

TRACTION URANIUM CORP.

(Formerly Traction Exploration Inc.)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2022 and 2021

(Unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Traction Uranium Corp. have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the three months ended December 31, 2022, have not been reviewed or audited by the Company's independent auditors. All amounts are stated in Canadian Dollars unless otherwise stated.

Traction Uranium Corp.
Condensed Interim Statements of Financial Position

As at December 31, 2022 and September 30, 2022

In Canadian Dollars, unless noted (unaudited)

As at	Notes	December 31, 2022	September 30, 2022
		\$	\$
ASSETS			
Cash		2,637,411	903,817
Restricted cash	4	10,000	10,000
Accounts receivable		76,558	63,337
Prepaid expenses	5	455,996	395,683
TOTAL CURRENT ASSETS		3,179,965	1,372,837
Exploration and evaluation assets	6	2,668,559	2,468,559
TOTAL ASSETS		5,848,524	3,841,396
LIABILITIES			
Accounts payable and accrued liabilities		384,770	22,882
Flow-through liability	7	47,760	-
TOTAL LIABILITIES		432,530	22,882
SHAREHOLDERS' EQUITY			
Share capital	7	18,021,245	15,758,166
Reserves	7	2,743,619	1,032,443
Deficit		(15,348,870)	(12,972,095)
TOTAL SHAREHOLDERS' EQUITY		5,415,994	3,818,514
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,848,524	3,841,396

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

Going concern (Note 2) and Subsequent events (Note 9)

Approved on behalf of the Board of Directors:

"Faiz Lalani" (signed), Director

"Lester Esteban" (signed), Director

Traction Uranium Corp.

Condensed Interim Statements of Net and Comprehensive Loss

For the Three Months Ended December 31, 2022 and 2021

In Canadian Dollars, unless noted (unaudited)

For the Three Months Ended December 31,	Notes	2022	2021
		\$	\$
EXPENSES			
Advertising and marketing fees		572,842	50,500
Consulting fees	8	76,000	57,500
Exploration and evaluation expense	6	467,271	-
Filing fees		2,573	51,139
Office and miscellaneous		32,033	5,711
Professional fees		21,883	60,377
Share-based compensation	7	1,198,177	39,208
Travel		5,996	-
NET AND COMPREHENSIVE LOSS		(2,376,775)	(264,435)
Loss per share, basic and diluted		(0.04)	(0.01)
Weighted average number of common shares outstanding – Basic and diluted		53,944,269	24,780,743

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

Traction Uranium Corp.

Condensed Interim Statements of Changes in Shareholders' Equity

As at December 31, 2022 and December 31, 2021

In Canadian Dollars, unless noted (unaudited)

	Common Shares	Share Capital	Reserves	Deficit	Total Equity
	Number	\$	\$	\$	\$
Balance, September 30, 2021	22,033,000	856,268	120,000	(363,591)	612,677
Private placement - common shares	12,641,021	5,342,411	-	-	5,342,411
Private placement – flow-through shares	5,602,000	2,801,000	-	-	2,801,000
Shares issued for exploration and evaluation assets	6,046,952	4,237,118	-	-	4,237,118
Grant – options	-	-	39,208	-	39,208
Share issuance costs	-	(1,043,730)	494,541	-	(549,189)
Exercise – warrants	401,000	55,700	(10,500)	-	45,200
Net and comprehensive loss for the period	-	-	-	(264,435)	(264,435)
Balance, December 31, 2022	46,723,973	12,248,767	643,249	(628,026)	12,263,990
Private placement – flow-through shares	8,037,442	2,259,055	506,290	-	2,765,345
Shares issued for exploration and evaluation assets	289,855	100,000	-	-	100,000
Grant – options	-	-	173,977	-	173,977
Grant – restricted share units	-	-	1,024,200	-	1,024,000
Share issuance costs	-	(120,976)	31,709	-	(89,267)
Issuance – restricted share units	50,000	25,000	(25,000)	-	-
Net and comprehensive loss for the period	-	-	-	(2,376,775)	(8,701,288)
Balance, December 31, 2022	60,249,270	18,021,245	2,743,619	(15,348,870)	5,415,994

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

Traction Uranium Corp.

Condensed Interim Statements of Cash Flow

For the Three Months Ended December 31, 2022 and 2021

In Canadian Dollars, unless noted (unaudited)

For the Three Months Ended December 31,	Notes	2022	2021
OPERATING ACTIVITIES			
Net and comprehensive loss for the period		(2,376,775)	(264,435)
Items not affecting cash:			
Share-based compensation	7	1,198,177	39,208
Net changes in non-cash working capital items:			
Accounts receivable		(13,221)	(4,070)
Prepaid expenses		(60,313)	(16,362)
Accounts payable and accrued liabilities		361,888	9,141
Cash used in operating activities		(842,484)	16,604
INVESTING ACTIVITIES			
Purchase of exploration and evaluation assets	6	(100,000)	(600,000)
Cash used in investing activities		(100,000)	(600,000)
FINANCING ACTIVITIES			
Proceeds from share issuances	7	2,813,105	8,143,411
Share issuance costs	7	(89,267)	(533,989)
Warrant exercises	7	-	45,000
Cash received from financing activities		2,676,078	7,654,422
Net change in cash		1,733,594	7,071,026
Cash, beginning of period		903,817	677,874
Cash, end of period		2,637,411	7,748,900

No cash interest paid during the three months ended December 31, 2022 and 2021

Supplemental cash flow information (Note 9)

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

Traction Uranium Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended December 31, 2022 and 2021
In Canadian Dollars, unless noted (unaudited)

1. NATURE OF OPERATIONS

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 corporate office and principal place of business is 100-521 3rd Avenue SW, Calgary, AB, T2P 3T3.

These condensed interim financial statements (the "financial statements") were approved by the Board of Directors on February 28, 2023

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. During the period ended December 31, 2022, the Company incurred a net loss of \$2,376,775 (2021 - \$264,435) and as at that date, has an accumulated deficit of \$15,348,870 (September 30, 2022 - \$12,972,095). The Company has incurred losses since inception and has no current source of operating revenue and is accordingly dependent upon the receipt of equity and/or related party debt financing on terms which are acceptable.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company expects to incur further losses in the development of its business.

These events and conditions indicate a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. If for any reason, the Company is unable to continue as a going concern, this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's financial statements and such adjustments could be material.

3. BASIS OF PRESENTATION

In these financial statements, unless otherwise indicated, all amounts are expressed in Canadian dollars, which is the Company's functional and presentation currency.

These financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited financial statements for the year ended September 30, 2022.

The financial statements have been prepared on a historical cost basis, except as detailed in the accounting policies disclosed in Note 4 of the Company's audited financial statements for the year ended September 30, 2022. All accounting policies, estimates and methods of computation followed in the preparation of these financial statements are consistent with those of the previous year.

4. RESTRICTED CASH

As at December 31, 2022, the Company classified \$10,000 (September 30, 2022 - \$10,000) as restricted cash. 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%.

Traction Uranium Corp.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended December 31, 2022 and 2021
In Canadian Dollars, unless noted (unaudited)

5. PREPAID EXPENSES

As at December 31, 2022, the Company has \$455,996 (September 30, 2022 - \$395,683) in prepaid expenses and consists of the following:

	December 31, 2022	September 30, 2022
Prepaid exploration and evaluation costs	-	269,910
Prepaid advertising and marketing fees	442,636	125,773
Prepaid insurance	13,360	-
Total	455,996	395,683

6. EXPLORATION AND EVALUATION ASSETS AND EXPENSES

Staking costs, property option payments and other costs associated with acquiring exploration and evaluation assets are capitalized and classified as exploration and evaluation assets. Other expenditures (i.e. geological and geographical surveys, analysis, mapping, etc.) are expensed as they are incurred.

The following table summarizes the Company's exploration and evaluation assets by property at December 31, 2022.

	Hearty Bay	Lazy Edwards	Key Lake South	Total
	\$	\$	\$	\$
Balance, September 30, 2021	-	-	-	-
Acquisition costs (cash)	300,000	300,000	50,000	650,000
Acquisition costs (shares)	2,118,559	2,118,559	-	4,237,118
Impairment expense	-	(2,418,559)	-	(2,418,559)
Balance, September 30, 2022	2,418,559	-	50,000	2,468,559
Acquisition costs (cash)	100,000	-	-	100,000
Acquisition costs (shares)	-	-	100,000	100,000
Balance, December 31, 2022	2,518,559	-	150,000	2,668,559

The following table summarizes the Company's exploration and evaluation expenses by property and type of expense, for the three months ended December 31, 2022. No exploration and evaluation expenses were incurred for the three months ended December 31, 2021.

	Hearty Bay	Lazy Edwards	Key Lake South	Total
	\$	\$	\$	\$
Drilling	8,270	9,690	5,045	23,005
Geophysics	187,943	-	61,415	249,358
Lab analysis	6,950	6,950	-	13,900
Land maintenance	1,036	129	39,900	41,065
Planning	23,920	19,460	77,402	120,782
Reporting and administration	2,000	2,000	15,161	19,161
Balance, December 31, 2022	230,119	38,229	198,923	467,271

Traction Uranium Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended December 31, 2022 and 2021

In Canadian Dollars, unless noted (unaudited)

a) Whitewater Property

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:

- i) Within three months of the agreement, the Company must incur expenditures of \$75,000 (met);
- ii) 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);
- iii) 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
- iv) 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 three-month period ended December 31, 2022, the Company incurred \$nil expenditures (2021 - \$nil) on the Whitewater Property.

b) Hearty Bay Property

On October 30, 2021 the Company entered into an option agreement 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 upon satisfaction of each of the following obligations:

- i) Within seven days of the effective date (December 9, 2021), the Company will pay \$100,000 in cash (paid);
- ii) Seven days after the effective date, the Company will pay \$200,000 in cash (paid);
- iii) On or before the first anniversary of the effective date, the Company will pay \$100,000 in cash and incur exploration expenditures of \$1,000,000 on the Hearty Bay property (met);
- iv) On or before the eighteen-months after the effective date, the Company will pay \$100,000 in cash; and
- v) On or before the second anniversary of the effective date, the Company will pay \$150,000 in cash and incur additional exploration expenses of \$1,500,000 on the Hearty Bay property.

The Company will earn an additional 20% interest in the Hearty Bay property upon satisfaction of each of the following obligations:

- i) On or before the 30-months after the effective date, the Company will pay \$150,000 in cash; and
- ii) On or before the third anniversary of the effective date, the Company will pay \$200,000 in cash and incur exploration expenditures of \$3,000,000 on the Hearty Bay property.

During the three-month period ended December 31, 2022, the Company paid \$100,000 in cash, as part of the Hearty Bay option agreement.

c) Lazy Edwards Property

On October 30, 2021 the Company entered into an option agreement 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:

- i) Within seven days of the effective date (December 9, 2021), the Company will pay \$100,000 in cash (paid);
 - ii) Seven days after the effective date, the Company will pay \$200,000 in cash (paid);
-

Traction Uranium Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended December 31, 2022 and 2021

In Canadian Dollars, unless noted (unaudited)

- iii) On or before the first anniversary of the effective date, the Company will pay \$100,000 in cash and incur exploration expenditures of \$1,500,000 on the Lazy Edwards property;
- iv) On or before the eighteen-months after the effective date, the Company will pay \$100,000 in cash; and
- v) On or before the second anniversary of the effective date, the Company will pay \$150,000 in cash and incur additional exploration expenses of \$3,000,000 on the Lazy Edwards property.

The Company will earn an additional 20% interest in the Lazy Edwards property upon satisfaction of each of the following obligations:

- i) On or before the 30-months after the effective date, the Company will pay \$150,000 in cash; and
- ii) On or before the third anniversary of the effective date, the Company will pay \$200,000 in cash and incur exploration expenditures of \$4,500,000 on the Lazy Edwards property.

On December 9, 2022, the Company terminated the Lazy Edwards option agreement due to unfavourable results from preliminary exploration activities. Accordingly, the Lazy Edwards Property has been impaired in accordance with Level 3 of the fair value hierarchy.

d) Key Lake South Property

On August 15, 2022, the Company entered into a property option agreement with UGreenco Energy Corp. (the "Vendor") pursuant to which the Company has been granted the right to acquire up to a 75% interest in and to the Key Lake South Property, which consists of a series of mineral disposition parcels located in Athabasca Basin, North Saskatchewan, Canada

The Company will be entitled to acquire a 51% interest in and to the Key Lake South property upon completion of the following:

- i) Pay \$50,000 in cash to the Vendor within seven days following the effective date of the agreement (met);
- ii) Pay an additional \$200,000 in cash to the Vendor on or before December 31, 2023;
- iii) Pay an additional \$750,000 in cash to the Vendor on or before December 31, 2024;
- iv) Issue, within sixty days following the effective date of the agreement, such number common shares in the capital of the Company to the Vendor as is equal to \$100,000 (met);
- v) Issue, on or before December 31, 2023, such number of additional common shares to the Vendor as is equal to \$200,000;
- vi) Issue, on or before December 31, 2024, such number of additional common shares to the Vendor as is equal to \$750,000;
- vii) Incur, on or before December 31, 2022, \$150,000 worth of exploration expenditures on the Property (met);
- viii) On or before December 31, 2023, either (1) complete 2,000 metres of diamond drilling on the Property or (2) incur an additional \$1,500,000 worth of exploration expenditures on the Property; and
- ix) On or before December 31, 2024, either (1) complete an additional 7,500 metres of diamond drilling on the Property or (2) incur an additional \$6,500,000 worth of exploration expenditures on the Property.

The Company will earn an additional 24% interest in and to the Key Lake South property upon satisfaction of the following obligations:

- x) Pay an additional \$750,000 in cash to the Vendor on or before December 31, 2025;
- xi) Issue, on or before December 31, 2025, such number of additional Shares to the Vendor as is equal to \$750,000 converted on the date of issuance at the market price of the Shares trading on the CSE; and
- xii) On or before December 31, 2025, either (1) complete an additional 7,500 metres of diamond drilling on the Property or (2) incur an additional \$6,500,000 worth of exploration expenditures on the Property.

Upon satisfaction of the above obligations, and commencement of commercial production on the Key Lake South property, the Company will grant the Vendor a net smelter returns royalty totaling two percent (2%) on commercial production from the Property, with the Company.

Traction Uranium Corp.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended December 31, 2022 and 2021
In Canadian Dollars, unless noted (unaudited)

During the three-month period ended December 31, 2022, the Company issued 289,855 common shares to the Vendor with a fair value of \$100,000 as part of the property option agreement.

6. SHARE CAPITAL

A) Authorized and Issued Share Capital

The authorized share capital consists of an unlimited number of common shares without par value.

Common shares issued and outstanding as at December 31, 2022 are 60,249,270 (September 30, 2022 – 51,871,973).

During the three months ended December 31, 2022, the Company had the following common share transactions:

- (i) On October 6, 2022, the Company issued 289,855 common shares to UGreenco Energy Corp. with a fair value of \$100,000 in connection to the Key Lake South Property option agreement (Note 6(d)).
- (ii) On December 9, 2022, the Company closed a non-brokered private placement for aggregate gross proceeds of \$2,513,105. The Company issued 7,180,300 flow-through units at a price of \$0.35. Each flow-through unit consists of one common share and one-half common share purchase warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.40 for a period of two years from the date of issue. Finder's fees of \$68,567 were paid and 195,906 finder's warrants fair valued at \$24,821 were issued in connection with the private placement.
- (iii) On December 23, 2022, the Company closed a non-brokered private placement for aggregate gross proceeds of \$300,000. The Company issued 857,142 flow-through units at a price of \$0.35. Each flow-through unit consists of one common share and one-half common share purchase warrant, with each whole warrant exercisable into one common share of the Company at a price of \$0.50 for a period of two years from the date of issue. Finder's fees of \$nil were paid and 51,428 finder's warrants fair valued at \$6,887 were issued in connection with the private placement.
- (iv) During the three months ended December 31, 2022, 50,000 restricted share units were exercised for 50,000 common shares of the Company.
- (v) The Company incurred total share issuance costs (paid in cash) of \$120,976, which includes \$68,567 in finder's fees and \$20,700 in professional fees incurred and 247,334 finder warrants were issued with a fair value of \$31,708.

B) Share Purchase Options

A summary of the Company's share purchase options ("options") at December 31, 2022 is as follows:

	Number of Options	Exercisable	Expiry Date	Exercise Price
Balance, September 30, 2022	1,250,000	462,500	-	\$0.55
Grant – December 29, 2022	600,000	600,000	December 29, 2027	\$0.29
Options – Vested	-	312,500	-	\$0.55
Options – Forfeited	(600,000)	(600,000)	-	\$0.60
Balance, December 31, 2022	1,250,000	150,000	-	\$0.40

During the three months ended December 31, 2022, the Company recorded share-based compensation expense of \$173,977 (2021 - \$39,208) pursuant to option vesting.

Traction Uranium Corp.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended December 31, 2022 and 2021
In Canadian Dollars, unless noted (unaudited)

C) Share Purchase Warrants

A summary of the Company's share purchase warrants ("warrants") at December 31, 2022 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2022	17,725,327	\$0.40
Grant – December 9, 2022 ⁽¹⁾	3,786,056	\$0.40
Grant – December 23, 2022 ⁽²⁾	479,999	\$0.40
Balance, December 31, 2022	21,991,382	\$0.40

Notes:

- 1) Relates to the December 9, 2022 private placement. Refer to Note 7(a) for further information.
- 2) Relates to the December 23, 2022 private placement. Refer to Note 7(a) for further information.

The following is a summary of the warrants at December 31, 2022:

Issue Date	Expiry Date	Exercise Price	Total Issued	Total Exercised	Total Remaining
November 23, 2020	November 23, 2023	\$0.10	4,000,000	750,000	3,250,000
September 1, 2021	September 1, 2022	\$0.20	5,710,000	1,231,000	4,479,000
November 15, 2021	November 15, 2023	\$0.50	645,992	41,000	604,992
December 21, 2021	December 21, 2023	\$0.60	9,391,335	-	9,391,335
December 9, 2022	December 9, 2024	\$0.40	3,786,056	-	3,786,056
December 23, 2022	December 23, 2024	\$0.40	479,999	-	479,999
Total			24,013,382	2,022,000	21,991,382

D) 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.

A summary of the Company's restricted share units ("RSUs") at December 31, 2022 is as follows

	RSUs	Fair Value
Balance, September 30, 2022	600,000	\$0.60
Grant – December 29, 2022 ⁽¹⁾	3,000,000	\$0.29
Exercised	50,000	\$0.50
Forfeited	(150,000)	\$0.50
Balance, December 31, 2022	3,400,000	\$0.33

Notes:

- 1) On December 29, 2022, a total of 3,000,000 RSUs were issued to certain consultants of the Company. The RSUs vested immediately and expire on December 29, 2027.

During the three months ended December 31, 2022, the Company recorded share-based compensation expense of \$1,024,200 pursuant to RSUs vesting (2021 – nil).

E) Escrow Shares

As at December 31, 2022, the Company has 1,380,000 (2021 – 2,070,000) common shares held in escrow. These are expected to be released from escrow as follows:

- i) 345,000 common shares will be released on March 1, 2023
- ii) 345,000 common shares will be released on September 1, 2023
- iii) 345,000 common shares will be released on March 1, 2024
- iv) 345,000 common shares will be released on September 1, 2024

Traction Uranium Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended December 31, 2022 and 2021
In Canadian Dollars, unless noted (unaudited)

7. RELATED PARTY TRANSACTIONS AND BALANCES

Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

The aggregate value of transactions relating to key management personnel during the three months ended December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
	\$	\$
Consulting fees - CEO	17,500	-
Consulting fees - former CEO	-	10,500
Consulting fees - CFO	18,750	-
Consulting fees - former CFO	-	9,000
Director fees	21,000	10,000
Share-based compensation	192,143	39,208
Total	249,393	68,708

As at December 31, 2022, a \$nil balance (September 30, 2022 – \$1,050) was owing to key management personnel for fees and expenses incurred on behalf of the Company with these amounts all included in accounts payable. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

7. COMMITMENTS

As a result of the various flow-through financing structures (see note 7(a)), the Company is committed to expend \$2,813,105 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.

As at December 31, 2022, the Company has \$2,345,834 remaining in committed flow-through proceeds to be expended.

8. RISK MANAGEMENT

A) Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

I. Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk on its \$2,637,411 in cash (September 30, 2022 - \$903,817) is low as the Company's cash is held with major Canadian financial institutions. The accounts receivable relates to GST receivable from the Canadian Revenue Agency.

II. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at December 31, 2022 the Company's working capital surplus is \$2,747,435 (September 30, 2022 - \$1,349,955), and it does not have any long-term monetary liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Traction Uranium Corp.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended December 31, 2022 and 2021
In Canadian Dollars, unless noted (unaudited)

The Company intends to seek additional financing to better manage its liquidity risk to ensure it will have sufficient liquidity to meet its current and future liabilities.

III. Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

IV. Currency Risk

The operating results and financial position of the Company are reported in Canadian dollars. The Company has limited exposure to these risks.

B) Fair Values

The carrying values of cash, accounts payable and accrued liabilities and loan payable approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

B) Capital Management

The Company considers its shareholders' equity as capital. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to satisfy its capital obligations and ongoing operational expenses, and at the same time preserve investor's confidence required to sustain future development and production of the business.

The Company manages its capital structure and makes adjustments as necessary in light of economic conditions. The Company, upon approval from its Board of Directors, intends to balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. To maintain its capital structure the Company may, from time to time, issue equity or debt, repay debt or sell assets.

The Company is not exposed to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the three-month period ending December 31, 2022.

8. SUPPLEMENTAL CASH FLOW INFORMATION

For the Nine Months Ended	December 31, 2022
	\$
Finders warrants issued for share issuance costs	31,709
Shares issued for purchase of exploration and evaluation assets	100,000
Transfer from share capital to the flow-through premium (Note 8)	47,760
Interest paid	-
Taxes paid	-

Traction Uranium Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended December 31, 2022 and 2021

In Canadian Dollars, unless noted (unaudited)

9. SUBSEQUENT EVENTS

On January 11, 2023, a total of 250,000 RSUs were issued to Adrian Lomonaco, a consultant of the Company, for consulting services.

On January 18, 2023, the Company closed a non-brokered private placement for aggregate gross proceeds of \$455,299.80. The Company issued 1,517,666 units at a price of \$0.30. Each unit consists of one common share and one half of a share purchase warrant, with each whole warrant exercisable into one share at a price of \$0.40 until January 18, 2025. In connection with this private placement, a total of \$9,918 in finder's fees were paid in cash and 33,060 finder's warrants were issued.

On February 7, 2023, the Company announced that it had entered into a property option agreement with Forum Energy Metals Corp., dated February 3, 2023 pursuant to which the Company has the right, at its option, to acquire up to a 100% interest in the Grease River Property located in Athabasca Basin, Northern Saskatchewan, Canada (the "Property"), in exchange for a series of cash payments, share issuances and funding of exploration expenditures, separated into three phases. The first phase entitles the Company to acquire a 51% interest in the Property by paying an aggregate of \$250,000, issuing an aggregate of 1,625,000 common shares and funding an aggregate of \$3,000,000 in exploration expenditures on the Property by December 31, 2025. Forum will be the operator of the Property until the Company completes the first phase.

Subsequent to period end, 3,025,000 RSUs and 1,813,400 warrants were exercised for proceeds of \$441,400.