TISDALE CLEAN ENERGY CORP.
(Formerly Tisdale Resources Corp.)

Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Tisdale Clean Energy Corp. (formerly Tisdale Resources Corp)

Opinion

We have audited the consolidated financial statements of Tisdale Clean Energy Corp. (formerly Tisdale Resources Corp) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information (together, the "Consolidated Financial Statements").

In our opinion, the accompanying Consolidated Financial Statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company 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 of the accompanying Consolidated Financial Statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company'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 current year. 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.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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.

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. 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 as issued by the International Accounting Standards Board, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company 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 Company 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Artem Valeev.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada

April 18, 2023

TISDALE CLEAN ENERGY CORP.

(Formerly Tisdale Resources Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)

		2022		2021
ASSETS				
Current assets				
Cash	$	1,292,332	$	732,073
Amounts receivable		2,584		7,035
Prepaid expenses		40,229		-
		1,335,145		739,108
Exploration and evaluation assets (note 5)		101,811		100,111
	$	1,436,956	$	839,219
LIABILITIES				
Current liabilities				
Trade and other payables (note 6)	$	23,283	$	39,760
		23,283		39,760
Convertible debentures (note 7)		900,362		-
		923,645		39,760
SHAREHOLDERS' EQUITY				
Share capital (note 8)		14,523,893		14,268,266
Share subscriptions advanced (note 13)		5,000		-
Reserves (note 9)		659,989		327,169
Deficit		(14,675,571)		(13,795,976)
		513,311		799,459
	$	1,436,956	$	839,219

Nature and continuance of operations (note 1)
Subsequent events (note 13)

Approved on behalf of the Board:

Director *"Alex Klenman"*
Alex Klenman

Director *"Mark Ferguson"*
Mark Ferguson

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

TISDALE CLEAN ENERGY CORP.
(Formerly Tisdale Resources Corp.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)

		2022		2021
General and administrative expenses				
Consulting fees	$	56,117	$	60,000
Corporate communications		79,784		-
Filing and transfer agent fees		85,756		20,807
Geological consulting (note 10)		4,800		2,133
Interest and accretion (note 7)		129,467		9,142
Management fees (note 10)		71,800		16,800
Office		335		141
Professional fees		132,194		37,545
Share-based compensation (notes 8 & 10)		381,200		-
		941,453		146,568
Loss before income taxes		(941,453)		(146,568)
Deferred income tax recovery (note 7)		61,858		-
Net loss and comprehensive loss	$	(879,595)	$	(146,568)
Basic and diluted loss per share	$	(0.07)	$	(0.02)
Weighted average number of common shares outstanding		12,407,003		8,055,607

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

TISDALE CLEAN ENERGY CORP.

(Formerly Tisdale Resources Corp.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)

				Reserves			
	Number of Shares	**Share Capital**	**Share Subscriptions Advanced**	**Warrants**	**Share-based Payments**	**Deficit**	**Total**
Balance at January 1, 2021	3,406,050	$ 12,948,740	$ -	$ 76,727	$ 250,442	$ (13,649,408)	$ (373,499)
Adjustment on share consolidation	(36)	-	-	-	-	-	-
Shares issued in private placements (note 8)	8,843,181	1,326,600	-	-	-	-	1,326,600
Share issue costs (note 8)	-	(7,074)	-	-	-	-	(7,074)
Net loss	-	-	-	-	-	(146,568)	(146,568)
Balance at December 31, 2021	12,249,195	14,268,266	-	76,727	250,442	(13,795,976)	799,459
Stock options exercised (note 8)	200,000	88,380	-	-	(48,380)	-	40,000
Subscriptions received (Note 8)	-	-	5,000	-	-	-	5,000
Convertible debentures - equity portion (note 7)	-	167,247	-	-	-	-	167,247
Share-based payments (note 8)	-	-	-	-	381,200	-	381,200
Net loss	-	-	-	-	-	(879,595)	(879,595)
Balance at December 31, 2022	12,449,195	$ 14,523,893	$ 5,000	$ 76,727	$ 583,262	$ (14,675,571)	$ 513,311

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

TISDALE CLEAN ENERGY CORP.

(Formerly Tisdale Resources Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	2022	2021
Cash provided by (used in):		
Operating activities		
Net loss	$ (879,595)	$ (146,568)
Items not affecting cash:		
Share-based compensation	381,200	-
Interest and accretion	129,467	1,765
Deferred income tax recovery	(61,858)	-
Change in non-cash working capital items:		
Amounts receivable	4,451	(6,973)
Prepaid expenses	(40,229)	-
Trade and other payables	(16,477)	(80,785)
Net cash flows used in operating activities	(483,041)	(232,561)
Investing activities		
Mineral property exploration costs	(1,700)	(100,111)
Net cash flows used in investing activities	(1,700)	(100,111)
Financing activities		
Proceeds from private placement	-	1,326,600
Share issue costs	-	(7,074)
Subscriptions received	5,000	
Proceeds from exercise of stock options	40,000	-
Convertible debentures issued	1,000,000	-
Loan advances	-	10,000
Loan repayment	-	(266,450)
Net cash flows provided by financing activities	1,045,000	1,063,076
Change in cash during the year	560,259	730,404
Cash, beginning of the year	732,073	1,669
Cash, end of the year	$ 1,292,332	$ 732,073
Supplemental disclosure of cash flow information:		
Interest paid	$ -	$ 57,857

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

1. Nature and Continuance of Operations

Tisdale Clean Energy Corp. (formerly Tisdale Resources Corp.) (the “Company”) is a corporation continued under the laws of the Province of British Columbia with its principal, registered and records office located at 2200 – 885 West Georgia Street, Vancouver, BC V6C 3E8. On June 8, 2022, the Company changed its name to Tisdale Clean Energy Corp. and in connection with the name change commenced trading on the TSX-Venture Exchange (“TSX-V”) under the symbol “TCEC”. The Company is also listed on the OTCPINK under the symbol “SNRAF”, and on the Frankfurt Exchange under the symbol “T1KC”.

The Company is a junior exploration company engaged in the business of identification, acquisition and exploration of mineral interests in North America. At the date of the consolidated financial statements, the Company has not identified a known body of commercial grade minerals on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

Management is targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company’s operations and exploration programs. In addition, management closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur.

These consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and settlement of liabilities in the normal course of operations in the foreseeable future. The Company continues to incur operating losses and at December 31, 2022 had a cumulative deficit of $14,675,571. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. Further discussion of liquidity risk is included in notes 3 and 4.

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

These consolidated financial statements were authorized for issue on April 18, 2023 by the directors of the Company.

2. Significant Accounting Policies and Basis of Preparation

(a) Statement of compliance and basis of preparation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The presentation and functional currency of the Company is the Canadian dollar.

(b) Consolidation

The consolidated financial statements include the accounts of the Company and its controlled subsidiaries, after the elimination of all material intercompany balances and transactions. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The Company's controlled subsidiaries included in these consolidated financial statements are:

Name	**Country of Incorporation**	**Ownership**	
		2022	**2021**
Gunnar Minerals Corp.	Canada	100%	100%
Keefe Lake Projects Inc.	Canada	100%	100%

Gunnar Minerals Corp. had no commercial activities during the current or previous year.

On November 24, 2017, the Company acquired Keefe Lake Projects Inc. which held the right to acquire a 100% interest in the Keefe Lake uranium project.

(c) Significant judgments and estimates

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments and estimates, in applying accounting policies. The most significant judgments and estimates applying to the Company's consolidated financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- modification versus extinguishment of financial liability;
- the classification/allocation of expenditures as exploration and evaluation expenditures or operating expenses;
- the classification of financial instruments;
- fair value of share options and warrants; and
- inputs related to income tax calculations.

2. Significant Accounting Policies and Basis of Preparation, continued

(d) Impairment

At each reporting period, management reviews all assets for indicators of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, 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. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in the profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

(e) Share-based payments

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

(f) Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or less deferred tax assets, and deferred income tax provisions or recoveries could be affected.

(g) Exploration and evaluation assets

Exploration and evaluation expenditures incurred before the Company has obtained legal rights to explore an area of interest are expensed as incurred. All costs related to the acquisition, exploration and development of exploration and evaluation assets incurred subsequent to the acquisition of legal rights to explore are capitalized on a property by property basis.

From time to time, the Company may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that property options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments for acquired mineral properties are recorded as acquisition costs. Proceeds of properties that are sold or optioned are recorded as revenues.

2. Significant Accounting Policies and Basis of Preparation, continued

(h) Asset retirement obligations

The fair value of a liability for an asset retirement or environmental obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement or environmental obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement or environmental cost is charged to operations using a systematic and rational method and the resulting liability is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flow. As of

December 31, 2022, the Company does not have any asset retirement or environmental obligations.

(i) Convertible debentures

When convertible debentures are issued, the total proceeds are allocated to the liability component and the equity component, which are separately presented on the balance sheet. The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible debt. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the debt.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount will be transferred to the share capital account. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

(j) Foreign currency translation

Items included in the consolidated financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and its subsidiaries is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

On initial recognition, foreign currency transactions are translated into the functional currency at the exchange rate in effect at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction, whereas nonmonetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition, are recognized in the consolidated statement of comprehensive loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss shall be recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in the consolidated statement of comprehensive loss, any exchange component of that gain or loss is also recognized in the statement of comprehensive loss.

2. Significant Accounting Policies and Basis of Preparation, continued

(k) Financial instruments

Recognition, classification and measurement

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership. The Company has classified its cash as a financial asset measured at fair value through profit and loss.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its trade and other payables and convertible debentures as financial liabilities measured at amortized cost. Such liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivatives are carried at fair value and are reported as assets when they have a positive fair value and as liabilities when they have a negative fair value. Changes in the fair values of derivative financial instruments are reported in the consolidated statements of loss and comprehensive loss.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. A significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

2. Significant Accounting Policies and Basis of Preparation, continued

(k) Financial instruments, continued

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the consolidated statement of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. The Company's non-derivative liabilities consist of trade and other payable and convertible debentures. Derivative liabilities are classified as fair value through profit or loss. The Company has no derivative assets or liabilities.

(l) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into (i) a flow-through share premium, equal to the estimated premium, if any; investors pay for the flow-through feature, which is recognized as a liability, and (ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company’s reporting year is disclosed separately as flow-through share proceeds.

(m) New accounting standards issued but not yet effective

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company’s consolidated financial statements.

3. Capital Management

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its capital to be the accounts within shareholders' equity. The Company's policy is to maintain sufficient cash balances to cover operating and exploration costs over a reasonable future period. The Company accesses capital markets as necessary and may also acquire additional funds where advantageous circumstances arise.

The Company currently has no externally imposed capital requirements. There have been no changes in the Company's approach to capital management during the year.

4. Financial Instruments and Risk Management

As at December 31, 2022, the Company's financial instruments consist of cash, trade and other payables and the convertible debenture. In management's opinion, the Company's carrying values of cash and trade and other payables approximate their fair values due to the immediate or short-term maturity of these instruments. The convertible debentures are classified as other financial liabilities, which are measured at amortized cost.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As at December 31, 2022, cash is assessed to be a Level 1 instrument.

The Company's financial instruments are exposed to the following risks:

Credit Risk

Currently the Company does not have any material exposure to credit risk. As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial liabilities as they come due. The Company's only liquidity risk from financial instruments is its need to meet trade and other payables requirements. The ability to do this relies on the Company maintaining sufficient cash on hand through debt or equity financing. Liquidity risk is assessed as low.

Price Risk

The Company is not exposed to price risk

4. Financial Instruments and Risk Management, continued

Currency Risk

As at December 31, 2022, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company does not believe it is exposed to any significant currency risk.

Interest Rate Risk

The Company is exposed to interest rate risk arising from the cash maintained at Canadian financial institutions. The interest rate risk on cash is not considered significant due to its short-term nature and maturity.

5. Exploration and Evaluation Assets

A summary of the capitalized acquisition and exploration expenditures for the years ended December 31, 2022 and 2021 are as follows:

		Keefe Lake		Total
Balance at December 31, 2020	**$**	**-**	**$**	**-**
Exploration costs				
Site expenses		16,800		16,800
Surveys		83,311		83,311
Balance at December 31, 2021	**$**	**100,111**	**$**	**100,111**
Exploration costs				
Site expenses		1,700		1,700
Surveys		-		-
Balance at December 31, 2022	**$**	**101,811**	**$**	**101,811**

As at December 31, 2022, the Company owned or had royalty interests or lease options on the following mineral property interests:

Keefe Lake Projects, North-eastern Saskatchewan

On November 24, 2017, the Company acquired 100% of the shares of Keefe Lake Projects Inc. Subject to a 2% Gross Overriding Royalty ("GORR"), Keefe Lake Projects Inc. holds a 100-per-cent interest in the Keefe Lake uranium project, an advanced exploration project that covers an area of approximately 15,400 hectares, on the eastern side of the Athabasca basin, in northeastern Saskatchewan, Canada.

6. Trade and Other Payables

		2022		2021
Trade	$	283	$	28,760
Other payables		23,000		11,000
	$	23,283	$	39,760

(Expressed in Canadian Dollars)

7. Convertible Debentures

On March 14, 2022, the Company closed its non-brokered private placement of convertible debentures ("Debentures") for gross proceeds of $1,000,000. The Debentures mature on March 14, 2025 and bear interest at a rate of 12% per annum payable on maturity. Each debenture is convertible into units ("Conversion units") of the Company at the option of the holder at a rate of one Conversion unit for every $0.25 of outstanding indebtedness. Each Conversion unit consists of one common share of the Company and one common share purchase warrant exercisable at a price of $0.25 until March 14, 2025.

Using a risk adjusted discount rate of 25%, the equity portion was determined to include an effective interest rate of 21% for a total of $229,105. The deferred income tax liability on initial recognition was determined to be $61,858 and the net amount of $167,247 was recognized as the equity portion of convertible debentures on the Consolidated Statements of Financial Position and Changes in Equity.

	Liability Component	Equity Component
Balance, December 31, 2021	$ -	$ -
Proceeds received	770,895	229,105
Deferred income tax liability	-	(61,858)
Accretion and interest	129,467	-
Balance at December 31, 2022	$ 900,362	$ 167,247

8. Share Capital

(a) Authorized:

Unlimited number of common shares without par value

Unlimited number of special shares issuable in series without par value

(b) Common shares issued:

2022

On March 7, 2022, the Company granted 1,200,000 incentive stock options to certain directors and consultants of the Company. These options are exercisable at a price of $0.20 until March 7, 2027 and vest immediately. On March 18, 2022, the Company issued 200,000 common shares pursuant to the exercise of these share options for gross proceeds of $40,000.

On February 8, 2022, the Company undertook a forward share split in which two additional common shares were issued for every one common share outstanding on that date. Following completion of the forward share split, the Company had approximately 12,249,195 common shares outstanding. All appropriate figures in these consolidated financial statements have been updated to reflect the forward share split.

(Expressed in Canadian Dollars)

8. Share Capital, continued

(b) Common shares issued, continued:

2021

On August 30, 2021, the Company completed the second tranche of a private placement of 357,727 equity units at $0.44 per unit for gross proceeds of $157,400. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant will be exercisable at a price of $0.55 and has an expiry date of 5 years. No value has been assigned to the unit warrants.

On August 17, 2021, the Company completed the first tranche of a private placement of 1,625,000 equity units and 225,000 flow-through units at $0.44 per unit for gross proceeds of $814,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant will be exercisable at a price of $0.55 and has an expiry date of 5 years. No value has been assigned to the unit warrants.

For the purposes of calculating any premium related to the issuance of the flow-through units, the Company compares the market price of its shares to the subscription price of flow-through shares to determine if there was a premium paid on the flow-through shares. The Company incurred no flow-through liability on issuance of flow-through shares in connection with the August 17, 2021 private placement. At December 31, 2021, the Company has spent a total of $100,111 in qualifying flow-through expenditures.

In connection with the August 2021 private placements, the Company incurred share issue costs of $7,074. No finders' fees or commissions were payable in connection with this financing.

On January 27, 2021, the Company completed a private placement of 740,000 units at $0.48 per unit for gross proceeds of $355,200. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant will be exercisable at a price of $0.60 and has an expiry date of 3 years. No finders' fees or commissions were payable in connection with this financing.

(c) Warrants

Warrant activity for the years ended December 31, 2022 and 2021 is presented below:

	2022			2021		
	Number of Warrants		**Weighted average exercise price**	**Number of Warrants**		**Weighted average exercise price**
Outstanding - beginning of year	8,843,181	$	0.19	-	$	-
Issued in private placement	-		-	2,220,000		0.20
Issued in private placement	-		-	6,623,181		0.18
Outstanding - end of year	8,843,181	$	0.19	8,843,181	$	0.19

(Expressed in Canadian Dollars)

8. Share Capital, continued

(c) Warrants, continued

Details of common share purchase warrants outstanding at December 31, 2022 are as follows:

Number of Warrants	Weighted Average Exercise Price	Expiry date	Remaining Life (years)
2,220,000	$ 0.20	January 27, 2024	1.07
5,550,000	$ 0.18	August 17, 2026	3.63
1,073,181	$ 0.18	August 30, 2026	3.67
8,843,181	$ 0.19		2.99

(d) Stock options

The Company has a rolling incentive stock option plan that can reserve a maximum of 10% of the issued shares of the Company at the time of the stock option grant with no vesting provisions, but including the following terms:

- Each incentive share purchase option is personal to the grantee and may be neither assigned nor transferred to anyone else;
- Individual incentive share purchase options will have no more than a maximum term of five (5) years from the date of their grant;
- Incentive share purchase options granted to any one individual in any 12 month period cannot exceed 5% of the issued and outstanding shares of the Company;
- Individual incentive share purchase options granted to any one consultant in any 12 month period shall not exceed 2% of the issued and outstanding shares of the Company; and
- Individual incentive share purchase option agreements granted to an employee or consultant conducting investor relations activities will not exceed an aggregate of 2% of the issued and outstanding shares of the Company in any twelve month period.

The following table summarizes activity related to stock options for the years ended 2022 and 2021:

	2022		2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of year	-	$ -	-	$ -
Granted	1,200,000	$ 0.20	-	-
Granted	200,000	$ 0.34	-	-
Exercised	(200,000)	$ 0.20	-	-
Outstanding - end of year	1,200,000	$ 0.22	-	$ -

(Expressed in Canadian Dollars)

8. Share Capital, continued

(d) Stock options, continued

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

Expiry Date	Number of Options Outstanding	Number of Options Vested	Number of Options Unvested	Weighted Average Exercise Price	Remaining Life (years)
March 7, 2027	1,000,000	1,000,000	-	$ 0.20	4.18
March 23, 2027	200,000	200,000	-	$ 0.34	4.23
	1,200,000	1,200,000	-	$ 0.22	4.19

During the year ended December 31, 2022, the Company recorded share-based compensation of $ 381,200 (2021 – $Nil) related to the issuance of stock options. The weighted average fair value at grant date of options granted during the year ended December 31, 2022 ranged from $0.2419 to $0.3563 per option. The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	2022
Expected stock price volatility	235 to 236%
Risk-free interest rate	1.50 to 2.20%
Dividend yield	0%
Expected life of options	5 years
Stock price on date of grant	$0.253 to $0.387
Forfeiture rate	0%

9. Reserves

(a) Warrants reserve

This reserve records the incremental increase in the fair value of previously outstanding warrants resulting from re-pricing.

(b) Share-based payments reserve

This reserve records items recognized as share-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amounts recorded could potentially be transferred to deficit but the Company has elected to maintain them in the share-based payments reserve account.

10. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel comprise the Company’s Board of Directors and executive officers.

(Expressed in Canadian Dollars)

10. Related Party Transactions, continued

During the year ended December 31, 2022 and 2021, no remuneration was paid to key management personnel other than as noted below:

	2022	2021
Management fees	$ 71,800	$ 16,800
Geological consulting fees	4,800	2,133
Share-based compensation	153,350	-
Total	**$ 229,950**	**$ 18,933**

11. Deferred Taxes

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2022	**2021**
Loss before income taxes	$ (879,595)	$ (146,568)
Statutory income tax rate	27.00%	27.00%
Income tax recovery at statutory rate	(237,491)	(39,573)
Permanent differences and other	93,824	3,161
Change in deferred tax benefits not recognized	143,667	36,412
Deferred income tax recovery	$ -	$ -

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

	2022	**2021**
Deferred income tax assets		
Non-capital losses available for future period	$ 1,684,165	$ 1,429,164
Exploration and evaluation assets	1,290,869	1,290,869
Share issuance costs	1,528	1,528
Deferred tax assets not recognized	(2,976,562)	(2,721,561)
	$ -	$ -

12. Operating Segment

The Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. The Company has mineral properties located in North America (Saskatchewan).

13. Subsequent events

(a) On January 3, 2023, the TSXV gave conditional acceptance for an option agreement entered into on October 19, 2022 in which the Company was granted the right to acquire up to a 75% interest in the South Falcon East uranium property ("the Property"). Initially, the Company can acquire a 51% interest in the Property by completing a series of payments and incurring exploration expenditures over a period of three years. On January 23, 2023, the Company made a cash payment of $350,000 and issued 1,111,111 common shares.

(b) On March 13, 2023, the Company completed a private placement of 2,507,500 equity units at $0.40 per unit for gross proceeds of $1,003,000. Each unit consists of one common share and one half of one share purchase warrant. Each whole share purchase warrant will be exercisable at a price of $0.75 until March 13, 2026, subject to accelerated expiry in the event the closing price of the common shares of the Company exceeds $1.25 for five consecutive trading days. In connection with the offering, the Company paid finders fees of $24,360 and issued 60,900 warrants.