversary of the effective date, the Company will pay \$150,000 in cash.

The Company must also incur exploration expenditures on the Lazy Edwards property as follows:

- On or before the first anniversary of the effective date, the Company must incur expenditures of \$1,500,000; and
- On or before the second anniversary of the effective date, the Company must incur additional expenditures of \$3,000,000.

During the six-month period ended March 31, 2022, the Company issued 3,023,476 common shares to Fission 3.0 Corp. at \$0.91 per share as part of the Lazy Edwards option agreement.

The Company will earn an additional 20% interest in the Lazy Edwards property by paying consideration as follows:

- On or before the 30-months after the effective date, the Company will pay \$150,000 in cash; and
- On or before the third anniversary of the effective date, the Company will pay \$200,000 in cash.

The Company must also incur exploration expenditures on the Lazy Edwards property as follows:
On or before the third anniversary of the effective date, the Company must incur expenditures of \$4,500,000.

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6. MINERAL PROPERTIES (Continued)

Lazy Edwards Property, Saskatchewan Canada (Continued)

The following table summarizes the Company's mineral properties:

	Hearty Bay <i>(Saskatchewan, Canada)</i>		Lazy Edwards <i>(Saskatchewan, Canada)</i>		Total
As at September 30, 2021	\$	-	\$	-	\$ -
Acquisition costs (cash)		300,000		300,000	600,000
Acquisition costs (shares)		2,751,363		2,751,363	5,502,726
As at March 31, 2021	\$	3,051,363	\$	3,051,363	\$ 6,102,726

7. SHAREHOLDERS' EQUITY

Authorized

Unlimited number of common shares without par value.

Issued and outstanding

Six months ended March 31, 2022

- (i) On November 15, 2021, the Company completed a non-brokered private placement of 1,291,986 units of the Company at a purchase price of \$0.27 per unit for aggregate gross proceeds of \$348,836. Each unit consists of one common share and one-half of one transferable common share purchase warrant at a price of \$0.50 per share for a period of two years from issuance.
- (ii) On December 22, 2021, the Company completed a non-brokered private placement of 5,602,000 flow-through units (each, an "FT Unit") of the Company at \$0.50 per FT Unit for aggregate gross proceeds of \$2,801,000. Each FT Unit is composed of one common share, issued on a flow-through basis pursuant the Income Tax Act (Canada), and one-half of one common share purchase warrant. Each warrant is exercisable at \$0.60 per share for two years from the date of issuance. Finder's fees of \$127,820 were paid and 255,640 finder's warrants fair valued at \$138,046 were issued in connection with the private placement.
- (iii) On December 23, 2021, the Company completed a non-brokered private placement of 11,349,035 units (of the Company at \$0.44 per unit for aggregate gross proceeds of \$4,993,575. Each unit is composed of one common share and one-half of one common share purchase warrant. Finder's fees of \$296,369 were paid and 660,177 finder's warrants fair valued at \$356,496 were issued in connection with the private placement. Each finder's warrant is exercisable at \$0.60 for two (2) years from the date of issuance.
- (iv) On December 29, 2021, the Company issued 6,046,952 common shares at a price of \$0.91 to Fisson 3.0 Corp in accordance with the option agreements for the Hearty Bay and Lazy Edwards properties (note 6).

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7. SHAREHOLDERS' EQUITY (Continued)

Issued and outstanding (Continued)

Year ended September 30, 2021

- v) On November 23, 2020, the Company completed a non-brokered private placement financing raising aggregate gross proceeds of \$200,000 by the issuance of 4,000,000 units at \$0.05 per unit. Each unit comprises one common share and one whole share purchase warrant. Each warrant will be exercisable for a period of three years at an exercise price of \$0.10. The fair value of the warrants was determined to be \$Nil. The Company received \$30,000 in subscription funds related to this private placement prior to September 30, 2020.

In connection with the private placement above, the Company incurred \$5,921 in share issuance costs.

(vi) Special Warrants

On February 22, 2021, the Company completed the first tranche of a non-brokered private placement financing raising aggregate gross proceeds of \$216,000 by the issuance of 2,160,000 special warrants at \$0.10 per special warrant. On July 8, 2021, the Company completed the second tranche of a non-brokered private placement financing raising aggregate gross proceeds of \$355,000 by the issuance of 3,550,000 special warrants at \$0.10 per special warrant. Each special warrant is automatically convertible into one unit of the Company for no additional consideration at the earlier of (a) the third business day after the receipt of a final prospectus to qualify the distribution of common shares and warrants by the British Columbia Securities Commission; and (b) one year from the special warrants closing date. Each unit comprises one common share and one whole share purchase warrant. Each warrant will be exercisable for a period of two years from the date the Company's common shares commence trading on the CSE, at an exercise price of \$0.20.

On September 1, 2021, the Company's common shares began trading on the CSE under the symbol "TRAC" and the Company's special warrants were converted into 5,710,000 common shares and 5,710,000 common share purchase warrants.

Options

The following is a summary of the Company's stock options:

	Options Outstanding	Weighted Average Exercise Price
Outstanding at September 30, 2021	-	\$ -
Granted	300,000	0.70
Outstanding at March 31, 2022	300,000	\$ 0.70

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7. SHAREHOLDERS' EQUITY (Continued)

Options (Continued)

As at March 31, 2021, the weighted average remaining life of the stock options outstanding is 1.60 (September 30, 2020 – nil) years, with vesting periods ranging from 3 to 12 months. The Company's outstanding stock options as at March 31, 2022 are as follows:

Expiration Date	Exercise Price	Outstanding	Exercisable
November 5, 2023	\$0.70	300,000	75,000

Restricted Share Units

Effective January 17, 2022, the Company has a 10% rolling restricted share unit plan which allows the Company to grant restricted share units ("RSUs") to directors, officers, employees and consultants of the Company, to a maximum of the number of shares equal to 10% of the shares issued and outstanding from time to time.

During the six months ended March 31, 2022:

- On January 17, 2022, pursuant to the provisions of the Company's restricted share unit plan, the Company granted an aggregate of 3,550,000 restricted share units of the Company (the "RSUs") to the various directors and consultants of the Company with a fair value of \$0.966 per RSU. The restricted share units vest 4 months from the grant date. The RSUs expire on January 17, 2024.

The following is a summary of the Company's RSUs:

	Number Outstanding	Number Vested	Number Unvested
Outstanding at September 30, 2021	-	-	-
Granted	3,550,000	-	3,550,000
Outstanding at March 31, 2022	3,550,000	-	3,550,000

The remaining life of the outstanding and unvested RSUs is 1.80 years; 3,550,000 to be vested on May 17, 2022.

Share-based payments

Options

During the six months ended March 31, 2022, the Company granted 300,000 (September 30, 2021 – Nil) stock options to a director of the Company as part of the Company's stock incentive compensation plan. The options will vest 25% from 3 months of the grant date of November 5, 2021; 25% 6 months from the grant date; 25% 9 months from the grant date and 25% 12 months from the grant date.

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7. SHAREHOLDERS' EQUITY (Continued)

Share-based payments (Continued)

The options were valued using the Black-Scholes option pricing model with the following assumptions: a grant date fair value of \$0.70; a risk-free interest rate of 0.98%; an expected life of 3 years; an expected volatility of 94.42% and a dividend yield of 0%.

In accordance with the vesting terms of stock options granted, the Company recorded a charge to share-based payments expense of \$123,000 (2020 - \$nil) with an offsetting credit, to the share-based payments reserve, respectively, during the six months ended March 31, 2021.

Restricted Share Units

When the Company issues RSUs, it records a share-based payment expense in the year or period which the RSUs are granted and/or vested. The expense is measured using a price that is based on the volume weighted average trading price of the Company's common shares for the five trading days immediately preceding the grant date as prescribed in the Company's RSU rolling plan.

During the six-month period ended March 31, 2022, the Company granted a total of 3,550,000 RSUs to certain directors, officers and consultants of the Company and recorded \$1,714,650 (2021 - \$nil) of share-based payment expense.

Warrants

The following is a summary of the Company's warrant activities:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at September 30, 2021	9,687,000	\$ 0.16
Issued	10,037,327	0.59
Exercised	(799,000)	0.17
Outstanding at March 31, 2022	18,925,327	\$ 0.39

The warrants outstanding as at March 31, 2022 are as follows:

	Exercise Price	Expiration Date	Number of Warrants
Common share purchase warrants	\$0.10	November 23, 2023	3,650,000
	\$0.20	September 1, 2023	5,279,000
	\$0.50	November 12, 2023	604,992
	\$0.60	December 21, 2023	5,674,518
	\$0.60	December 21, 2023	2,801,000
Agent warrants	\$0.60	December 21, 2023	915,817
			18,925,327

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7. SHAREHOLDERS' EQUITY (Continued)

Warrants (Continued)

The fair value of finders' warrants issued was estimated as at private placement closing date using the Black-Scholes option pricing model with the following assumptions: a grant date fair value of \$0.89; a risk-free interest rate of 0.98%; an expected life of 2 years; an expected volatility of 95.66% and a dividend yield of 0%.

8. RELATED PARTY TRANSACTIONS

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

During the six-month period ended March 31, 2022, the Company paid \$22,500 (2021 - \$6,000) in management fees to the Chief Financial Officer; paid \$28,500 (2021 - \$nil) in management fees to the Ex-Chief Executive Officer; paid \$5,833 (2021 - \$nil) to the Chief Executive Officer of the Company; \$25,000 (2020 - \$nil) in directors fees; and \$1,837,650 (2021 - \$nil) in share-based compensation to directors and consultants of the Company. As at March 31, 2022, \$nil due to the Chief Financial Officer is included in accounts payable and accrued liabilities (September 30, 2021 - \$1,050).

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, prepaids and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant credit, liquidity or market risk arising from these financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash. The Company is not exposed to significant credit risk as its cash is placed with a major Canadian financial institution.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

As at March 31, 2022, the Company has cash of \$4,596,370 (September 30, 2021 - \$677,874) available to apply against short-term business requirements and current liabilities of \$631,424 (September 30, 2021 - \$70,420). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of March 31, 2022. The Company relies upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms.

TRACTION URANIUM CORP. (Formerly Traction Exploration Inc.)
Notes to the Condensed Interim Financial Statements
For the Three and Six Months Ended March 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

9. FINANCIAL INSTRUMENTS (Continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is not exposed to significant market risk.

10. CAPITAL MANAGEMENT

The Company has just commenced operations. It has not yet determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. The Company did not change its approach to capital management during the period ended March 31, 2022.

11. SEGMENTED INFORMATION

The Company operates in one business segment being the exploration and development of resource properties. All assets of the Company are located in Canada.

12. COMMITMENTS

During the six months period ended March 31, 2022, the Company is committed to expend \$2,801,000 of flow-through share proceeds related to flow-through shares issued during the period on qualifying exploration expenditures. The Company must incur the eligible expenditures within 24 months from issuing the flow-through shares. The expenditures must be incurred by December 21, 2023.