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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Expressed in Canadian Dollars

FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022

Unaudited – Prepared by Management

Registered and Records Office Address
#1500 – 1055 West Georgia Street
Vancouver, BC, V6E 4N7
Canada

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors.

FIRST AMERICAN URANIUM INC. (FORMERLY PROSPERITY EXPLORATION CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars
Unaudited – Prepared by Management
AS AT

		June 30, 2023		December 31, 2022
ASSETS				
Current assets				
Cash	$	85,077	$	58,606
Receivable		194,973		56,223
Prepaid expenses		625,096		-
Total current assets		905,146		114,829
Non-current assets				
Reclamation bond (Note 3)		24,000		24,000
Exploration and evaluation assets (Note 3)		1,351,513		1,310,263
Total assets	$	2,280,659	$	1,449,092
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 8)	$	288,365	$	133,154
Equity				
Share capital (Note 4)		2,502,442		1,227,530
Contribution surplus (Note 4)		151,200		55,700
Deficit		(1,118,126)		(437,763)
Equity attributable to the shareholders of the Company		1,535,516		845,467
Non-controlling interest (Note 9)		456,778		470,471
Total equity		1,992,294		1,315,938
Total liabilities and equity	$	2,280,659	$	1,449,092

Nature and continuance of operations (Note 1)
Subsequent events (Note 10)

On behalf of the Board:

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

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

FIRST AMERICAN URANIUM INC. (FORMERLY PROSPERITY EXPLORATION CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Expressed in Canadian Dollars
Unaudited – Prepared by Management

	For the three months ended	June 30,	For the six months ended	June 30,
	2023	**2022**	**2023**	**2022**
EXPENSES				
Advertising and promotion	$ 164,395	$ -	$ 287,274	$ 1,434
Consulting fees (Note 8)	73,500	-	118,158	-
Filing fees	31,005	5,937	40,667	14,816
Foreign exchange	(527)	-	(527)	-
Management fees (Note 8)	42,000	7,500	68,000	15,000
Office and miscellaneous	9	-	107	80
Professional fees	51,563	9,109	86,577	35,589
Share-based compensation (Notes 4 and 8)	-	-	93,800	-
Loss and comprehensive loss for the period	$ (361,945)	$ (22,546)	$ (694,056)	$ (66,919)
Net loss and comprehensive loss for the period attributed to:				
Shareholders of the Company	$ (346,762)	$ (22,546)	$ (680,363)	$ (66,919)
Non-controlling interest	(15,183)	-	(13,693)	-
	$ (361,945)	$ (22,546)	$ (694,056)	$ (66,919)
Basic and diluted loss per common share	$ (0.01)	$ (0.00)	$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	29,695,068	14,638,685	27,766,062	11,636,024

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Expressed in Canadian Dollars

Unaudited – Prepared by Management

	Number of shares	Share capital	Contribution surplus	Deficit	Non-controlling interest	Total equity
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 period	-	-	-	(66,919)	-	(66,919)
June 30, 2022	**20,970,068**	**1,227,530**	**55,700**	**(341,851)**	**481,667**	**1,423,046**
Loss for the period	-	-	-	(95,912)	(11,196)	(107,108)
December 31, 2022	**20,970,068**	**1,227,530**	**55,700**	**(437,763)**	**470,471**	**1,315,938**
Shares issued for cash	11,208,314	1,252,497	-	-	-	1,252,497
Share issuance costs - cash	-	(2,135)	-	-	-	(2,135)
Share issuance costs - warrants	-	(1,700)	1,700	-	-	-
Shares issued for mineral properties	150,000	26,250	-	-	-	26,250
Share based compensation	-	-	93,800	-	-	93,800
Loss for the period	-	-	-	(680,363)	(13,693)	(694,056)
June 30, 2023	**32,328,382**	**$ 2,502,442**	**$ 151,200**	**$ (1,118,126)**	**$ 456,778**	**$ 1,992,294**

FIRST AMERICAN URANIUM INC. (FORMERLY PROSPERITY EXPLORATION CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in Canadian Dollars
Unaudited – Prepared by Management

	For the six months ended June 30, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (694,056)	$ (66,919)
Item not involving cash:		
Share-based compensation	95,500	-
Changes in non-cash working capital items:		
Receivable	26,250	(1,239)
Prepaid expenses	(625,096)	63,789
Accounts payable and accrued liabilities	155,211	(149,944)
Net cash used in operating activities	(1,042,191)	(154,313)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation costs	(15,000)	(2,750)
Net cash used in investing activities	(15,000)	(2,750)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	1,087,497	350,340
Deferred financing cost paid	(3,835)	(117,778)
Net cash provided by financing activities	1,083,662	232,562
Change in cash for the period	26,471	75,499
Cash, beginning of period	58,606	12,156
Cash, end of period	$ 85,077	$ 87,655
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 asset acquisition	$ 26,250	$ 22,667

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

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 condensed interim 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 condensed interim 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of condensed interim financial statements, including International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and have been prepared following the same accounting policies and method of computation as the annual financial statements for the year ended December 31, 2022. 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 condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information. These condensed interim financial statements are presented in Canadian dollars unless otherwise noted. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB.

The condensed interim consolidated financial statements of the Company for the six months ended June 30, 2023 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 29, 2023.

The preparation of the Company's condensed interim 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 condensed interim 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 (2022 – 60%). The financial statements of the subsidiary are included in the condensed interim 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

Significant accounting judgments

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.

<u>Derecognition</u>

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 June 30, 2023, the Company has determined that it does not have any decommissioning obligations (2022 - $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 condensed interim 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, 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
Cash	15,000	-	15,000
Common shares	26,250	-	26,250
Balance, June 30, 2023	$ 62,310	$ 1,190,244	$ 1,252,554
Exploration costs			
Balance, December 31, 2021	$ 96,209	$ -	$ 96,209
Assay and consulting	2,750	-	2,750
Balance, December 31, 2022 and June 30, 2023	$ 98,959	$ -	$ 98,959
Total balance, December 31, 2022	$ 120,019	$ 1,190,244	$ 1,310,263
Total balance, June 30, 2023	$ 161,269	$ 1,190,244	$ 1,351,513

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 (paid) and 150,000 common shares by January 28, 2023 (issued and valued at $26,250);
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 (2022 - $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 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.

On June 27, 2023, the Company and the arm's length optionor agreed to amend and restate the option agreement whereby the Company can acquire 100% interest for the mineral claims by making the following payments:
i) paying US$50,000 (subsequently paid) and issuing 100,000 common shares (subsequently issued) on or before June 27, 2023.
ii) paying US$50,000 on or before October 27, 2023.

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 June 30, 2023, there were 1,605,001 (2022 – 2,675,001) common shares held in escrow.

Issued share capital

During the period ended June 30, 2023, the Company:

i) 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. 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.

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

4. SHARE CAPITAL (CONTINUED)

Issued share capital (continued)

iii) issued 2,633,314 units at a price of $0.15 per unit for gross proceeds of $394,997. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one common share at a price of $0.20, expiring on or before May 26, 2025.

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 First American (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).

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 period ended June 30, 2023, the Company granted 600,000 stock options to directors and officers of the Company, exercisable at a price of $0.15 per option, expiring on February 15, 2028. The estimated fair value of these options was $93,800. The options vested immediately.

Expressed in Canadian Dollars

4. SHARE CAPITAL (CONTINUED)

Stock options (continued)

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance at December 31, 2021 and December 31, 2022	750,000	$ 0.10
Granted	600,000	0.15
Balance at June 30, 2023	**1,350,000**	**$ 0.12**

As of June 30, 2023, 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
February 15, 2028	600,000	$0.15	600,000
	1,350,000		1,350,000

The weighted average remaining life of the stock options is 2.40 years (2022 – Nil).

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

	Period ended June 30, 2023	Year ended December 31, 2022
Risk-free interest rate	3.43%	-
Expected life of options	5.00 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, 2021	-	$ -
Granted	350,340	0.10
Balance at December 31, 2022	350,340	0.10
Granted	6,941,814	0.17
Balance at June 30, 2023	**7,292,154**	**$ 0.17**

Expressed in Canadian Dollars

4. SHARE CAPITAL (CONTINUED)

Warrants (continued)

As of June 30, 2023, the following warrants were outstanding:

Expiry Date	Number of Warrants	Exercise price
February 9, 2024	21,000	$0.20
January 28, 2025	350,340*	$0.10
February 9, 2025	4,287,500**	$0.15
May 26, 2025	2,633,314	$0.20
	7,292,154	

* 129,170 warrants exercised subsequent to June 30, 2023
** 575,000 warrants exercised subsequent to June 30, 2023

The weighted average remaining life of the warrants is 1.72 years (2022 – Nil).

The following weighted average assumptions were used for the Black-Scholes valuation of brokers warrants granted during the period ended June 30,:

	2023	2022
Risk-free interest rate	4.08%	0.00%
Expected life of broker warrants	1.00 years	3.00 years
Expected annualized volatility	191.85%	150.00%
Expected dividend rate	-	-

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

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 period ended June 30, 2023.

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.

Expressed in Canadian Dollars

6. FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

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 June 30, 2023						
Cash	$	85,077	$	85,077	-	-
As at December 31, 2022						
Cash	$	58,606	$	58,606	-	-

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 (2022 - $Nil) for the period ended June 30, 2023. As at June 30, 2023, the Company had $18,268 (2022 - $1,239) receivable from government authorities in Canada. The Company believes it has no significant credit risk.

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 June 30, 2023 the Company had a cash balance of $85,077 (December 31, 2022 - $58,606) to settle accounts payable and accrued liabilities of $288,365 (December 31, 2022 - $133,154). 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.

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 June 30, 2023 and 2022, the Company was not exposed to foreign currency risk.

6. FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

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 $161,269 (2022 - $120,019) of long term assets in Canada and $1,190,244 (2022 - $1,190,244) 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 period ended June 30, 2023, the Company:

i) paid or accrued management and consulting fees of $Nil (2022 - $15,000) to a company owned by a former officer of the Company for management services provided.

ii) paid or accrued management and consulting fees of $50,000 (2022 - $Nil) to a company owned by an officer of the Company for management services provided.

iii) paid or accrued management and consulting fees of $18,000 (2022 - $Nil) to an officer of the Company for management services provided.

iv) recorded $93,800 (2022 - $Nil) in share-based compensation related to options granted to officers and directors of the Company.

Included in accounts payable and accrued liabilities at June 30, 2023 is $448 (December 31, 2022 - $448) owed to a director and officer of the Company.

Expressed in Canadian Dollars

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.

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. SUBSEQUENT EVENTS

Subsequent to June 30, 2023, the Company:

i) issued 575,000 common shares pursuant to exercise of warrants for proceeds of $99,167.

ii) issued 100,000 common shares pursuant to acquisition of Red Basin Uranium/Vanadium Project (Note 3).