

TRACTION URANIUM CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2023 and 2022

(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 and six months ended March 31, 2023, 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 March 31, 2023 and September 30, 2022

In Canadian Dollars, unless noted (unaudited)

As at	Notes	March 31, 2023	September 30, 2022
		\$	\$
ASSETS			
Cash		354,490	903,817
Restricted cash	4	10,000	10,000
Accounts receivable		101,665	63,337
Prepaid expenses	5	1,853,868	395,683
TOTAL CURRENT ASSETS		2,320,023	1,372,837
Exploration and evaluation assets	6	2,744,184	2,468,559
TOTAL ASSETS		5,064,207	3,841,396
LIABILITIES			
Accounts payable and accrued liabilities		120,666	22,882
Flow-through liability	7	47,760	-
TOTAL LIABILITIES		168,426	22,882
SHAREHOLDERS' EQUITY			
Share capital	7	19,862,204	15,758,166
Reserves	7	1,919,612	1,032,443
Deficit		(16,886,035)	(12,972,095)
TOTAL SHAREHOLDERS' EQUITY		4,895,781	3,818,514
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,064,207	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 and Six Months Ended March 31, 2023 and 2022

In Canadian Dollars, unless noted (unaudited)

For the Periods Ended March 31,	Notes	Three Months Ended		Six Months Ended	
		2023	2022	2023	2022
		\$	\$	\$	\$
EXPENSES					
Advertising and marketing fees		1,168,234	1,745,815	1,741,076	1,796,315
Consulting fees	8	91,500	61,333	167,500	118,833
Exploration and evaluation expense	6	55,363	596,571	522,634	596,571
Filing fees		59,499	24,168	62,072	75,307
Office and miscellaneous		36,108	6,219	68,141	11,930
Professional fees		68,766	12,631	90,649	73,008
Share-based compensation	7	49,545	3,239,696	1,247,722	3,278,904
Travel		8,150	3,020	14,146	3,020
NET AND COMPREHENSIVE LOSS		(1,537,165)	(5,689,453)	(3,913,940)	(5,953,888)
Loss per share, basic and diluted		(0.02)	(0.12)	(0.07)	(0.17)
Weighted average number of common shares outstanding – Basic and diluted		64,491,798	47,043,573	59,160,080	35,850,658

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 March 31, 2023 and March 31, 2022

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	-	-	83,904	-	83,904
Share issuance costs	-	(1,043,730)	494,541	-	(549,189)
Exercise – warrants	799,000	166,050	(28,950)	-	137,100
Net and comprehensive loss for the period	-	-	-	(5,953,888)	(5,953,888)
Balance, March 31, 2022	47,121,973	12,359,117	669,495	(6,317,479)	6,711,133
Private placement – common shares (Note 7)	1,517,666	455,300	-	-	455,300
Private placement – flow-through shares (Note 7)	8,037,442	2,259,055	506,290	-	2,765,345
Shares issued for exploration and evaluation assets (Note 6)	414,855	150,625	-	-	150,625
Share issuance costs (Note 7)	-	(139,842)	40,657	-	(99,185)
Exercise – warrants (Note 7)	1,963,400	471,400	-	-	471,400
Exercise – restricted share units (Note 7)	3,075,000	907,500	(907,500)	-	-
Share-based compensation (Note 7)	-	-	1,247,722	-	1,247,722
Net and comprehensive loss for the period	-	-	-	(3,913,940)	(3,913,940)
Balance, March 31, 2023	66,880,336	19,862,204	1,919,612	(16,886,035)	4,895,781

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

Traction Uranium Corp.
Condensed Interim Statements of Cash Flow
For the Six Months Ended March 31, 2023 and 2022
In Canadian Dollars, unless noted (unaudited)

For the Six Months Ended March 31,	Notes	2023	2022
OPERATING ACTIVITIES			
Net and comprehensive loss for the period		(3,913,940)	(5,953,888)
Items not affecting cash:			
Share-based compensation	7	1,247,722	3,278,904
Net changes in non-cash working capital items:			
Accounts receivable		(38,328)	(44,400)
Prepaid expenses		(1,458,185)	(1,059,446)
Accounts payable and accrued liabilities		97,784	561,003
Cash used in operating activities		(4,064,947)	(3,217,827)
INVESTING ACTIVITIES			
Purchase of exploration and evaluation assets	6	(125,000)	(600,000)
Cash used in investing activities		(125,000)	(600,000)
FINANCING ACTIVITIES			
Proceeds from share issuances	7	3,268,405	7,924,935
Share issuance costs	7	(99,185)	(315,512)
Warrant exercises	7	471,400	136,900
Cash received from financing activities		3,640,620	7,746,323
Net change in cash		(549,327)	3,928,496
Cash, beginning of period		903,817	677,874
Cash, end of period		354,490	4,606,370

No cash interest paid during the six months ended March 31, 2023 and 2022

Supplemental cash flow information (Note 11)

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 Six Months Ended March 31, 2023 and 2022
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 May 30, 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 March 31, 2023, the Company incurred a net loss of \$3,913,940 (2022 - \$5,953,888) and as at that date, has an accumulated deficit of \$16,886,035 (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 March 31, 2023, 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 Six Months Ended March 31, 2023 and 2022
 In Canadian Dollars, unless noted (unaudited)

5. PREPAID EXPENSES

As at March 31, 2023, the Company has \$1,853,868 (September 30, 2022 - \$395,683) in prepaid expenses and consists of the following:

	March 31, 2023	September 30, 2022
Prepaid exploration and evaluation costs	1,700,690	269,910
Prepaid advertising and marketing fees	142,958	125,773
Prepaid insurance	10,020	-
Prepaid rent	200	-
Total	1,853,868	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 March 31, 2023.

	Hearty Bay	Lazy Edwards	Key Lake South	Greasy River	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	-	-	25,000	125,000
Acquisition costs (shares)	-	-	100,000	50,625	150,625
Balance, March 31, 2023	2,518,559	-	150,000	75,625	2,744,184

The following table summarizes the Company's exploration and evaluation expenses by property and type of expense, for the six months ended March 31, 2023. \$596,571 were spent on exploration and evaluation expenses for the six months ended March 31, 2022.

	Hearty Bay	Lazy Edwards	Key Lake South	Greasy River	Total
	\$	\$	\$	\$	\$
Drilling	12,270	9,690	7,045	-	29,005
Geophysics	187,943	-	61,415	-	249,358
Lab analysis	20,313	6,950	-	-	27,263
Land maintenance	1,036	129	39,900	-	41,065
Planning	33,920	19,460	82,402	-	135,782
Reporting and administration	6,000	2,000	17,161	15,000	40,161
Balance, March 31, 2023	261,482	38,229	207,923	15,000	522,634

Traction Uranium Corp.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended March 31, 2023 and 2022

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 six-month period ended March 31, 2023, 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 (together the "Hearty Bay Option Agreement").

Pursuant to the Hearty Bay Option Agreement, the Company will acquire up to a 70% interest in the Hearty Bay property, in consideration for completing a series of cash payments, issuances of common shares and incurring exploration expenditures in accordance with the following schedule:

Milestones	Cash Payments	Common Shares Issuances	Exploration Expenditures
Phase 1: Acquire 50%			
Seven days after effective date of Dec 9, 2021 (met)	\$300,000	-	-
December 9, 2022 (met)	\$100,000	-	\$1,000,000
June 9, 2023	\$100,000	-	-
December 9, 2023	\$150,000	-	\$1,500,000
Phase 2: Acquire Additional 20% (Total 70%)			
June 9, 2024	\$150,000	-	-
December 9, 2024	\$200,000	-	\$3,000,000

During the six-month period ended March 31, 2023, 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 (together, the "Lazy Edwards Option Agreement").

Pursuant to the Lazy Edwards Option Agreement, the Company will acquire up to a 70% interest in the Lazy Edwards property, in consideration for completing a series of cash payments, issuances of common shares and incurring exploration expenditures in accordance with the following schedule:

Traction Uranium Corp.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended March 31, 2023 and 2022
In Canadian Dollars, unless noted (unaudited)

Milestones	Cash Payments	Common Shares Issuances	Exploration Expenditures
Phase 1: Acquire 50%			
Seven days after effective date of Dec 9, 2021 (met)	\$300,000	-	-
December 9, 2022	\$100,000	-	\$1,500,000
June 9, 2023	\$100,000	-	-
December 9, 2023	\$150,000	-	\$3,000,000
Phase 2: Acquire Additional 20% (Total 70%)			
June 9, 2024	\$150,000	-	-
December 9, 2024	\$200,000	-	\$4,500,000

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 (together the "Key Lake South Option Agreement").

Pursuant to the Key Lake South Option Agreement, the Company will acquire up to a 75% interest in the Key Lake South property, in consideration for completing a series of cash payments, issuances of common shares and incurring exploration expenditures in accordance with the following schedule:

Milestones	Cash Payments	Common Shares Issuances ⁽¹⁾	Exploration Expenditures ⁽²⁾
Phase 1: Acquire 51%			
Seven days after effective date (met)	\$50,000	-	-
60 days after the effective date (met)	-	\$100,000	-
December 31, 2022 (met)	-	-	\$150,000
December 31, 2023	\$200,000	\$200,000	\$1,500,000
December 31, 2024	\$750,000	\$750,000	\$6,500,000
Phase 2: Acquire Additional 24% (Total 75%)			
December 31, 2025	\$750,000	\$750,000	\$6,500,000

Notes:

- Total value of common shares to be issued. Common shares to be valued based on the Canadian Securities Exchange price on the day of issuance.
- The exploration expenditures commitment for 2023 onwards can also be fulfilled if certain drilling milestones are met (i.e. 7,500 metres of diamond drilling on the property).

During the six-month period ended March 31, 2023, the Company issued 289,855 common shares to the Vendor with a fair value of \$100,000 as part of the property option agreement.

e) Greasy River

On February 3, 2023, the Company entered into an option agreement with Forum Energy Metals Corp. ("Forum"), whereby the Company will be granted the right to earn and acquire up to a 100% interest in the Grease River Property in Saskatchewan (together, the "Grease River Option Agreement").

Pursuant to the Grease River Option Agreement, the Company will acquire up to a 100% interest in the Grease River property, in consideration for completing a series of cash payments, issuances of common shares and incurring exploration expenditures in accordance with the following schedule:

Traction Uranium Corp.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended March 31, 2023 and 2022
In Canadian Dollars, unless noted (unaudited)

Milestones	Cash Payments	Common Shares Issuances ⁽¹⁾	Exploration Expenditures
Phase 1: Acquire 51%			
February 10, 2023 (Met)	\$25,000	-	-
December 31, 2023	\$50,000	400,000	\$500,000
December 31, 2024	\$75,000	500,000	\$1,000,000
December 31, 2025	\$100,000	750,000	\$1,500,000
Phase 2: Acquire Additional 19% (Total 70%)			
December 31, 2026	\$200,000	1,000,000	\$1,500,000
December 31, 2027	\$500,000	1,500,000	\$1,500,000
Phase 3: Acquire Additional 39% (Total 100%)			
December 31, 2028	\$1,000,000	3,000,000	\$3,000,000

Note:

- 1) Total number of common shares to be issued. Common shares to be valued based on the Canadian Securities Exchange price on the day of issuance.

7. 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 March 31, 2023 are 66,880,336 (September 30, 2022 – 51,871,973).

During the six months ended March 31, 2023, 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 \$18,000 were paid and 51,428 finder's warrants fair valued at \$6,887 were issued in connection with the private placement.
- (iv) On January 18, 2023, the Company closed a non-brokered private placement for aggregate gross proceeds of \$455,300. The Company issued 1,517,666 units at a price of \$0.30 per unit. 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 C\$0.40 until January 18, 2025. A total of \$9,918 in finder's fees were paid in cash and 33,060 finder's warrants fair valued at \$8,948 were issued (with the same terms as the warrants noted above).
- (v) During the six months ended March 31, 2023, 3,075,000 restricted share units were exercised for 3,075,000 common shares of the Company.
- (vi) During the six months ended March 31, 2023, 1,963,400 warrants were exercised for 1,963,400 common shares of the Company, for proceeds of \$907,500.

Traction Uranium Corp.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended March 31, 2023 and 2022
In Canadian Dollars, unless noted (unaudited)

- (vii) The Company incurred total share issuance costs of \$139,842, which includes \$96,485 in finder's fees and \$2,700 in professional fees incurred and 270,394 finder warrants were issued with a fair value of \$40,656.

B) Share Purchase Options

A summary of the Company's share purchase options ("options") at March 31, 2023 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	-	550,000	-	\$0.55
Options – Forfeited	(600,000)	(600,000)	-	\$0.60
Balance, March 31, 2023	1,250,000	1,012,500	-	\$0.40

During the six months ended March 31, 2023, the Company recorded share-based compensation expense of \$198,750 (2022 – \$83,904) pursuant to option vesting.

C) Share Purchase Warrants

A summary of the Company's share purchase warrants ("warrants") at March 31, 2023 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
Grant – January 18, 2023 ⁽³⁾	791,893	\$0.40
Exercised	(1,963,400)	\$0.24
Balance, March 31, 2023	20,819,400	\$0.42

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.
- 3) Relates to the January 18, 2023 private placement. Refer to Note 7(a) for further information.

The following is a summary of the warrants at March 31, 2023:

Issue Date	Expiry Date	Exercise Price	Total Issued	Total Exercised	Total Remaining
November 23, 2020	November 23, 2023	\$0.10	4,000,000	1,600,000	2,400,000
September 1, 2021	September 1, 2022	\$0.20	5,710,000	1,832,000	3,878,000
November 15, 2021	November 15, 2023	\$0.50	645,992	453,400	192,592
December 21, 2021	December 21, 2023	\$0.60	9,391,335	100,000	9,291,335
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
January 18, 2023	January 18, 2025	\$0.40	791,893	-	791,893
Total			24,805,275	3,985,400	20,819,875

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 March 31, 2023 is as follows:

Traction Uranium Corp.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended March 31, 2023 and 2022
In Canadian Dollars, unless noted (unaudited)

	RSUs	Fair Value
Balance, September 30, 2022	600,000	\$0.60
Grant – December 29, 2022 ⁽¹⁾	3,000,000	\$0.29
Grant – January 11, 2023	250,000	\$0.46
Exercised	(3,075,000)	\$0.50
Forfeited	(150,000)	\$0.50
Balance, March 31, 2023	625,000	\$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 March 31, 2023, the Company recorded share-based compensation expense of \$1,048,972 pursuant to RSUs vesting (2022 – \$3,195,000).

E) Escrow Shares

As at March 31, 2023, the Company has 1,035,000 (2022 – 1,725,000) common shares held in escrow. These are expected to be released from escrow as follows:

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

8. 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 six months ended March 31, 2023 and 2022 were as follows:

	March 31, 2023	March 31, 2022
	\$	\$
Consulting fees - CEO	26,750	5,833
Consulting fees - former CEO	-	28,500
Consulting fees - CFO	18,750	-
Consulting fees - former CFO	-	22,500
Director fees	40,500	25,000
Share-based compensation	225,431	578,904
Total	311,431	660,737

As at March 31, 2023, 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.

9. 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 March 31, 2023, the Company has \$2,216,534 remaining in committed flow-through proceeds to be expended.

Traction Uranium Corp.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended March 31, 2023 and 2022
In Canadian Dollars, unless noted (unaudited)

10. 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 \$354,490 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 March 31, 2023 the Company's working capital surplus is \$2,151,597 (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.

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. Subsequent to March 31, 2023, the Company close a private placement for additional proceeds. Refer to "Subsequent Events" for additional information.

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).

Traction Uranium Corp.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended March 31, 2023 and 2022
In Canadian Dollars, unless noted (unaudited)

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 six-month period ending March 31, 2023.

11. SUPPLEMENTAL CASH FLOW INFORMATION

For the Six Months Ended	March 31, 2023
	\$
Finders warrants issued for share issuance costs	40,657
Shares issued for purchase of exploration and evaluation assets	150,625
Transfer from share capital to the flow-through premium (Note 8)	47,760
Interest paid	-
Taxes paid	-

12. SUBSEQUENT EVENTS

On April 14, 2023, a total of 2,775,000 RSUs and 125,000 options were granted to certain directors, officers and consultants of the Company. The stock options were priced at \$0.40 per option for a period of two years.

On April 20, 2023, the Company closed its first tranche of a non-brokered private placement for aggregate gross proceeds of \$1,220,000. The Company issued 3,050,000 units at a price of \$0.40 per unit. Each unit consists of one common share and one-half share purchase warrant, with each whole warrant exercisable into one share at a price of \$0.55 until April 20, 2025. In connection with this private placement, a total of \$55,700 in finder's fees were paid in cash and 144,750 finder's warrants were issued.

On May 9, 2023, the Company closed its second and final tranche of a non-brokered private placement for aggregate gross proceeds of \$2,539,940.40. The Company issued 5,644,312 flow-through units at a price of \$0.45 per flow-through unit. Each unit consists of one common share, that qualifies as a flow-through share, and one-half share purchase warrant, with each whole warrant exercisable into one share at a price of \$0.55 until May 9, 2025. In connection with this private placement, a total of \$125,399.41 in finder's fees were paid in cash and 271,996 finder's warrants were issued.

Subsequent to period end, 12,500 RSUs and 752,000 warrants were exercised for proceeds of \$120,400.