FIRST AMERICAN URANIUM INC.
(FORMERLY PROSPERITY EXPLORATION CORP.)

CONSOLIDATED FINANCIAL STATEMENTS

Expressed in Canadian Dollars

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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Independent Auditor's Report

To the Shareholders of First American Uranium Inc. (formerly Prosperity Exploration Corp.)

Opinion

We have audited the consolidated financial statements of First American Uranium Inc. (formerly Prosperity Exploration Corp.) (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended December 31, 2022. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be a key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Exploration and Evaluation Assets

As disclosed in Note 3 to the consolidated financial statements, the carrying value of Exploration and Evaluation Assets represents a significant asset of the Group. Refer to Note 2 to the consolidated financial statements for a description of the accounting policy and significant judgments applied to Exploration and Evaluation Assets.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to mining claims and deferred exploration costs. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the mining claims and deferred exploration costs is unlikely to be recovered in full from successful development or by sale.

Why the matter was determined to be a key audit matter

We considered this a key audit matter due to (i) the significance of the mining claims and deferred exploration costs balance and (ii) the judgments made by management in its assessment of indicators of impairment related to mining claims and deferred exploration costs, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

How the matter was addressed in our audit

We have evaluated management's assessment of impairment indicators per IFRS 6 Exploration for and Evaluation of Mineral Resources, including but not limited to:

- Reviewing the Group's rights to explore in the relevant exploration areas and assessing whether the rights to tenure remained current at audit date;

- Considering the status of the relevant exploration areas by holding discussions with management, and reviewing the Group's impairment assessment for their plans for further exploration and evaluation of its projects; and

- Assessing the adequacy of the related disclosures in Note 2 and Note 3 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Diana Huang.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
April 24, 2023

FIRST AMERICAN URANIUM INC. (FORMERLY PROSPERITY EXPLORATION CORP.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars
AS AT

	December 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash	$ 58,606	$ 12,156
Receivable	56,223	-
Prepaid expenses	-	63,789
Total current assets	114,829	75,945
Non-current assets		
Reclamation bond (Note 3)	24,000	-
Exploration and evaluation assets (Note 3)	1,310,263	107,269
Total assets	$ 1,449,092	$ 183,214
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	$ 133,154	$ 162,645
Equity		
Share capital (Note 4)	1,227,530	268,001
Contribution surplus (Note 4)	55,700	27,500
Deficit	(437,763)	(274,932)
Equity attributable to the shareholders of the Company	845,467	20,569
Non-controlling interest (Note 9)	470,471	-
Total equity	1,315,938	20,569
Total liabilities and equity	$ 1,449,092	$ 183,214

Nature and continuance of operations (Note 1)
Subsequent events (Note 11)

On behalf of the Board:

"Michael England" Director *"Kelvin Lee"* Director

FIRST AMERICAN URANIUM INC. (FORMERLY PROSPERITY EXPLORATION CORP.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Expressed in Canadian Dollars

		For the year ended December 31, 2022		2021
EXPENSES				
Consulting fees (Note 8)	$	4,934	$	5,250
Filing fees		30,641		31,550
Management fees (Note 8)		20,000		26,250
Office and miscellaneous		1,391		422
Professional fees		117,061		143,752
Share-based compensation (Notes 4 and 8)		-		27,500
Loss and comprehensive loss for the year	$	(174,027)	$	(234,724)
Net loss and comprehensive loss for the year attributed to:				
Shareholders of the Company	$	(162,831)	$	(234,724)
Non-controlling interest		(11,196)		-
	$	(174,027)	$	(234,724)
Basic and diluted loss per common share	$	(0.01)	$	(0.03)
Weighted average number of common shares outstanding – basic and diluted		16,411,268		8,556,165

FIRST AMERICAN URANIUM INC. (FORMERLY PROSPERITY EXPLORATION CORP.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Expressed in Canadian Dollars

	Number of shares	Share capital	Subscriptions received in advance	Contribution surplus	Deficit	Non-controlling interest	Total equity
December 31, 2020	**5,400,001**	**$ 108,001**	**$ 150,000**	**$ -**	**$ (40,208)**	**$ -**	**$ 217,793**
Shares issued for cash	3,200,000	160,000	(150,000)	-	-	-	10,000
Share-based compensation	-	-	-	27,500	-	-	27,500
Loss for the year	-	-	-	-	(234,724)	-	(234,724)
December 31, 2021	**8,600,001**	**268,001**	**-**	**27,500**	**(274,932)**	**-**	**20,569**
Shares issued for cash	3,503,400	350,340	-	-	-	-	350,340
Share issuance costs - cash	-	(117,778)	-	-	-	-	(117,778)
Share issuance costs - warrants	-	(28,200)	-	28,200	-	-	-
Shares issued for mineral properties	366,667	32,667	-	-	-	-	32,667
Shares issued for acquisition (Note 9)	8,000,000	680,000	-	-	-	481,667	1,161,667
Finder's shares issued for acquisition	500,000	42,500	-	-	-	-	42,500
Loss for the year	-	-	-	-	(162,831)	(11,196)	(174,027)
December 31, 2022	**20,970,068**	**$ 1,227,530**	**$ -**	**$ 55,700**	**$ (437,763)**	**$ 470,471**	**$ 1,315,938**

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

FIRST AMERICAN URANIUM INC. (FORMERLY PROSPERITY EXPLORATION CORP.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in Canadian Dollars

For the year ended December 31,		2022		2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the year	$	(174,027)	$	(234,724)
Item not involving cash:				
Share-based compensation		-		27,500
Changes in non-cash working capital items:				
Receivable		2,300		3,973
Prepaid expenses		63,789		(15,625)
Accounts payable and accrued liabilities		(54,249)		122,913
Net cash used in operating activities		(162,187)		(95,963)
CASH FLOWS FROM INVESTING ACTIVITIES				
Exploration and evaluation assets		(8,152)		(20,209)
Reclamation bond		(24,000)		-
Chas received from acquisition of FirstAmerican Energy Fuels Ltd.		8,227		-
Net cash used in investing activities		(23,925)		(20,209)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from private placements		350,340		10,000
Deferred financing cost paid		(117,778)		(12,500)
Net cash provided by financing activities		232,562		(2,500)
Change in cash for the year		46,450		(118,672)
Cash, beginning of year		12,156		130,828
Cash, end of year	$	58,606	$	12,156
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest paid	$	-	$	-
Income tax paid	$	-	$	-
Non-cash investing and financing activities:				
Fair value of broker warrants	$	28,200	$	-
Shares issued for exploration and evaluation assets	$	32,667	$	-
Allocation of proceeds from subscriptions received to share capital	$	-	$	150,000
Deferred financing cost included in accounts payable	$	-	$	35,664
Shares issued for acquisition	$	680,000	$	-
Finder's shares issued for acquisition	$	42,500	$	-

1. NATURE AND CONTINUANCE OF OPERATIONS

First American Uranium Inc. (formerly Prosperity Exploration Corp.) (the "Company") was incorporated under the Business Corporations Act (British Columbia) on September 1, 2020. The Company is an exploration stage junior mining company currently engaged in the identification, acquisition and exploration of mineral properties in Canada. The Company completed its initial public offering ("IPO") and its shares were approved for listing on the Canadian Securities Exchange on January 28, 2022.

These consolidated financial statements have been prepared in accordance with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive financial support from related parties, complete sufficient equity financings or generate profitable operations in the future. These material uncertainties may cast significant doubt on the entity's ability to continue as a going concern. The financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue business.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, or fair value through other comprehensive loss which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars unless otherwise noted.

The consolidated financial statements of the Company for the year ended December 31, 2022 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 24, 2023.

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary, FirstAmerican Energy Fuels Ltd. ("FirstAmerican"), a Canadian incorporated exploration stage mining company in which the Company owns a 60% interest (2021 – Nil). The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when an entity is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. All significant intercompany balances and transactions have been eliminated.

Estimates, judgments and assumptions

<u>Significant accounting judgments</u>

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the recoverability of the carrying value of the Company's exploration and evaluation assets, and the going concern assumption.

Financial instruments

Under IFRS 9, Financial Instruments, financial assets and financial liabilities are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: 1) amortized cost, 2) fair value through other comprehensive income ("FVTOCI"), and 3) fair value through profit or loss ("FVTPL").

i) Measurement – initial recognition

All financial assets and financial liabilities are initially recorded on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All financial asset and liabilities are initially recorded at fair value, net of attributable transaction costs, except for those classified as FVTPL. Subsequent measurement of financial assets and financial liabilities depends on the classifications of such assets and liabilities.

ii) Classification – financial assets

Amortized cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequent to initial recognition at amortized cost.

The amortized cost of a financial asset is the amount that the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effect interest method, and is recognized in in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

ii) Classification – financial assets (continued)

FVTOCI:

Financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and selling financial assets, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at FVTOCI.

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income or loss. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings.

FVTPL:

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss.

iii) Classification – financial liabilities

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as FVTPL, are measured at amortized cost using the effective interest method.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the statements of profit and loss.

The Company has no hedging arrangements and does not apply hedge accounting.

The classification and measurement bases of the Company's financial instruments are as follows:

	IFRS 9 Classification
Financial Asset	
Cash	FVTPL
Receivable	Amortized cost
Reclamation bond	Amortized cost
Financial Liabilities	
Accounts payable and accrued liabilities	Amortized cost

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in profit or loss.

Exploration and evaluation assets

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration, and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploration and evaluation assets (continued)

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Flow-through shares

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow-through premium liability is recognized for the difference. The liability is reversed when the expenditures are made and is recorded in other income. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provision for environmental rehabilitation (continued)

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

As at December 31, 2022, the Company has determined that it does not have any decommissioning obligations (2021 - $Nil).

Loss per share

The Company recognizes the dilutive effect on loss per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

Share capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued using residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing once the Company is listed on a stock exchange. The market value is then applied to the common share, and any residual amount is assigned to the Warrants. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments and are recognized in equity. When warrants are forfeited or are not exercised at the expiry date the amount previously recognized in equity is transferred from reserves to deficit.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date the shares are issued.

Share issuance costs

Share issue costs are deferred and charged directly to share capital on completion of the related equity financing. If the financing is not completed, share issue costs are charged to profit or loss. Costs directly identifiable with the raising of capital are charged against the related share capital.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods and services received in the profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioral considerations. All equity-settled share-based payments are reflected in contributed surplus until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid. Upon expiry, the amount reflected in contributed surplus remain unchanged.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards issued but not yet effective

We continually monitor the potential impact of new accounting pronouncements on the accounting practices of our assurance clients. There were no pronouncements during the year that would have a significant impact on the consolidated financial statements.

The following accounting standards and amendments are effective for future periods.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

These amendments are effective for reporting periods beginning on or after January 1, 2023. Management is still in the process of assessing the impact on the Company.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2023. The adoption of these amendments will not have any significant impact on the Company.

Expressed in Canadian Dollars

3. EXPLORATION AND EVALUATION ASSETS

	Silver Lake Property, British Columbia	Red Basin Uranium/ Vanadium, New Mexico	Total
Acquisition costs			
Balance, December 31, 2020 and 2021	$ 11,060	$ -	$ 11,060
Cash	-	5,402	5,402
Common shares	10,000	22,667	32,667
Acquired as part of acquisition (Note 9)	-	1,162,175	1,162,175
Balance, December 31, 2022	$ 21,060	$ 1,190,244	$ 1,211,304
Exploration costs			
Balance, December 31, 2020	$ 76,000	$ -	$ 76,000
Assay and consulting	20,209	-	20,209
Balance, December 31, 2021	96,209	-	96,209
Assay and consulting	2,750	-	2,750
Balance, December 31, 2022	$ 98,959	$ -	$ 98,959
Total balance, December 31, 2021	$ 107,269	$ -	$ 107,269
Total balance, December 31, 2022	$ 120,019	$ 1,190,244	$ 1,310,263

Silver Lake Property, British Columbia

On November 27, 2020, the Company entered into an option agreement to earn a 100% interest in the Silver Lake Property in British Columbia. In order to earn the interest, the Company must make the following option payments:

i) pay $10,000 (paid) within 5 days of execution of the agreement and issue 100,000 common shares (issued and valued at $10,000) within 10 days after a listing on a Canadian stock exchange (the "Listing Date");
ii) pay $15,000 and 150,000 common shares by January 28, 2023 (subsequently paid and issued);
iii) pay $25,000 and issue 150,000 common shares by January 28, 2024;
iv) pay $50,000 and issue 100,000 common shares by January 28, 2025;
v) pay $125,000 by January 28, 2026; and
vi) pay $175,000 by January 28, 2027.

If the Silver Lake Property is acquired by the Company, then it will be required to pay a 2.0% net smelter returns royalty payable to vendor upon the commencement of commercial production, 0.75% of which is purchasable by the Company for $250,000 at any time.

The Company paid $24,000 (2021 - $Nil) as a reclamation bond on the Silver Lake Property.

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Red Basin Uranium/Vanadium Project, Catron County, New Mexico

During the year ended December 31, 2022, through the FirstAmerican acquisition (Note 9), the Company acquired the option for the acquisition of a 100% interest (subject to a 2% NSR) in and to certain mineral claims located in Catron County, New Mexico by making the following payments:

i) paying US$50,000 (currently in negotiation for extension) and issuing 266,667 common shares upon execution of the agreement (issued with a value $22,667);
ii) paying US$100,000 and issuing 333,333 common shares by the 1st anniversary of June 15, 2022 (the "Effective Date")
iii) paying US$50,000 and issuing 400,000 common shares by the 2nd anniversary of the Effective Date;
iv) paying US$150,000 and issuing 466,667 common shares by the 3rd anniversary of the Effective Date;
v) issuing 533,333 common shares by the 4th anniversary of the Effective Date;

On or before the date of commencement of commercial production an additional bonus payment of US$250,000 in cash or shares will be paid to the optionee. The property is subject to a royalty equal to 2% of net smelter returns upon commencement of commercial production and such royalty may be reduced from 2% to 1% by the payment of US$500,000.

4. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Escrow share

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six months from date of listing. At December 31, 2022, there were 2,006,251 (2021 – Nil) common shares held in escrow.

Issued share capital

During the year ended December 31, 2022, the Company:

i) completed its initial public offering ("IPO") of 3,503,400 common share at a price of $0.10 per share for gross proceeds of $350,340. Pursuant to the IPO, the Company paid a cash commission of $35,034, a corporate finance fee of $25,000, and 350,340 broker warrants valued at $28,200. Each broker warrant is exercisable at a price of $0.10 per share on or before January 28, 2025. The Company also paid other share issuance costs of $57,744.

ii) issued 100,000 common shares with a value of $10,000 pursuant to the acquisition of the Silver Lake Property (Note 3).

iii) issued 8,500,000 common shares with a value of $722,500 pursuant to the acquisition of FirstAmerican (Notes 3 and 9).

iv) issued 266,667 common shares with a value of $22,667 pursuant to the acquisition of the Red Basin Uranium/Vanadium (Note 3).

Expressed in Canadian Dollars

4. SHARE CAPITAL (CONTINUED)

Issued share capital (continued)

During the year ended December 31, 2021, the Company:

i) issued 3,200,000 common shares at $0.05 per share for total proceeds of $160,000.

Stock options

The Company adopted an equity settled stock option plan ("Plan") where it would be authorized to grant options to directors, officers, consultants and employees of the Company. The number of options granted under the Plan is limited to 10% of the number of issued and outstanding common shares of the Company at the date of the grant of the options. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant of the options and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant of the options. The exercise price of options granted under the Plan may not be less than the discounted market price (as that term is defined in the policies of the stock exchange) of the Company's common shares at the date the options are granted. Options granted under the Plan have a maximum term of five years, are non-transferable and expire within 90 days of termination of employment or holding office as a director, officer, employee or consultant of the Company and in the case of death, expire within one year thereafter. The options generally vest on the date of grant, however, the Board of Directors may specify a vesting period on a grant-by-grant basis.

During the year ended December 31, 2021, the Company granted 750,000 stock options to directors and officers of the Company, exercisable at a price of $0.10 per option, expiring on February 11, 2024. The estimated fair value of these options was $27,500. The options vested immediately.

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance at December 31, 2020	-	$ -
Granted	750,000	0.10
Balance at December 31, 2021 and December 31, 2022	**750,000**	**$0.10**

As of December 31, 2022, the following stock options were outstanding:

Expiry Date	Number of Options	Exercise price	Number of options exercisable
February 11, 2024	750,000	$0.10	750,000
	750,000		750,000

The weighted average remaining life of the stock options is 1.12 years (2021 – 2.12 years).

Expressed in Canadian Dollars

4. SHARE CAPITAL (CONTINUED)

Stock options (continued)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during:

	Year ended December 31, 2022	Year ended December 31, 2021
Risk-free interest rate	-	0.17%
Expected life of options	-	3.00 years
Expected annualized volatility	-	150.00%
Expected dividend rate	-	-

Expected annualized volatility is based on comparative peer companies historical share price.

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance at December 31, 2020 and 2021	-	$ -
Granted	350,340	0.10
Balance at December 31, 2022	**350,340**	**$0.10**

As of December 31, 2022, the following warrants were outstanding:

Expiry Date	Number of Warrants	Exercise price
January 28, 2025	350,340	$0.10
	350,340	

The weighted average remaining life of the warrants is 2.08 years (2021 – Nil).

The following weighted average assumptions were used for the Black-Scholes valuation of brokers warrants granted during the year ended December 31,:

	Year ended December 31, 2022	Year ended December 31, 2021
Risk-free interest rate	1.42%	-
Expected life of broker warrants	3.00 years	-
Expected annualized volatility	150.00%	-
Expected dividend rate	-	-

Expected annualized volatility is based on comparative peer companies historical share price.

Expressed in Canadian Dollars

5. CAPITAL MANAGEMENT

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, which mainly consists of its share capital and contributed surplus, and is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended December 31, 2022.

6. FINANCIAL INSTRUMENTS AND RISK

Fair values

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

The Company's financial assets measured at fair value on a recurring basis were calculated as follows:

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As at December 31, 2022				
Cash	$ 58,606	$ 58,606	-	-
As at December 31, 2021				
Cash	$ 12,156	$ 12,156	-	-

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and trade receivables. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. The receivable that is financial instrument consists of subscription receivables. The Company has no significant concentration of credit risk. The maximum exposure to credit risk is the aggregate carrying amount of cash and receivable. The Company has assessed the impairment of its receivable using the expected credit loss model and identified bad debts of $Nil (2021 - $Nil) for the year ended December 31, 2022.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2022 the Company had a cash balance of $58,606 (2021 - $12,156) to settle accounts payable and accrued liabilities of $133,154 (2021 - $162,645). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short-term business requirements. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

6. FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity and equity prices.

a) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds non-interest bearing debt.

b) Foreign currency risk
As at December 31, 2022 and 2021, the Company was not exposed to foreign currency risk.

c) Price risk
The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations may be significant. Much of this is out of the control of management and will be dealt with based on circumstances at any given time.

7. SEGMENTED INFORMATION

The Company has one operating segment, being the exploration of exploration and evaluation assets. There is $144,019 (2021 - $107,267) of long term assets in Canada and $1,190,244 (2021 - $Nil) of long term assets in USA.

8. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's executive officers and Board of Director members.

During the year ended December 31, 2022, the Company:

i) paid or accrued management and consulting fees of $20,000 (2021 - $30,000) to a company owned by a former officer of the Company for management services provided.

ii) recorded $Nil (2021 - $25,667) in share-based compensation related to options granted to officers and directors of the Company.

Included in accounts payable and accrued liabilities at December 31, 2022 is $448 (2021 - $31,500) owed to a director and officer of the Company.

9. ACQUISITION OF FIRSTAMERICAN ENERGY FUELS LTD.

During the year ended December 31, 2022, the Company acquired 60% of the issued and outstanding shares of FirstAmerican.

The transaction does not constitute a business combination as FirstAmerican does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the acquisition of FirstAmerican has been accounted for as an asset acquisition, whereby all of the assets acquired, and liabilities assumed are assigned a carrying amount based on their relative fair values. Upon closing the transaction, FirstAmerican became a subsidiary of the Company.

Expressed in Canadian Dollars

9. ACQUISITION OF FIRSTAMERICAN ENERGY FUELS LTD. (CONTINUED)

The net assets acquired pursuant to the acquisition are as follows:

Net Assets Acquired		
Cash	$	8,227
Receivable		58,523
Accounts payable and accrued liabilities		(24,758)
Exploration and evaluation assets (Note 3)		1,162,175
Non-controlling interest		(481,667)
	$	722,500

Total Purchase Price		
Issuance of 80,000,000 common shares	$	680,000
Finder's fee – 500,000 common shares		42,500
	$	722,500

10. INCOME TAXES

A reconciliation of income taxes at statutory rate with the reported taxes is as follows:

		2022		2021
Loss for the year	$	(174,027)	$	(234,724)
Expected income tax (recovery) – 27%	$	(47,000)	$	(63,000)
Non-deductible expenses		-		7,000
Change in unrecognized deductible temporary differences		47,000		56,000
Total income tax expense (recovery)	$	-	$	-

The significant components of the Company's deductible temporary difference, unused tax credits and unused tax losses that have not been recognized on the consolidated statement of financial position are as follows:

		2022	Expiry		2021	Expiry
Non-capital loss carry forwards	$	411,000	2040-2042	$	214,000	2040-2041
Share issuance cost		96,000	2023-2027		-	-
	$	507,000		$	214,000	

The Company has unrecognized deferred tax liabilities of approximately $307,000 as a result of the acquisition of FirstAmerican during the year ended December 31, 2022.

11. SUBSEQUENT EVENTS

Subsequent to December 31, 2022, the Company:

i) granted 600,000 stock options to directors and officers of the Company, exercisable at a price of $0.15 per option, expiring on February 11, 2028.

ii) issued 8,575,000 units at a price of $0.10 per unit for gross proceeds of $857,500. Each unit is comprised of one common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to purchase one common share at a price of $0.15, expiring on or before February 9, 2025.

   In connection to the private placement, the Company paid a finders' fees of $2,100 and issued 21,000 broker warrants. Each broker warrant will entitle the holder to purchase one common share at a price of $0.20, expiring on or before February 9, 2024.

iii) issued 150,000 common shares pursuant to the acquisition of the Silver Lake Property (Note 3).