

**FIRST AMERICAN URANIUM INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Expressed in Canadian Dollars**

**FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

**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.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

Unaudited – Prepared

AS AT

	March 31, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 3,855	\$ 4,234
Receivables (Notes 4)	58,677	86,338
Prepaid expenses	18,162	18,162
<b>Total current assets</b>	80,694	108,734
<b>Non-current assets</b>		
Reclamation bond (Note 3)	24,000	24,000
Exploration and evaluation assets (Note 3)	1,435,785	1,401,035
<b>Total assets</b>	\$ 1,540,479	\$ 1,533,769
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 419,496	\$ 333,425
<b>Equity</b>		
Share capital (Note 4)	2,711,992	2,702,242
Contributed surplus (Note 4)	162,003	140,803
Deficit	(2,208,288)	(2,099,212)
<b>Equity attributable to the shareholders of the Company</b>	665,707	743,833
Non-controlling interest (Note 9)	455,276	456,511
<b>Total equity</b>	1,120,983	1,200,344
<b>Total liabilities and equity</b>	\$ 1,540,479	\$ 1,533,769

Nature and continuance of operations (Note 1)

On behalf of the Board:

“Eugene Spiering”

Director

“Kelvin Lee”

Director

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

**FIRST AMERICAN URANIUM INC.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

Expressed in Canadian Dollars

Unaudited – Prepared by Management

	<b>For the three months ended</b>	
	<b>2024</b>	<b>March 31, 2023</b>
<b>EXPENSES</b>		
Advertising and promotion	\$ 5,735	\$ 122,879
Consulting fees (Note 8)	5,000	44,658
Filing fees	6,254	9,662
Management fees (Note 8)	52,500	26,000
Office and miscellaneous	930	98
Professional fees	18,692	35,014
Share-based compensation (Notes 4 and 8)	21,200	93,800
<b>Loss and comprehensive loss for the period</b>	<b>\$ (110,311)</b>	<b>\$ (332,111)</b>
<b>Net loss and comprehensive loss for the period attributed to:</b>		
Shareholders of the Company	\$ (109,076)	\$ (333,601)
Non-controlling interest	(1,235)	1,490
	<b>\$ (110,311)</b>	<b>\$ (332,111)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>33,709,684</b>	<b>25,815,624</b>

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

**FIRST AMERICAN URANIUM INC.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Expressed in Canadian Dollars

Unaudited – Prepared by Management

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	Number of shares	Share capital	Contributed surplus	Deficit	Non- controlling interest	Total equity
<b>December 31, 2022</b>	<b>20,970,068</b>	<b>1,227,530</b>	<b>55,700</b>	<b>(437,763)</b>	<b>470,471</b>	<b>1,315,938</b>
Shares issued for cash	8,575,000	857,500	-	-	-	857,500
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	-	-	-	(333,601)	1,490	(332,111)
<b>March 31, 2023</b>	<b>29,695,068</b>	<b>\$ 2,107,445</b>	<b>\$ 151,200</b>	<b>\$ (771,364)</b>	<b>\$ 471,961</b>	<b>\$ 1,959,242</b>
Shares issued for cash	2,633,314	394,997	-	-	-	394,997
Share issuance costs - cash	-	(28,814)	-	-	-	(28,814)
Share issued for warrant exercise	1,263,170	205,114	(10,397)	-	-	194,717
Shares issued for mineral properties	100,000	23,500	-	-	-	23,500
Loss for the period	-	-	-	(1,327,848)	(15,450)	(1,343,298)
<b>December 31, 2023</b>	<b>33,691,552</b>	<b>2,702,242</b>	<b>140,803</b>	<b>(2,099,212)</b>	<b>456,511</b>	<b>1,200,344</b>
Shares issued for mineral properties	150,000	9,750	-	-	-	9,750
Share based compensation	-	-	21,200	-	-	21,200
Loss for the period	-	-	-	(109,076)	(1,235)	(110,311)
<b>March 31, 2024</b>	<b>33,841,552</b>	<b>2,711,992</b>	<b>162,003</b>	<b>(2,208,288)</b>	<b>455,276</b>	<b>1,120,983</b>

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

**FIRST AMERICAN URANIUM INC.**  
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
Expressed in Canadian Dollars  
Unaudited – Prepared by Management

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (110,311)	\$ (332,111)
Item not involving cash:		
Share-based compensation	21,200	95,500
Changes in non-cash working capital items:		
Receivables	27,661	(109,972)
Prepaid expenses	-	(311,551)
Accounts payable and accrued liabilities	86,071	61,809
	<u>24,621</u>	<u>(596,325)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation expenditures	<u>(25,000)</u>	<u>(15,000)</u>
Net cash used in investing activities	<u>(25,000)</u>	<u>(15,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placements	-	792,500
Share issuance costs	-	(3,835)
Net cash provided by financing activities	<u>-</u>	<u>788,665</u>
<b>Change in cash for the period</b>	<b>(379)</b>	<b>177,340</b>
<b>Cash, beginning of period</b>	<b>4,234</b>	<b>58,606</b>
<b>Cash, end of period</b>	<b>\$ 3,855</b>	<b>\$ 235,946</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	\$ -	\$ -
Income tax paid	\$ -	\$ -
<b>Non-cash investing and financing activities:</b>		
Shares issued for exploration and evaluation asset acquisition	<u>\$ 9,750</u>	<u>\$ 26,250</u>

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

# **FIRST AMERICAN URANIUM INC.**

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2024**

Expressed in Canadian Dollars

Unaudited – Prepared by Management

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

First American Uranium Inc. (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 and New Mexico. 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 in 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 and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

### **2. MATERIAL ACCOUNTING POLICIES**

#### **Basis of presentation**

These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of condensed interim consolidated 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, 2023. 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, 2023, which have been prepared in accordance with IFRS as issued by the IASB.

The condensed interim consolidated financial statements of the Company for the three months ended March 31, 2024 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 29, 2024.

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.

# FIRST AMERICAN URANIUM INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024

Expressed in Canadian Dollars

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### 2. MATERIAL 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 (December 31, 2023 – 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**

##### *Measurement and classification*

Cash is classified as at fair value through profit or loss (“FVTPL”) measured initially and subsequently at fair value.

Receivables, reclamation bond and accounts payable and accrued liabilities are classified as at amortized cost, initially measured at fair value net of transaction costs, subsequently measured at amortized cost using the effective interest method.

##### *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.

#### **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.

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 profit or loss.



## **FIRST AMERICAN URANIUM INC.**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024

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### **2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **Exploration and evaluation assets (continued)**

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.

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.

#### **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.

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 March 31, 2024, the Company has determined that it does not have any decommissioning obligations (2023 - \$Nil).

# **FIRST AMERICAN URANIUM INC.**

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2024**

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### **2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **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 the residual method which involves comparing the selling price of the units to the Company’s share price on the closing date of the financing to the selling price of the unit. 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 contributed surplus 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.

#### **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. The fair value is determined using an option pricing model.

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.

**FIRST AMERICAN URANIUM INC.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024

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**2. MATERIAL ACCOUNTING POLICIES (CONTINUED)****New standards issued but not yet effective and standards adopted during the period**

The following standards are adopted during the period:

*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, 2024. The adoption of these amendments will not have any significant impact on the Company.

**3. EXPLORATION AND EVALUATION ASSETS**

	Silver Lake Property, British Columbia	Red Basin Uranium/ Vanadium, New Mexico	Total
<b>Acquisition costs</b>			
Balance, December 31, 2022	\$ 21,060	\$ 1,190,244	\$ 1,211,304
Cash	15,000	164,386	179,386
Common shares	26,250	23,500	49,750
Write-off	(62,310)	-	(62,310)
Balance, December 31, 2023	-	1,378,130	1,378,130
Cash	25,000	-	25,000
Common shares	9,750	-	9,750
Balance, March 31, 2024	34,750	1,378,130	1,412,880
<b>Exploration costs</b>			
Balance, December 31, 2022	98,959	22,905	121,864
Write-off	(98,959)	-	(98,959)
Balance, December 31, 2023 and March 31, 2024	\$ -	\$ 22,905	\$ 22,905
Total balance, December 31, 2023	\$ -	\$ 1,401,035	\$ 1,401,035
Total balance, March 31, 2024	\$ 34,750	\$ 1,401,035	\$ 1,435,785

## **FIRST AMERICAN URANIUM INC.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2024**

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#### **3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

##### **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 (paid) and issue 150,000 common shares by January 28, 2024 (issued and valued at \$9,750);
- 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 - \$24,000) as a reclamation bond on the Silver Lake Property.

During the year ended December 31, 2023, the Company decided to write-off \$161,269 due to no further exploration activities planned.

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

During the year ended December 31, 2022, through the First American 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 (paid) and issuing 100,000 common shares (issued with a value \$23,500) on or before June 27, 2023.
- ii) paying US\$50,000 on or before October 27, 2023 (paid).

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### **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 March 31, 2024, there were 802,500 (December 31, 2023 – 1,203,750) common shares held in escrow.

#### **Issued share capital**

During the period ended March 31, 2024, the Company:

- i) issued 150,000 common shares pursuant to the acquisition of the Silver Lake Property valued at \$9,750 (Note 3).

During the year ended December 31, 2023, the Company:

- i) issued 1,134,000 common shares pursuant to exercise of warrants for proceeds of \$181,800.
- ii) issued 100,000 common shares pursuant to acquisition of Red Basin Uranium/Vanadium Project valued at \$23,500 (Note 3).
- iii) issued 8,575,000 units at a price of \$0.10 per unit for gross proceeds of \$857,500, of which \$65,000 is receivable at December 31, 2023, of which \$25,000 was collected in period ended March 31, 2024. 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 \$2,135 and issued 21,000 broker warrants (valued at \$1,700). 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.
- iv) issued 150,000 common shares pursuant to the acquisition of the Silver Lake Property valued at \$26,250 (Note 3).
- v) issued 2,633,314 units at a price of \$0.15 per unit for gross proceeds of \$394,997, of which \$100,000 was settled against an accounts payable balance owing. 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. The Company incurred share issuance costs of \$28,814 in connection with the financing.
- vi) issued 129,170 common shares pursuant to exercise of broker's warrants for proceeds of \$12,917 and accordingly allocated \$10,397 from contributed surplus to share capital.

**FIRST AMERICAN URANIUM INC.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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**4. SHARE CAPITAL (CONTINUED)****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 March 31, 2024, the Company granted 300,000 stock options to a director of the Company, exercisable at a price of \$0.15 per option, expiring on January 10, 2029. The estimated fair value of these options was \$21,200. The options vested immediately.

During the year ended December 31, 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.

Stock option transactions are summarized as follows:

	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price</b>
Balance at December 31, 2022	750,000	\$ 0.10
Granted	600,000	0.15
Balance at December 31, 2023	1,350,000	0.12
Granted	300,000	0.15
Expired/cancelled	(750,000)	0.10
<b>Balance at March 31, 2024</b>	<b>900,000</b>	<b>\$ 0.15</b>

As of March 31, 2024, the following stock options were outstanding:

<b>Expiry Date</b>	<b>Number of Options</b>	<b>Exercise price</b>	<b>Number of options exercisable</b>
February 15, 2028	600,000	\$0.15	600,000
January 10, 2029	300,000	\$0.15	300,000
	900,000		900,000

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**4. SHARE CAPITAL (CONTINUED)****Stock options (continued)**

The weighted average remaining life of the stock options is 4.18 years (2023 – 2.65 years).

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

	Period ended March 31, 2024	Year ended December 31, 2023
Risk-free interest rate	3.36%	3.43%
Expected life of options	5 years	5 years
Expected annualized volatility	150%	150%
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, 2022	350,340	\$ 0.10
Granted	6,941,814	0.17
Exercised	(1,263,170)	0.15
<b>Balance at December 31, 2023</b>	<b>6,028,984</b>	<b>0.17</b>
Expired/cancelled	(21,000)	0.20
<b>Balance at March 31, 2024</b>	<b>6,007,984</b>	<b>\$ 0.17</b>

As of March 31, 2024, the following warrants were outstanding:

Expiry Date	Number of Warrants	Exercise price
January 28, 2025	221,170	\$0.10
February 9, 2025	3,387,500	\$0.15
May 26, 2025	2,399,314	\$0.20
	6,007,984	

The weighted average remaining life of the warrants is 0.98 years (2023 – 1.86 years).

The following weighted average assumptions were used for the Black-Scholes valuation of brokers warrants granted during the period ended March 31, 2024 and 2023:

	2024	2023
Risk-free interest rate	-	4.08%
Expected life of broker warrants	-	1 years
Expected annualized volatility	-	192%
Expected dividend rate	-	-

Expected annualized volatility is based on comparative peer company's historical share price.

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#### 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 March 31, 2024.

#### 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)
<i>As at March 31, 2024</i>				
Cash	\$ 3,855	\$ 3,855	-	-
<i>As at December 31, 2023</i>				
Cash	\$ 4,234	\$ 4,234	-	-

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 receivables. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. The receivables include subscription receivables of \$40,000. The maximum exposure to credit risk is the aggregate carrying amount of cash and receivables. 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 March 31, 2024 the Company had a cash balance of \$3,855 (December 31, 2023 - \$4,234) to settle accounts payable and accrued liabilities of \$419,496 (December 31, 2023 - \$333,425). 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.



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#### **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 March 31, 2024 and 2023, 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 \$34,750 (December 31, 2023 - \$Nil) of long term assets in Canada and \$1,401,035 (December 31, 2023 - \$1,401,035) of long term assets in USA.

#### **8. RELATED PARTY TRANSACTIONS**

Key management personnel are those people who have 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 March 31, 2024, the Company:

- i) paid or accrued management fees of \$12,000 (2023 - \$6,000) to a company controlled by an officer of the Company.
- ii) paid or accrued management of \$40,500 (2023 - \$20,000) to companies controlled by an officer of the Company.
- iii) recorded \$21,200 (2023 - \$93,800) in share-based compensation related to options granted to a director of the Company.

Included in accounts payable and accrued liabilities at March 31, 2024 is \$61,000 (December 31, 2023 - \$29,500) owed to companies controlled by a director and an officer of the Company.