UEX CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2014

KPMG LLP
Chartered Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of UEX Corporation

We have audited the accompanying financial statements of UEX Corporation, which comprise the balance sheets as at December 31, 2014 and December 31, 2013, the statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of UEX Corporation as at December 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants

March 17, 2015
Vancouver, Canada

UEX CORPORATION

Balance Sheets

As at December 31, 2014 and 2013

	Notes	2014	2013
Assets			
Current assets			
Cash and cash equivalents	3	$ 9,321,596	$ 9,321,916
Amounts receivable	4	141,170	143,558
Prepaid expenses	5	106,540	142,578
		9,569,306	9,608,052
Non-current assets			
Equipment	6	111,885	125,031
Mineral properties	7	155,240,363	164,106,221
Investments	7(v), 8, 14	22,187	31,733
Total assets		$ 164,943,741	$ 173,871,037
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and other liabilities	9	$ 1,322,439	$ 220,634
Non-current liabilities			
Deferred tax liability	10	10,063,649	13,376,478
Total liabilities		11,386,088	13,597,112
Shareholders' equity			
Share capital	11(b)	177,542,611	175,316,661
Share-based payments reserve	11(c)	2,787,954	4,585,900
Accumulated other comprehensive income (loss)		(9,082)	-
Deficit		(26,763,830)	(19,628,636)
		153,557,653	160,273,925
Total liabilities and shareholders' equity		$ 164,943,741	$ 173,871,037

Nature and continuance of operations	1
Commitments	7(iv), 7(v), 12, 17(b)
Subsequent events	7(v), 9, 12

See accompanying notes to the financial statements.

Approved on behalf of the Board and authorized for issue on March 17, 2015.

"signed" Director
Roger M. Lemaitre

"signed" Director
Emmet A. McGrath

UEX CORPORATION

Statements of Operations and Comprehensive Loss

Years ended December 31, 2014 and 2013

	Notes	2014	2013
Revenue			
Interest income		$ 131,399	$ 202,074
Expenses			
Bank charges and interest		4,330	4,295
Depreciation		21,276	13,589
Filing fees and stock exchange		116,278	123,015
Legal and audit	18	126,993	187,223
Loss on disposal of equipment		513	2,105
Maintenance		14,200	1,250
Office expenses	16, 18	402,266	245,141
Project investigation	18	90,054	79,572
Rent	18	145,621	138,422
Salaries, termination and placement fees		845,545	817,654
Share-based compensation	11(c)	490,107	510,227
Travel and promotion		198,872	112,089
Unrealized fair value loss on held-for-trading financial assets	7(v), 8, 14	2,685	4,198
Write-down of mineral properties	7(iv)	10,425,937	-
		12,884,677	2,238,780
Loss before income taxes		(12,753,278)	(2,036,706)
Deferred income tax recovery (expense)	10	3,296,297	(311,296)
Loss for the year		$ (9,456,981)	$ (2,348,002)
Other comprehensive income (loss)			
Available-for-sale financial assets			
Net change in fair value	7(v), 8, 14	(10,500)	-
Deferred income tax recovery on change in fair value of available-for-sale financial assets	10	1,418	-
		(9,082)	-
Comprehensive loss for the year		$ (9,466,063)	$ (2,348,002)
Basic and diluted loss per share		$ (0.041)	$ (0.010)
Basic and diluted weighted-average number of shares outstanding		229,667,184	225,142,014

See accompanying notes to the financial statements.

UEX CORPORATION

Statements of Changes in Equity

Years ended December 31, 2014 and 2013

	Number of common shares	Share capital	Share-based payments reserve	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2012	*221,488,679*	$ 172,345,291	$ 5,088,191	$ -	$ (18,450,234)	$ 158,983,248
Loss for the year					(2,348,002)	(2,348,002)
Issued pursuant to private placements	*6,350,000*	3,175,000				3,175,000
Share issuance costs		(104,972)				(104,972)
Value attributed to flow-through premium on issuance		(127,000)				(127,000)
Deferred income taxes on share issuance costs		28,342				28,342
Share-based payment transactions			667,309			667,309
Transfer to deficit on expiry and cancellation of share purchase options			(1,169,600)		1,169,600	-
Balance, December 31, 2013	*227,838,679*	175,316,661	4,585,900	-	(19,628,636)	160,273,925
Loss for the year					(9,456,981)	(9,456,981)
Issued pursuant to private placements	*7,176,390*	3,085,848				3,085,848
Share issuance costs		(244,028)				(244,028)
Value attributed to flow-through premium on issuance		(681,757)				(681,757)
Deferred income taxes on share issuance costs		65,887				65,887
Other comprehensive income (loss) *Fair value change in AFS financial assets*				(10,500)		(10,500)
Deferred income tax recovery - fair value change in AFS financial assets				1,418		1,418
Share-based payment transactions			523,841			523,841
Transfer to deficit on expiry of share purchase options			(2,321,787)		2,321,787	-
Balance, December 31, 2014	*235,015,069*	$ 177,542,611	$ 2,787,954	$ (9,082)	$ (26,763,830)	$ 153,557,653

See accompanying notes to the financial statements.

UEX CORPORATION

Statements of Cash Flows

Years ended December 31, 2014 and 2013

	Notes	2014	2013
Cash provided by (used for):			
Operating activities			
Loss for the year		$ (9,456,981)	$ (2,348,002)
Adjustments for:			
Depreciation		21,276	13,589
Deferred income tax expense (recovery)		(3,296,297)	311,296
Interest income		(131,399)	(202,074)
Loss on disposal of equipment		513	2,105
Share-based compensation		490,107	510,227
Unrealized fair value loss on held-for-trading financial assets		2,685	4,198
Write-down of mineral properties	7(iv)	10,425,937	-
Changes in non-cash operating working capital			
Amounts receivable		(45,711)	7,447
Prepaid expenses		36,038	(41,221)
Accounts payable and other liabilities		355,655	74,547
		(1,598,177)	(1,667,888)
Investing activities			
Interest received		188,762	191,018
Investment in exploration and evaluation assets		(1,382,762)	(4,841,478)
Purchase of equipment		(49,963)	(9,898)
		(1,243,963)	(4,660,358)
Financing activities			
Proceeds from common shares issued	11(b)	3,085,848	3,175,000
Share issuance costs	11(b)	(244,028)	(104,972)
		2,841,820	3,070,028
Increase (decrease) in cash and cash equivalents during the year		(320)	(3,258,218)
Cash and cash equivalents, beginning of year		9,321,916	12,580,134
Cash and cash equivalents, end of year		$ 9,321,596	$ 9,321,916
Supplementary information			
Non-cash transactions			
Increase (decrease) in accounts payable and other liabilities relating to mineral property expenditures		$ 115,166	$ (364,812)
Increase in other liabilities due to flow-through premium		681,757	127,000
Decrease in other liabilities due to extinguishment of flow-through premium on renouncement (under General Rule)		(50,773)	(127,000)
Decrease (increase) in amounts receivable relating to mineral property expenditures		(9,264)	31,476
Non-cash share-based compensation included in mineral property expenditures		33,734	157,082
Fair value of shares and warrants received as partial consideration for mineral property earn-in (reduction in carrying value of mineral properties)		(3,639)	(35,931)
Depreciation included in mineral properties		41,320	40,739
Advance payment received in period			
Prepayment received for Black Lake exploration, net of 2014 disbursements, included in other liabilities (see Notes 7(v) and 9)		424,034	79,006

See accompanying notes to the financial statements.

1. Nature and continuance of operations

UEX Corporation (the "Company") was incorporated under the Canada Business Corporations Act on October 2, 2001. The Company entered into an agreement with Pioneer Metals Corporation ("Pioneer") and Cameco Corporation ("Cameco") to establish the Company as a public uranium exploration company. On July 17, 2002, under a plan of arrangement with Pioneer, Pioneer transferred to the Company its uranium exploration properties and all related assets, including the Riou Lake and Black Lake projects. On the same date, Cameco transferred its Hidden Bay uranium exploration property and certain related assets, in exchange for shares of the Company.

The Company is currently engaged in the exploration and evaluation of its mineral properties located in the province of Saskatchewan. The Company's shares are listed on the Toronto Stock Exchange under the symbol UEX. The head office and principal address is located at 808 Nelson Street, Suite 1007, Vancouver, British Columbia, Canada V6Z 2H2. The Company's registered office is 885 West Georgia Street, 19th Floor, Vancouver, British Columbia, Canada V6C 3H4.

The Company is exploring and evaluating its mineral properties and has not yet determined whether its mineral properties contain mineral resources that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral resources, the ability of the Company to obtain the necessary financing to complete explorations and development and upon future profitable production or proceeds from the disposition of its mineral properties.

The Company performed an evaluation of impairment indicators under *IFRS 6(20)* for its exploration and evaluation assets (mineral properties) as at December 31, 2014 and has concluded that there are no indicators of impairment. However, as at December 31, 2014, the market capitalization of the Company was below the carrying value of its net assets which are primarily represented by mineral properties. Accordingly, the Company has also reviewed the value attributed per pound in the ground of U_3O_8 in recent arms-length transactions for the acquisition of uranium resources defined by National Instrument 43-101. As a result of this review the Company has concluded that the Company's net assets are not impaired.

The Company has sufficient financial resources for exploration, evaluation and administrative costs for at least twelve months from the end of the reporting period. The Company will require additional financing from time to time and, although it has been successful in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

2. Basis of preparation and significant accounting policies

(a) Statement of compliance

These financial statements, including comparative figures have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements of UEX Corporation were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 17, 2015.

(b) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company. Transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

2. Basis of preparation and significant accounting policies (continued)

(c) Use of estimates and judgments

The preparation of financial statements requires management to make accounting estimates and assumptions requiring judgment in applying the Company's accounting policies. These estimates and assumptions may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual amounts may differ from such estimates. Information about judgment and estimates is contained in the notes to the financial statements, with the key areas summarized below.

Significant areas requiring the use of critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements relate to:

(i) Ongoing review for the support of the carrying value of mineral properties, including: consideration of ongoing and anticipated expenditures on the mineral properties; evaluation of the success of exploration to date and other general factors such as commodity prices and outlook; evaluation of UEX's market capitalization compared to the net assets of the Company (which are primarily mineral properties); and comparison to recent arm's length transactions for similar assets in order to evaluate the appropriateness of the carrying value presented in the financial statements (see Note 1 *Nature and continuance of operations*, Note 2(j) *Mineral properties* and Note 7 *Mineral properties*).

(ii) Review of asset carrying values and impairment assessments for the Company considering whether circumstances have occurred which have impacted the estimated useful life of the assets such as damage or obsolescence, as well as the timing of impairments and the determination of recoverable amounts (see Note 2(i) *Equipment* and Note 6 *Equipment*).

(iii) Determination of deferred income tax assets relating to management's assessment of the probability that future taxable profit will be available to utilize deferred tax assets (see Note 10 *Income taxes*).

(iv) Evaluating company-specific facts and circumstances to determine whether accruals or recognition of liabilities may be required with respect to asset retirement obligations or other circumstances (see Note 2(k) *Provisions*).

(v) Interpretation of new accounting guidelines and assessing their potential impact on the Company's financial statements requires judgment with respect to company-specific facts and circumstances.

Significant areas requiring assumptions and estimation that have a significant risk of resulting in a material adjustment within the next financial year relate to:

(i) Estimates and/or assumptions used in determining the fair value of non-cash share-based compensation, including Black-Scholes inputs such as the expected forfeiture rate and the expected life of share-purchase options (see Note 11(c) *Share-based compensation*).

(ii) Assumptions used to estimate the useful lives of property, plant and equipment for determining appropriate depreciation rates (see Note 2(i) *Equipment* and Note 6 *Equipment*).

(iii) Estimates that would be used, should the recording of a rehabilitation provision or asset retirement obligation be required in the financial statements in the future. Estimates would relate to the expected inflation rate, estimated mine life and the discount rates applied (see Note 2(k) Provisions).

2. Basis of preparation and significant accounting policies (continued)

(d) Joint arrangements

Joint arrangements are arrangements of which the Company has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

(i) *Joint operation* – when the Company has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(ii) *Joint venture* – when the Company has rights only to the net assets of the arrangement, it accounts for its interest using the equity method.

The Company has an interest in several joint operations relating to the exploration and evaluation of various properties in the western and northern Athabasca Basin. The financial statements include the Company's proportionate share of the joint operations' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis from the date that the joint arrangement commences until the date that the joint arrangement ceases. These interests are governed by contractual arrangements but have not been organized into separate legal entities or vehicles.

The Company does not have any joint arrangements that are classified as joint ventures.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less.

(f) Financial assets

The Company classifies its financial assets in the following categories:

(i) Financial assets at fair value through profit or loss ("FVTPL");

(ii) Held-to-maturity investments;

(iii) Available-for-sale financial assets; and

(iv) Loans and receivables.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is held for trading or is designated as FVTPL. A financial asset is classified as held for trading when it is purchased and incurred with the intention of generating profits in the near term, part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or a derivative that is not designated as a hedging instrument.

2. Basis of preparation and significant accounting policies (continued)

(f) Financial assets (continued)

Financial assets at FVTPL (continued)

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Financial assets at FVTPL include warrants (classified as held-for-trading) which are presented as non-current assets unless management intends to dispose of these assets within 12 months of the end of the reporting period.

Held-to-maturity investments

Investments are measured at amortized cost using the effective interest rate method. Transaction costs are added and amortized to the statement of operations over the life of the financial instrument on an effective yield basis. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale ("AFS") financial assets

Short-term investments are classified as available-for-sale and are carried at fair value (where determinable based on market prices of actively traded securities) with changes in fair value recorded in other comprehensive income. When financial assets classified as available-for-sale are sold or determined to be impaired, the cumulative fair value adjustments recognized in accumulated other comprehensive income are recognized in profit and loss. AFS assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Company's AFS assets include marketable securities that are not held for the purpose of trading.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current or non-current assets based on their maturity date and are measured initially at fair value and subsequently at amortized cost using the effective interest rate method. The Company has cash and cash equivalents, as well as trade and other amounts receivable classified as loans and receivables.

De-recognition of financial assets

A financial asset is de-recognized when the contractual right to the asset's cash flows expires or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

2. Basis of preparation and significant accounting policies (continued)

(g) Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("FVTPL") or financial liabilities at amortized cost.

Financial liabilities

Financial liabilities at amortized cost are initially measured at fair value, net of transaction costs incurred and subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity dates. The Company has classified accounts payable and other liabilities as other financial liabilities.

De-recognition of financial liabilities

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

(h) Impairment of non-financial assets

Non-financial assets are evaluated at least annually by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

(i) Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is provided over the expected useful lives of the assets.

2. Basis of preparation and significant accounting policies (continued)

(i) Equipment (continued)

Depreciation (continued)

Depreciation methods and expected useful lives are reviewed at each reporting date and adjusted as required. Commencing on January 1, 2014 the Company began depreciating all assets on a straight-line basis over their useful lives as follows:

Asset	Basis	Useful Life
Exploration camp	Straight line	5 - 20 years
Exploration equipment	Straight line	3 - 5 years
Computer equipment	Straight line	1 - 5 years
Office furniture	Straight line	3 - 5 years
Leasehold improvements	Straight line	Lesser of term of lease or 10 years

In the prior periods, certain asset categories were depreciated on a declining-balance basis as follows:

Asset	Basis	Rate
Exploration camp	Declining balance	5% - 30%
Exploration equipment	Declining balance	30%
Computer equipment	Declining balance	30% - 100%
Office furniture	Declining balance	20%
Leasehold improvements	Straight line	Lesser of term of lease or useful life

This change to the useful life of certain assets resulted in a higher depreciation charge in the current year. Given the low value of the fixed assets that the Company holds, this change in useful life estimate did not have a material impact on the financial results of the Company and has been adopted prospectively.

(j) Mineral properties

Exploration and evaluation assets

All acquisition, exploration and development costs are capitalized until such time as the project to which they relate is put into commercial production, sold, abandoned or the recovery of costs is determined to be unlikely. Upon reaching commercial production (operating in the manner intended by management), these capitalized costs are amortized over the estimated reserves on a unit-of-production basis. For properties which do not yet have proven reserves, the amounts shown represent costs to date and are not intended to represent present or future values. The underlying value of all properties is dependent on the existence and economic recovery of mineral resources in the future which includes acquiring the necessary permits and approvals. Management has not identified any exploration and evaluation assets to be classified as an intangible asset. Expenditures incurred before the Company has obtained the legal rights to explore a specific area are expensed as incurred.

2. Basis of preparation and significant accounting policies (continued)

(j) Mineral properties (continued)

Exploration and evaluation assets (continued)

The recovery of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain financing to complete exploration and development of the properties and on future profitable production or proceeds of disposition. The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount. Upon transfer of exploration and evaluation assets into development properties, all subsequent expenditures on the exploration, construction, installation or completion of infrastructure facilities are capitalized within development properties.

All capitalized exploration and evaluation assets are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that the exploration expenditures are not expected to be recovered, this amount is recorded as a write-down of interest in mineral properties in the statement of operations and comprehensive loss in the period.

Development properties

When mineral reserves have been determined and the decision to proceed with development has been approved, exploration and evaluation assets are tested for impairment then reclassified as a component of property, plant and equipment. The expenditures related to development and construction are capitalized as construction-in-progress. Costs associated with the commissioning of new assets incurred in the period before they are operating in the manner intended by management, are capitalized. Development expenditures are net of the proceeds of the sale of metals from ore extracted during the development phase (before the assets are operating in the manner intended by management). Interest on borrowings related to the construction and development of assets are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

Reserve and resource estimates

The Company estimates its reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 (Standards for Disclosure of Mineral Projects). Reserves are used when performing impairment assessments on the Company's mineral properties once they have moved from Exploration and Evaluation to Development. There are numerous uncertainties inherent in the estimation of mineral reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being revised.

(k) Provisions

General

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The expense relating to any provision is presented in profit or loss net of any reimbursement.

2. Basis of preparation and significant accounting policies (continued)

(k) Provisions (continued)

Environmental rehabilitation provision

The Company recognizes the fair value of a liability for environmental rehabilitation in the period in which the Company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The environmental rehabilitation obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. The environmental rehabilitation cost is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of environmental rehabilitation cash flows. The Company has assessed each of its mineral projects and determined that no material environmental rehabilitations exist as the disturbance to date is minimal.

(l) Income taxes

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years,. It is measured using tax rates enacted or substantively enacted at thte reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

The Company uses the balance sheet method of accounting for income taxes. Under the balance sheet method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets also result from unused loss carry-forwards, resource-related income tax pools and timing differences for other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(m) Flow-through shares

Under Canadian income tax legislation, a company is permitted to issue shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. To account for flow-through shares, the Company allocates total proceeds from the issuance of flow-through shares between the offering of shares and the sale of tax benefits.

2. Basis of preparation and significant accounting policies (continued)

(m) Flow-through shares (continued)

The total amount allocated to the offering of shares is based on the quoted price of the underlying shares. The remaining amount which is allocated to the sale of tax benefits is recorded as a liability and is reversed when the tax benefits are renounced. The difference between the amount originally recorded as a liability and the estimated income tax benefits on date of renouncement is recognized as a gain or loss in earnings. The tax effect of the renunciation is recorded at the time the Company makes the renunciation, which may differ from the effective date of renunciation. If the flow-through shares are not issued at a premium, a liability is not established and on renunciation the full value of the tax assets renounced is recorded as a deferred tax expense.

(n) Share capital

Common shares are classified as equity. The Company records proceeds from share issuances net of direct issue costs and any tax effects. Common shares issued for consideration, other than cash, are valued at the quoted market price on the date the shares are issued.

(o) Share-based payments

The Company has a share option plan which is described in Note 11(c). The fair value of all share-based awards is estimated using the Black-Scholes option-pricing model at the grant date and amortized over the vesting periods. 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. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

None of the Company’s awards call for settlement in cash or other assets. Upon the exercise of the share purchase options, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase in share capital. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of share purchase options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Charges for share purchase options that are forfeited before vesting are reversed from share-based payments reserve. For those share purchase options that expire or are forfeited after vesting, the amount previously recorded in share-based payments reserve is transferred to deficit.

(p) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted-average number of common shares outstanding and earnings (loss) available to shareholders. For all periods presented, earnings (loss) available to shareholders equals reported earnings (loss). The treasury share method is used to calculate diluted earnings per share. Under the treasury share method, the weighted-average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds received on exercise of diluted share purchase options are used to repurchase outstanding shares at average market prices during the period.

2. Basis of preparation and significant accounting policies (continued)

(q) Recent accounting announcements

The International Accounting Standards Board has issued IFRS 9 *Financial Instruments* ("IFRS 9") to replace IAS 39 *Financial Instruments*, which is intended to reduce the complexity in the measurement and classification of financial instruments. The current version of IFRS 9 has a mandatory effective date on January 1, 2018 and is available for early adoption. The Company does not expect IFRS 9 to have a material impact on the financial statements and does not intend to early adopt. The classification and measurement of the Company's financial assets is not expected to change under IFRS 9 because of the nature of the Company's operations and the types of financial assets that it holds.

3. Cash and cash equivalents

	December 31 2014	December 31 2013
Cash	$ 351,961	$ 429,610
Short-term deposits	8,969,635	8,892,306
	$ 9,321,596	$ 9,321,916

4. Amounts receivable

	December 31 2014	December 31 2013
Interest receivable	$ 73,578	$ 130,942
Other receivables	67,592	12,616
	$ 141,170	$ 143,558

Interest receivable reflects unpaid interest earned on short-term deposits. Other receivables include $22,753 of Goods and Services Tax (GST) receivable as at December 31, 2014 ($12,186 as at December 31, 2013) and a mineral claim deposit of $43,344 related to the Black Lake Project (see Note 7(v)).

5. Prepaid expenses

	December 31 2014	December 31 2013
Advances to vendors	$ 16,357	$ 16,357
Mineral claim deposits (see Note 7(v))	-	43,344
Prepaid expenses	90,183	82,877
	$ 106,540	$ 142,578

6. Equipment

	Exploration camp	Exploration equipment	Computing equipment	Furniture and fixtures	Total
Cost					
Balance at December 31, 2012	$ 99,327	$ 313,384	$ 258,051	$ 24,158	$ 694,920
Additions	-	-	5,036	4,862	9,898
Disposals	-	-	(25,203)	-	(25,203)
Balance at December 31, 2013	99,327	313,384	237,884	29,020	679,615
Additions	-	18,300	28,051	3,612	49,963
Disposals	-	-	(8,237)	-	(8,237)
Balance at December 31, 2014	$ 99,327	$ 331,684	$ 257,698	$ 32,632	$ 721,341
Accumulated depreciation and impairment					
Balance at December 31, 2012	$ 14,899	$ 279,410	$ 218,532	$ 10,513	$ 523,354
Depreciation charge for the year	25,328	10,192	14,937	3,871	54,328
Disposals	-	-	(23,098)	-	(23,098)
Balance at December 31, 2013	40,227	289,602	210,371	14,384	554,584
Depreciation charge for the year	7,884	25,318	19,794	9,600	62,596
Disposals	-	-	(7,724)	-	(7,724)
Balance at December 31, 2014	$ 48,111	$ 314,920	$ 222,441	$ 23,984	$ 609,456
Net book value					
Balance at December 31, 2012	$ 84,428	$ 33,974	$ 39,519	$ 13,645	$ 171,566
Balance at December 31, 2013	$ 59,100	$ 23,782	$ 27,513	$ 14,636	$ 125,031
Balance at December 31, 2014	$ 51,216	$ 16,764	$ 35,257	$ 8,648	$ 111,885

7. Mineral properties

Exploration and evaluation assets

	Hidden Bay (i)	Riou Lake (ii)	Western Athabasca (iv)	Black Lake (v)	Beatty River (vi)	Total
Balance at December 31, 2012	$ 75,363,225	$ 10,425,937	$ 57,548,301	$ 15,232,776	$ 865,950	$ 159,436,189
Additions	860,244	-	3,808,943	33,335	3,441	4,705,963
Fair value consideration (Note 7(v))	-	-	-	(35,931)	-	(35,931)
Balance at December 31, 2013	76,223,469	10,425,937	61,357,244	15,230,180	869,391	164,106,221
Additions	475,827	-	1,050,323	37,568	-	1,563,718
Fair value consideration (Note 7(v))	-	-	-	(3,639)	-	(3,639)
Impairment charge for the year	-	(10,425,937)	-	-	-	(10,425,937)
Balance at December 31, 2014	$ 76,699,296	$ -	$ 62,407,567	$ 15,264,109	$ 869,391	$ 155,240,363

7. Mineral properties (continued)

Exploration and evaluation assets (continued)

The Company's mineral property interests include both 100%-owned projects as well as joint operations in which the Company has less than 100% ownership. The joint operations are governed by contractual arrangements but have not been organized into separate legal entities or vehicles.

The joint arrangements that the Company is party to in some cases entitle the Company to a right of first refusal on the projects should one of the partners choose to sell their interest. The joint arrangements are governed by a management committee which sets the annual exploration budgets for these projects. Should the Company be unable to, or choose not to, fund its required contributions as outlined in the agreement, there is a risk that the Company's ownership interest could be diluted. As a result of decisions to fund exploration programs for the joint arrangements, the Company may choose to complete further equity issuances or fund these amounts through the Company's general working capital.

100%-owned projects

(i) Hidden Bay Project

The Company's 100%-owned Hidden Bay Project, including the Horseshoe, Raven and West Bear deposits, is located in the eastern Athabasca Basin of northern Saskatchewan, Canada. In 2014, total exploration and evaluation expenditures of $475,827 at Hidden Bay included evaluation expenditures of $19,392 (2013 - $702,379) primarily relating to component technical studies. Total evaluation costs of $7,311,691 are included in the $76,699,296 balance as at December 31, 2014 (December 31, 2013 - $7,292,299) representing costs associated with the continuing evaluation of and advancement of Hidden Bay, and include the West Bear Preliminary Feasibility Study (February 24, 2010) the Hidden Bay Preliminary Assessment Technical Report (February 23, 2011) and various component technical studies.

(ii) Riou Lake Project

The Company holds a 100% interest in the Riou Lake Project located in the northern Athabasca Basin. During the year, the Company wrote off the deferred mineral property costs associated with its Riou Lake Project of $10,425,937 as the Company does not have budgets or exploration activity planned for the area. UEX continues to maintain several Riou Lake claims in good standing.

(iii) Northern Athabasca Projects

The Company holds a 100% interest in the Northern Athabasca Projects located in the northern Athabasca Basin. The Company wrote off the deferred mineral property costs associated with its Northern Athabasca Projects in 2010 due to a lack of ongoing exploration activity. Subsequent to December 31, 2014, the Munroe Lake and Fond du Lac claims lapsed as a decision was made not to post deposits to hold the claims in good standing for an additional year. The lapsing had no impact on the financial results of the Company as these claims were written off in 2010. UEX continues to maintain mineral claims comprising the Butler Lake and La Roque.

7. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations

(iv) Western Athabasca Projects

The Western Athabasca Projects (the “Projects”), located in the western Athabasca Basin, which include the Kianna, Anne, Colette and 58B deposits located at the Shea Creek Project, are nine joint ventures with the Company holding an approximate 49.1% interest and AREVA Resources Canada Inc. (“AREVA”) holding an approximate 50.9% interest as at December 31, 2014 and 2013. The Company is in the process of negotiating joint-venture agreements with AREVA. As at December 31, 2014, total exploration and evaluation assets to date for Western Athabasca include evaluation expenditures of $7,370,026 (December 31, 2013 - $7,370,026).

The Kianna, Anne and Colette deposits are subject to a royalty of US$0.212 per pound of U_3O_8 sold to a maximum royalty of US$10,000,000.

As at December 31, 2014, UEX has committed to fund $2.1 million of the $4.8 million 2015 Western Athabasca exploration budget. UEX has decided not to fund its share of $500,000 for the 2015 geophysical program, or approximately $245,375 at the Laurie Project. UEX’s interest in this project is anticipated to drop from the current 49.097% interest to approximately 42.25% should AREVA complete the approved program. This dilution would only apply to UEX’s interest in the Laurie Project.

On April 10, 2013 an agreement was signed with AREVA which grants UEX the option to increase its ownership interest in the Western Athabasca Projects, which includes the Shea Creek Project, by 0.9% to a maximum interest of 49.9% by spending $18.0 million on exploration over the six-year period ending December 31, 2018. UEX is under no obligation to propose a budget in any year of the agreement. The ownership interest for the Projects shall be increased at the end of the year by the proportional amount of the additional exploration expenditures incurred in the year which are in addition to the budget amounts proposed by AREVA. UEX may propose an additional exploration budget of up to $4.0 million in any single year without the prior approval of AREVA, who remains the project operator. UEX did not propose a supplemental exploration program for 2014.

In the third quarter 2014, UEX and AREVA each staked new mineral claims in the Patterson Lake South area. These claims now form the Coppin Lake Project and are part of the Western Athabasca Projects.

(v) Black Lake Project

The Black Lake Project (“Black Lake”), located in the northern Athabasca Basin, is a joint venture with the Company holding a 90.69% interest (December 31, 2013 – 89.99%) and AREVA holding a 9.31% interest (December 31, 2013 – 10.01%) as at December 31, 2014.

On December 24, 2013, the Company placed a cash deposit of $43,344 with the Saskatchewan Ministry of the Economy to maintain a mineral claim for Black Lake that would have otherwise lapsed in January 2014. This cash deposit maintains the claim in good standing for a period of one year to January 2015 and is refundable to the Company upon completion of exploration work equal to the amount of the deposit plus the annual work assessment required to maintain the claim. As at December 31, 2014, sufficient work has been completed to ensure the deposit will be refunded upon filing of the necessary technical information. Subsequent to year end, the cash deposit was refunded to the Company.

7. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(v) Black Lake Project (continued)

In early 2013, UEX signed an agreement with Uracan Resources Ltd. ("Uracan") whereby Uracan can earn a 60% interest in Black Lake. An amendment to this original agreement was signed on June 23, 2014.

Uracan must fund a total of $10.0 million of project expenditures over 10 years to earn their 60% interest in Black Lake from UEX, with no partial earn-in permitted. Uracan originally committed to spend $2.0 million on project expenditures by December 31, 2014, with a firm commitment to fund $1.5 million even if a decision was made by Uracan not to proceed with the earn-in or the agreement is otherwise terminated. UEX and Uracan amended the earn-in agreement reducing the 2014 expenditure requirement from $2,000,000 to $1,577,560. The $422,440 reduction to the 2014 expenditure requirement has been added to the 2015 requirement, increasing it from $1,000,000 to $1,422,440. During the remainder of the option period, minimum expenditures of $1.0 million per year are to be funded by Uracan. UEX remains the project operator and is entitled to a 10% management fee (netted against salaries, termination and placement fees) under the Black Lake joint venture agreement until such time as Uracan has earned its 60% interest in Black Lake.

As part consideration for the earn-in, Uracan issued 300,000 shares and 150,000 share purchase warrants to UEX. These warrants are exchangeable for 150,000 Uracan shares. The warrants are exercisable for three years at a price of $0.15 for each warrant. The opening value upon receipt was determined to be $27,000 for the Uracan shares and $8,931 for the Uracan warrants. The combined amount of $35,931 was recorded as a reduction in the carrying value of the Black Lake Project in 2013. On June 23, 2014, Uracan issued 50,000 shares and 25,000 share purchase warrants as consideration for the deferral of $422,440 in exploration commitments from 2014 to 2015. These warrants are exercisable for three years at a price of $0.12 for each warrant and are exchangeable for 25,000 Uracan shares. The fair value upon receipt was determined to be $2,750 for the Uracan shares and $889 for the Uracan warrants. The combined amount of $3,639 was recorded as a reduction in the carrying value of the Black Lake Project in 2014. Uracan has also granted to UEX a 1% NSR royalty from their ownership interest and upon UEX receiving a total of $10.0 million in royalty payments, the NSR royalty will terminate.

On December 15, 2014 Uracan was granted an extension of the deadline to complete their 2014 exploration expenditures to January 31, 2015. On December 22, 2014, UEX received a prepayment of $455,884 from Uracan which amounted to 100% of the currently budgeted remaining 2014 exploration drilling program. This program was completed in January 2015.

As at December 31, 2014, Uracan has $424,034 in prepayments remaining for 2014 exploration programs and has funded approximately $1.6 million toward its earn-in on the Black Lake Project. As at December 31, 2013, $79,006 of the prepayment for the 2013 program budget remained unspent and was expended in early 2014.

(vi) Beatty River Project

The Company has a 25% interest in the Beatty River Project, which is located in the western Athabasca Basin and earned into JCU (Canada) Exploration Company, Limited's ("JCU") interest. AREVA is the operator of this project.

7. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

UEX is party to the following joint arrangements:

Ownership interest **Effective December 31, 2014**	**Western (1)** **Athabasca**	**Black (2)** **Lake**	**Beatty (3)** **River**
UEX Corporation	49.097 %	90.690 %	25.000 %
AREVA Resources Canada Inc.	50.903	9.310	50.702
JCU (Canada) Exploration Co. Ltd.	-	-	24.298
Total	100.000 %	100.000 %	100.000 %

Ownership interest **Effective December 31, 2013**	**Western (1)** **Athabasca**	**Black (2)** **Lake**	**Beatty (3)** **River**
UEX Corporation	49.097 %	89.990 %	25.000 %
AREVA Resources Canada Inc.	50.903	10.010	50.702
JCU (Canada) Exploration Co. Ltd.	-	-	24.298
Total	100.000 %	100.000 %	100.000 %

(1) In 2014, $5,255 in exploration expenditures (2013 - $1,944,020) relating to the 2013 supplemental budget were 100% funded by UEX under the terms of the optional six-year, $18 million, 0.9% additional earn-in agreement. The increase in UEX's ownership interest from 49.0972% to 49.0975% as a result of these expenditures has had a negligible impact on the overall ownership interest of the Western Athabasca Projects.

(2) In early 2015, UEX notified AREVA that their ownership interest in Black Lake had been diluted from 10.010% to 9.310% as a result of their decision to not participate in the 2014 programs (see Note 7(v) *Black Lake Project*). In 2013, UEX entered into an agreement with Uracan Resources Ltd. ("Uracan") whereby the Company will transfer to Uracan a 60% interest in the Black Lake Project upon completion of their funding of $10 million in exploration expenditures on UEX's behalf.

(3) UEX completed its earn-in on the Beatty River Project in 2013 and holds a 25% interest in the project (see Note 7(vi) *Beatty River Project*).

8. Investments

The Company holds 350,000 share and 175,000 warrant certificates of Uracan. In early 2013, 300,000 shares and 150,000 warrants were received as partial consideration for the signing of an agreement which allows Uracan to earn a 60% interest in the Black Lake Project (see Note 7(v)). On June 23, 2014, UEX entered into an amendment to the earn-in agreement with Uracan which deferred $422,440 in exploration commitments from 2014 and added these to the 2015 exploration commitments. Upon execution of this agreement, UEX received from Uracan a further 50,000 shares and 25,000 share purchase warrants. These shares and warrants are being held for long-term investment purposes. The investments include warrants which have been classified as Financial assets at fair value through profit or loss ("FVTPL") and as such are stated at fair value with any changes in fair value recognized in profit or loss. The investments also include shares which have been classified as Available for-sale financial assets and are carried at fair value. Changes in fair value are recognized in other comprehensive income with amounts in accumulated other comprehensive income recognized in profit and loss when they are sold.

8. Investments (continued)

	December 31 2014	December 31 2013
Common shares held – Uracan [1] (TSX.V: URC) (see Note 14)	$ 19,250	$ 27,000
Warrants held – Uracan (see Note 14)	2,937	4,733
	$ 22,187	$ 31,733

(1) The initial fair value of the shares is $29,750 based on the market closing prices on February 13, 2013 ($27,000) and June 23, 2014 ($2,750), the dates the shares were received.

The fair value of the Uracan shares is based on the market price for these actively traded securities.

The fair value of the warrants received from Uracan was determined using the Black-Scholes option-pricing model with the following weighted-average assumptions as at the dates indicated:

February 13, 2013 Agreement	December 31 2014	December 31 2013
Number of warrants – Uracan [2]	150,000	150,000
Expected forfeiture rate	0.00%	0.00%
Weighted-average valuation date fair values	$ 0.01	$ 0.06
Expected volatility	124.13%	150.18%
Risk-free interest rate	1.01%	1.14%
Expected life	1.12 years	2.19 years

(2) Initial fair value of the 150,000 Uracan warrants on February 13, 2013 was determined to be $8,931 using the Black-Scholes option-pricing model with the following weighted-average assumptions: Pre-vest forfeiture rate – 0.00%; Expected volatility – 127.26%; Risk-free interest rate – 1.22%; and Expected life of warrants – 3.00 years.

June 23, 2014 Agreement Amendment	December 31 2014	December 31 2013
Number of warrants – Uracan [3]	25,000	-
Expected forfeiture rate	0.00%	-
Weighted-average valuation date fair values	$ 0.03	-
Expected volatility	121.77%	-
Risk-free interest rate	1.03%	-
Expected life	2.48 years	-

(3) Initial fair value of the 25,000 Uracan warrants on June 23, 2014 was determined to be $889 using the Black-Scholes option-pricing model with the following weighted-average assumptions: Pre-vest forfeiture rate – 0.00%; Expected volatility – 132.48%; Risk-free interest rate – 1.23%; and Expected life of warrants – 3.00 years.

9. Accounts payable and other liabilities

	December 31 2014	December 31 2013
Trade payables	$ 199,851	$ 50,936
Other liabilities	67,570	90,692
Uracan – Black Lake program prepayments	424,034	79,006
Flow-through share premium	630,984	-
	$ 1,322,439	$ 220,634

The prepayments received from Uracan in 2014 represent the full budgeted amount of $1,529,384 for the 2014 exploration program at Black Lake. As at December 31, 2014, $424,034 of these prepayments remained unspent. The prepayment received from Uracan in 2013 represented the full budgeted amount of $104,060 for the 2013 exploration program at Black Lake. The unspent amount of $79,006 as at December 31, 2013 was fully expended upon completion of the 2013 exploration program in January 2014.

The flow-through share premium represents the difference between the subscription price of $0.430 per share and the market price at issuance of $0.335 per share relating to the September 29, 2014 flow-through placement of 7,176,390 shares ($681,757). In February of 2015, the flow-through share premium liability of $630,984 relating to unspent amounts of $2,856,029 at December 31, 2014 from the September 29, 2014 flow-through placement was extinguished on the renouncement of the tax benefits to the subscribers of that placement effective December 31, 2014.

10. Income taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2014 and 2013 are presented below:

	December 31 2014	December 31 2013
Deferred tax assets		
Losses carried forward	$ 3,512,468	$ 2,937,669
Charitable donations	8,438	8,438
Equipment	179,648	162,609
Share issuance costs	151,005	173,918
Investments	2,347	567
	3,853,906	3,283,201
Deferred tax liabilities		
Mineral properties	13,917,555	16,659,679
Net deferred tax liabilities	$ 10,063,649	$ 13,376,478

At December 31, 2014, the Company has non-capital losses available for income tax purposes totaling approximately $13,009,139 (December 31, 2013 - $10,880,257) which may be carried forward to reduce future years' taxable income. These losses, if not utilized will begin expiring in 2028, with the current period's non-capital losses expiring in 2034.

10. Income taxes (continued)

A reconciliation of income taxes at statutory rates with the reported taxes for the years ended December 31, 2014 and 2013 is as follows:

	Year ended December 31 2014	2013
Loss before income taxes	$ (12,753,278)	$ (2,036,706)
Statutory rates	27%	27%
Income tax recovery at statutory rates	3,443,385	549,911
Non-deductible expenses and permanent differences	(135,811)	(130,957)
Exploration expenditures renounced net of flow-through premium	(11,277)	(730,250)
Deferred income tax recovery (expense)	$ 3,296,297	$ (311,296)
Deferred income tax recovery – other comprehensive income	$ 1,418	$ -

11. Share capital

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of (no par value) preferred shares issuable in series, of which 1,000,000 preferred shares have been designated Series 1 Preferred Shares.

(b) Issued and outstanding – common shares

	Number of shares	Value
Balance, December 31, 2012	*221,488,679*	$ 172,345,291
Issued pursuant to private placement in 2013	*6,350,000*	3,175,000
Share issuance costs		(104,972)
Value attributed to flow-through premium on issuance		(127,000)
Deferred income taxes on share issuance costs		28,342
Balance, December 31, 2013	*227,838,679*	175,316,661
Issued pursuant to private placement in 2014	*7,176,390*	3,085,848
Share issuance costs		(244,028)
Value attributed to flow-through premium on issuance		(681,757)
Deferred income taxes on share issuance costs		65,887
Balance, December 31, 2014	*235,015,069*	$ 177,542,611

11. Share capital (continued)

(b) Issued and outstanding – common shares (continued)

On September 29, 2014, the Company completed a private placement of 7,176,390 flow-through shares at a price of $0.43 per share for gross proceeds of $3,085,848 with issue costs of $89,736 and paid an agent a cash commission of $154,292. A flow-through premium related to the sale of the associated tax benefits was determined to be $681,757 and a related $65,887 deferred income tax was recorded in share capital. Cameco did not exercise its pre-emptive right to participate in the offering and as a result, their ownership interest in UEX declined from approximately 21.95% to 21.28%.

On June 5, 2013, the Company completed a non-brokered private placement of 6,350,000 flow-through shares at a price of $0.50 per share for gross proceeds of $3,175,000 with issue costs of $44,972 and a referral fee of $60,000. A flow-through premium related to the sale of the associated tax benefits was determined to be $127,000 and a related $28,342 deferred income tax was recorded in share capital. Cameco did not exercise its pre-emptive right to participate in the offering and as a result, their ownership interest in UEX declined from approximately 22.58% to approximately 21.95%.

(c) Share-based compensation

Under the Company's share-based compensation plan, the Company may grant share purchase options to its key employees, directors, officers and others providing services to the Company. The maximum number of shares issuable under the plan is a rolling number equal to 10% of the issued and outstanding common shares of the Company from time to time. Under the plan, the exercise price of each share purchase option shall be fixed by the Board of Directors but shall not be less than the quoted closing market price of the shares on the Toronto Stock Exchange on the date prior to the share purchase option being granted and a share purchase option's maximum term is 10 years. The shares subject to each share purchase option shall vest at such time or times as may be determined by the Board of Directors.

A summary of the status of the Company's share-based compensation plan as at December 31, 2014 and December 31, 2013 and changes during the years ended on these dates is presented below:

	Number of share purchase options	Weighted-average exercise price
Outstanding, December 31, 2012	16,186,000	$ 1.08
Granted	2,285,000	0.36
Cancelled	(1,200,000)	1.38
Expired	(450,000)	0.80
Outstanding, December 31, 2013	16,821,000	0.97
Granted	2,795,000	0.34
Cancelled	(2,400,000)	1.10
Expired	(1,355,000)	0.92
Outstanding, December 31, 2014	15,861,000	$ 0.84

11. Share capital (continued)

(c) Share-based compensation (continued)

In the year ended December 31, 2014, $1,476,501 was transferred from the share-based payments reserve to deficit relating to the cancellation of 2,400,000 share purchase options and $845,286 was transferred from the share-based payments reserve to deficit relating to the expiry of 1,355,000 share purchase options. In the year ended December 31, 2013, $961,852 was transferred from the share-based payments reserve to deficit relating to the cancellation of 1,200,000 share purchase options and $207,748 was transferred from the share-based payments reserve to deficit relating to the expiry of 450,000 share purchase options.

As at December 31, 2014, the Company had a total of 15,861,000 share purchase options outstanding related to director, employee and consultant share purchase options, the details of which are as follows:

	Outstanding			Exercisable	
Range of exercise prices	**Number of share purchase options**	**Weighted-average exercise price**	**Weighted-average remaining contractual life (years)**	**Number of share purchase options**	**Weighted-average exercise price**
$ 0.305 - 0.510	4,855,000	$ 0.350	4.170	2,301,665	$ 0.350
0.520 - 1.060	5,476,000	0.810	6.080	5,476,000	0.810
1.070 - 1.450	5,530,000	1.300	4.710	5,530,000	1.300
	15,861,000	$ 0.840	5.020	13,307,665	$ 0.930

The share-based payments reserve values of $2,787,954 as at December 31, 2014 and $4,585,900 as at December 31, 2013 on the balance sheet reflect the expensed and capitalized fair value of vested share purchase options. If all options that are vested were exercised, the entire balance of the share-based payments reserve would be transferred to share capital.

The estimated fair value expense of all share purchase options vested during the year ended December 31, 2014 is $523,841 (2013 - $667,309). The amount included in mineral properties for the year ended December 31, 2014 is $33,734 (2013 - $157,082) and the remaining $490,107 (2013 - $510,227) was expensed. The unamortized balance of share-based compensation expense for share purchase options that were not vested at December 31, 2014 is $283,693 (2013 - $340,101).

The fair value of the options granted each year was determined using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	December 31 2014	**December 31 2013**
Number of options granted	2,795,000	2,285,000
Expected forfeiture rate	0.43%	0.47%
Weighted-average grant date fair values	$ 0.34	$ 0.36
Expected volatility	66.86%	69.03%
Risk-free interest rate	1.43%	1.51%
Expected life	4.18 years	4.25 years

11. Share capital (continued)

(d) Flow-through shares

The Company has financed a portion of its exploration programs through the use of flow-through share issuances. Income tax deductions relating to these expenditures are claimable by the investors and not by the Company.

As at December 31, 2014, the Company has spent $229,819 of the $3,085,848 flow-through monies raised in the September 29, 2014 placement. The Company renounced the income tax benefit of this issue to its subscribers effective December 31, 2014. All of the $3,175,000 flow-through monies raised in the June 5, 2013 placement were expended on qualified expenditures in 2013 and the income tax benefit related to this placement was renounced effective December 31, 2013.

12. Commitments

The Company has an obligation of $56,743 under an operating lease for its office premises expiring November 2015 and an obligation related to a retirement consulting agreement. The future minimum payments are as follows:

	December 31 2014
2015	239,743
2016	-
2017	-
2018	-
2019	-

Pursuant to a retirement agreement, the Company entered into a consulting arrangement whereby Mr. Graham Thody, the former President and Chief Executive Officer, agreed to provide management transition services for a two-year period for $366,000. The second half of this consulting fee ($183,000) was paid in January of 2015 for consulting services up to December 31, 2015 when the consulting arrangement will terminate. While this consulting agreement is in effect, Mr. Thody is not entitled to receive director's fees. Other commitments in respect of the Company's mineral properties are disclosed in Note 7 and Note 11(d).

13. Management of capital

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and evaluation programs on its mineral properties. The Company manages its capital structure, consisting of shareholders' equity, and makes adjustments to it, based on funds available to the Company, in order to support the exploration and evaluation of its mineral properties. Historically, the Company has relied exclusively on the issuance of common shares for its capital requirements.

All of the Company's cash and cash equivalents are available for exploration and evaluation programs and administrative operations. The Company has not changed its approach to capital management during the current period, and is not subject to any external capital restrictions.

14. Management of financial risk

The Company operates entirely in Canada and is therefore not subject to any significant foreign currency risk. The Company's financial instruments are exposed to limited liquidity risk, credit risk and market risk.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as outlined in Note 13. Accounts payable and other liabilities are due within the current operating period.

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents and amounts receivable. The Company reduces its credit risk by maintaining its bank accounts at large national financial institutions. The maximum exposure to credit risk is equal to the carrying value of cash and cash equivalents and amounts receivable. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments that are redeemable 90 days or less from the original date of acquisition.

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income. The Company is subject to interest rate risk on its cash and cash equivalents. The Company reduces this risk by investing its cash in highly liquid short-term interest-bearing investments that earn interest on a fixed rate basis.

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 - Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2 - Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3 - Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The carrying values of amounts receivable, and accounts payable and other liabilities are a reasonable estimate of their fair values because of the short period to maturity of these instruments.

Cash and cash equivalents are classified as loans and receivables and are initially recorded at fair value and subsequently at amortized cost with accrued interest recorded in accounts receivable.

14. Management of financial risk (continued)

The following table summarizes those assets and liabilities carried at fair value:

Investments – as at December 31, 2014	Level 1	Level 2	Level 3	Total
Shares – Uracan (TSX-V: URC)	$ 19,250	$ -	$ -	$ 19,250
Warrants – Uracan [(1)]	-	-	2,937	2,937
	$ 19,250	$ -	$ 2,937	$ 22,187

Investments – as at December 31, 2013	Level 1	Level 2	Level 3	Total
Shares – Uracan (TSX-V: URC)	$ 27,000	$ -	$ -	$ 27,000
Warrants – Uracan [(1)]	-	-	4,733	4,733
	$ 27,000	$ -	$ 4,733	$ 31,733

(1) Black-Scholes inputs for the Uracan warrant valuation are disclosed in Note 8 – Investments.

The following table shows a reconciliation from the beginning balances to ending balances for Level 1 fair value measurements for investments:

	Number of Shares	Change in Fair Value (OCI)	Fair Value
Balance, December 31, 2012	-		$ -
Shares received as partial consideration for the Black Lake Project earn-in agreement (February 13, 2013) (see Note 7(v))	*300,000*		27,000
Changes in fair value – total unrealized gain (loss) on financial assets at FVTPL (shares) – year ended December 31, 2013		-	-
Balance, December 31, 2013	*300,000*		$ 27,000
Shares received as partial consideration for the Black Lake Project earn-in agreement amendment (June 23, 2014) (see Note 7(v))	*50,000*		2,750
Changes in fair value – total unrealized gain (loss) on financial assets at FVTPL (shares) – year ended December 31, 2014		(10,500)	(10,500)
Balance, December 31, 2014	*350,000*		$ 19,250

14. Management of financial risk (continued)

The Company's policy is to recognize transfers out of Level 3 as of the date of the event or change in circumstances that caused the transfer. There have been no transfers out of Level 3 in the period.

The following table shows a reconciliation from the beginning balances to ending balances for Level 3 fair value measurements:

	Number of Warrants	Change in Fair Value (Expense)	Fair Value[(1)]
Balance, December 31, 2012	-		$ -
Warrants received as partial consideration for the Black Lake Project earn-in agreement (February 13, 2013) (see Note 7(v))	*150,000*		8,931
Changes in fair value – total unrealized gain (loss) on held-for-trading financial assets (warrants) – year ended December 31, 2013		(4,198)	(4,198)
Balance, December 31, 2013	*150,000*		$ 4,733
Warrants received as partial consideration for the Black Lake Project earn-in agreement amendment (June 23, 2014) (see Note 7(v))	*25,000*		889
Changes in fair value – total unrealized gain (loss) on held-for-trading financial assets (warrants) – year ended December 31, 2014		(2,685)	(2,685)
Balance, December 31, 2014	*175,000*		$ 2,937

(1) See Note 8 for Black-Scholes assumptions.

The following table shows the valuation techniques used in the determination of fair values within Level 3 of the hierarchy, as well as the key unobservable inputs used in the valuation model:

Level 3 item	Valuation approach	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Warrants – Uracan	The fair value has been determined by using the Black-Scholes option pricing model.	Expected volatility for Uracan shares, derived from the shares' historical prices (weekly).	The estimated fair value for the warrants increases as the volatility increases.

15. Segmented information

The Company conducts its business as a single operating segment, being the mining and mineral exploration business in Canada. All mineral properties and equipment are located in Canada.

16. Office expenses

	Year ended December 31	
	2014	2013
Insurance	$ 50,708	$ 49,090
Office supplies and consulting	334,062	182,331
Telephone	17,496	13,720
	$ 402,266	$ 245,141

Certain comparative amounts contained in office expenses have been reclassified to conform to the current financial statement presentation. See Note 18, *Comparative figures*.

17. Related party transactions

The value of all transactions relating to key management personnel, close members of the family of persons that are key management personnel and entities over which they have control or significant influence are as follows:

(a) Related party transactions

Related party transactions include the following payments which were made to related parties other than key management personnel:

	Year ended December 31	
	2014	2013
Other consultants (1)	$ 18,883	$ 2,400
Other consultants share-based payments (3)	506	4,446
Panterra Geoservices Inc.(2)	2,000	42,950
Panterra Geoservices Inc. share-based payments (3)	18,654	28,020
	$ 40,043	$ 77,816

(1) Other consultants include close members of the family of R. Sierd Eriks, UEX's Vice-President of Exploration to October 23, 2014, who provided geological consulting services with specific services invoiced as provided.

(2) Panterra Geoservices Inc. is a company owned by David Rhys, a member of the management advisory board that provides geological consulting services to the Company. The management advisory board members are not paid a retainer or fee; specific services are invoiced as provided.

(3) Share-based compensation expense is the fair value of options granted which have been calculated using the Black-Scholes option-pricing model and the assumptions disclosed in Note 11(c).

17. Related party transactions (continued)

(b) Key management personnel compensation

Key management personnel compensation includes management and director compensation as follows:

	Year ended December 31 2014	2013
Salaries and short-term employee benefits (4)(5)(6)	$ 854,565	$ 844,592
Share-based payments (3)	455,512	578,805
Other compensation (7)	183,000	-
	$ 1,493,077	$ 1,423,397

(3) Share-based compensation expense is the fair value of options granted which have been calculated using the Black-Scholes option-pricing model and the assumptions disclosed in Note 11(c).

(4) In the event of a change of control of the Company, certain senior management may elect to terminate their employment agreements and the Company shall pay termination benefits of up to two times their respective annual salaries at that time and all of their share purchase options will become immediately vested with all other employee benefits, if any, continuing for a period of up to two years.

(5) In the event that Mr. Lemaitre's (UEX's President and CEO) employment is terminated by the Corporation for any reason other than as a result of a change of control, death or termination for cause, the Corporation will pay a termination amount equal to one year's base salary plus any bonus owing. All other employee related benefits will continue for a period of one year following such termination. Mr. Lemaitre may also terminate the employment agreement upon three months written notice to the Board and receive a lump sum payment equal to his base salary plus benefits for three months.

(6) Includes full payment of all statutory and severance amounts related to the termination of UEX's former Vice-President of Exploration on October 23, 2014.

(7) Represents amounts paid in 2014 to Mr. Graham Thody, the Company's previous President and CEO, under the terms of a retirement consulting agreement (see Note 12). During the term of this agreement, Mr. Thody is not entitled to receive director's fees.

18. Comparative figures

Certain prior period figures presented for comparative purposes have been reclassified to conform to the current financial statement presentation as follows:

	Previous presentation	Financial statement reclassification		Current presentation
Year ended	**December 31 2013**	**Rent**	**Project investigation**	**December 31 2013**
Legal and audit	$ 204,295	$ -	$ (17,072)	$ 187,223
Office expenses	330,021	(22,380)	(62,500)	245,141
Project investigation	-	-	79,572	79,572
Rent	116,042	22,380	-	138,422

Corporate Information

Board of Directors

Colin C. Macdonald, Chairman
Saskatoon, Saskatchewan

Graham C. Thody
Vancouver, British Columbia

Mark P. Eaton
Toronto, Ontario

Roger M. Lemaitre
President and CEO
Saskatoon, Saskatchewan

Suraj P. Ahuja
Vancouver, British Columbia

Emmet A. McGrath
Vancouver, British Columbia

Officers

Roger M. Lemaitre
President and CEO

Ed Boney
CFO and Corporate Secretary

Nan Lee
Vice-President, Project Development

Legal Counsel

Koffman Kalef LLP
19th Floor, 885 West Georgia Street
Vancouver, British Columbia
Canada V6C 3H4

Auditors

KPMG LLP
777 Dunsmuir Street
Vancouver, British Columbia
Canada V7Y 1Q3

Registrar and Transfer Agent

Computershare Investor Services Inc.
3rd Floor, 510 Burrard Street
Vancouver, British Columbia
Canada V6C 3B9

Head Office

Suite 1007 - 808 Nelson Street
Vancouver, BC
Canada V6Z 2H2

Telephone:	(604) 669-2349
Fax:	(604) 669-1240
Email:	uex@uex-corporation.com
Website:	www.uex-corporation.com