# UEX CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

*(Unaudited – Prepared by Management)*

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## NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

# UEX CORPORATION

Condensed Interim Balance Sheets
(Unaudited - Prepared by Management)

| | Notes | September 30 2015 | December 31 2014 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 3 | $ 6,569,162 | $ 9,321,596 |
| Amounts receivable | 4 | 83,767 | 141,170 |
| Prepaid expenses | 5 | 177,656 | 106,540 |
| Investments - current portion | 7(vi), 8, 14 | 143 | - |
| | | 6,830,728 | 9,569,306 |
| **Non-current assets** | | | |
| Equipment | 6 | 224,948 | 111,885 |
| Mineral properties | 7 | 159,609,624 | 155,240,363 |
| Investments | 7(vi), 8, 14 | 3,589 | 22,187 |
| **Total assets** | | $ 166,668,889 | $ 164,943,741 |
| **Liabilities and Shareholders' Equity** | | | |
| **Current liabilities** | | | |
| Accounts payable and other liabilities | 9 | $ 991,183 | $ 1,322,439 |
| **Non-current liabilities** | | | |
| Deferred tax liability | 10 | 10,350,569 | 10,063,649 |
| **Total liabilities** | | 11,341,752 | 11,386,088 |
| **Shareholders' equity** | | | |
| Share capital | 11(b) | 180,389,814 | 177,542,611 |
| Share-based payments reserve | 11(c) | 2,990,754 | 2,787,954 |
| Accumulated other comprehensive income (loss) | | (22,706) | (9,082) |
| Deficit | | (28,030,725) | (26,763,830) |
| | | 155,327,137 | 153,557,653 |
| **Total liabilities and shareholders' equity** | | $ 166,668,889 | $ 164,943,741 |

| | |
|---|---|
| Nature and continuance of operations | 1 |
| Commitments | 7(iv)(vi)(viii), 12 |
| Subsequent events | 7(v)(vi)(viii) |

See accompanying notes to the unaudited condensed interim financial statements.

Approved on behalf of the Board and authorized for issue on November 9, 2015.

***"signed"*** Director — *Roger M. Lemaitre*

***"signed"*** Director — *Emmet A. McGrath*

# UEX CORPORATION

Condensed Interim Statements of Operations and Comprehensive Loss
(Unaudited - Prepared by Management)

| | Notes | Three-month period ended September 30 2015 | Three-month period ended September 30 2014 | Nine-month period ended September 30 2015 | Nine-month period ended September 30 2014 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Interest income | 11(d) | $ 26,993 | $ 29,358 | $ 85,762 | $ 96,739 |
| **Expenses** | | | | | |
| Bank charges and interest | | 984 | 1,115 | 3,560 | 3,299 |
| Depreciation | | 4,310 | 3,601 | 13,207 | 17,124 |
| Filing fees and stock exchange | | 2,778 | 538 | 81,609 | 112,472 |
| Legal and audit | | 27,026 | 15,597 | 97,673 | 84,786 |
| Loss on disposal of equipment | | - | 513 | 577 | 513 |
| Maintenance | | 32,647 | 229 | 38,621 | 365 |
| Office expenses | 16 | 81,163 | 108,818 | 331,079 | 302,626 |
| Project investigation | | 6,232 | 56,752 | 19,221 | 90,054 |
| Rent | | 32,185 | 31,126 | 113,042 | 113,355 |
| Salaries | | 189,151 | 184,816 | 571,645 | 478,451 |
| Share-based compensation | 11(c) | 85,446 | 78,122 | 288,954 | 335,936 |
| Travel and promotion | | 27,330 | 18,141 | 178,979 | 171,502 |
| Unrealized fair value loss (gain) on held-for-trading financial assets | 7(v), 8, 14 | (163) | (1,001) | 2,705 | 1,915 |
| Write-down of mineral properties | 7(ii) | - | - | - | 10,425,937 |
| | | 489,089 | 498,367 | 1,740,872 | 12,138,335 |
| **Loss before income taxes** | | (462,096) | (469,009) | (1,655,110) | (12,041,596) |
| Deferred income tax recovery | 10 | 98,507 | 104,766 | 276,176 | 3,158,070 |
| **Loss for the period** | | (363,589) | (364,243) | (1,378,934) | (8,883,526) |
| **Other comprehensive income (loss)** | | | | | |
| Available-for-sale financial assets | | | | | |
| Net change in fair value | 7(v), 8, 14 | (1,750) | 3,500 | (15,750) | (8,750) |
| Deferred income tax recovery on change in fair value of available-for-sale financial assets | 10 | 236 | (473) | 2,126 | 1,181 |
| | | (1,514) | 3,027 | (13,624) | (7,569) |
| **Comprehensive loss for the period** | | $ (365,103) | $ (361,216) | $ (1,392,558) | $ (8,891,095) |
| **Basic and diluted loss per share** | | $ (0.001) | $ (0.002) | $ (0.006) | $ (0.039) |
| **Basic and diluted weighted-average number of shares outstanding** | | 246,015,069 | 227,916,683 | 240,776,974 | 227,864,966 |

See accompanying notes to the unaudited condensed interim financial statements.

# UEX CORPORATION

Condensed Interim Statements of Changes in Equity
(Unaudited - Prepared by Management)

| | Number of common shares | Share capital | Share-based payments reserve | Accumulated other comprehensive income | Deficit | Total |
|---|---|---|---|---|---|---|
| **December 31, 2013** | *227,838,679* | $ 175,316,661 | $ 4,585,900 | $ - | $ (19,628,636) | $ 160,273,925 |
| Loss for the period | | | | | (8,883,526) | (8,883,526) |
| Issued pursuant to private placements | *7,176,390* | 3,085,848 | | | | 3,085,848 |
| Share issuance costs | | (237,426) | | | | (237,426) |
| Value attributed to flow-through premium on issuance | | (681,757) | | | | (681,757) |
| Deferred income taxes on share issuance costs | | 64,105 | | | | 64,105 |
| Other comprehensive income (loss) | | | | | | |
| *Fair value change in AFS financial assets* | | | | (8,750) | | (8,750) |
| *Deferred income tax recovery - fair value change in AFS financial assets* | | | | 1,181 | | 1,181 |
| Share-based payment transactions | | | 369,263 | | | 369,263 |
| Transfer to deficit on expiry of share purchase options | | | (797,174) | | 797,174 | - |
| **September 30, 2014** | *235,015,069* | 177,547,431 | 4,157,989 | (7,569) | (27,714,988) | 153,982,863 |
| Loss for the period | | | | | (573,455) | (573,455) |
| Share issuance costs | | (6,602) | | | | (6,602) |
| Deferred income taxes on share issuance costs | | 1,782 | | | | 1,782 |
| Other comprehensive income (loss) | | | | | | |
| *Fair value change in AFS financial assets* | | | | (1,750) | | (1,750) |
| *Deferred income tax recovery - fair value change in AFS financial assets* | | | | 237 | | 237 |
| Share-based payment transactions | | | 154,578 | | | 154,578 |
| Transfer to deficit on expiry of share purchase options | | | (1,524,613) | | 1,524,613 | - |
| **December 31, 2014** | *235,015,069* | 177,542,611 | 2,787,954 | (9,082) | (26,763,830) | 153,557,653 |
| Loss for the period | | | | | (1,378,934) | (1,378,934) |
| Issued pursuant to private placements | *11,000,000* | 3,300,000 | | | | 3,300,000 |
| Share issuance costs | | (243,558) | | | | (243,558) |
| Value attributed to flow-through premium on issuance | | (275,000) | | | | (275,000) |
| Deferred income taxes on share issuance costs | | 65,761 | | | | 65,761 |
| Other comprehensive income (loss) | | | | | | |
| *Fair value change in AFS financial assets* | | | | (15,750) | | (15,750) |
| *Deferred income tax recovery - fair value change in AFS financial assets* | | | | 2,126 | | 2,126 |
| Share-based payment transactions | | | 314,839 | | | 314,839 |
| Transfer to deficit on expiry and cancellation of share purchase options | | | (112,039) | | 112,039 | - |
| **September 30, 2015** | *246,015,069* | $ 180,389,814 | $ 2,990,754 | $ (22,706) | $ (28,030,725) | $ 155,327,137 |

See accompanying notes to the unaudited condensed interim financial statements.

# UEX CORPORATION

Condensed Interim Statements of Cash Flows
(Unaudited - Prepared by Management)

| | Notes | Three-month period ended September 30 2015 | Three-month period ended September 30 2014 | Nine-month period ended September 30 2015 | Nine-month period ended September 30 2014 |
|---|---|---|---|---|---|
| **Cash provided by (used for):** | | | | | |
| **Operating activities** | | | | | |
| Loss for the period | | $ (363,589) | $ (364,243) | $ (1,378,934) | $ (8,883,526) |
| Adjustments for: | | | | | |
| Depreciation | | 4,310 | 3,601 | 13,207 | 17,124 |
| Deferred income tax recovery | | (98,507) | (104,766) | (276,176) | (3,158,070) |
| Interest income | | (26,993) | (29,358) | (85,762) | (96,739) |
| Loss on disposal of equipment | | - | 513 | 577 | 513 |
| Part XII.6 tax | | - | - | (940) | - |
| Share-based compensation | | 85,446 | 78,122 | 288,954 | 335,936 |
| Unrealized fair value loss (gain) on held-for-trading financial assets | | (163) | (1,001) | 2,705 | 1,915 |
| Write-down of mineral properties | 7(ii) | - | - | - | 10,425,937 |
| Changes in non-cash operating working capital | | | | | |
| Amounts receivable | | 11,436 | 16,995 | 50,554 | 1,706 |
| Prepaid expenses | | 36,605 | 91,830 | (71,116) | (7,549) |
| Accounts payable and other liabilities | | 16,014 | (27,471) | (408,131) | (20,916) |
| | | (335,441) | (335,778) | (1,865,062) | (1,383,669) |
| **Investing activities** | | | | | |
| Interest received | | 165 | 6,831 | 92,812 | 180,225 |
| Investment in exploration and evaluation assets | | (843,839) | (347,337) | (3,884,779) | (1,245,682) |
| Purchase of equipment | | (14,279) | (13,950) | (151,847) | (32,459) |
| | | (857,953) | (354,456) | (3,943,814) | (1,097,916) |
| **Financing activities** | | | | | |
| Proceeds from common shares issued | 11(b) | - | 3,085,848 | 3,300,000 | 3,085,848 |
| Share issuance costs | 11(b) | - | (237,426) | (243,558) | (237,426) |
| | | - | 2,848,422 | 3,056,442 | 2,848,422 |
| **Increase (decrease) in cash and cash equivalents during the period** | | (1,193,394) | 2,158,188 | (2,752,434) | 366,837 |
| Cash and cash equivalents, beginning of period | | 7,762,556 | 7,530,565 | 9,321,596 | 9,321,916 |
| **Cash and cash equivalents, end of period** | | $ 6,569,162 | $ 9,688,753 | $ 6,569,162 | $ 9,688,753 |
| **Supplementary information** | | | | | |
| Non-cash transactions | | | | | |
| Increase (decrease) in accounts payable and other liabilities relating to mineral property expenditures | | $ (93,173) | $ (174,834) | $ 432,858 | $ 14,807 |
| Increase in other liabilities due to flow-through premium | | - | 681,757 | 275,000 | 681,757 |
| Decrease in other liabilities due to extinguishment of flow-through premium on renouncement | | - | - | (630,983) | - |
| Decrease (increase) in amounts receivable relating to mineral property expenditures | | 937 | (2,903) | 739 | (4,879) |
| Non-cash share-based compensation included in mineral property expenditures | | 7,121 | 7,222 | 25,885 | 33,327 |
| Fair value of shares and warrants received as partial consideration for mineral property earn-in (reduction in carrying value of mineral properties) | | - | - | - | (3,639) |
| Depreciation included in mineral properties | | 10,621 | 3,013 | 25,000 | 38,075 |
| Advance payments | | | | | |
| Other liabilities include prepayments received for Black Lake exploration, net of disbursements (see Notes 7(vi) and 9) | | 14,212 | 15,539 | 14,212 | 15,539 |

See accompanying notes to the unaudited condensed interim 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 development 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 750 West Pender Street, Suite 1700, Vancouver, British Columbia, Canada V6C 2T8. The Company’s registered office is 885 West Georgia Street, 19th Floor, Vancouver, British Columbia, Canada V6C 3H4.

The Company is exploring and developing 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 September 30, 2015 and has concluded that there are no indicators of impairment. However, as at September 30, 2015, 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 the most 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, development 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 unaudited condensed interim financial statements, including comparative figures have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) and do not include all of the information required for full annual financial statements. These condensed unaudited interim financial statements should be read in conjunction with the Company’s 2014 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These unaudited condensed interim financial statements were approved by the Board of Directors for issue on November 9, 2015.

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

(b) Estimates

The preparation of unaudited interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing these unaudited condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's financial statements as at and for the year ended December 31, 2014.

(c) Significant accounting policies

The accounting policies applied by the Company in these condensed unaudited interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2014.

(d) 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 of 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

| | September 30 2015 | December 31 2014 |
|---|---|---|
| Cash | $ 73,435 | $ 351,961 |
| Short-term deposits | 6,495,727 | 8,969,635 |
| | $ 6,569,162 | $ 9,321,596 |

## 4. Amounts receivable

| | September 30 2015 | December 31 2014 |
|---|---|---|
| Interest receivable | $ 67,468 | $ 73,578 |
| Other receivables | 16,299 | 67,592 |
| | $ 83,767 | $ 141,170 |

Interest receivable reflects unpaid interest earned on short-term deposits. Other receivables include $16,299 of Goods and Services Tax (GST) receivable as at September 30, 2015 (December 31, 2014 - $22,753) and a mineral claim deposit of $Nil related to the Black Lake Project (December 31, 2014 - $43,344).

## 5. Prepaid expenses

| | September 30 2015 | December 31 2014 |
|---|---|---|
| Advances to vendors | $ - | $ 16,357 |
| Prepaid expenses | 177,656 | 90,183 |
| | $ 177,656 | $ 106,540 |

## 6. Equipment

| | Exploration camp | Exploration equipment | Computing equipment | Furniture and fixtures | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| 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 |
| Additions | - | 67,577 | 80,245 | 4,025 | 151,847 |
| Disposals | - | - | (12,371) | - | (12,371) |
| Balance at September 30, 2015 | $ 99,327 | $ 399,261 | $ 325,572 | $ 36,657 | $ 860,817 |
| **Accumulated depreciation and impairment** | | | | | |
| 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 |
| Depreciation charge for the period | 5,912 | 12,570 | 15,425 | 4,300 | 38,207 |
| Disposals | - | - | (11,794) | - | (11,794) |
| Balance at September 30, 2015 | $ 54,023 | $ 327,490 | $ 226,072 | $ 28,284 | $ 635,869 |
| **Net book value** | | | | | |
| 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 |
| Balance at September 30, 2015 | $ 45,304 | $ 71,771 | $ 99,500 | $ 8,373 | $ 224,948 |

## 7. Mineral properties

Exploration and evaluation assets

| | Hidden Bay (i) | Riou Lake (ii) | Western Athabasca (iv) | Black Lake (vi) | Beatty River (vii) | Total |
|---|---|---|---|---|---|---|
| **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 |
| Additions | 2,408,150 | - | 1,953,319 | 4,114 | 3,678 | 4,369,261 |
| **Balance at September 30, 2015** | $ 79,107,446 | $ - | $ 64,360,886 | $ 15,268,223 | $ 873,069 | $ 159,609,624 |

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. During the first nine months of 2015, total exploration and evaluation expenditures at Hidden Bay included evaluation expenditures of $49,953 (2014 - $17,664) primarily relating to component technical studies. Total evaluation costs of $7,361,644 are included in the balance as at September 30, 2015 (December 31, 2014 - $7,311,691) 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. Also included in the Hidden Bay Project are acquisition and exploration costs associated with Umpherville River (see Note 7(v) below).

(ii) Riou Lake Project

The Company holds a 100% interest in the Riou Lake Project located in the northern Athabasca Basin. During the quarter ended June 30, 2014, the Company wrote off the deferred mineral property costs associated with its Riou Lake Project of $10,425,937 as the Company did not have any budgets or exploration activity planned for the area. UEX continues to maintain several Riou Lake claims in good standing.

**7. Mineral properties (continued)**

Exploration and evaluation assets (continued)

*100%-owned projects (continued)*

(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. The Munroe Lake and Fond du Lac claims lapsed on February 6, 2015 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 projects.

*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 September 30, 2015 and December 31, 2014. The Company is in the process of preparing joint-venture agreements with AREVA. As at September 30, 2015, total exploration and evaluation assets to date for Western Athabasca include evaluation expenditures of $7,370,026 (December 31, 2014 - $7,370,026).

The Kianna, Anne, Colette and 58B 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 September 30, 2015, approximately $0.2 million of the $2.1 million winter 2015 budget (UEX's share of the $4.8 million 2015 Western Athabasca exploration budget) remains as a funding commitment for the Company, with this amount to be expended as the program is completed. UEX 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% effective December 31, 2015 provided AREVA completes 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. Due to poor capital market conditions, the Company has decided not to propose a supplemental exploration program for 2015.

## 7. Mineral properties (continued)

Exploration and evaluation assets (continued)

*Joint operations* (*continued*)

(v) Umpherville River Project

The Umpherville River Project ("Umpherville") is located in the eastern Athabasca Basin and is a joint operation with UEX holding a 70% interest, Glencore Canada Corporation ("Glencore") 20% and Imperial Oil 10%.

In May of 2015, the Company acquired a 70% interest in Umpherville from Cameco (20.33% shareholder of UEX Corporation) for cash consideration of $12,000. This amount is included in 2015 additions to Hidden Bay. On October 7, 2015, the Company acquired a further 20% interest in Umpherville from Glencore for cash consideration of $10,000 plus an agreement to pay to Glencore a 2% NSR royalty on Glencore's current 20% interest for each mineral produced from the project (equivalent to a 0.4% NSR on the total project) with the NSR on uranium capped at $10 million. Imperial Oil owns the remaining 10% interest in the project.

The Umpherville River Project is contiguous to other mineral claims included in the 100% owned Hidden Bay Project and acquisition/project expenditures are included with Hidden Bay.

(vi) Black Lake Project

The Black Lake Project ("Black Lake"), located in the northern Athabasca Basin, is a joint operation with the Company holding a 90.69% interest and AREVA holding a 9.31% interest as at September 30, 2015 and December 31, 2014.

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 is made by Uracan not to proceed with the earn-in or the agreement is otherwise terminated. On June 23, 2014, 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. Should the agreement be terminated prior to $1.5 million in project costs having been funded by Uracan, any shortfall is payable directly to UEX. 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 under the Black Lake joint venture agreement until such time as Uracan has earned its 60% interest in Black Lake.

**7. Mineral properties (continued)**

Exploration and evaluation assets (continued)

*Joint operations* (*continued*)

(vi) Black Lake Project (continued)

As part consideration for the earn-in, Uracan issued 300,000 shares and 150,000 share purchase warrants to UEX. Each warrant is 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 budgeted remaining 2014 exploration drilling program. This program was completed in January 2015.

As at September 30, 2015, Uracan has $14,212 in prepayments remaining for 2015 exploration programs (December 31, 2014 - $424,034) and has funded approximately $1.6 million (December 31, 2014 - $1.6 million) toward its earn-in on the Black Lake Project.

Uracan was presented with a budget of $1.6 million for 2015. Uracan has indicated to UEX that they will be unable to meet their 2015 amended exploration work commitments. UEX has verbally agreed to extend Uracan’s amended 2015 funding requirements by 11 months until November 30, 2016 and all other work commitments will be extended by one year. Should Uracan be unable to meet its 2015 funding commitment by that time, the earn-in agreement shall terminate.

(vii) 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 (“JCU”) interest. AREVA is the operator of this project.

## 7. Mineral properties (continued)

Exploration and evaluation assets (continued)

*Joint operations* (*continued*)

(viii) Christie Lake Project

On October 26, 2015, the Company signed a Letter of Intent ("LOI") with JCU to acquire up to a 70% interest in the Christie Lake property. The project contains historical non-compliant resources (deposits). JCU is UEX's partner on the Beatty River Project. The consideration includes cash payments and exploration commitments as outlined in the following table:

| Date | Cash Payment | Exploration Work Commitment | UEX Cumulative Interest Earned |
|---|---|---|---|
| Upon signing of the LOI | $ 250,000 | $ - | - % |
| Before January 1, 2016 | 1,750,000 | - | 10.00 |
| Before January 1, 2017 | 2,000,000 | 2,500,000 | 30.00 |
| Before January 1, 2018 | 1,000,000 | 2,500,000 | 45.00 |
| Before January 1, 2019 | 1,000,000 | 5,000,000 | 60.00 |
| Before January 1, 2020 | 1,000,000 | 5,000,000 | 70.00 |
| | $ 7,000,000 | $ 15,000,000 | 70.00 % |

UEX is party to the following joint arrangements:

| Ownership interest Effective September 30, 2015 | Umpherville River [1] | Western Athabasca [2] | Black Lake [3] | Beatty River |
|---|---|---|---|---|
| UEX Corporation | 70.000 % | 49.097 % | 90.690 % | 25.000 % |
| AREVA Resources Canada Inc. | - | 50.903 | 9.310 | 50.702 |
| JCU (Canada) Exploration Company, Limited | - | - | - | 24.298 |
| Glencore (Noranda Exploration Company, Limited) | 20.000 | - | - | - |
| Imperial Oil (Esso Resources (1989) Ltd.) | 10.000 | - | - | - |
| | 100.000 % | 100.000 % | 100.000 % | 100.000 % |

(1) In May of 2015, the Company acquired a 70% interest in the Umpherville River Project from Cameco (20.33% shareholder of UEX Corporation) for cash consideration of $12,000. On October 7, 2015, UEX acquired a further 20% interest in Umpherville from Glencore for cash consideration of $10,000 plus an agreement to pay to Glencore a 2% NSR royalty on Glencore's current 20% interest for each mineral produced from the project (equivalent to a 0.4% NSR on the total project) with the NSR on uranium capped at $10 million. Umpherville River claims are contiguous with Hidden Bay claims and as such are included under Hidden Bay in the mineral property presentation of our financial statements and MD&A.

(2) Under the terms of the optional six-year, $18 million, 0.9% additional earn-in agreement, UEX's ownership interest has increased to 49.0975% as a result of 2013 ($1,944,020) and 2014 ($5,255) additional exploration expenditures.

(3) 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. 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.

## 7. Mineral properties (continued)

Exploration and evaluation assets (continued)

*Joint operations* (*continued*)

| **Ownership interest**<br>**Effective December 31, 2014** | **Western Athabasca** [1] | **Black Lake** [2] | **Beatty River** |
|---|---|---|---|
| UEX Corporation | 49.097 % | 90.690 % | 25.000 % |
| AREVA Resources Canada Inc. | 50.903 | 9.310 | 50.702 |
| JCU (Canada) Exploration Company, Limited | - | - | 24.298 |
| | 100.000 % | 100.000 % | 100.000 % |

(1) Under the terms of the optional six-year, $18 million, 0.9% additional earn-in agreement, UEX's ownership interest has increased to 49.0975% as a result of 2013 ($1,944,020) and 2014 ($5,255) additional exploration expenditures.

(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. 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.

## 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.

| **Investments – current portion** | **September 30 2015** | **December 31 2014** |
|---|---|---|
| Warrants held – Uracan (see Note 14) | $ 143 | $ - |

| **Investments** | **September 30 2015** | **December 31 2014** |
|---|---|---|
| Common shares held – Uracan [1] (TSX.V: URC) (see Note 14) | $ 3,500 | $ 19,250 |
| Warrants held – Uracan (see Note 14) | 89 | 2,937 |
| | $ 3,589 | $ 22,187 |

(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.

## 8. Investments (continued)

The Uracan warrants have an expiry of three years after the original grant date, with 150,000 warrants issued on February 13, 2013 exercisable for $0.15 per warrant and 25,000 warrants issued on June 23, 2014 exercisable for $0.12 per warrant. 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 assumptions as at the dates indicated:

| **February 13, 2013 Agreement** | **September 30 2015** | **December 31 2014** |
|---|---|---|
| Number of warrants – Uracan (2) | 150,000 | 150,000 |
| Expected forfeiture rate | 0.00% | 0.00% |
| Valuation date share price | $ 0.01 | $ 0.06 |
| Expected volatility | 265.14% | 124.13% |
| Risk-free interest rate | 0.53% | 1.01% |
| Dividend yield | 0.00% | 0.00% |
| Expected life | 0.37 years | 1.12 years |
| Valuation date fair value | $ 0.00 | $ 0.01 |

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

| **June 23, 2014 Agreement Amendment** | **September 30 2015** | **December 31 2014** |
|---|---|---|
| Number of warrants – Uracan (3) | 25,000 | 25,000 |
| Expected forfeiture rate | 0.00% | 0.00% |
| Valuation date share price | $ 0.01 | $ 0.06 |
| Expected volatility | 171.01% | 121.77% |
| Risk-free interest rate | 0.53% | 1.03% |
| Dividend yield | 0.00% | 0.00% |
| Expected life | 1.73 years | 2.48 years |
| Valuation date fair value | $ 0.00 | $ 0.03 |

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

## 9. Accounts payable and other liabilities

| | September 30 2015 | December 31 2014 |
|---|---|---|
| Trade payables | $ 411,886 | $ 199,851 |
| Other liabilities | 290,085 | 67,570 |
| Uracan – Black Lake program prepayments | 14,212 | 424,034 |
| Flow-through share premium | 275,000 | 630,984 |
| | $ 991,183 | $ 1,322,439 |

Other liabilities comprise general and exploration costs incurred in the period for which invoices had not been received at the balance sheet date.

The flow-through share premium at September 30, 2015 represents the difference between the subscription price of $0.300 per share and the market price at issuance of $0.275 per share relating to the May 11, 2015 flow-through private placement of 11,000,000 shares ($275,000).

The flow-through share premium at December 31, 2014 represented 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 filing of and 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 September 30, 2015 and December 31, 2014 are presented below:

| | September 30 2015 | December 31 2014 |
|---|---|---|
| **Deferred tax assets** | | |
| Losses carried forward | $ 3,973,459 | $ 3,512,468 |
| Charitable donations | 3,038 | 8,438 |
| Equipment | 189,613 | 179,648 |
| Share issuance costs | 180,444 | 151,005 |
| Investments | 4,838 | 2,347 |
| | 4,351,392 | 3,853,906 |
| **Deferred tax liabilities** | | |
| Mineral properties | 14,701,961 | 13,917,555 |
| **Net deferred tax liabilities** | $ 10,350,569 | $ 10,063,649 |

At September 30, 2015, the Company has non-capital losses available for income tax purposes totaling approximately $14,716,516 (December 31, 2014 - $13,009,139) 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 2035.

## 10. Income taxes (continued)

A reconciliation of income taxes at statutory rates with the reported taxes for the three-month and six-month periods ended September 30, 2015 and 2014 is as follows:

| | Three-month period ended September 30 | | Nine-month period ended September 30 | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| Loss before income taxes | $ (462,096) | $ (469,009) | $ (1,655,110) | $ (12,041,596) |
| Statutory rates | 27% | 27% | 27% | 27% |
| Income tax recovery at statutory rates | 124,766 | 126,633 | 446,880 | 3,251,231 |
| Non-deductible expenses and permanent differences | (26,259) | (21,867) | (30,559) | (93,161) |
| Exploration expenditures renounced net of flow-through premium | - | - | (140,145) | - |
| Future corporate tax rate differences | - | - | - | - |
| **Deferred income tax recovery** | $ 98,507 | $ 104,766 | $ 276,176 | $ 3,158,070 |
| **Deferred income tax recovery – other comprehensive income** | $ 236 | $ (473) | $ 2,126 | $ 1,181 |

## 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, 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 |
| Issued pursuant to private placement in 2015 | *11,000,000* | 3,300,000 |
| Share issuance costs | | (243,558) |
| Value attributed to flow-through premium on issuance | | (275,000) |
| Deferred income taxes on share issuance costs | | 65,761 |
| **Balance, September 30, 2015** | *246,015,069* | $ 180,389,814 |

## 11. Share capital

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

On May 11, 2015, the Company completed an private placement of 11,000,000 flow-through common shares at a price of $0.300 per share to raise gross proceeds of $3,300,000, with issue costs of $78,558 and paid an agent a cash commission of $165,000, both of which were paid from existing cash reserves. A flow-through premium related to the sale of the associated tax benefits was determined to be $275,000 and a related $65,761 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, its ownership interest in UEX declined from approximately 21.28% to approximately 20.33%.

(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 September 30, 2015, December 31, 2014 and September 30, 2014 and changes during the periods ended on these dates is presented below:

| | Number of share purchase options | Weighted-average exercise price |
|---|---|---|
| **Outstanding, December 31, 2013** | 16,821,000 | $ 0.97 |
| Granted | 1,000,000 | 0.41 |
| Expired | (1,175,000) | 0.94 |
| **Outstanding, September 30, 2014** | 16,646,000 | 0.93 |
| Granted | 1,795,000 | 0.31 |
| Cancelled | (2,400,000) | 1.10 |
| Expired | (180,000) | 0.80 |
| **Outstanding, December 31, 2014** | 15,861,000 | 0.84 |
| Granted | 2,085,000 | 0.28 |
| Cancelled | (280,000) | 0.29 |
| Expired | (350,000) | 0.60 |
| **Outstanding, September 30, 2015** | 17,316,000 | $ 0.79 |

## 11. Share capital (continued)

(c) Share-based compensation (continued)

During the nine-month period ended September 30, 2015, the Company granted 2,085,000 share purchase options pursuant to the Company's share option plan.

On January 15, 2014, the Company granted 1,000,000 share purchase options to a new senior officer pursuant to the Company's share option plan. The share purchase options were issued at an exercise price of $0.41 and expire on January 15, 2019.

| | September 30 2015 | September 30 2014 |
|---|---|---|
| Number of options granted | 2,085,000 | 1,000,000 |
| Expected forfeiture rate | 1.06% | 0.46% |
| Weighted-average grant date share price | $ 0.28 | $ 0.41 |
| Expected volatility | 63.00% | 67.90% |
| Risk-free interest rate | 0.85% | 1.53% |
| Dividend yield | 0.00% | 0.00% |
| Expected life | 4.09 years | 4.26 years |
| Weighted-average grant date fair value | $0.13 | $0.22 |

In Q3 2015, a total of $12,802 was transferred from the share-based payments reserve to deficit relating to the cancellation of 280,000 share purchase options. In the nine-month period ended September 30, 2015, a total of $112,039 was transferred from the share-based payments reserve to deficit relating to the expiry and cancellation of 630,000 share purchase options. In Q3 2014, a total of $324,428 was transferred from the share-based payments reserve to deficit relating to the expiry of 400,000 share purchase options. In the nine-month period ended September 30, 2014, a total of $797,174 was transferred from the share-based payments reserve to deficit relating to the expiry of 1,175,000 share purchase options.

As at September 30, 2015, the Company had a total of 17,316,000 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 |
| $ 0.18 – 0.39 | 5,660,000 | $ 0.32 | 3.75 | 2,561,664 | $ 0.33 |
| 0.40 – 0.99 | 5,726,000 | 0.74 | 5.40 | 5,392,667 | 0.76 |
| 1.00 – 1.45 | 5,930,000 | 1.28 | 3.98 | 5,930,000 | 1.28 |
| | 17,316,000 | $ 0.79 | 4.37 | 13,884,331 | $ 0.90 |

## 11. Share capital (continued)

(c) Share-based compensation (continued)

The share-based payments reserve values of $2,990,754 as at September 30, 2015 and $2,787,954 as at December 31, 2014 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 three-month period ended September 30, 2015 is $92,567 (2014 - $85,344). The amount included in mineral properties for the three-month period ended September 30, 2015 is $7,121 (2014 - $7,222) and the remaining $85,446 (2014 – $78,122) was expensed.

The estimated fair value expense of all share purchase options vested during the nine-month period ended September 30, 2015 is $314,839 (2014 - $369,263). The amount included in mineral properties for the nine-month period ended September 30, 2015 is $25,885 (2014 - $33,327) and the remaining $288,954 (2014 - $335,936) was expensed. The unamortized balance of share-based compensation expense for share purchase options that were not vested at September 30, 2015 is $220,515 (December 31, 2014 - $283,693).

(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 September 30, 2015, the Company has spent, on qualified expenditures, $1,294,597 of the $3,300,000 flow-through monies raised in the May 11, 2015 placement.

As at September 30, 2015, the Company has spent on qualified expenditures, all (December 31, 2014 - $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. The Company began incurring Part XII.6 tax on unspent amounts relating to this placement subsequent to December 31, 2014. During the three-month and nine-month periods ended September 30, 2015, $Nil and $940, respectively, were incurred and netted against interest income. Part XII.6 tax was not incurred in the comparative three-month and nine-month periods.

## 12. Commitments

The Company has obligations under operating leases for its premises, which expire between November 30, 2015 and October 31, 2020. The future minimum payments are as follows:

| | September 30 2015 |
|---|---|
| 2015 | $ 28,077 |
| 2016 | 71,040 |
| 2017 | 71,675 |
| 2018 | 67,774 |
| 2019 and beyond | 114,403 |

Other commitments in respect of the Company's mineral properties are disclosed in Notes 7 and 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.

## 14. Management of financial risk (continued)

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.

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

| Investments | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Shares – Uracan (TSX-V: URC) | $ 3,500 | $ - | $ - | $ 3,500 |
| Warrants – Uracan [(1)] | - | - | 89 | 89 |
| Warrants – Uracan (current portion) [(1)] | - | - | 143 | 143 |
| | $ 3,500 | $ - | $ 232 | $ 3,732 |

(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, 2013** | *300,000* | | $ 27,000 |
| Gains (losses) for the three months ended March 31, 2014 | | 9,000 | |
| 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 |
| Gains (losses) for the three months ended June 30, 2014 | | (21,250) | |
| Gains (losses) for the three months ended September 30, 2014 | | 3,500 | |
| Gains (losses) for the three months ended December 31, 2014 | | (1,750) | |
| 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 |
| Gains (losses) for the three months ended March 31, 2015 | | (7,000) | |
| Gains (losses) for the three months ended June 30, 2015 | | (7,000) | |
| Gains (losses) for the three months ended September 30, 2015 | | (1,750) | |
| Changes in fair value – total unrealized gain (loss) on financial assets at FVTPL (shares) – nine months ended September 30, 2015 | | (15,750) | (15,750) |
| **Balance, September 30, 2015** | *350,000* | | $ 3,500 |

## 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, 2013** | *150,000* | | $ 4,733 |
| Gains (losses) for the three months ended March 31, 2014 | | 4,481 | |
| Warrants received as partial consideration for the Black Lake Project earn-in agreement amendment (June 23, 2014) (see Note 7(v)) | *25,000* | | 889 |
| Gains (losses) for the three months ended June 30, 2014 | | (7,397) | |
| Gains (losses) for the three months ended September 30, 2014 | | 1,001 | |
| Gains (losses) for the three months ended December 31, 2014 | | (770) | |
| 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 |
| Gains (losses) for the three months ended March 31, 2015 | | (2,332) | |
| Gains (losses) for the three months ended June 30, 2015 | | (536) | |
| Gains (losses) for the three months ended September 30, 2015 | | 163 | |
| Changes in fair value – total unrealized gain (loss) on held-for-trading financial assets (warrants) – nine months ended September 30, 2015 | | (2,705) | (2,705) |
| **Balance, September 30, 2015** | *175,000* | | $ 232 |

[1] See Note 8 for Black-Scholes fair value 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

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| Insurance | $ 13,050 | $ 12,639 | $ 38,880 | $ 38,069 |
| Office supplies and consulting | 64,584 | 91,477 | 281,201 | 251,612 |
| Telephone | 3,529 | 4,702 | 10,998 | 12,945 |
| | $ 81,163 | $ 108,818 | $ 331,079 | $ 302,626 |

## 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:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| Panterra Geoservices Inc.[1] | $ - | $ - | $ - | $ 2,000 |
| Panterra Geoservices Inc. share-based payments [1][2] | 2,528 | 3,758 | 7,814 | 13,151 |
| Cameco Corporation [3] | - | - | 12,000 | - |
| | $ 2,528 | $ 3,758 | $ 19,814 | $ 15,151 |

(1) 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.

(2) 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) of the December 31, 2014 audited annual financial statements, in addition to Note 11(c) of the September 30, 2015 unaudited condensed interim financial statements for options granted and vesting in the period.

(3) Represents an amount paid to Cameco (20.33% shareholder of UEX Corporation) in May of 2015 to acquire its 70% interest in the Umpherville River Project (see Note 7(v)).

## 17. Related party transactions (continued)

(b) Key management personnel compensation

Key management personnel compensation includes management and director compensation, inclusive of any consulting arrangements with directors, as follows:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| Salaries and short-term employee benefits [1][2] | $ 148,224 | $ 182,493 | $ 444,324 | $ 526,389 |
| Share-based payments [3] | 81,465 | 75,134 | 257,671 | 330,629 |
| Other compensation [4] | - | - | 183,000 | 183,000 |
| | $ 229,689 | $ 257,627 | $ 884,995 | $1,040,018 |

(1) 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.

(2) 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.

(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) of the December 31, 2014 audited annual financial statements, in addition to Note 11(c) of the September 30, 2015 unaudited condensed interim financial statements for options granted and vesting in the period.

(4) Represents amounts paid in January 2015 and January 2014 to Mr. Graham Thody, the Company's former President and CEO, under the terms of a retirement consulting agreement for consulting services up to December 31, 2015, when the consulting arrangement will terminate. As at September 30, 2015 and 2014, one quarter of the annual amount, or $45,750, is included in prepaid expenses (December 31, 2014 - $Nil). During the term of this agreement, Mr. Thody is not entitled to receive director's fees; however, upon expiry of this agreement on December 31, 2015, Mr. Thody will then be entitled to receive director's fees in 2016 on the same terms as other non-management directors.

# Corporate Information

## Board of Directors

Colin C. Macdonald, Chairman
Saskatoon, Saskatchewan

Roger M. Lemaitre
*President and CEO*
Saskatoon, Saskatchewan

Suraj P. Ahuja
Vancouver, British Columbia

Mark P. Eaton
Toronto, Ontario

Emmet A. McGrath
Vancouver, British Columbia

Graham C. Thody
Vancouver, British Columbia

## Officers

Roger M. Lemaitre
*President and CEO*

Edward R. Boney
*CFO and Corporate Secretary*

Nan H. 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 1700 – 750 West Pender Street
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