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**U308 CORP.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
U3O8 Corp.

### ***Opinion***

We have audited the accompanying consolidated financial statements of U3O8 Corp. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2021 and 2020, and the consolidated statements of income (loss) and comprehensive income (loss), cash flows, and changes in shareholders' deficit for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company, as at December 31, 2021 has an accumulated deficit of \$105,468,684 and a working capital of \$97,702. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### ***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, 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 IFRS, 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.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

May 2, 2022

# U308 Corp.

## Consolidated Statements of Financial Position (Expressed in Canadian Dollars)

December 31,	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 796,710	\$ 6,487
Amounts receivable and other assets (note 8)	7,384	1,162
Investment (note 7)	2,100,786	-
<b>Total current assets</b>	<b>2,904,880</b>	<b>7,649</b>
<b>Total assets</b>	<b>\$ 2,904,880</b>	<b>\$ 7,649</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current liabilities</b>		
Amounts payable and other liabilities	\$ 1,610,012	\$ 1,607,205
Loan payable (note 19)	1,197,166	1,118,766
	<b>2,807,178</b>	<b>2,725,971</b>
<b>Non-current liabilities</b>		
Concession fee payable (note 12)	345,169	-
	<b>3,152,347</b>	<b>2,725,971</b>
<b>Shareholders' Deficit</b>		
Share capital (note 6)	99,093,360	97,506,361
Warrants (note 17)	280,316	280,000
Contributed surplus	5,847,541	5,865,832
Deficit	(105,468,684)	(106,370,515)
<b>Total shareholders' deficit</b>	<b>(247,467)</b>	<b>(2,718,322)</b>
<b>Total liabilities and shareholders' deficit</b>	<b>\$ 2,904,880</b>	<b>\$ 7,649</b>

The accompanying notes to the consolidated audited financial statements are an integral part of these statements.

Going concern (note 2)  
Subsequent event (note 21)

Approved by the Board of Directors:

"Richard Spencer" Director

"Scott Morrison" Director

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# U308 CORP

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**U308 Corp.****Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)****(Expressed in Canadian Dollars)****Years ended December 31,**

	<b>2021</b>	<b>2020</b>
<b>Expenses</b>		
Exploration and evaluation expenditures (note 12)	\$ 1,328,150	\$ 87,023
General and administrative (note 13)	257,792	353,717
	<b>(1,585,942)</b>	<b>(440,740)</b>
<b>Other items:</b>		
Interest expense (note 19)	(78,400)	(70,100)
Gain on sale of Laguna Salada concession (note 14)	1,886,737	-
Net unrealized gain on investment (note 7)	475,786	-
Foreign exchange loss	(101,421)	(48,468)
Other income (note 15)	305,071	-
Tax recovery (note 9)	-	176,000
<b>Net income (loss) and comprehensive income (loss) for the year</b>	<b>\$ 901,831</b>	<b>\$ (383,308)</b>
<b>Basic and diluted income (loss) per common share (note 11)</b>	<b>\$ 0.03</b>	<b>\$ (0.02)</b>
<b>Basic and diluted weighted average number of common shares outstanding</b>	<b>28,809,578</b>	<b>23,043,436</b>

The accompanying notes to the consolidated audited financial statements are an integral part of these statements.

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**U308 CORP**

**U308 Corp.****Consolidated Statements of Cash Flows****(Expressed in Canadian Dollars)****Years ended December 31,****2021****2020****Operating activities**

Net income (loss) for the year	\$	901,831	\$	(383,308)
Adjustment for:				
Net unrealized gain on investment		(475,786)		-
Share-based payments		32,846		73,744
Gain on sale of Laguna Salada concessions		(1,886,737)		-
Other income		(305,071)		-
Foreign exchange loss		101,421		48,468
Interest expense		78,400		70,100
Tax recovery		-		(176,000)
Non-cash working capital items:				
Amounts receivable and other assets		(6,222)		21,193
Amounts payable and other liabilities		420,878		26,530
Concession fee payable		345,169		-
<b>Net cash used in operating activities</b>		<b>(793,271)</b>		<b>(319,273)</b>

**Financing activities**

Proceeds from offering		1,000,000		-
Proceeds from warrants exercised		575,610		-
Proceeds from options exercised		56,397		-
Share issuance cost		(95,829)		-
Loan payable		-		290,000
<b>Net cash provided by financing activities</b>		<b>1,536,178</b>		<b>290,000</b>

<b>Effect of exchange rate changes on cash held in foreign currencies</b>		<b>(2,684)</b>		<b>(41,338)</b>
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<b>Net change in cash</b>		<b>740,223</b>		<b>(70,611)</b>
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<b>Cash, beginning of year</b>		<b>6,487</b>		<b>77,098</b>
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<b>Cash, end of year</b>	\$	<b>746,710</b>	\$	<b>6,487</b>
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<b>Cash paid for interest</b>	\$	<b>-</b>	\$	<b>-</b>
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<b>Cash paid for taxes</b>	\$	<b>-</b>	\$	<b>-</b>
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**Non-cash transactions:**

Transfer from reserves to share capital upon expiry of warrants	\$	188,160	\$	509,991
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The accompanying notes to the consolidated audited financial statements are an integral part of these statements.

A Green Resource Company

**U308 CORP**

## U308 Corp.

### Consolidated Statements of Changes in Shareholders' Deficit (Expressed in Canadian Dollars)

	Number of common shares	Share capital	Warrants	Contributed Surplus	Deficit	Total
<b>Balance, December 31, 2019</b>	<b>23,043,436</b>	<b>\$ 96,996,370</b>	<b>\$ 789,991</b>	<b>\$ 5,792,088</b>	<b>\$(105,987,207)</b>	<b>\$ (2,408,758)</b>
Warrants expiry (note 17)	-	509,991	(509,991)	-	-	-
Share-based payments (note 10)	-	-	-	73,744	-	73,744
Loss for the year	-	-	-	-	(383,308)	(383,308)
<b>Balance, December 31, 2020</b>	<b>23,043,436</b>	<b>97,506,361</b>	<b>280,000</b>	<b>5,865,832</b>	<b>(106,370,515)</b>	<b>(2,718,322)</b>
Private placement (note 6)	6,666,668	580,000	420,000	-	-	1,000,000
Finders warrants	-	-	77,151	-	-	77,151
Share issuance cost (note 6)	-	(95,829)	(77,151)	-	-	(172,980)
Warrants expiry (note 17)	-	188,160	(188,160)	-	-	-
Warrants exercised (note 17)	2,058,052	807,134	(231,524)	-	-	575,610
Options exercised (note 10)	320,000	107,534	-	(51,137)	-	56,397
Share-based payments (note 10)	-	-	-	32,846	-	32,846
Income for the year	-	-	-	-	901,831	901,831
<b>Balance, December 31, 2021</b>	<b>32,088,156</b>	<b>\$ 99,093,360</b>	<b>\$ 280,316</b>	<b>\$ 5,847,541</b>	<b>\$(105,468,684)</b>	<b>\$ (247,467)</b>

The accompanying notes to the consolidated audited financial statements are an integral part of these statements.

A Green Resource Company

**U308 CORP**

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# U308 Corp.

## Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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### 1. Nature of operations

U308 Corp. (the "Company") is a Canadian exploration company focused on exploration for uranium and related minerals; on the definition of resources and advancing these deposits toward production. The Company was incorporated by articles of incorporation dated December 6, 2005 ("date of incorporation") under the Business Corporations Act (Ontario). The Company's common shares are listed on the NEX board of the TSX Venture Exchange under the symbol UWE.H, and on the OTC QB International under the symbol UWEFF. The Company maintains a registered and records office at 36 Toronto Street, Suite 1050, Toronto, Ontario, M5C 2C5, Canada.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, companies and others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty, including potential restrictions on exploration and development sites access and supply chain disruptions that could delay the exploration and development plans of the properties of the Company.

### 2. Basis of presentation and going concern

The Company is in the exploration and evaluation stage and as is common with many exploration companies, it raises financing for its exploration and evaluation activities through the sale of equities. The Company has incurred a net income for the year ended December 31, 2021 of \$901,831 (December 31, 2020 - net loss of \$383,308) and has an accumulated deficit of \$105,468,684 (December 31, 2020 - \$106,370,515). In addition, the Company had a deficiency working capital of \$(97,702) at December 31, 2021 (December 31, 2020 - deficiency working capital of \$2,718,322).

The Company has taken an impairment allowance against all exploration properties. Additional financings will be required to reinitiate pre-feasibility studies and further develop the properties and to continue operations. There is a significant risk that some, if not all, of the Company's current property holdings may lapse or title to those properties may become uncertain. While the Company's management and board will continue to search for financing, joint venture partners and new assets, there is no guarantee that they will be successful.

The consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The certainty of funding future exploration expenditures and availability of sources of additional financing cannot be assured at this time and accordingly, these uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include adjustments to the carrying values of recorded liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern.

### 3. Significant accounting policies

#### (a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2021. The policies set out below are based on IFRS issued and effective as of May 2, 2022, the date the Board of Directors approved the statements.

A Green Resource Company

**U308** CORP

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## U3O8 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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#### 3. Significant accounting policies (continued)

##### (b) Basis of presentation

These audited annual consolidated financial statements have been prepared on a historical cost basis except for the re-valuation of certain financial instruments. In addition, these audited annual consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these audited annual consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 3(q).

##### (c) Basis of consolidation

The audited annual consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(i) Subsidiaries - The following companies have been consolidated within the audited annual consolidated financial statements:

Company	Registered	Principal activity
U3O8 Corp.	Ontario, Canada	Parent company
Prometheus Resources (Barbados) Limited <sup>(1)</sup>	Barbados	Holding company
Prometheus Resources (Guyana) Inc. <sup>(1)</sup>	Guyana, South America	Exploration company
Gaia Energy Inc. <sup>(1)</sup>	Ontario, Canada	Holding company
Maple Minerals Exploration and Development Inc. <sup>(1)</sup>	Ontario, Canada	Exploration company
Maple Minerals Exploration and Development Inc. <sup>(1)</sup>	Argentina	Exploration company
Maple Minerals Exploration and Development Inc. <sup>(1)</sup>	Colombia	Exploration company
Gaia Energy Argentina S.A. <sup>(1)</sup>	Argentina	Exploration company
Gaia Energy Investments Ltd. (BVI) <sup>(1)</sup>	British Virgin Islands	Exploration company
Gaia Energy Colombia Ltd. <sup>(1)</sup>	Colombia	Exploration company
0964104 B.C. Ltd. <sup>(1)</sup>	British Columbia, Canada	Holding company
Calypso Holdings Inc. <sup>(1)</sup>	Cayman Islands	Holding company
Energia Mineral Inc. <sup>(1)</sup>	Cayman Islands	Exploration company
Pampa Amarilla Inc. <sup>(1)</sup>	Cayman Islands	Exploration company

<sup>(1)</sup> 100% owned by ultimate shareholder - U3O8 Corp.

A Green Resource Company

**U3O8 CORP**

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## U308 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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#### 3. Significant accounting policies (continued)

##### (c) Basis of consolidation (continued)

(ii) Equity investment in South American Silica Corp. - Since April 2011, the Company has significant influence in South American Silica Corp., ("SAS") (formerly South American Rare Earth Corp.), but does not have control; this investment is accounted for using the equity method. Under the equity method, the investment is initially recorded at cost and the carrying value is adjusted thereafter, to reflect the Company's pro-rata share of post acquisition income or loss. The amount of adjustment is included in the determination of net income or loss of the Company, and the investment account of the Company is also increased or decreased to reflect the Company's share of capital transactions and changes in accounting policies. The carrying values of equity investments are regularly reviewed to ensure there is no impairment. When there is objective evidence of impairment, the investment is written down to recognize the loss (note 15).

##### (d) Foreign currencies

The functional currency, as determined by management, of U308 Corp. and each of its subsidiaries is the Canadian Dollar. For the purpose of the audited annual consolidated financial statements, the results and financial position are expressed in Canadian Dollars.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the audited annual consolidated statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

##### (e) Financial instruments

IFRS 9 – Financial Instruments, ("IFRS 9") establishes three primary measurement categories for financial assets: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortized cost. The basis for classification depends on the entity's business model and the contractual cash flow characteristics of the instrument.

#### Classification

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, FVTPL, or FVOCI. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial liability is classified as measured at amortized cost or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A Green Resource Company

**U308 CORP**

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## U308 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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### 3. Significant accounting policies (continued)

#### (e) Financial instruments (continued)

##### Classification (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

##### Measurement

###### Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

###### Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

##### **Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

##### **Financial assets at amortized cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

A Green Resource Company

**U308** CORP

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## U308 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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### 3. Significant accounting policies (continued)

#### (e) *Financial instruments (continued)*

##### Subsequent measurement (continued)

##### **Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

##### **Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

##### Impairment of financial instruments

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

A Green Resource Company

**U308** CORP

## U308 Corp.

### Notes to Consolidated Financial Statements December 31, 2021 and 2020 (Expressed in Canadian Dollars)

#### 3. Significant accounting policies (continued)

##### (e) Financial instruments (continued)

##### Impairment of financial instruments (continued)

Categories of financial instruments:

	As at December 31, 2021	As at December 31, 2020
<b>Financial assets:</b>		
FVTPL		
Cash	\$ 796,710	\$ 6,487
Amounts receivable	3,001	-
Investment	2,100,786	-
<b>Financial liabilities:</b>		
Amortized cost		
Amounts payable and other liabilities	\$ 1,610,012	\$ 1,607,205
Loan payable	1,197,166	1,118,766
Concession fee payable	345,169	-

As of December 31, 2021 and 2020, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

##### (f) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets are impaired. Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGUs"). The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

##### (g) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of exploration and evaluation assets, which are recognized at the fair value at the acquisition date.

Once a project has been established as commercially viable and technically feasible, related development expenditure is capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

##### (h) Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

A Green Resource Company

**U308** CORP

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## U308 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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#### 3. Significant accounting policies (continued)

##### (h) Equipment (continued)

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis. An item of equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of loss and comprehensive loss.

Where an item of equipment consists of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

##### (i) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company has provided for all material provisions at December 31, 2021 and 2020.

##### (j) Share-based payment transactions

The fair value is measured at grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods and services received.

A Green Resource Company

**U308** CORP

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## U308 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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#### 3. Significant accounting policies (continued)

##### (k) *Income taxes*

Income tax on the profit or loss for the periods presented comprises current and deferred tax. 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 provided using the 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 profit; 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 financial position reporting 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 utilised. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, a deferred tax asset is not recognized.

##### (l) *Restoration, rehabilitation and environmental obligations*

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflect the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is minimal.

##### (m) *Loss per share*

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

A Green Resource Company

**U308** CORP

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## U308 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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#### 3. Significant accounting policies (continued)

##### (n) Share Capital

The Company has adopted a relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. The relative fair value method allocates value to each component on a pro-rata basis, based on the fair value of the components calculated independently of one another. The Company considers the market value of the common shares issued as fair value and measures the fair value of the warrant component of the unit using the Black-Scholes option pricing model. The unit value is then allocated, pro-rata, between the two components, with fair value attributed to the warrants being recorded to the Company's warrant reserve.

Proceeds from the exercise of stock options, and warrants are recorded at the cash cost of exercise and the Black-Scholes option pricing model. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance.

##### (o) Share Issuance Costs

Costs incurred in connection with the issuance of share capital and units are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received. Costs related to the issuance of units and incurred prior to issuance are allocated between share capital and warrants.

The preparation of these audited annual consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These audited annual consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the audited annual consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates:

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

- the Company reviews its South American property interests for impairment based on results to date and when events and changes in circumstances indicate that the carrying value of the assets may not be recoverable. IFRS 6 - Exploration for and evaluation of mineral resources and IAS 36 – Impairment of assets requires the Company to make certain judgments in respect of such events and changes in circumstances, and in assessing their impact on the valuations of the affected assets; and

A Green Resource Company

**U308** CORP

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## U308 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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#### 3. Significant accounting policies (continued)

Critical accounting estimates (continued):

- Share-based payments expense. We measure our share-based payments expense by reference to the fair value of the stock options at the date at which they are granted. 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.
- management assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to advance the mineral properties (Note 2);
- management applied judgment in determining the functional currency of the Company as Canadian Dollars and the functional currency of its subsidiaries, based on the facts and circumstances that existed during the period;
- management determination of no material restoration, rehabilitation and environmental exposure, based on the facts and circumstances that existed during the period; and
- the measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

#### *(q) New standards adopted*

##### Amendment to IAS 16 - Property, Plant and Equipment

In 2020, the IASB published Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16) ("IAS 16 amendments") which applies to annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The Company has elected to early adopt these IAS 16 amendments effective January 1, 2021, and has applied the IAS 16 amendments retrospectively with no material impact on the Company's financial statements.

These IAS 16 amendments prohibit the deduction from the cost of an item of property, plant and equipment any net proceeds received from the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the Company recognizes the proceeds from the sale of such items, and the cost of producing those items in the condensed consolidated statement of loss and comprehensive loss.

#### *(r) New standards and interpretations not yet adopted*

The standards and interpretation that are issued, but not effective, and is currently evaluating their impact on the Company's financial statements.

##### Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

A Green Resource Company

**U308** CORP

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## U308 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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#### 3. Significant accounting policies (continued)

(r) *New standards and interpretations not yet adopted*

##### Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) (continued)

Clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period" and clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability making clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

##### Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

#### 4. Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, reserves and deficit, which at December 31, 2021, totaled shareholders' deficit of \$247,467 (December 31, 2020 – shareholders' deficit of \$2,718,322).

#### 5. Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and uranium and battery commodities price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

A Green Resource Company

**U308** CORP

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## U308 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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#### 5. Financial risk management (continued)

##### Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. The majority of the Company's cash is held with major Canadian chartered banks and financial institutions in South America, from which management believes the risk of loss to be minimal.

Financial instruments included in amounts receivable consist of sales tax receivable from government authorities in Canada. Management believes that the credit risk with respect to financial instruments included in amounts receivable is minimal.

##### Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2021, the Company had a cash balance of \$796,710 (December 31, 2020 - \$6,487) to settle current liabilities of \$2,807,178 (December 31, 2020 - \$2,725,971). All of the Company's current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms, except loan payable (note 19) and concession fee payable (note 12). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. The Company will need to secure additional financing to meet its ongoing obligations. However, there is no assurance that it will be able to do so (note 2).

##### Market risk

###### (a) Interest rate risk

The Company has cash balances and fixed interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

###### (b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse effect on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

###### (c) Foreign currency risk

The Company's functional and reporting currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. As of December 31, 2021, the Company funds certain operations, exploration and administrative expenses in Colombia and Argentina on a cash call basis using US Dollar currency converted from its Canadian Dollar bank accounts held in Canada. The Company maintains US Dollar bank accounts in Canada. The Company is subject to gains and losses from fluctuations in the US Dollar and Colombian peso against the Canadian Dollar.

A Green Resource Company

**U308** CORP

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## U308 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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#### 5. Financial risk management (continued)

##### Sensitivity analysis

The sensitivity analysis shown in the notes below may differ materially from actual results. Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period:

(i) Cash is subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would have affected the reported loss and comprehensive loss by an immaterial amount.

(ii) The Company holds financial instrument balances in foreign currencies which creates foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rates against the Canadian Dollar would have affected the reported loss and comprehensive loss by approximately \$120,000.

#### 6. Share capital

##### a) Authorized share capital

At December 31, 2021 and 2020, the authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued common shares are fully paid.

##### b) Common shares issued

On March 22, 2021, the Company completed its non-brokered private placement. The Company issued 6,666,668 units ("Units") at a price of \$0.15 per Unit, for total gross proceeds of \$1,000,000 (the "Private Placement").

Each Unit consists of one (1) common share in the capital stock of the Company ("Common Share") and one (1) common share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one Common Share at a price of \$0.20 per Common Share until the date which is twelve (12) months following the closing date of the Offering, whereupon the Warrants will expire.

In connection with the Private Placement, the Company paid cash costs of \$95,829 and 445,525 compensation warrants ("Finder Warrants"). The Finder Warrants will be exercisable into Common Shares of the Company at \$0.20 and will be valid for a period of twelve (12) months from the date of closing of the Private Placement.

A pro-rata value of \$420,000 was estimated for the 6,666,668 Warrants on the date of grant using a relative fair value method. Inputs in the Black-Scholes option pricing model included: market price on valuation date of \$0.15; expected dividend yield of 0%; expected volatility of 232.59% using the historical price history of the Company; risk-free interest rate of 0.27%; and an expected average life of one (1) year.

A value of \$77,151 was estimated for the 445,525 Finders' Warrants on the date of grant using a relative fair value method. Inputs in the Black-Scholes option pricing model included: market price on valuation date of \$0.15; expected dividend yield of 0%; expected volatility of 232.59% using the historical price history of the Company; risk-free interest rate of 0.27%; and an expected average life of one (1) year.

All securities issued and issuable pursuant to the Offering are subject to a four month and one day statutory hold period.

A Green Resource Company

**U308** CORP

## U308 Corp.

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020  
(Expressed in Canadian Dollars)

### 7. Investment

As at December 31, 2021 - (at fair value)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Aggregate Fair Value
Publicly traded investment	\$ 2,100,786	\$ -	\$ -	\$ 2,100,786

The following table presents the changes in fair value measurements of financial instruments.

	Investment at fair value	Opening balance	Purchases	Proceeds on Disposition	Realized loss	Net Unrealized gain	Ending balance
<b>Level 1</b>							
- December 31, 2021	\$ -	\$ -	\$ 1,625,000	\$ -	\$ -	\$ 475,786	\$ 2,100,786
- December 31, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

### 8. Amounts receivable and other assets

	As at December 31, 2021	As at December 31, 2020
Sales tax receivable - (Canada)	\$ 4,383	\$ 1,162
Deposits with service providers	3,001	-
	\$ 7,384	\$ 1,162

A Green Resource Company

**U308** CORP

## U308 Corp.

### Notes to Consolidated Financial Statements December 31, 2021 and 2020 (Expressed in Canadian Dollars)

#### 9. Income taxes

##### Income tax expense

A reconciliation between income tax expense and the product of accounting profit (loss) multiplied by the Company's domestic tax rate is provided below:

Years ended December 31,	2021	2020
Income (loss) before Income Tax	\$ 901,831	\$ (383,308)
Income (loss) tax at statutory rate of 26.50% (2020 - 26.50%)	239,000	(102,000)
Change in statutory, foreign tax, foreign exchange rates and other	(964,000)	(1,000)
Permanent differences	(466,000)	(4,000)
Share issue costs	25,000	-
Adjustment to prior year's provision versus statutory tax returns and expiration of non-capital losses	(100,000)	(113,000)
Change in unrecognized temporary differences	1,266,000	220,000
	\$ -	\$ -

##### Deferred Tax Assets and Liabilities

###### (a) Unrecognized deferred tax assets

Deferred tax assets are recognized for the carry-forward or unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the unused tax losses/credits can be utilized. The following represent the deductible temporary differences which have not been recognized in the financial statements.

	2021	2020	Expiry
Equipment	\$ 3,638,000	\$ 3,601,000	N/A
Loss carry-forward	26,137,000	25,498,000	See below
Equity accounted investment	3,807,000	3,807,000	N/A
Share issue costs	81,000	33,000	2040 - 2042
Deferred mining expenditures	51,219,000	48,114,000	N/A
	<b>\$ 84,882,000</b>	<b>\$ 81,053,000</b>	

###### (b) Non-capital losses

The following table summarizes the Company's non-capital losses that can be applied against future taxable profit:

Country	Amount	Expiry date
Canada	\$ 25,105,990	2026 to 2038
Barbados	237,700	2020 to 2025
Colombia	718,157	indefinite
Guyana	75,194	indefinite

A Green Resource Company

**U308** CORP

## U3O8 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

#### 10. Stock options

U3O8 Corp's stock option plan (the "Plan") was approved by the shareholders of the Company on June 30, 2009 and subsequent amendments approved on June 27, 2012, July 29, 2015 and August 7, 2020, for the purpose of attracting, retaining and motivating directors, officers, employees and other service providers by providing them with an opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth. The number of stock options which may be granted under the plan is limited to not more than 10% of the issued common shares of U3O8 Corp., calculated on a non-diluted basis immediately prior to the stock option grant. The exercise price of options granted under the Plan is set at the "market price" of the common shares, which is calculated as the volume weighted average Canadian dollar trading price of the common shares for the five trading days prior to the date of grant. Options vest at the discretion of the board of directors of U3O8 Corp., and in the case of directors, officers, and employees, is generally contingent upon continued service to the Company during the vesting period. The Plan provides that all options outstanding will vest fully in the event of a take-over bid. As well, where there is a change of control, outstanding options granted to directors, officers and employees will immediately vest in full. All options expire on a date not later than five years after the issuance of such option, subject to extensions granted in connection with black-out periods.

The Company records a charge to the statement of loss and comprehensive loss account using the Black-Scholes fair valuation option pricing model. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of stock volatility, together with an estimate of the level of forfeiture. The level of stock volatility is calculated with reference to the historic traded daily closing share price at the date of issue. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options. The following table reflects the continuity of stock options for the years ended December 31, 2021 and 2020:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2019	1,700,500	0.45
Granted (a)	860,000	0.12
Expired	(272,500)	3.20
Balance, December 31, 2020	2,288,000	0.27
Exercised	(320,000)	0.18
Expired	(305,000)	0.60
Cancelled	(195,000)	0.31
Balance, December 31, 2021	1,468,000	0.19

(a) On August 24, 2020, the Company granted 860,000 stock options to board members, management and consultants of the Company pursuant to the Company's stock option plan. The stock options were issued at an exercise price of \$0.12, vest in tranches of 25%, with 25% vesting on grant and the remaining tranches at six-month intervals and will expire on August 21, 2025. For the purposes of the 860,000 options, the fair value of each option was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 146% using the historical price history of the Company; risk free interest rate of 0.36%; and an expected average life of five years. The estimated value of \$92,744 will be recorded as a cost to salaries and benefits with a corresponding increase to share-based payments reserve as the options vest. For the year ended December 31, 2021, the impact on expenses was \$32,846 (December 31, 2020 - \$58,609).

A Green Resource Company

**U3O8** CORP

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## U308 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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#### 10. Stock options (continued)

(b) During the year ended December 31, 2021, \$32,846 in share-based payments (December 31, 2020 - \$73,744) related to stock options granted in prior years and vesting during the year ended December 31, 2021. The portion of the estimated fair value of options granted in the current and prior periods and vesting during the year ended December 31, 2021 and 2020, which have been reflected in the consolidated statements of loss and comprehensive loss under salaries and benefits.

Stock option price volatility was based on historical price volatility of the common shares, which is assumed to be an appropriate and approximate proxy for future volatility of a stock option instrument granted for the underlying common shares.

The following table reflects the actual stock options issued and outstanding as of December 31, 2021:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
November 14, 2023	0.28	1.87	570,500	570,500	-
August 21, 2025	0.12	3.64	652,500	437,500	215,000
		2.82	1,223,000	1,008,000	215,000

#### 11. Income (loss) per common share

The calculation of basic and diluted income (loss) per common share for the year ended December 31, 2021 was based on the income after tax attributable to common shareholders of \$901,831 (December 31, 2020 – loss after tax of \$383,308) and the weighted average number of common shares outstanding of 28,809,578 (December 31, 2020 – 23,043,436). Diluted income (loss) per share was not affected by including the 1,223,000 (December 31, 2020 - 1,700,500) share purchase options and 5,874,141 (2020 - 4,789,423) warrants.

#### 12. Exploration and evaluation expenditures

The Company enters into exploration agreements or permits with other companies or foreign governments pursuant to which it may explore, or earn interests in mineral properties by issuing common shares and/or making option or rental payments and/or incurring expenditures in varying amounts by varying dates. Failure by the Company to meet such requirements can result in a reduction or loss of the Company's ownership interests or entitlements under the agreements or permits.

A Green Resource Company

**U308** CORP

## U308 Corp.

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020  
(Expressed in Canadian Dollars)

### 12. Exploration and evaluation expenditures (continued)

The following is a detailed list of expenditures incurred on the Company's mineral properties:

Years ended December 31,	2021	2020
<b>Colombia, South America (a)</b>		
Exploration activities	\$ 1,129,618	\$ 5,348
Salaries and benefits	-	-
	\$ 1,129,618	\$ 5,348
<b>Argentina, South America (b)</b>		
Exploration activities	\$ 179,669	\$ 7,188
Salaries and benefits	18,863	74,487
	\$ 198,532	\$ 81,675
	\$ 1,328,150	\$ 87,023

(a) Total cumulative exploration activities incurred in Colombia, South America to December 31, 2021 amounted to \$24,996,389 (December 31, 2020 - \$23,866,771).

#### Colombia, South America

The Company, holds a 100% interest in a mineral concession (the "Concession Contract") in Caldas Province of central Colombia. A Concession Contract for the Berlin Property was originally granted by the National Mining Agency in Colombia on October 23, 2007 for a 30-year period. On expiry of the Concession Contract in 2037, the Company has the right to apply for an extension of a further 30 years.

The Company is required to pay annual concession fees to the Colombian State for the right to explore those concessions, that constitute the Company's exploration properties in Colombia. During 2021, the Company decided to re-establish operations in Colombia. As a result, the Company has accrued concession fees and expected penalties for 2021 and prior years. The Company has estimated that concession fees payable of C\$712,727 are owed to the Colombian State to maintain the Concession Contract in good standing. In the event the Company's estimate of the amounts due is incorrect, it will adjust the amount of the accrual.

The amounts have been recorded as exploration expense and payments are being accreted to their principal amounts at an effective interest rate of 12%.

During 2021, the Company recorded \$712,727 (year ended December 31, 2020 - \$Nil) in exploration activities relating to Colombia related to the concession fee payable.

	Amount
<b>Balance, December 2019, 2020</b>	\$ -
Accrued expenses	712,727
<b>Balance, December 31, 2021</b>	\$ 712,727
<b>Long term portion</b>	\$ 345,169
<b>Current portion</b>	\$ 367,558

A Green Resource Company

**U308 CORP**

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## U3O8 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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#### 12. Exploration and evaluation expenditures (continued)

##### Argentina, South America

(b) Total cumulative exploration activities incurred in Argentina, South America to December 31, 2021 amounted to \$15,688,238 (December 31, 2020 - \$15,489,706).

On June 11, 2021, the Company announced that it has entered into an agreement whereby Consolidated Uranium Inc. ("CUR") has the option to acquire the Laguna Salada uranium-vanadium deposit in Argentina. The definitive agreement is subject to regulatory approval which was received subsequent to year-end.

The Company recognized a gain of \$1,886,737 on receipt of cash and shares, net of costs, for the Laguna Salada Property.

##### Terms of the Option Agreement

Pursuant to the Option Agreement (note 14) with Consolidated Uranium Inc. ("CUR"), CUR has secured the option to acquire a 100% interest in the Laguna Salada Project (the "Option") in consideration for the following:

- \$50,000 payment to be utilized for property expenditures (paid in 2021);
- The Company obtaining requisite regulatory approvals within six months of signature of the Option Agreement:
  - Issuance of common shares to the value of \$125,000 in the capital of the CUR (the "Common Shares"), priced at the 5-day volume weighted average price ("vwap") one business day prior to the date that the TSX Venture Exchange (the "TSXV") provides conditional approval of the Option Agreement (the "Effective Date") (completed in 2021 - (Note 7)); and
  - a cash payment of C\$175,000 to U3O8 Corp. by CUR. (paid in 2021)
  - The Option is exercisable at CUR's election on or before the second anniversary of the Effective Date, for additional consideration of C\$1,500,000 in Common Shares or cash, at CUR's election. If the Option remains unexercised on the six-month anniversary of the Effective Date, U3O8 Corp. is entitled to C\$50,000 in cash to be utilized for further property expenditures (exercised in 2021 - (note 7)).

If CUR elects to exercise the Option and during the two year option term the price of uranium reaches the milestones below, U3O8 Corp. will also be entitled to receive the following uranium spot price contingency payments:

Uranium Spot Price (USD)	Vendor Payment (Cash or Shares)
\$50	\$505,000
\$75	\$758,000
\$100	\$1,010,000

The Company also received a two-year option term for contingency payments based on the following uranium spot price:

Within five business days of the spot price of uranium reaching USD\$50 the Company will have the option to receive \$250,000, in cash or shares at CUR's election, in lieu of each of the USD\$75 and USD\$100 spot price contingent payments. The spot price contingent payments will expire 10 years following the date the option is exercised.

The spot price exceeded US\$50 per pound in March 2022. In April 2022, the Company received \$505,000 for reaching the US\$50 per pound threshold and concurrently elected to receive \$250,000 in satisfaction of each of the US\$75 per pound threshold and US\$100 per pound threshold. (note 21)

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**U3O8** CORP

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## U3O8 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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#### 12. Exploration and evaluation expenditures (continued)

(b) (continued)

##### Terms of the Option Agreement (continued)

Further the Company has the one-time right, exercisable on either the date that is six months or twelve months following the Effective Date of the Option Agreement, to force CUR to exercise the option and satisfy the remaining portion of the option by issuing such number of CUR shares to the Company that results in the Company, together with the CUR shares already owned by the Company, owning an aggregate number of CUR shares equal to 9.9% of the total number of issued and outstanding CUR Shares after giving effect to such issuance. Notwithstanding, subject to the 5 day vwap of CUR's Shares equalling C\$1.00 or greater, in the event that CUR can issue sufficient CUR Shares to the Company to satisfy the remain portion of the option without the Company holding more than 9.9% of the issued and outstanding CUR Shares, then CUR shall issue such number of CUR Shares to U3O8 to satisfy that portion of the remaining option.

All securities issued in connection with the Option Agreement are subject to a hold period expiring four months and one day from the date of issuance.

#### 13. General and administrative

Years ended December 31,	2021	2020
Salaries and benefits	\$ 32,846	\$ 68,862
Administrative and general	31,751	3,679
Professional fees	125,951	166,262
Business development	7,644	22,054
Reporting issuer costs	59,600	92,860
	<u>\$ 257,792</u>	<u>\$ 353,717</u>

#### 14. Gain on sale of Laguna Salada concession

On June 11, 2021, the Company announced that CUR has chosen to exercise its option to purchase the Laguna Salada Project in Argentina from the Company. (See Note 12).

The Company recognized a gain of \$1,886,737 on proceeds of \$1,900,000, less of cost of \$13,263.

#### 15. Other income

The Company settled a number of liabilities in 2021, or reduced or eliminated the need for an accrual against certain potential expenses, recognizing a gain of \$305,071 in 2021.

#### 16. Equity accounted investment

As at December 31, 2021, the Company had a 38.9% equity interest in SAS (as defined in note 3(c)(ii)), which is a private company (December 31, 2020 – 38.9%). Since inception, SAS has incurred losses and the Company is not required to fund any losses incurred by SAS beyond its initial equity investment and the investment in SAS has a carrying value of \$nil (December 31, 2020 - \$nil).

A Green Resource Company

**U3O8** CORP

## U308 Corp.

### Notes to Consolidated Financial Statements December 31, 2021 and 2020 (Expressed in Canadian Dollars)

#### 17. Warrants

	Number of warrants	Weighted average exercise price (\$)
<b>Balance, December 31, 2019</b>	<b>4,789,423</b>	<b>0.71</b>
Expired	(2,289,423)	0.57
<b>Balance, December 31, 2020</b>	<b>2,500,000</b>	<b>0.40</b>
Issued	7,112,193	0.20
Exercised	(2,058,052)	0.28
Expired	(1,680,000)	0.40
<b>Balance, December 31, 2021</b>	<b>5,874,141</b>	<b>0.20</b>

Expiry date	Exercise price (\$)	Warrants outstanding
March 19, 2022	0.20	5,445,341
March 19, 2022	0.20	428,800
		<b>5,874,141</b>

#### 18. Related party balances and transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

(a) The Company entered into the following transactions with related parties:

Years ended December 31,	2021	2020
John C. Ross Consulting Inc. (i)	\$ 30,000	\$ 30,000

(i) Chief Financial Officer ("CFO") fees expensed to a company controlled by the current CFO of the Company. At December 31, 2021, \$65,500 is included in amounts payable and other liabilities (December 31, 2020 - \$79,625).

(b) The Company defines its key management personnel as its Board of Directors, Chief Executive Officer ("CEO"), and CFO. Remuneration of Directors and key management personnel of the Company was as follows:

Years ended December 31,	2021	2020
Share based payments	\$ 32,846	\$ 70,176

The Board of Directors do not have employment or service contracts with the Company. There were no director fees accrued or paid during the year ended December 31, 2021 or December 31, 2020. The CEO of the Company was owed \$400,584 as at December 31, 2021 (December 31, 2020 - \$429,361). In addition, a director of the Company was owed \$20,400 as at December 31, 2021 (December 31, 2020 - \$20,400).

(c) See note 18 for details of the loans advanced from a director of the Company during the years ended December 31, 2021 and 2020. In addition, another company controlled by the same director was owed \$41,000 as at December 31, 2021 (December 31, 2020 - \$41,000). The payable is non-interest bearing and due on demand and is included in accounts payable and other liabilities.

A Green Resource Company

# U308 CORP

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## U308 Corp.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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#### 19. Loan payable

During the years ended December 31, 2021 and 2020, the Company entered into a series of advances from Bambazonke Holdings Ltd. (“Bambazonke”), pursuant to which Bambazonke agreed to lend the Company cash to fund working capital. Amounts outstanding under loan payable incur interest at a rate of 8% per annum and the principal and interest payable thereon will be repaid on a best efforts basis. Bambazonke is a company controlled by a director of the Company. Cumulative advances at December 31, 2021 amounted to \$980,000 (December 31, 2020 - \$980,000). Interest payable of \$217,166 was included in loan payable as at December 31, 2021 (December 31, 2020 - \$138,766). No interest or principal was repaid during all years presented.

#### 20. Segmented information

The Company primarily operates in one reportable operating segment, being the exploration and evaluation of uranium properties in South America. The Company has administrative offices in Toronto, Canada. Geographical information is as follows:

##### December 31, 2021

	Canada	Colombia	Argentina	Total
Current assets	\$ 2,904,880	\$ -	\$ -	\$ 2,904,880
	\$ 2,904,880	\$ -	\$ -	\$ 2,904,880

##### December 31, 2020

	Canada	Colombia	Argentina	Total
Current assets	\$ 7,649	\$ -	\$ -	\$ 7,649
	\$ 7,649	\$ -	\$ -	\$ 7,649

#### 21. Subsequent event

Subsequent to December 31, 2021, 3,411,351 warrants were exercised for cash proceeds of \$682,270 and the remaining warrants expired unexercised.

On February 22, 2022 Consolidated Uranium Inc. (“CUR” or “Consolidated Uranium”) (TSXV: CUR) (OTCQB: CURUF) and Labrador Uranium Inc. (“LUR” or “Labrador Uranium”) completed the previously announced spin-out of Labrador Uranium through a plan of arrangement under the Business Corporations Act (Ontario) (the “Arrangement”). The Company received 157,213 LUR shares via its holding of CUR shares.

In March, 2022, the uranium price exceeded US\$50 per pound and the Company was entitled to receive a \$505,000 contingency payment from CUR. Concurrently, the Company had the option to elect a further \$250,000 payment related to a US\$75 per pound of uranium option and a further \$250,000 payment related to a US\$100 per pound of uranium option. The Company notified CUR that intended to elect to receive the \$250,000 payments for each of the US\$75 and US\$100 per pound of uranium options. On April 14, 2022, the Company received 374,441 CUR shares to satisfy the \$1,005,000 payment.

A Green Resource Company

**U308** CORP