

# UEX CORPORATION

## Annual Information Form

Year Ended December 31, 2015



*Energy for the Future*

TSX: UEX

[www.uex-corporation.com](http://www.uex-corporation.com)

## Cautionary Statement Regarding Forward-Looking Information

This Annual Information Form contains “forward-looking statements” within the meaning of applicable Canadian securities legislation. Such forward-looking statements include statements regarding the outlook for our future operations, plans and timing for the commencement or advancement of exploration activities on our properties, joint venture and option earn in arrangements, statements about future market conditions, supply and demand conditions, forecasts of future costs and expenditures, and other expectations, intention and plans that are not historical fact. These forward-looking statements are based on certain factors and assumptions, including expected economic conditions, uranium prices, results of operations, performance and business prospects and opportunities.

Statements concerning reserves and mineral resource estimates may also constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed and, in the case of mineral reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

- UEX’s exploration activities may not result in profitable commercial mining operations;
- risks associated with UEX’s participation in joint ventures, ability to earn into joint venture and option arrangements;
- risks related to UEX’s reliance on other companies as operators;
- risks related to uranium price fluctuations;
- the economic analysis contained in the 2011 technical report on UEX’s Hidden Bay project may no longer be accurate or reliable as prevailing uranium prices are lower than those used in the report;
- risks associated with competition for mineral properties from mining companies which have greater financial resources and more technical staff;
- risks related to reserves and mineral resource figures being estimates based on interpretations and assumptions which may prove to be unreliable;
- uncertainty in UEX’s ability to raise financing and fund the exploration and development of its mineral properties which could cause UEX to reduce its interest in properties;
- uncertainty in competition from other energy sources and public acceptance of nuclear energy;
- risks related to dependence on key management employees;
- risks related to environmental laws and regulations which may increase costs of doing business and restrict our operations;
- risks related to officers and directors becoming associated with other natural resource companies which may give rise to conflicts of interests;
- risks related to accounting policies requiring UEX management to make estimates and assumptions that affect reported amounts of financial items;
- risks related to UEX’s internal control systems providing reasonable, but not absolute, assurance on the reliability of its financial reporting; and
- potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage;

This list is not exhaustive of the factors that may affect our forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. UEX’s forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

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## **1. GENERAL**

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### **1.1 Date of Information**

This Annual Information Form (“AIF”) is dated March 16, 2016. Except as otherwise indicated, the information contained in this AIF is stated as at March 16, 2016.

### **1.2 Currency**

All currency amounts are stated in Canadian dollars unless otherwise noted.

### **1.3 Notice Regarding Mineral Resource Estimates**

In this Annual Information Form, the definitions of indicated and inferred mineral resources are those used by the Canadian provincial securities regulatory authorities and conform to the definitions utilized by the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) in the “CIM Standards on Mineral Resources and Reserves – Definitions and Guidelines” adopted on August 20, 2000 and amended November 14, 2004 and November 27, 2010.

This Annual Information Form has been prepared in accordance with the requirements of the securities laws in effect in Canada.

The terms “mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable.

### **1.4 Purpose**

This Annual Information Form is prepared in accordance with Form 51-102F2 under National Instrument 51-102 of the Canadian Securities Administrators and is filed with applicable securities regulatory authorities in Canada on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **1.5 Qualified Persons**

Roger Lemaitre, P.Geo., P.Eng., UEX’s President and CEO, is a “qualified person” within the meaning of NI 43-101 and has reviewed and approved the scientific and technical information relating to the Company’s mineral properties disclosed in this Annual Information Form. Other qualified persons are responsible for the technical and scientific information contained in the various technical reports incorporated by reference in this Annual Information Form. See “15 Interests of Experts”.

## 2. CORPORATE STRUCTURE

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### 2.1 Name, Address and Incorporation

UEX Corporation (“UEX” or the “Company”) was incorporated under the *Canada Business Corporations Act* on October 2, 2001.

UEX’s head office is located at Suite 1700 – 750 West Pender Street, Vancouver, BC, V6C 2T8 and the registered and records office is located at 885 West Georgia Street, 19<sup>th</sup> Floor, Vancouver, BC, V6C 3H4.

### 2.2 Intercorporate Relationships

UEX has no subsidiaries.

## 3. GENERAL DEVELOPMENT OF THE BUSINESS

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### 3.1 Overview

UEX is a uranium exploration and development company engaged in the acquisition, exploration and development of uranium properties (see Figures 1 and 2). The uranium exploration properties of UEX are located in the Athabasca Basin of northern Saskatchewan (see Figure 1), which contains the most significant, high-grade uranium deposits known in the world and accounted for approximately 15% of uranium production in 2015 (Source: World Nuclear Association).

Athabasca Basin uranium deposits are classified as unconformity-type deposits. They are developed at, and below, the unconformity at the base of the shallow-dipping, Proterozoic Athabasca sandstone, either at its contact with the underlying metamorphosed gneiss sequence, or within the gneiss for up to 500 metres below the unconformity. Both of these styles of mineralization are frequently associated with graphitic gneiss units in basement rocks and faults associated with these lithologies, which together form conductive, geophysical anomalies that can be traced using electromagnetic surveys.

Uranium ore bodies occur in a variety of forms ranging from cigar-shaped pods developed along the unconformity above faults and graphitic units, to veins and replacement zones developed in basement rocks beneath the unconformity. Mineralization occurs within argillic alteration halos that may extend from several centimetres to up to hundreds of metres above and laterally from deposits, forming a larger target than the deposits themselves and a means of vectoring drill holes.

**Figure 1 – Athabasca Basin**



The Company has an ownership interest in three principal properties, all of which are at an advanced exploration stage:

- 100% owned Hidden Bay Project (“Hidden Bay”) in the eastern Athabasca Basin, which contains three deposits with indicated and inferred mineral resources;
- 49.1% owned Western Athabasca Projects (“Western Athabasca Projects”) in the western Athabasca Basin, which are comprised of nine projects, including the flagship Shea Creek Project (“Shea Creek”), joint ventured with and operated by AREVA Resources Canada Inc (“AREVA”). Shea Creek contains four deposits with both indicated and inferred mineral resources; and
- 10% owned Christie Lake Project (“Christie Lake”) in the eastern Athabasca Basin, a joint venture with JCU (Canada) Exploration (“JCU”), where UEX has an option to earn up to a 70% interest in the project. UEX is currently the operator for Christie Lake. In October 2015, UEX signed a letter of intent (“JCU LOI”) with JCU, executed a definitive option agreement on January 16, 2016 (“Christie Lake Option Agreement”) and completed the acquisition of its 10% interest on January 22, 2016.

The Company also has an ownership interest in other mineral properties, which comprise the Black Lake Project (“Black Lake”), the Beatty River Project (“Beatty River”), Riou Lake Project (“Riou Lake”) and the Northern Athabasca Projects (“Northern Athabasca”).

Figure 2 – UEX’s Projects in the Athabasca Basin



Hidden Bay contains three uranium deposits in which UEX has a 100% ownership interest and Shea Creek contains four uranium deposits in which UEX has an approximate 49.1% interest. Table 1 below summarizes UEX's ownership share of these mineral resources:

**Table 1**  
**N.I. 43-101 Mineral Resource Estimate**

Deposit	SHEA CREEK – Indicated Category at 0.30% U <sub>3</sub> O <sub>8</sub> Cut-Off <sup>(1)(2)(4)</sup>			SHEA CREEK – Inferred Category at 0.30% U <sub>3</sub> O <sub>8</sub> Cut-Off <sup>(1)(2)(4)</sup>			Deposit	HIDDEN BAY – Indicated Category at 0.05% U <sub>3</sub> O <sub>8</sub> Cut-Off <sup>(1)(3)</sup>			HIDDEN BAY – Inferred Category at 0.05% U <sub>3</sub> O <sub>8</sub> Cut-Off <sup>(1)(3)</sup>		
	Tonnes	Grade U <sub>3</sub> O <sub>8</sub> (%)	U <sub>3</sub> O <sub>8</sub> (lbs)	Tonnes	Grade U <sub>3</sub> O <sub>8</sub> (%)	U <sub>3</sub> O <sub>8</sub> (lbs)		Tonnes	Grade U <sub>3</sub> O <sub>8</sub> (%)	U <sub>3</sub> O <sub>8</sub> (lbs)	Tonnes	Grade U <sub>3</sub> O <sub>8</sub> (%)	U <sub>3</sub> O <sub>8</sub> (lbs)
Kianna	1,034,500	1.526	34,805,000	560,700	1.364	16,867,000	Horseshoe	5,119,700	0.203	22,895,000	287,000	0.166	1,049,000
Anne	564,000	1.992	24,760,000	134,900	0.88	2,617,000	Raven	5,173,900	0.107	12,149,000	822,200	0.092	1,666,000
Colette	327,800	0.786	5,680,000	493,200	0.716	7,780,000	West Bear	78,900	0.908	1,579,000	-	-	-
58B	141,600	0.774	2,417,000	83,400	0.505	928,000							
<b>Total</b>	<b>2,067,900</b>	<b>1.484</b>	<b>67,663,000</b>	<b>1,272,200</b>	<b>1.005</b>	<b>28,192,000</b>	<b>Total</b>	<b>10,372,500</b>	<b>0.16</b>	<b>36,623,000</b>	<b>1,109,200</b>	<b>0.111</b>	<b>2,715,000</b>

- (1) The mineral resource estimates follow the requirements of National Instrument 43-101 – Standards of Disclosure for Mineral Projects and classifications follow CIM definition standards.
- (2) The Shea Creek mineral resources were estimated at a cut-off of 0.30% U<sub>3</sub>O<sub>8</sub>, and are documented in the Shea Creek Technical Report with an effective date of May 31, 2013 which was filed on SEDAR at [www.sedar.com](http://www.sedar.com) on May 31, 2013.
- (3) The Hidden Bay mineral resources were estimated at a cut-off of 0.05% U<sub>3</sub>O<sub>8</sub>, and are documented in the Hidden Bay Technical Report with an effective date of February 15, 2011 which was filed on SEDAR at [www.sedar.com](http://www.sedar.com) on February 23, 2011.
- (4) Certain amounts presented in the Shea Creek N.I. 43-101 report have been rounded for presentation purposes. This rounding may impact the footing of certain amounts included in the tables above.

None of UEX's properties are currently in commercial production.

The Company's common shares are traded on the Toronto Stock Exchange under the symbol "UEX".

### **Hidden Bay Project**

In July 2002, UEX acquired all of the uranium exploration assets of Pioneer Metals Corporation ("Pioneer") pursuant to a plan of arrangement between Pioneer and UEX (the "Arrangement"). UEX was a wholly-owned subsidiary of Pioneer until completion of the Arrangement. The uranium exploration assets transferred to UEX pursuant to the Arrangement included the Riou Lake property and Pioneer's interest in the Black Lake and Serendipity Lake properties under outstanding option agreements (see "4.3.4 Description of Mineral Projects – Other Projects – Riou Lake Project" and "4.3.4 Description of Mineral Projects – Other Projects – Black Lake Project"). Under the Arrangement, Pioneer shareholders, on the record date of the Arrangement, received one common share of UEX for each Pioneer common share held by them. A total of 46,534,309 common shares of UEX were issued to Pioneer shareholders.

In July 2002, UEX acquired all of Cameco Corporation's ("Cameco") right, title and interests in certain mineral claims, known as the Hidden Bay claims, consisting of approximately 44,000 hectares in the Athabasca Basin in Saskatchewan (the "Hidden Bay Project"). The Hidden Bay Project was transferred to UEX pursuant to an agreement dated October 23, 2001 among Pioneer, UEX (which at that time was a wholly owned subsidiary of Pioneer) and Cameco (the "Cameco Agreement") immediately following implementation of the Arrangement in exchange for the issue to Cameco of 31,022,869 common shares of UEX. In early 2002, UEX staked additional claims of approximately 13,000 hectares in the Hidden Bay area. These additional claims are included in the definition of "Hidden Bay Project" for the purposes of this document.



UEX has certain continuing obligations under the Cameco Agreement, some of which are contingent on the percentage of Cameco's shareholdings of UEX. At December 31, 2015, Cameco held approximately 20.33% of the issued and outstanding common shares of UEX. Due to Cameco's decision not to participate in a private placement of securities completed by UEX on January 21, 2016, Cameco's ownership interest in UEX fell below 20% for the first time. As at March 16, 2016, Cameco held approximately 18.80% of the issued and outstanding common shares of UEX. At December 31, 2015, the continuing obligations of UEX under the Cameco Agreement included the following:

- a) *Pre-emptive Rights of Cameco* – So long as Cameco holds not less than 20% of the issued and outstanding common shares of UEX, UEX agreed not to issue common shares or securities convertible into, or exchangeable for or exercisable into, or carrying voting or equity participation rights comparable to common shares of UEX, other than pursuant to certain exempt transactions, unless Cameco was first offered an opportunity to purchase its pro rata share on the same terms and conditions. This pre-emptive right of Cameco ceased to be effective after January 21, 2016.
- b) *Board Representation* – Cameco is entitled to nominate one member to the Board of Directors of UEX so long as it holds not less than 10% of the issued and outstanding common shares of UEX. Mr. Colin Macdonald was the nominee of Cameco to UEX's board from 2002 until his retirement from Cameco on June 30, 2011. Mr. Macdonald is now a director of UEX independent of Cameco and is currently the chairman of the board. Cameco has not exercised its right, at this time, to nominate a replacement representative to the board.
- c) *Business of UEX* – As long as Cameco holds not less than 10% of the issued and outstanding common shares of UEX, UEX will not change its business from uranium exploration, development and mining without the prior written consent of Cameco.
- d) *Milling of Ore Deposits* – In the event that UEX makes a decision to develop any deposit located on the Hidden Bay property, UEX will give written notice to Cameco of its anticipated milling requirements. Cameco shall, upon receipt of such notice, advise UEX as to available milling capacity at the Rabbit Lake mill and, if such capacity exists, of the terms it is prepared to mill such ore at the Rabbit Lake mill. Subject to capacity and competitive pricing, delivery and similar terms, UEX will enter into an agreement with Cameco to mill all ore from such deposits at the Rabbit Lake mill.
- e) *Marketing of Uranium* – So long as Cameco holds not less than 20% of the issued and outstanding common shares of UEX, Cameco will have the right on behalf of UEX to market UEX's share of any uranium production on reasonably satisfactory terms. These marketing rights of Cameco ceased to be effective after January 21, 2016.
- f) *Development Financing* – In the event that UEX, following receipt of a bankable feasibility study, makes a production decision on any projects owned by it, UEX has agreed that Cameco, so long as it holds not less than 20% of the issued and outstanding common shares of UEX, will have a first right of refusal to match the terms of any equity, equivalent to equity or debt funding required by UEX for the development of a mine. Cameco's first right of refusal to match the terms of any such financing ceased to be effective after January 21, 2016.

In 2015, UEX acquired the Umpherville River Project 70% from Cameco in May of 2015, 20% from Glencore in October of 2015 and 10% from Esso Resources (1989) Ltd. and has been included as part of the Hidden Bay Project.

For more information see "4.3.1 Description of Mineral Projects – Hidden Bay Project".



### **Western Athabasca Joint Venture Projects**

In March 2004, UEX entered into a letter agreement with COGEMA Resources Inc. (now AREVA Resources Canada Inc., or “AREVA”, a subsidiary of AREVA group, one of the world’s largest nuclear services providers), whereby UEX was granted the option to acquire up to a 49% interest in eight uranium projects owned by AREVA, including the Shea Creek Project (which now includes the Kianna, Anne, Colette and 58B deposits) located in the western Athabasca Basin in northern Saskatchewan (collectively the “Western Athabasca Projects”). AREVA is the operator of the Western Athabasca Projects. In December 2004, the Brander Lake and James Creek Projects were staked by AREVA, bringing the total number of projects under the UEX-AREVA Western Athabasca Projects option agreement to ten. UEX and AREVA entered into a definitive option agreement relating to the Western Athabasca Projects dated November 10, 2004. In order to earn a 49% interest, UEX was required to fund \$30 million in exploration expenditures over an eleven-year period.

In the event that the Kianna, Anne, Colette and 58B deposits are mined, they are subject to a royalty of US\$0.212 per pound of U<sub>3</sub>O<sub>8</sub> sold to a maximum royalty of US\$10,000,000.

By December 31, 2007, UEX earned its 49% interest in the Western Athabasca Projects having incurred expenditures in excess of \$30 million. UEX and AREVA are in the process of preparing joint venture agreements on the Western Athabasca Projects.

An agreement was signed with AREVA in 2013 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 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 Western Athabasca 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 annual 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. As at December 31, 2015, UEX has earned an additional 0.097% (approximately 0.1%) ownership interest in the Western Athabasca Projects which includes a corresponding increase in the Company’s ownership interest in the mineral resources at the other Western Athabasca Projects.

For more information see “4.3.2 Description of Mineral Projects – Western Athabasca Joint Venture Projects”.

### **Christie Lake**

In October of 2015, UEX signed the JCU LOI that allows UEX to earn up to a 70% interest in JCU’s Christie Lake Project. In order to earn up to a 70% interest in the project, UEX has agreed to make cash payments totalling \$7 million and fund \$15 million in exploration work over five years. The Christie Lake Option Agreement was executed January 16, 2016 and cash payments of \$2 million were completed January 22, 2016, resulting in UEX vesting a 10% ownership interest in the project. The project is not subject to any royalties beyond those payable to the provincial government.

UEX is currently the operator of the project.

For more information see “4.3.3 Description of Mineral Projects – Christie Lake”.

## **Other Projects**

### ***Black Lake Project***

Prior to 2004, Black Lake consisted of four claims comprising approximately 7,438 hectares and was 100%-owned by UEM Inc., a company owned equally by Cameco and AREVA. In January 2004, pursuant to the terms of the Cameco Agreement dated October 23, 2001, Cameco transferred its 50% indirect interest in Black Lake to UEX.

In October 2000, Pioneer entered into an option agreement with UEM Inc. to earn a 60% interest in Black Lake (the “Black Lake Option”) by spending \$2.5 million by the end of 2006. The Black Lake Option was amended by the parties in October 2001 to extend the option period to the end of 2007. As a result of the July 2002 reorganization, UEX assumed the Black Lake Option and was credited with Pioneer’s 2000 and 2001 expenditures at Black Lake of approximately \$290,000. As a result of this transaction, the Black Lake Option was eliminated and Black Lake is currently held as a joint-venture property. A definitive Black Lake joint-venture agreement was signed by UEX and AREVA effective January 1, 2006. Currently, UEX is the operator and holds a 90.92% interest with AREVA holding a 9.08% interest.

UEX entered into an earn-in agreement with Uracon Resources Ltd. (“Uracon”) on January 24, 2013 whereby Uracon can earn a 60% interest in the Black Lake Project from UEX. Uracon 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. Uracon 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 Uracon not to proceed with the earn-in or the agreement was otherwise terminated. During the remainder of the option period, minimum exploration expenditures of \$1.0 million per year are to be funded by Uracon. UEX remains the project operator until such time as Uracon has earned its 60% interest in Black Lake, and is entitled to a 10% management fee under the Black Lake joint-venture agreement. Pursuant to amendments on June 23, 2014, December 15, 2014 and November 25, 2015, the agreement was amended such that an aggregate \$3 million for the first, second, third and fourth calendar years in exploration expenditures are required to be funded by December 31, 2016. The 2015 funding requirement of \$1,422,440 was reduced to \$Nil and deferred to 2016, with all payments after 2016 extended by one year, which caused the agreement expiry date to be extended to December 31, 2023 from December 31, 2022. As at December 31, 2015, Uracon has funded approximately \$1.6 million in exploration expenditures.

For more information see “4.3.4 Description of Mineral Projects – Other Projects – Black Lake Project”.

Please refer to Table 2 for UEX's ownership interest in UEX's other non-material projects.

**Table 2 – Projects Summary**

Projects	Size (hectares)		Ownership	Operator
	December 31, 2015	March 16, 2016		
Hidden Bay Project	59,584	59,584	100% UEX (excepting Mineral Lease 5424 which is held 76.73% by UEX and 23.27% by three minority partners, with none of the current NI 43-101 resources hosted on this lease).  <i>Five claims were staked in April 2015; one claim staked in July 2015. Umpherville River was acquired in 2015.</i>	UEX
<i>Western Athabasca Projects:</i>			Joint venture between UEX (49.10%) and AREVA (50.90%), except as indicated below	AREVA
Shea Creek	27,343	27,343		
Alexandra	8,010	8,010		
Brander Lake	13,993	13,993		
Coppin Lake	2,768	2,768		
Erica	36,600	36,600		
Laurie	8,778	8,778	<i>UEX (42.18%) and AREVA (57.82%)</i>	
Mirror River	17,400	17,400		
Nikita	15,131	15,131		
Uchrich	2,263	2,263		
Black Lake Project	30,381	30,381	Joint venture between UEX (90.92%) and AREVA (9.08%)  <i>Uracan Resources Ltd. has an option to earn a 60% interest in the project from UEX.</i>	UEX
Riou Lake Project	18,071	16,027	100% UEX  <i>One claim was staked in April 2015.  Riou Lake claim S-105733 (2,044 hectares) lapsed on March 14, 2016.</i>	UEX
Beatty River Project	6,688	6,688	50.70% owned by AREVA, 25.00% owned by UEX and 24.30% owned by JCU (Canada) Exploration Company, Limited ("JCU").	AREVA
<i>Northern Athabasca Projects:</i>			100% UEX	UEX
Butler Lake	7,245	7,245		
La Roque	378	378		
Christie Lake	N/A	7,922	100% JCU as at December 31, 2015  Effective January 22, 2016, owned 10% UEX and 90% JCU  UEX has an option to earn up to a 70% interest.	UEX
Total	254,633	260,511		

### 3.2 Most Recent Three-Year Operational History

#### Key Highlights

##### 2013

- The Company released an updated N.I. 43-101 mineral resource report for the Shea Creek Project
- General and administrative costs for the year amounted to \$2.2 million.
- Exploration and evaluation expenditures of \$4.0 million and \$0.7 million, respectively, were incurred by UEX on the Company's projects.
- The Company reported a net loss of \$2.3 million, equivalent to \$0.01 per share.
- An option agreement with AREVA was signed allowing the Company's to increase its' ownership interest in the Western Athabasca Joint Venture by up to an additional 0.9% by funding \$18 million in exploration expenditures at UEX's sole discretion over a six-year period.
- The Company signed an option agreement with Uracon Resources Limited ("Uracon") granting Uracon the option to earn a 60% interest in the Black Lake Project.

##### 2014

- The Company identified the potential for the discovery of new basement uranium deposits at Hidden Bay and began to test the first of these areas in late 2014.
- Roger Lemaitre joined the Company in January 2014 as President, CEO and director. The former President and CEO, Graham Thody, retired effective January 1, 2014, agreeing to act as a consultant for a two-year period and remains a director of the Company.
- Colin Macdonald succeeded Mark Eaton as chairman of the board of directors. Mr. Eaton remains an independent director and succeeded Mr. Macdonald as chair of the Compensation Committee.
- General and administrative costs for the year amounted to \$2.6 million.
- Exploration expenditures of \$1.5 million were incurred by UEX on the Company's projects and evaluation expenditures amounted to approximately \$20,000.
- The Company recognized a \$10.4 million impairment charge for Riou Lake due to a lack of planned or budgeted exploration.
- The Company reported a net loss of \$9.5 million, equivalent to \$0.04 per share. Before taking into account the Riou Lake impairment and related deferred income tax recovery, the net loss was \$2.3 million.

##### 2015

- The Company completed drilling programs at the Dwyer Lake and Wolf Lake exploration areas. Wolf Lake and Dwyer Lake are the first two of twelve prospective areas on the Hidden Bay Project identified by the Company in 2014 as having significant potential for basement hosted uranium deposits.
- The Company acquired a 100% interest in the Umpherville River Project in 2015 as follows: 70% interest was acquired from Cameco in May of 2015, 20% interest was acquired from Glencore in October of 2015 and 10% interest was acquired from Esso Resources as a result of non-payment of their share of the 2015 joint ventures expenditures.
- The Company signed the JCU LOI to earn up to a 70% interest in the Christie Lake Project.
- General and administrative costs for the year amounted to \$2.3 million.

- Exploration expenditures of \$4.5 million were incurred by UEX on the Company's projects and approximately \$72,000 was incurred relating to project evaluation.
- The Company reported a net loss of \$2.1 million, equivalent to \$0.01 per share.

### **Financings**

The following summarizes the proceeds of equity financings over the three-year period ended December 31, 2015.

	<b>2013</b>	<b>2014</b>	<b>2015</b>
Flow-through equity financings	\$ 3,175,000	\$ 3,085,848	\$ 3,300,000
Non flow-through equity financings	Nil	Nil	Nil

Please refer below for a more detailed discussion of each of the financings in fiscal 2013, 2014 and 2015.

No share purchase options were exercised during the three-year period ended December 31, 2015.

#### ***2013 Equity Financing***

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, incurred associated issue costs of \$44,972 and paid a referral fee of \$60,000. 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%.

#### ***2014 Equity Financing***

On September 29, 2014, the Company completed a non-brokered private placement of 7,176,390 flow-through shares at a price of \$0.43 per share for gross proceeds of \$3,085,848, incurred associated issue costs of \$89,736 and paid an agent a cash commission of \$154,292. 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%.

#### ***2015 Equity Financing***

On May 11, 2015, the Company completed a private placement of 11,000,000 flow-through common shares at a price of \$0.30 per share to raise gross proceeds of \$3,300,000, incurred associated issue costs of \$78,558 and paid an agent a cash commission of \$165,000. 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%.

#### ***2016 Equity Financing***

On January 21, 2016, the Company completed a non-brokered private placement of 20,000,000 units of the Company at a price of \$0.10 per unit to raise gross proceeds of \$2,000,000. Each unit consisted of one common share of UEX and one share purchase warrant. Each warrant is exercisable for one common share of UEX at a price of \$0.20 per share until January 22, 2018. 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 20.55% to approximately 18.80%.

## Hidden Bay

### **2013 Exploration and Evaluation**

UEX purchased the Raven exploration camp which has generated appreciable long-term cost savings and the Company will continue to evaluate infrastructure requirements such as the connection of the camp to the nearby power grid.

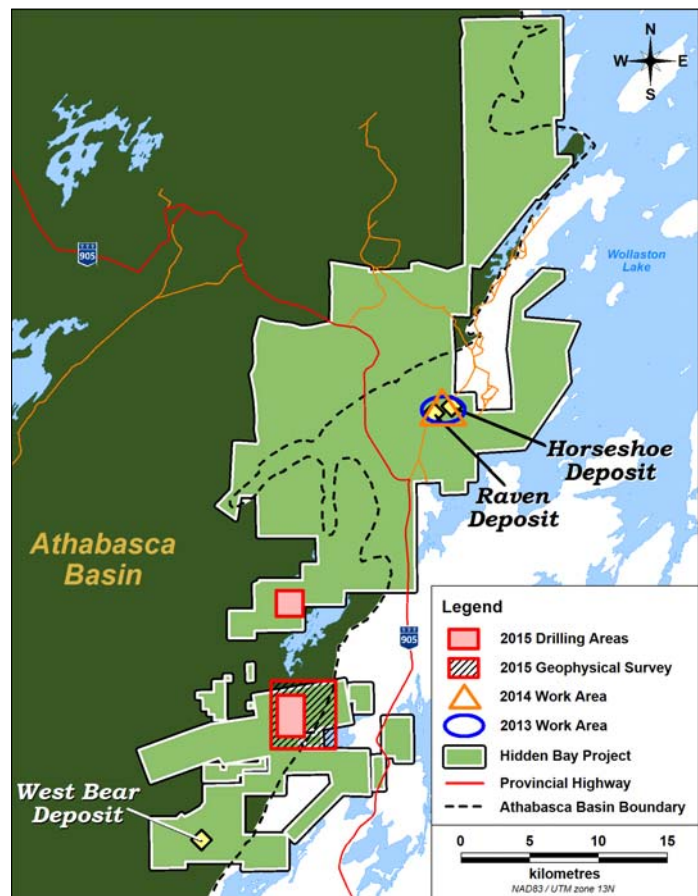
UEX personnel worked with various consultants on studies that looked at ways of optimizing the future mining and processing of the resources at Raven and Horseshoe. UEX is conducting field tests on waste rock materials which require a longer time frame to complete. In support of this, an ongoing field barrel testing program was set up by UEX personnel in August 2013. The field barrel tests were initiated to provide data in support of source term predictions for the Horseshoe Deposit and to further assess the reactivity of waste rock from the Raven Deposit. Management believes that as a result of undertaking these various studies it has improved its knowledge of the deposits, potential mining scenarios, and the alternatives available for future development. These studies provide the basis for future project evaluation and potential development.

UEX plans to defer further evaluation and development, such as the preparation of a preliminary feasibility study, until there is a sustained recovery of spot and long-term uranium commodity prices to more appropriate levels. Of the \$0.9 million remaining from the 2012 \$2.0 million evaluation budget, \$0.7 million was expended in 2013.

**Figure 3**  
**Hidden Bay Project: 2013 - 2015 Drilling and Work Areas**

UEX continued to advance engineering studies on the Horseshoe, Raven and West Bear deposits. These studies further examine the economic viability of mining these deposits as a combined open pit and underground ramp access operation. This work follows on the previously released Preliminary Assessment which was completed in February 2011 and will form components of a future preliminary feasibility study (“PFS”). UEX intends to undertake a PFS when uranium commodity prices improve to a level sufficient to justify such a study.

UEX personnel worked with SRK Consulting Inc. (“SRK”), Ausenco Solutions Canada Inc. (“Ausenco”), Melis Engineering Ltd. (“Melis”) and SENES Consultants Limited (“SENES”) toward completing various components that would contribute to a p study.



### ***2014 Exploration and Evaluation***

Evaluation of the Company's extensive database confirmed that previous exploration operators on the Hidden Bay Project focused primarily on testing unconformity targets with little effort expended on testing basement targets at depths below the unconformity where basement-hosted deposits such as Millennium, Eagle Point, Gryphon and Roughrider were found on other Athabasca properties. In the western half of the Hidden Bay property where Athabasca sandstone cover is present, less than 25% of the historical drilling extended deep enough below the unconformity to test for basement uranium mineralization.

The Company expended approximately \$456,000 and \$19,000 on exploration and evaluation activities respectively. Field review of historical drill core was undertaken in summer 2014 to identify high priority basement uranium targets for winter 2015 drilling:

- 12 target areas were identified from the Company's database of 1,800+ historic drill holes and exploration data as being prospective for basement-hosted uranium deposits.
- A field review of the historical drill core from six of the twelve target areas was completed.
- The Dwyer Lake and Wolf Lake areas were found to exhibit key characteristics associated with basement-hosted uranium deposits similar to the Millennium, Roughrider and Eagle Point deposits and were selected as key target areas for 2015 exploration.

### ***2015 Exploration and Evaluation***

A drilling program at Wolf Lake was executed in the winter of 2015 based on targets identified during the 2014 core review program. A radioactive fault that warrants further drilling was discovered at Wolf Lake.

A drilling program at Dwyer Lake was completed in the winter of 2015 to drill targets identified during the 2014 core review program. A promising hydrothermal clay alteration zone was significantly expanded at Dwyer Lake as a result of the 2015 drilling program. The clay alteration was one of the reasons the area was selected for drilling as hydrothermal clay alteration is often associated with uranium deposits. A geophysical survey was performed in the latter half of 2015 to better define the clay alteration zone and will allow the Company to better focus exploration drilling at Dwyer Lake. The results of the geophysical program were pending at year end.

The Umpherville River Project abuts the Hidden Bay Project and this area has significant potential for the discovery of basement hosted uranium deposits. Umpherville was acquired from Cameco, Glencore and Esso Resources in 2015, with the project exhibiting many of those characteristics that make Hidden Bay prospective for basement-hosted uranium deposit discovery potential. Of particular interest is hole ML-5-77 which encountered 0.12% U<sub>3</sub>O<sub>8</sub> over 1.52 m drilled by Gulf Minerals in 1977. The mineralized hole was followed up by two holes that were lost in clay alteration and the mineralization remains open in all directions.



Western Athabasca

**2013 Exploration and Evaluation**

The 2013 main exploration program had a budget of \$3.1 million, of which UEX funded its 49% share, or \$1.52 million. This exploration program consisted of a \$0.5-million geophysical program in the northern Colette and southern Anne areas which began in May and a \$2.6-million drilling program south of the Anne Deposit and along the Saskatoon Lake East Conductor east of the Anne and Kianna Deposits that commenced in early June. In addition, one hole tested open portions of the northern part of the Kianna Deposit (“Kianna North”).

The 2013 exploration program focused on the highly prospective Saskatoon Lake Conductor (“SLC”) which continues to the south of the Anne Deposit. Outside of the immediate area of the deposits, the continuation of this conductor is sparsely tested by isolated, widely spaced drill holes. The few drill holes in this area include several mineralized intersections which have not been followed up, including drill hole SHE-2 drilled in 1992.

The 2013 exploration program included a geophysical Tensor Magnetotelluric (“MT”) survey to further refine the position and potential areas of offset along northeast-trending faults crosscutting the SLC (see Figure 5). Steeply dipping faults of this orientation are associated with the significant mineralization at the Kianna and Anne deposits where they intersect the SLC.

**Figure 4**  
**Western Athabasca Projects: 2013 - 2015 Drilling Program Areas**



Drilling Results – Anne South

Drilling totalling 4,849 metres was carried out south of the Anne Deposit (see Figure 6) where there were only four previous holes, including drill hole SHE-24 which intersected mineralization grading 0.074% U<sub>3</sub>O<sub>8</sub> over 2.3 metres in the basement rocks approximately 20 metres below the unconformity.

Two directional holes were completed targeting extensions of mineralization in SHE-24. Hole SHE-24-1 intersected minor mineralization of 0.05% eU<sub>3</sub>O<sub>8</sub> over 1.9 metres within weakly hematized conglomeratic sandstone, including 0.17% eU<sub>3</sub>O<sub>8</sub> over a narrow 0.2 metre interval just above the unconformity from 703.3 to 703.5 metres.

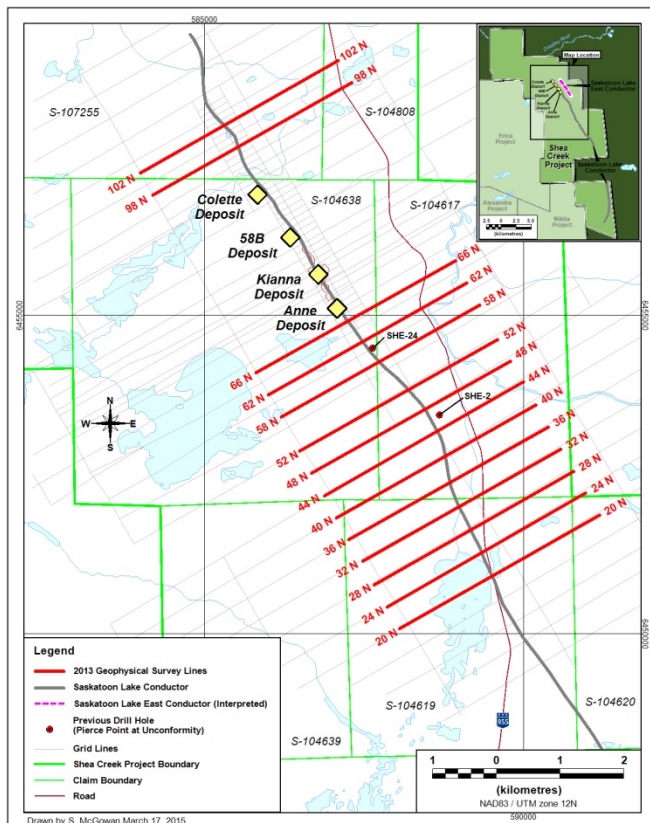
Drilling Results – Saskatoon Lake East Conductor - East of Anne

A total of 1,329 metres of drilling was completed approximately 1,100 metres east of the Anne Deposit (see Figure 6). A new pilot hole, SHE-144, tested a MT anomaly defining the Saskatoon Lake East Conductor on line 64+00N.

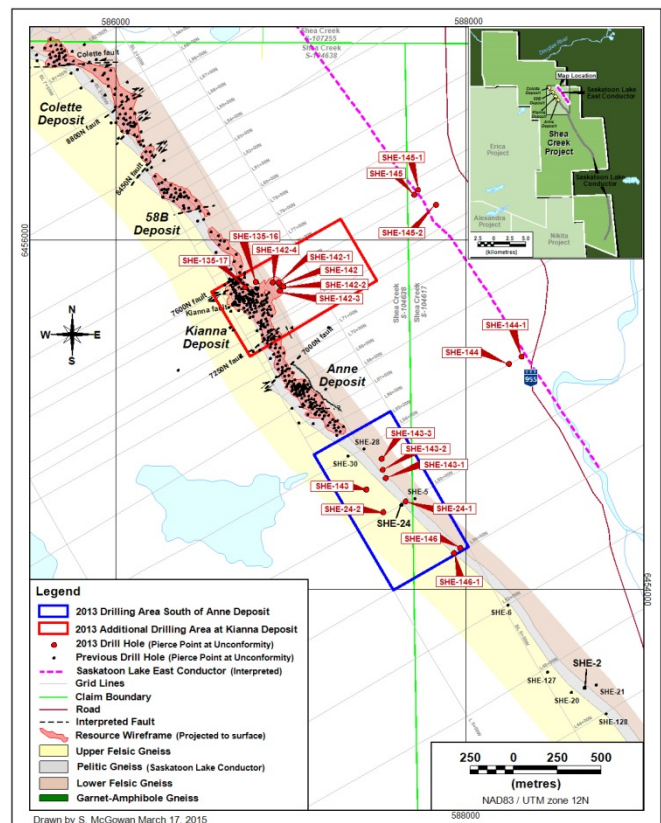
Drilling Results – Saskatoon Lake East Conductor - East of Kianna

Drilling totalling 1,673 metres was carried out east of the Kianna Deposit (see Figure 6). A new pilot hole, SHE-145, tested the up-dip extension of the Kianna East graphitic horizon at the unconformity (Saskatoon Lake East Conductor).

**Figure 5**  
Northern Shea Creek Area  
2013 Geophysical Program



**Figure 6**  
Northern Shea Creek Area  
2013 Drilling Programs

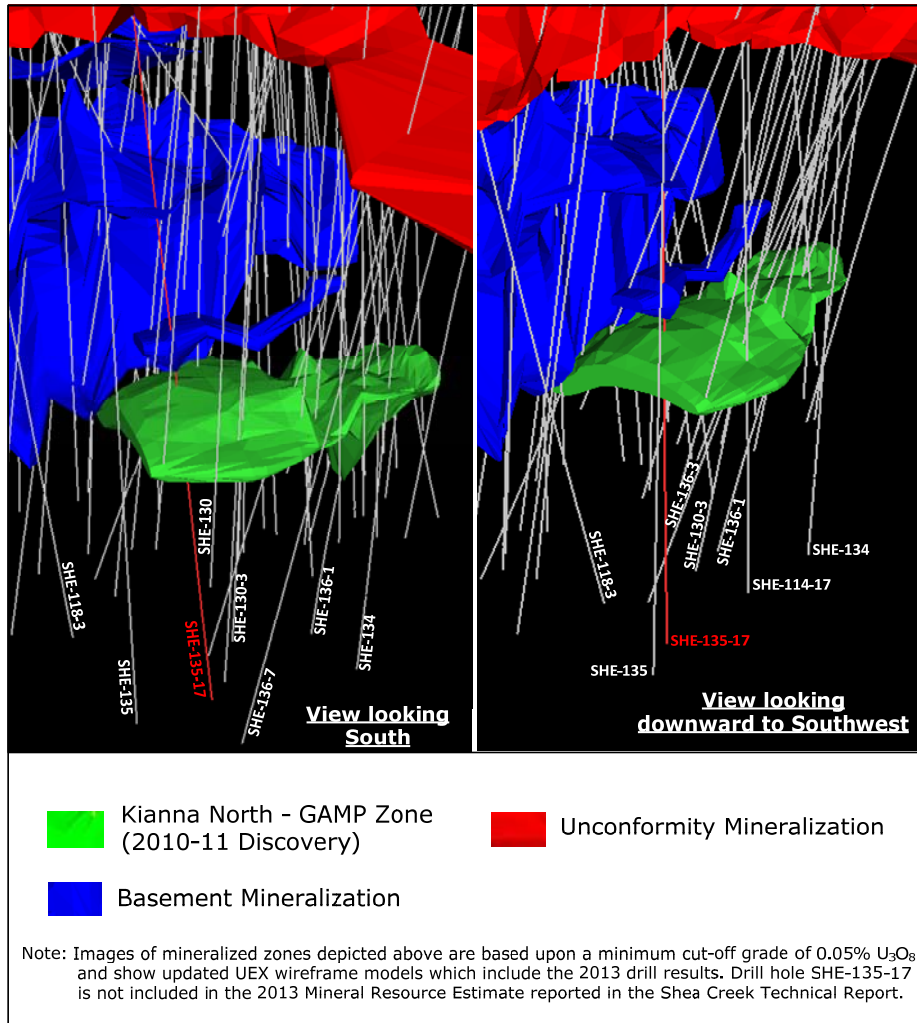


Drilling Results – Kianna North

This area, also referred to as the GAMP Zone, includes a zone of mineralization which lies to the north of the main Kianna basement zone and was initially intersected in 2010. One new directional drill hole, SHE-135-17, expanded the eastern extension of basement-hosted mineralization in the Kianna North area (see Figure 7).

This area remains highly prospective for open northern and eastern extensions of basement mineralization, and for potential new zones where previous drill holes have intersected mineralization outside of the resource area.

**Figure 7**  
**2013 Kianna North Drill Results: SHE-135-17 with Updated Wireframe Models**



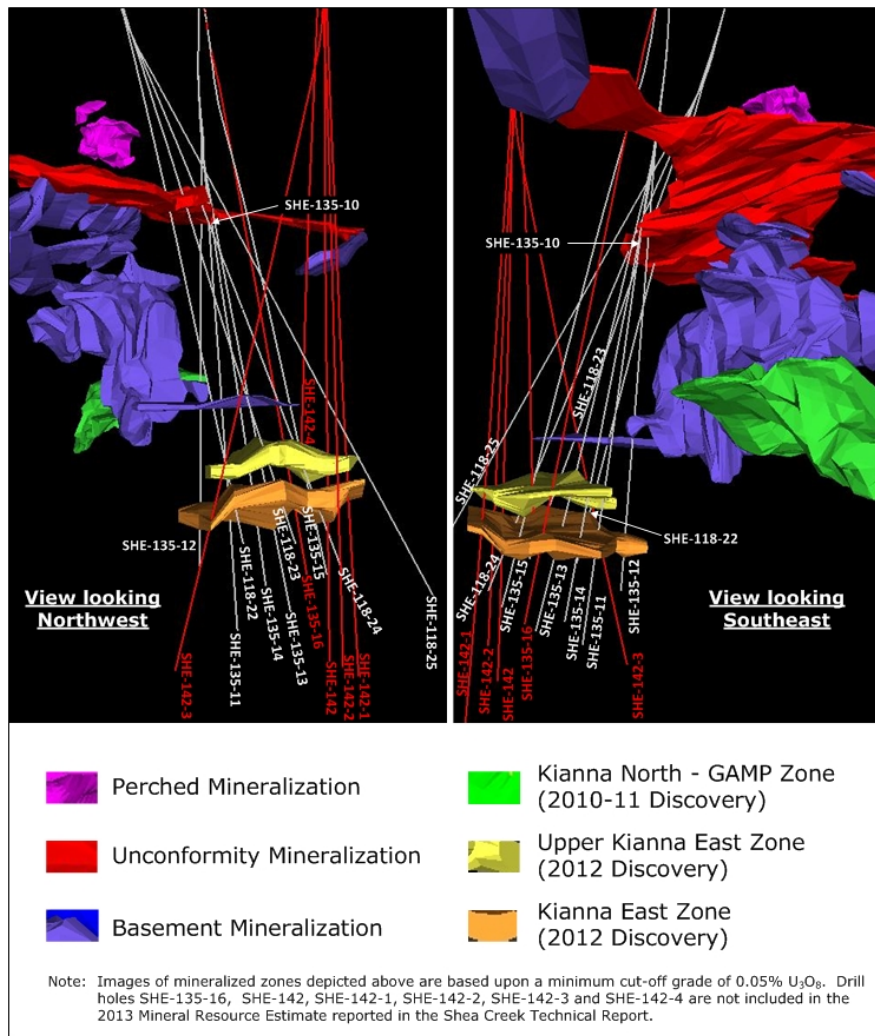
2013 Supplemental Exploration Program – \$2.0 Million

In addition to the \$3.1-million exploration program, a \$2.0-million supplemental exploration program was completed on the Shea Creek Project, funded by UEX under the option agreement with AREVA which allows up to \$4.0 million of additional expenditures in any year of the agreement. The 2013 supplemental drilling program consisted of 4,125.5 metres designed to test open portions of the high-grade Kianna East mineralized zone (see Figure 6 for drilling area). Considerable exploration success was achieved in this area in 2012. The drilling program was completed in early November 2013.

Kianna East

Kianna East represents a shallow southwest-dipping zone of mineralization which lies approximately 80 to 110 metres below and east of the main Kianna basement zone and about 200 metres below the unconformity (see Figure 8). Given the orientation of the drill holes, the Kianna East intercepts lie at or close to true thickness. This high-grade zone occurs parallel to and along the top of a southwest-dipping graphitic unit which forms an electromagnetic (EM) anomaly to the east of, and parallel to, the Saskatoon Lake Conductor (see Figure 6 inset). The new zone is open to the northwest, southeast and up dip to the northeast.

**Figure 8 – 2013 Kianna East Drill Results:  
SHE-135-16, SHE-142, and SHE-142-1 to SHE-142-4 with Updated Wireframe Models**





### Drilling Results – Kianna East

One new pilot hole, SHE-142, and three directional drill holes, SHE-142-1, SHE-142-2 and SHE-142-3, were completed to test the up dip projection, the northern, eastern and southern extensions respectively of the previous drilling in Kianna East (see Figure 8). A fourth directional hole, SHE-142-4, was drilled to test the northwestern extension of the Kianna East mineralized zone.

The mineralization in drill hole SHE-142 expands Kianna East mineralization approximately 15 metres to the east of drill hole SHE-118-24. The position of the drill hole suggests that the zone still continues to the northeast of the previously reported drilling beyond the 2013 Shea Creek resource estimate and there may be potential for the thick, higher-grade areas seen in previous drilling to extend into this area.

Drill hole SHE-142-1 intersected a section of lower-grade mineralization grading 0.23% eU<sub>3</sub>O<sub>8</sub> over 1.6 metres approximately 35 metres north of mineralization in drill hole SHE-118-24.

Drill hole SHE-142-2 intersected several pitchblende veins from 842.9 to 843.3 metres with mineralization grading 0.31% eU<sub>3</sub>O<sub>8</sub> over 0.4 metres.

In addition to the high grade Kianna East Zone mineralization intersected in hole SHE-142-3 grading 0.99% eU<sub>3</sub>O<sub>8</sub> over 5.3 metres from 961.2 to 966.5 metres, weak mineralization was encountered from 798.4 to 799.0 metres grading 0.63% eU<sub>3</sub>O<sub>8</sub> over 0.6 metres from 798.4 to 799.0 metres as disseminated pitchblende blebs associated with strong secondary hematite, trace limonite and moderate bleaching.

Hole SHE-142-4 tested the continuity of mineralization in Kianna East to the northwest. Weak mineralization consisting of disseminated pitchblende associated with dravite veinlets oriented parallel to foliation was encountered from 905.9 to 907.1 metres grading 0.243% eU<sub>3</sub>O<sub>8</sub> over 1.2 metres.

Hole SHE-135-16, a directional cut from the SHE-135 pilot hole, tested the same target area as the SHE-142-4 series holes. Mineralization intersected in the hole grading 0.48% eU<sub>3</sub>O<sub>8</sub> over 3.0 metres and 0.16% eU<sub>3</sub>O<sub>8</sub> over 5.2 metres in a strongly argillized gneiss as disseminated pitchblende blebs associated with dravite alteration.

### Other 2013 Western Athabasca Exploration

No significant exploration work was carried out in 2013 on the Alexandra, Brander Lake, Erica, Laurie, Mirror River, Nikita or Uchrich Projects as financial resources were focused on the Shea Creek Project.

### **2014 Exploration and Evaluation**

An annual 2014 program with a cost of approximately \$2.0 million (Erica - \$600,000, Laurie - \$700,000 and Mirror River - \$700,000) has been completed and UEX funded approximately \$1.0 million.

### Erica Project – Geophysical Program

A ground geophysical program consisting of a Tensor Magnetotelluric (“MT”) survey on the Erica Project commenced in mid-April and was completed in mid-June of 2014. Total MT coverage was 50.4 line-km along eleven profiles. This program cost \$600,000 of which UEX funded its 49.1% share, or approximately \$294,600. The program was successful at defining 2015 drill targets along the NW-SE conductive trend outlined by previous geophysical surveys.

Laurie Project – Drilling Program (see Figure 9)

Drilling on the Laurie Project consisted of five diamond drill holes (LAUR-12 to LAUR-16) totalling 1,803 metres. Hole LAUR-12 intersected a large fault zone in the basement from 294.0 to 315.2 metres characterized by moderately to strongly graphitic and moderately pyritic gneiss with abundant fault gouge, breccia, chloritization and high angle graphitic shears.

The remaining Laurie drill holes tested several EM conductors (A, A2 and C) at the unconformity. Moderately to strongly graphitic pelitic gneiss was intersected confirming the existence of the conductors. No significant radioactivity or geochemical uranium values were returned.

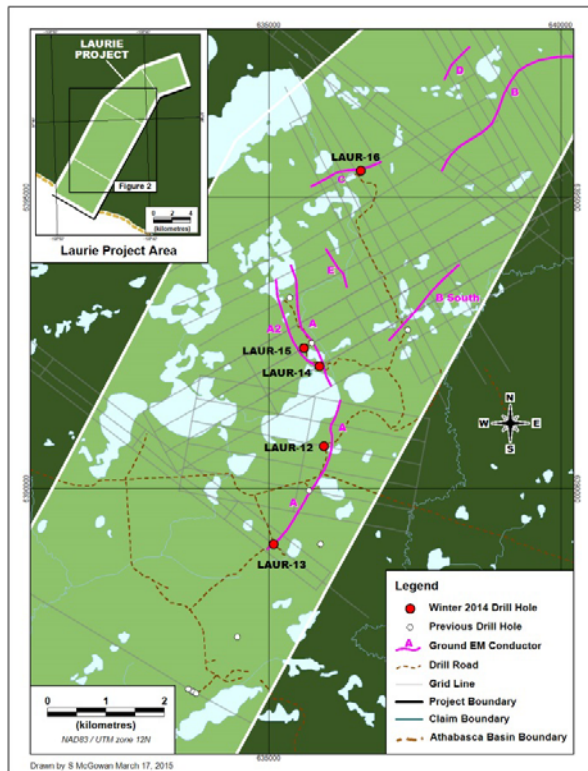
Mirror River Project – Drilling Program (see Figure 10)

Three diamond drill holes totalling 1,579 metres were completed at the Mirror River Project. The holes tested several EM conductors and resistivity anomalies at the unconformity.

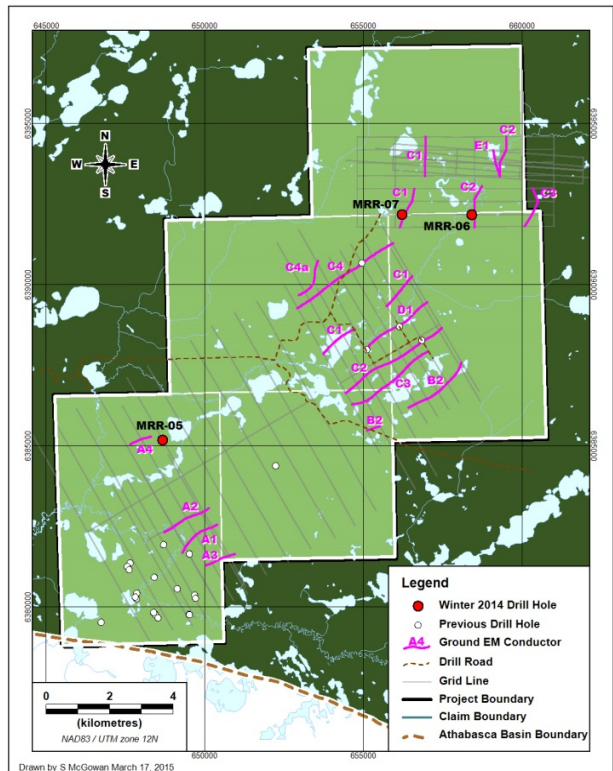
- Hole MRR-05 tested a resistivity anomaly near the A4 conductor in the southern portion of the property and intersected minor disseminated sulfides and moderate local bleaching in the sandstone and graphitic pelites in the basement rocks, which likely explain the resistivity anomaly at this location.
- Holes MRR-06 and MRR-07 tested segments of the north-trending EM conductors (C1 and C2) in the northern portion of the property.
  - Hole MRR-06 intersected graphite in sufficient quantities to confirm the conductor; and
  - Hole MRR-07 drilled to test the C1-south conductor did not intersect the conductor.

No significant radioactivity or geochemical uranium values were returned.

**Figure 9**  
**2014 Laurie Drilling**



**Figure 10**  
**2014 Mirror River Drilling**



See Figure 2 for the location of the Laurie and Mirror River Projects in the Athabasca Basin.

## *2015 Exploration and Evaluation*

A \$2.81 million exploration program was completed at Shea Creek in 2015. UEX funded its share of costs to the program which totalled \$1.38 million. The 2015 exploration programs consisted of drilling in four areas for a total of 8,184.9 m of drilling in twelve holes and approximately 31.5 km of electromagnetic surveying on the southernmost Shea Creek claim using a moving-loop SQUID electromagnetic survey.

In the first quarter of 2015, one drill hole was completed to test the sparsely explored southernmost extent of the SLC at the southern end of the Shea Creek property where unconformity depths are in the range of 450 to 500 m. This hole successfully intersected its target at the unconformity but did not encounter anomalous uranium radioactivity or alteration.

During the summer 2015 program, six holes were drilled to follow up on hole SHE-2 which was the first mineralized hole encountered on the property during a systematic drilling campaign of the SLC undertaken in 1992 by Amok, a previous operator of the project. SHE-2 intersected uranium mineralization (0.342% U<sub>3</sub>O<sub>8</sub> over 0.4 m) associated with the SLC. Until this program, the SHE-2 intersection had not been followed up with additional drilling as other mineralized holes that tested the SLC led the exploration team toward the discovery of the current Shea Creek Deposits approximately 2.0 km to the north. In addition, SHE-127, located approximately 200 m northwest and along strike of SHE-2, also encountered basement mineralization approximately 35 m below the unconformity.

- AREVA, the project operator, was motivated by the drilling results to allocate remaining WAJV funds to drill additional holes. This drilling was encouraging, but was still over 100 m away from the SHE-2 target which remains open for testing.
- Five directional offcuts were completed from SHE-127 to test the extent of mineralization to the north of SHE-2. Notable alteration and structure were intersected in all offcuts with three returning significant elevated radioactivity. The sixth hole was completed 185 m north of SHE-127 and successfully intersected the unconformity and narrow zones of structure and alteration within the sandstone.

A total of four holes were drilled to test along the sparsely explored SLC 3 to 4 km south of the Shea Creek Deposits. Conductive basement lithologies and notable structure were intersected in three holes; however, no significant alteration or elevated radioactivity was noted.

One drill hole was completed to intersect a previously untested electromagnetic conductor parallel to and west of the SLC, approximately 650 m southwest of the Anne Deposit. This hole intersected fresh basement lithologies with no apparent conductive package.

The summer 2015 drilling program was temporarily suspended in June by AREVA and the Government of Saskatchewan when forest fires were burning on the property. Drilling operations resumed in August. No joint venture assets were lost to the fires.

### *Erica Project – Drilling Program*

A \$1.35 million winter drilling program was completed at the Erica Project in the first quarter of 2015. The program consisted of two pilot holes and two off-cut holes (one off each pilot hole) totalling 2,643 m, which tested one of the five electromagnetic conductor trends that is coincident with a magnetic low located 15 km west-southwest of the Shea Creek Deposits. The trend is oriented parallel to the SLC and exhibits a similar geophysical signature as the basement rocks on the Shea Creek property. UEX funded its 49.1% share of the Erica program, or approximately \$0.66 million. None of the holes encountered significant uranium, radioactivity or alteration; however, these were the first holes drilled following up on the electromagnetic survey which was completed in 2014.



### Laurie Project – Geophysical Program

A \$0.5 million winter geophysical program was completed at the Laurie Project. Exploration activities consisted exclusively of a moving-loop time-domain electromagnetic (“ML TEM”) survey on the southern end of the project where the Athabasca sandstone ranges from 0 to 225 m thick. A total of 49 km of ML-TEM was completed on fourteen profiles defining future drill targets in the southern portion of the property. Although these types of exploration surveys are accepted and known exploration techniques, UEX decided not to fund its proportional share of these exploration activities. As a result of this decision UEX’s ownership in the Laurie Project was diluted to approximately 42.2% from approximately 49.1%.

### Other 2015 Western Athabasca Exploration

No significant exploration activities were carried out in 2015 on the Alexandra, Brander, Mirror River, Nikita and Uchrich Projects as financial resources were focused on the Shea Creek and Erica Projects.

### Other Projects

#### ***Black Lake Project***

#### 2013 Exploration and Evaluation

The 2013 program involved planning and implementation of the drilling program carried out on the Black Lake property in the winter of 2014. A preliminary study utilizing a neural network for spatial analysis with the ultimate goal of generating drill targets for the 2014 drilling program on the Black Lake project area. The study incorporated airborne geophysical surveys (EM, magnetics and gravity), ground geophysics (magnetics, gravity, EM and resistivity) and previous drilling results (including geochemical analysis, alteration, PIMA/Terraspec, normative clay, downhole probing, structures and lithology). Data analysis included a geophysical characterization of mineralization, lithologies and proximal alteration identifying parameters that correlate with uranium mineralization. The data layers of interest were incorporated into a single probability map using a neural net program (property scale and detail scale for the northern area). Targets were then generated and prioritized using the results of the Neural Net.

#### 2014 Exploration and Evaluation

#### *Drilling Program*

Exploration drilling funded by Uracon, as part of the Black Lake option earn-in agreement, intersected significant uranium mineralization in several areas including 0.131% U<sub>3</sub>O<sub>8</sub> over 0.5 metres and 0.124% U<sub>3</sub>O<sub>8</sub> over 1.0 metres in drill hole BL-148. This mineralization is hosted in and adjacent to the Eastern Fault Zone in an area south and along strike of several intersections of low-grade uranium mineralization. These mineralized intervals encountered in drill hole BL-148 occur at and up to 19 metres below the unconformity between the overlying Proterozoic Athabasca sandstones and underlying Archean basement rocks. This basement-hosted mineralization intersected below the footwall unconformity is significant as this style of mineralization has not been encountered previously in this area of the property and represents a new prospective target. Basement-hosted mineralization will be a major exploration target in upcoming drill programs.

The winter 2014 diamond drilling program consisted of six holes totalling 2,748 metres and was completed in February and March. The program tested geophysical and geochemical targets identified through the interpretation of data generated by previous work programs and followed up on uranium mineralization intersected in previous drill campaigns.

### *Geophysical Program*

The winter 2014 program consisted of a DC Resistivity survey over the central portion of the Project area to complete geophysical coverage over the entire Project area. The survey consisted of 16 profiles totalling 69.7 line-kilometres.

A number of enhanced resistivity anomalies were observed in the lower sandstone resistivity bench and prioritized for drill testing during upcoming programs.

For further information on the winter 2014 exploration programs, please refer to Uracan's website at [www.uracan.ca](http://www.uracan.ca).

### 2015 Exploration and Evaluation

A \$455,000 winter diamond drilling program totalling 1,318 m was completed in January 2015 to fulfill the requirements of the December 15, 2014 amendment. The assessment report was submitted for credit to the Saskatchewan government. This program was fully funded by Uracan as part of the earn-in agreement.

Uracan failed to meet their 2015 amended exploration work commitments and UEX agreed to extend Uracan's amended 2015 funding requirements to December 31, 2016 and extended each of the \$1.0 million in exploration funding commitments required each year thereafter by one year. The agreement was amended on November 25, 2015, with Uracan to achieve ownership interest by December 31, 2023 if all work is completed.

### ***Beatty River Project, Riou Lake Project and Northern Athabasca Projects***

No significant exploration work was conducted on the Beatty River Project, the Riou Lake Project or the Northern Athabasca Projects during the three-year period beginning January 1, 2013. The Company completed its earn-in on the Beatty River Project in 2013.

The Company recorded an accounting impairment charge of \$10,425,937 for the Riou Lake Project in the second quarter of 2014 due to a lack of future exploration budgets. UEX remains interested in this project and is actively seeking a partner interested in earning into this project. Alternatively, if uranium prices improve, UEX may propose a program to follow up on historic mineralization encountered at Riou Lake.

### **3.3 Significant Acquisitions**

There were no significant acquisitions completed by the Company during the three-year period beginning January 1, 2013. In October of 2015 the Company signed the JCU LOI and in January of 2016 signed the definitive Christie Lake Option Agreement to earn up to a 70% interest in the Christie Lake Project from JCU (Canada) Exploration Company, Limited by making cash payments of \$7.0 million and completing \$15.0 million in exploration expenditures by January 1, 2020. UEX currently owns a 10% interest in the Christie Lake Project, having made a total of \$2.0 million in cash payments to JCU by January 22, 2016.

### 3.4 Industry Background

#### *The Industry in 2015*

The past year was a volatile one for the uranium industry, as there were several conflicting signals received by the market. Positive news included the first two restarts of nuclear power plants in Japan, India signing a uranium supply contract with Cameco (the first under the new trade agreement with Canada) and China and India making firm commitments to growing their nuclear power generating capacity. Negative news included the French legislature passing a law to reduce the reliance on nuclear power to just 50%. More important was the impact on resource and energy stocks from the significant drop in the price of oil in the fourth quarter of 2015. Significant developments in the uranium industry included:

- The uranium industry remained in an oversupply position in 2015 due to inventory selling by Japanese utilities, substantial underfeeding by uranium enrichers and increased primary mine supply, headlined by the commencement of production at Cigar Lake, which produced 4 million pounds above expectations in 2015.
- Uranium supply was cut back in the first half of the year due to production difficulties at BHP's Olympic Dam and Rio Tinto's Rossing mines. A significant cut-back in long-term supply occurred when Rio Tinto announced in June that it would not proceed with the development of its Ranger 3 Deeps mine.
- Japan saw the restart of Kyushu's Sendai 1 and 2 nuclear power plants in late 2015.
- Despite the difficult environment for resource investors and the uranium markets, the Athabasca Basin continued to see significant investment in 2015. Fission Uranium Corp. announced its maiden resource and issued a PEA on its Triple R deposit, NexGen Energy Ltd.'s Arrow discovery evolved into a substantial new deposit in the western Basin, Denison Mines Corp. announced its first resource estimate for the Gryphon Zone and Cameco announced a first resource from its Fox Lake deposit, west of the McArthur River Mine. In 2015, investors were willing to fund companies with expanding resources in the Basin, supporting the expectation that a significant uranium supply shortfall is looming.

#### *The Nuclear Industry in 2016 and Beyond*

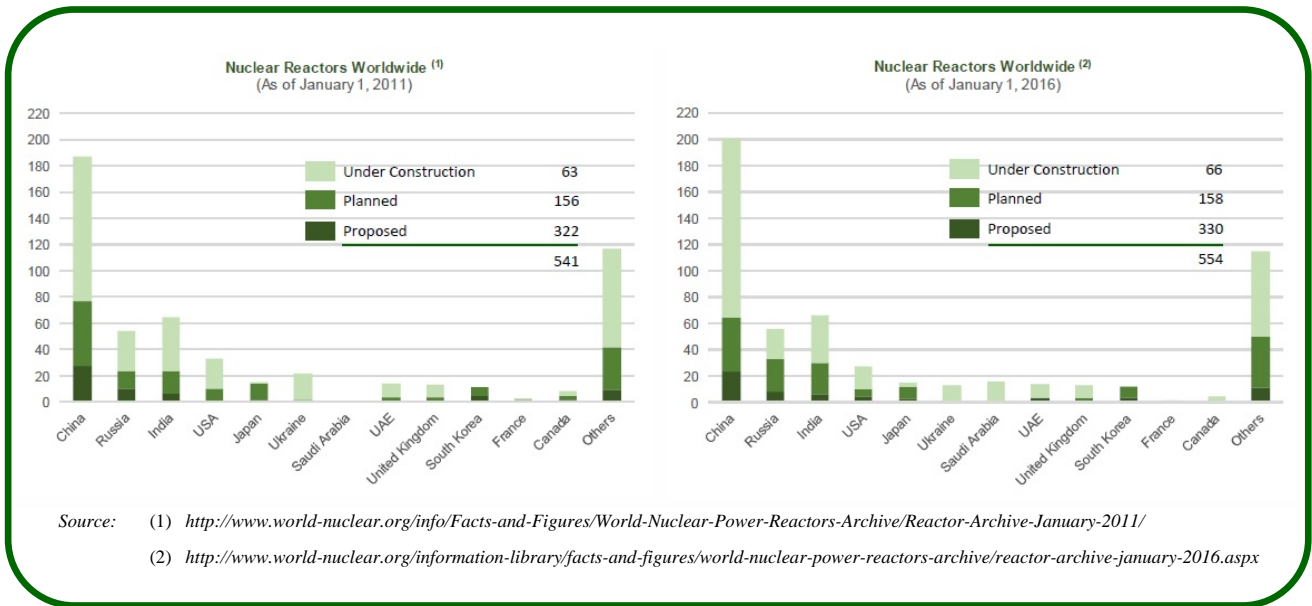
The following trends are anticipated to impact the nuclear industry in 2015 and beyond:

- China General Nuclear Power Group (CGN)'s Husab project is still expected to begin production in the second half of 2016. In early 2016, CGN also completed an \$82 million investment in Fission Uranium Corp. for a 19.99% ownership stake in the company in a deal that also included a uranium offtake agreement. We believe this demonstrates the growing demand for uranium from China and they must either buy uranium in the market or develop new uranium mines to meet its future domestic uranium needs.

China's growth as a global nuclear player, exporting enrichment services and nuclear power plant design and construction worldwide, is expected to continue in 2016 and beyond.

- Analysts continue to project a shortfall of uranium in 2020. Uranium prices are forecast to rise in the years leading up to 2020, as utilities return to the market to replace long term supply contracts that begin to expire 2017 and 2018. The expiry of these contracts is expected to lead to the return of regular long-term uranium contracting, which has been a key driver of uranium prices until very recently.
- Already in 2016, Japan has restarted additional nuclear power plants with more expected in 2016 and beyond as the Japanese government remains committed to keeping nuclear power as an important part of the country's energy mix. The pace of restarts is anticipated to accelerate from this point forward.

- Although there has been uncertainty surrounding the use of nuclear power both in the West and Japan following the Fukushima incident, the construction of new civilian nuclear power plants is occurring at a significant pace in the developing world.



- The significant growth of nuclear power in the developing world is expected to continue and contracting to supply these nuclear power plants will strain the current supply chain, creating demand for new primary uranium supply.
- The US and Canada have declared that they would help lead the transition to a low-carbon global economy in order to meet commitments made under the Paris Agreement, which is an agreement within the United Nations Framework Convention on Climate Change.

Nuclear energy, which is safe, clean, reliable and affordable, will remain an important and growing part of the world's energy mix.

## 4. DESCRIPTION OF BUSINESS

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### 4.1 General

UEX is a uranium exploration and development company engaged in the acquisition, exploration and development of uranium properties (see Figures 1 and 2). The Company's uranium exploration properties are located in the Athabasca Basin of northern Saskatchewan (see Figure 1), and comprise Hidden Bay and the Western Athabasca Projects, both of which contain deposits with indicated and inferred mineral resources and are the Company's principal properties, as well as Christie Lake, Black Lake, Beatty River, Riou Lake and the Northern Athabasca Projects.

UEX's vision is to remain a leading uranium explorer in the Athabasca Basin and to become a uranium producer. Incurred expenditures by UEX in the Athabasca Basin for 2015 were approximately \$4.5 million.

The main strategies of UEX are:

- To plan and execute the exploration and evaluation work required to delineate and develop economic uranium resources of Christie Lake, as part of our project earn-in;
- To find new uranium deposits at the Hidden Bay Project and in the Western Athabasca Projects with our joint-venture partner AREVA;
- To continue the exploration and evaluation work required to delineate and develop economic uranium resources at Shea Creek;
- To advance the evaluation/development process at the Horseshoe, Raven and West Bear uranium deposits at the Hidden Bay Project to a production decision once uranium commodity prices have demonstrated a sustained recovery from current spot and long-term prices; and
- To maintain, explore and advance to discovery our other uranium projects.

### *Mineral Properties*

As at December 31, 2015, UEX had fifteen uranium projects totalling approximately 254,633 hectares (629,211 acres) in the Athabasca Basin of northern Saskatchewan, Canada, including four that are 100% owned and operated by UEX, one joint venture with AREVA that is operated by UEX, nine projects joint-ventured with and operated by AREVA, and one project joint-ventured with AREVA and JCU, which is operated by AREVA (see Figures 1 and 2). These projects are categorized by UEX into the Hidden Bay Project, the Riou Lake Project, the Northern Athabasca Projects, the Black Lake Project, the Western Athabasca Projects including the Shea Creek Project and the Beatty River Project. In January 2016, UEX earned a 10% interest in the Christie Lake Project from JCU, to be operated by UEX. UEX's material properties are the Shea Creek Project, the Hidden Bay Project and the Christie Lake Project.

### *Specialized Skills and Knowledge*

Most aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, exploration, development, construction, production and accounting. The Company has a number of executive officers and employees with extensive experience in mining, geology, exploration and development in the Athabasca Basin and generally, as well as executive officers and employees with relevant accounting experience.

### ***Competitive Conditions***

The Company competes with major mining companies and other smaller natural resource companies in the acquisition, exploration, financing and development of new properties and projects in the Athabasca Basin. Many of these companies are more experienced, larger and have greater financial resources for, among other things, financing and the recruitment and retention of qualified personnel. See “Risk Factors—Competitive Conditions”.

### ***Environmental Protection***

UEX’s uranium exploration operations are subject to environmental regulation prior to commencement. In Saskatchewan, such regulations are administered by Saskatchewan Environment, the federal Department of Fisheries and Oceans and, in the case of permitting the construction of temporary docks or bridges on navigable waterways, the federal offices of Transport Canada. However, the exploration permitting process is reasonably routine and permission for temporary work camps, surface exploration and water-use permits is usually granted within a reasonable time period and at nominal cost. Permits are seasonal in nature and are sought by project operators, as required.

UEX is not aware of any material environmental liabilities relating to any of its projects.

### ***Employees***

As at December 31, 2015, UEX had six employees and utilized several consultants. UEX engages geological and geophysical consultants to carry out exploration programs on the projects that it operates and finances its share of exploration activities carried out by AREVA on the Western Athabasca Projects and the Beatty River Project.

### ***Mineral Claims***

In Saskatchewan, a mineral claim may be held indefinitely provided that exploration work is filed with the provincial government to keep the property in good standing. After an initial one-year grace period, expenditures totalling \$15 per hectare for Years 2 to 10 and \$25 per hectare for each year thereafter are applicable. Mineral leases are subject to assessment fees ranging from \$25 to \$75 per hectare per year, depending on the length of time the lease has been held. Exploration credits, known as assessment work credits, may be distributed among claims through a process known as grouping, provided the claims so grouped are contiguous, held by the same owner or owners having the same percentage in every disposition and the size of the group does not exceed 18,000 hectares. Effective grouping and re-grouping measures by a claim holder can maximize the value of exploration expenditures by keeping a large area in good standing for a number of years following the acceptance and approval of assessment work reports filed with the Saskatchewan Ministry of the Economy.

### ***Community, Environmental and Corporate Safety Policies***

The Company has a corporate policy framework to ensure that its activities follow the Company's values, with the long term goal of gaining community support for its operations. The Company's corporate performance is based on integrity, openness, and respect for employees, the communities in the areas of its operations, and supporting institutions. The Company's goal is to establish positive relationships with local communities situated in its area of operations from the outset, with continuing communication as a project advances.

### **4.2 Risk Factors**

The following factors are those which are the most applicable to the Company. The discussion which follows is not inclusive of all potential risks. Risk management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all of the risks inherent to the mining business, the Company strives to manage these risks, to the greatest extent possible, to ensure that its assets are protected.

#### *Risks of exploration programs not resulting in profitable commercial mining operations*

The successful exploration and development of mineral properties is speculative. Such activities are subject to a number of uncertainties, which even a combination of careful evaluation, experience and knowledge may not eliminate. Most exploration projects do not result in the discovery of commercially mineable deposits. There is no certainty that the expenditures made or to be made by UEX in the exploration and development of its mineral properties or properties in which it has an interest will result in the discovery of uranium or other mineralized materials in commercial quantities. While discovery of a uranium deposit may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. There is no assurance that the current exploration programs of UEX will result in profitable commercial uranium mining operations. UEX may abandon an exploration project because of poor results or because UEX feels that it cannot economically mine the mineralization.

#### *Joint ventures*

UEX participates in certain of its projects (such as the Western Athabasca and Black Lake projects) through joint ventures (referred to as "joint operations" in the financial statements) with third parties. UEX has other joint ventures and may enter into more in the future. There are risks associated with joint ventures, including:

- disagreement with a joint-venture partner about how to develop, operate or finance a project;
- a joint-venture partner not complying with a joint-venture agreement;
- possible litigation between joint-venture partners about joint-venture matters; and
- limited control over decisions related to a joint venture in which UEX does not have a controlling interest.

In particular, UEX is in the process of negotiating joint-venture agreements with AREVA on the Western Athabasca Projects and there is no assurance that the parties will be able to conclude a mutually satisfactory agreement.

#### *Reliance on other companies as operators*

Where another company is the operator and majority owner of a property in which UEX has an interest, UEX is and will be, to a certain extent, dependent on that company for the nature and timing of activities related to those properties and may be unable to direct or control such activities.



### *Uranium price fluctuations*

The market price of uranium is the most significant market risk for companies exploring for and producing uranium. The marketability of uranium is subject to numerous factors beyond the control of UEX. The price of uranium has recently experienced and may continue to experience volatile and significant price movements over short periods of time. Factors impacting price include demand for nuclear power, political and economic conditions in uranium producing and consuming countries, natural disasters such as those that struck Japan in March 2011, reprocessing of spent fuel and the re-enrichment of depleted uranium tails or waste, sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants, and production levels and costs of production in regions such as Kazakhstan, Russia, Africa and Australia.

### *Reliance on the economics of the Preliminary Assessment Technical Report*

The market price of  $U_3O_8$  has decreased since the date of the PA (see “4.3.1 Hidden Bay Project). The uranium industry has been adversely affected by the natural disasters that struck Japan on March 11, 2011 and the resulting damage to the Fukushima nuclear facility. These events resulted in many countries, which presently rely on nuclear power for a portion of their electrical generation, stating that they will review their commitment to this source of clean energy. These reviews resulted in downward pressure on the price of uranium and may have a significant effect on the country-by-country demand for uranium. The long-term  $U_3O_8$  market price, as reported by Ux Consulting February 29, 2016, is US\$44.00/lb. Given that the PA presented three economic scenarios using prices ranging from US\$60 to US\$80/lb of  $U_3O_8$ , the economic analysis which uses  $U_3O_8$  prices higher than the prevailing market price may no longer be accurate and readers of the PA are therefore cautioned when reading or relying on the PA.

### *Competition for properties could adversely affect UEX*

The international uranium industry is highly competitive and significant competition exists for the limited supply of mineral lands available for acquisition. Many participants in the mining business include large, established companies with long operating histories. UEX may be at a disadvantage in acquiring new properties as many mining companies have greater financial resources and more technical staff. Accordingly, there can be no assurance that UEX will be able to compete successfully to acquire new properties or that any such acquired assets would yield reserves or result in commercial mining operations.

### *Resource estimates are based on interpretation and assumptions*

Mineral resource estimates presented in this document and in UEX’s filings with securities regulatory authorities, news releases and other public statements that may be made from time to time are based upon estimates. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that these estimates will be accurate or that this mineralization could be extracted or processed profitably.

Mineral resource estimates for UEX’s properties may require adjustments or downward revisions based upon further exploration or development work, actual production experience, or future changes in uranium price. In addition, the grade of mineralization ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

### *Requirement for financing*

The Company currently has sufficient financial resources to carry out the majority of its anticipated short-term planned exploration and development on all of its projects and to fund its short-term general administrative costs; however, there are no revenues from operations and no assurances that sufficient funding will be available to conduct further exploration and development of its projects or to fund exploration expenditures under the terms of any joint-venture or option agreements after that time. If the Company's exploration and development programs are successful, additional funds will be required for development of one or more projects. Failure to obtain additional funding could result in the delay or indefinite postponement of further exploration and development or the possible loss of the Company's properties or inability to earn further interests in the Christie Lake Project. It is intended that such funding will be obtained primarily from future equity issues. If additional funds are raised from the issuance of equity or equity-linked securities, the percentage ownership of the current shareholders of UEX will be reduced, and the newly issued securities may have rights, preferences or privileges senior to or equal to those of the existing holders of UEX's common shares. The ability of UEX to raise the additional capital and the cost of such capital will depend upon market conditions from time to time. There can be no assurances that such funds will be available at reasonable cost or at all. Failure to obtain additional financing on a timely basis could cause UEX to reduce or render it unable to earn interests in its properties.

### *Competition from other energy sources and public acceptance of nuclear energy*

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Lower prices of oil, natural gas, coal and hydro-electricity may result in lower demand for uranium concentrate and uranium conversion services. Furthermore, the growth of the uranium and nuclear power industry beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry.

### *Dependence on key management employees*

UEX's development to date has depended, and in the future will continue to depend, on the efforts of key management employees. UEX will need additional financial, administrative, technical and operations staff to fill key positions as the business grows. If UEX cannot attract and train qualified people, the Company's growth could be restricted.

### *Environmental and other regulatory laws, regulations and permits*

Mining and refining operations and exploration activities, particularly uranium mining, refining and conversion in Canada, are subject to extensive regulation by provincial, municipal and federal governments. Such regulations relate to production, development, exploration, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, mines decommissioning and reclamation, mine safety, toxic substances and other matters. Compliance with such laws and regulations has increased the costs of exploring, drilling, developing and constructing. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact UEX's decision to proceed with exploration or development or that such laws or regulations may result in UEX incurring significant costs to remediate or decommission properties which do not comply with applicable environmental standards at such time. UEX believes it is in substantial compliance with all material laws and regulations that currently apply to its operations. However, there can be no assurance that all permits which UEX may require for the conduct of uranium exploration operations will be obtainable or can be maintained on reasonable terms or that such laws and regulations would not have an adverse effect on any uranium exploration project which UEX might undertake. World-wide demand for uranium is directly tied to the demand for electricity produced by the nuclear power industry, which is also subject to extensive government regulation and policies.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions. These actions may result in orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Companies engaged in uranium exploration operations may be required to compensate others who suffer loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

#### *Conflicts of interest*

Some of the directors of UEX are also directors of other companies that are similarly engaged in the business of acquiring, exploring and developing natural resource properties. Such associations may give rise to conflicts of interest from time to time. In particular, one of those consequences may be that corporate opportunities presented to a director of UEX may be offered to another company or companies with which the director is associated, and may not be presented or made available to UEX. The directors of UEX are required by law to act honestly and in good faith with a view to the best interests of UEX, to disclose any interest which they may have in any project or opportunity of UEX, and to abstain from voting on such a matter. Conflicts of interest that arise will be subject to and governed by procedures prescribed in the Company's by-laws and Code of Ethics and by the Canada Business Corporations Act.

#### *Accounting policies*

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgments or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

#### *Internal controls*

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

#### *Market price of shares*

Securities of mining companies have experienced substantial volatility in the past often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of UEX's securities is also likely to be significantly affected by short-term changes in uranium or other commodity prices, currency exchange fluctuation, or in its financial condition or results of operations as reflected in its periodic reports. Other factors unrelated to the performance of UEX that may have an effect on the price of the securities of UEX include trading volume and general market interest in UEX's securities which may affect an investor's ability to trade significant numbers of securities of UEX. If an active market for the securities of UEX does not continue, the liquidity of an investor's investment may be limited, the price of the securities of the Corporation may decline and investors may lose their entire investment in the Company. As a result of any of these factors, the market price of the securities of UEX at any given point in time may not accurately reflect the long-term value of UEX.

*Risks relating to Liability Insurance Coverage*

The nature of the risks UEX faces in the conduct of its operations are such that liabilities could exceed policy limits in any insurance policy or could be excluded from coverage under an insurance policy. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting UEX's financial position.

### 4.3 Mineral Projects

The Company currently has mineral property interests in the Athabasca Basin in Saskatchewan, Canada. The Company considers the Hidden Bay Project and the Western Athabasca Projects to be the properties material to it within the meaning of NI 43-101.

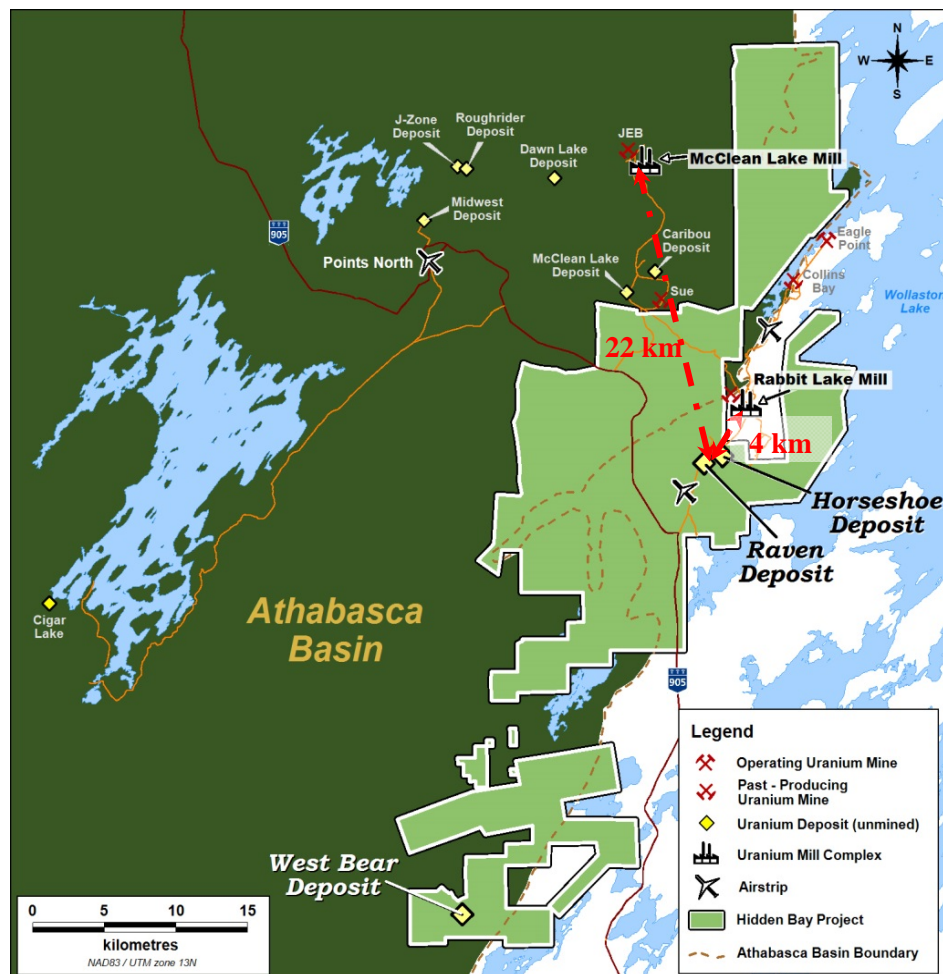
#### 4.3.1 Hidden Bay Project

Except as otherwise stated, the information regarding the Hidden Bay Project in this AIF is based on the Hidden Bay Report. Portions of the following information are based on assumptions, qualifications and procedures that are not fully described herein. References should be made to the full text of the Hidden Bay Technical Report dated February 15, 2011 which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and is posted on UEX's website at [www.ux-corporation.com](http://www.ux-corporation.com).

#### Property Description and Location

Hidden Bay, situated approximately 740 kilometres north of Saskatoon, Saskatchewan, is located in the eastern Athabasca Basin uranium district, adjacent to and surrounding several past-producing and currently producing uranium deposits in the Rabbit Lake area (see Figures 2 and 11). The Rabbit Lake area, located immediately west of Wollaston Lake, is the site of some of the first major uranium discoveries in the Athabasca Basin and has produced  $U_3O_8$  since 1975.

Figure 11 – Hidden Bay Property



## History of Exploration and Evaluation on the Hidden Bay Project

2015	Drilling program at Dwyer Lake and Wolf Lake, as well as a geophysical survey at Dwyer Lake
2014	Basement targeting program commences at Dwyer Lake and Wolf Lake, the first two of twelve identified target areas
2013	Small scale engineering studies on the Horseshoe and Raven deposits
2011 - 2012	Exploration drilling and project evaluation continued at Hidden Bay based upon SRK recommendations
2011	SRK completed a Preliminary Assessment Technical Report demonstrating positive economics for mining the Horseshoe and Raven deposits
2010	Preliminary Feasibility Study completed for the West Bear Deposit
2009	Mineral resource estimates released for the Horseshoe and Raven deposits
2006 - 2008	Drill programs at the Horseshoe and Raven deposits expanded historical data and formed the basis for subsequent mineral resource estimates
2004 - 2007	Drill programs further explored the West Bear Deposit
2002	UEX Corporation acquired the Hidden Bay property from Cameco upon UEX's formation
1977	Deposit at West Bear discovered by Gulf Minerals Canada Ltd.
1970s	Deposits at Horseshoe and Raven discovered by Gulf Minerals Canada Ltd.

The following information pertaining to the Hidden Bay Project is extracted from the summary section of the current technical report on the Hidden Bay property, entitled "Preliminary Assessment Technical Report on the Horseshoe and Raven Deposits, Hidden Bay Project, Saskatchewan, Canada" (the "Preliminary Assessment Technical Report", the "PA" or the "Hidden Bay Report"), prepared by G. Doerksen, P.Eng., L. Melis, P.Eng., M. Liskowich, P.Geo., B. Murphy, FSAIMM, K. Palmer, P.Geo. and Dino Pilotto, P.Eng. with an effective date of February 15, 2011. The Hidden Bay Report is incorporated in its entirety into this Annual Information Form by reference. A copy of the Hidden Bay Report was filed on February 23, 2011 and may be accessed on SEDAR ([www.sedar.com](http://www.sedar.com)) under the Company's profile.

The following summary does not purport to be a complete summary of the Hidden Bay Project and is subject to all the assumptions, qualifications and procedures set out in the Preliminary Assessment Technical Report and is qualified in its entirety with reference to the full text of the Preliminary Assessment Technical Report. Readers should read this summary in conjunction with the Preliminary Assessment Technical Report. The numbering of the tables presented in the summary has been updated to conform to the numbering in the 2014 Annual Information Form.

The Preliminary Assessment Technical Report supersedes all previous technical reports on the Hidden Bay Project, including the Preliminary Feasibility Study of the West Bear Deposit (dated February 24, 2010). These superseded reports are no longer effective and should no longer be relied upon.

The Preliminary Assessment Technical Report is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

**[Unless otherwise noted, the following pages, up to and including “Recommendations” on page 44, have been replicated without modification from the executive summary of the Hidden Bay Report.]**

This Preliminary Assessment Technical Report (“PA”) was compiled by SRK Consulting (Canada) Inc. for UEX Corporation (“UEX”). The purpose of the Technical Report is to describe the results of a preliminary economic assessment conducted on the Horseshoe and Raven deposits of UEX’s Hidden Bay Project.

Kevin Palmer, P.Geol. of Golder Associates Ltd. (“Golder”) conducted the mineral resource estimate for the Horseshoe and Raven deposits. Lawrence Melis, P.Eng of Melis Engineering Ltd. provided metallurgical and mineral processing expertise. Several sections of this report utilize previous Hidden Bay technical reports for information and are referenced, updated and signed off by a current Qualified Person (“QP”).

The reader is advised that the preliminary assessment summarized in this technical report is only intended to provide an initial, high-level review of the project potential. The PA mine plan and economic model include the use of indicated and inferred. The inferred resources are considered to be too speculative to be used in an economic analysis except as allowed for in PA studies. There is no guarantee that inferred resources can be converted to indicated or measured resources and, as such, there is no guarantee that the project economics described herein will be achieved.

The Hidden Bay property is located in the Wollaston Lake area of northern Saskatchewan, Canada, approximately 740 km north of the city of Saskatoon, immediately west of Wollaston Lake. The Hidden Bay property consists of 57,321 hectares (573 km<sup>2</sup>) in 43 mineral dispositions. All of these mineral dispositions are owned 100% by UEX Corporation (“UEX”) except for 297 hectares (“ha”) in disposition ML 5424, which is currently owned 76.729% by UEX, 8.525% by ENUSA Industrias Avanzadas, 7.680% by Nordostschweizerische Kraftwerke AG, and 7.066% by Encana. Disposition ML5424 is in the southernmost portions of the Hidden Bay property, near the West Bear deposit, and does not contain any current or historical resources.

The Hidden Bay property is in the eastern Athabasca uranium district, adjacent to, and surrounding several current and past producing uranium deposits on the Rabbit Lake property of Cameco Corporation (“Cameco”), and the McClean Lake property, operated by AREVA Resources Canada Inc. (“AREVA”). The property is accessible year round by Highway 905, a maintained all-weather gravel road, and by maintained access and mine roads to the Rabbit Lake and McClean Lake mining operations, which pass through the property. Infrastructure is well developed in the local area, with two operating uranium ore processing facilities, Rabbit Lake and McClean Lake, located 4 km northeast and 22 km northwest of the Horseshoe and Raven deposits, respectively. The principal hydroelectric transmission lines that service both of these facilities also pass through the property, 3 km to the north of the Horseshoe and Raven deposits.

This technical report has been completed in conformance with the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines referred to in Companion Policy 43-101CP to National Instrument (“NI”) 43-101.

### ***Geological Setting***

The Hidden Bay property is at the eastern margin of the Athabasca Basin. The property is underlain by flat-lying to shallow dipping Late Proterozoic sandstone of the Athabasca Group to the northwest, which unconformably overlies metamorphosed clastic and chemical meta-sedimentary basement rocks and granitic intrusions of the trans-Hudson orogen, exposed to the east. The property straddles the gradational contact between the Mudjatik Domain of the trans-Hudson orogen to the northwest, composed of granitic gneiss domes and intervening psammitic to pelitic gneiss, and the Wollaston Domain to the southeast. The latter is composed of a basal pelitic gneiss unit that is overlain successively by meta-arkose and a lithologically diverse upper sequence of quartzite with interlayered amphibolite and calcareous meta-arkose termed the Hidden Bay Assemblage. At least two major contractional deformation events and overlapping periods of amphibolite to granulite grade metamorphism are evident in basement rocks in the area and form the main pulses of the 1,820-1,770 Ma Hudsonian orogeny. These events produced two northeast-trending sets of folds with predominantly southeast dipping axial planes, and associated axial planar foliations.

Major faults in the region include northeast-trending reverse faults and north-trending Tabernor- type sinistral faults, both of which control the distribution of uranium deposits in the district.

Northeast-trending faults dip southeast, are generally concordant, and are frequently localized in graphitic gneiss. The dominant structure of this type is the Rabbit Lake Fault, which crosses central parts of the property and has been traced by drilling for over 40 km. Other significant faults in the area include the Collins Bay Fault system, associated with the Collins Bay and Eagle Point deposits on the Rabbit Lake property, and the Telephone Lake and Tent-Seal Faults. These faults are post- metamorphic semi-brittle to brittle shear zones defined by lithified graphite-rich cleaved zones, graphite-matrix breccia, and seams of graphitic or chloritic clay gouge.

### ***Uranium Deposits on the Hidden Bay Property***

Uranium deposits and prospects on the Hidden Bay property are of the unconformity type. Three deposits for which National Instrument (“N.I.”) 43-101 resources have been estimated occur on the Hidden Bay property: Horseshoe, Raven and West Bear. The Horseshoe and Raven deposits are located in north central portions of the Hidden Bay property. Mineralization at the Horseshoe and Raven deposits comprises shallow dipping zones of hematization with disseminated and veinlet ----- pitchblende-boltwoodite-uranophane that is hosted by folded arkosic quartzite gneiss of the Hidden Bay Assemblage. Mineralization comprises a combination of disseminated pitchblende-chlorite- hematite, and narrower, higher grade nodular and veinlet pitchblende in hematite-clay alteration.

Mineralization occurs in hematitic redox fronts surrounding large, semi-tabular clay alteration zones that are cored by probable faults. Mineralization at the Horseshoe deposit has been defined continuously over a strike length of approximately 800 m and a dip length of up to 300 m, occurring at depths of 100 m to 450 m below surface. At Raven, which lies 0.5 km southwest of Horseshoe, mineralization has been defined over a strike length to date of approximately 910 m at depths below surface of 100 m to 300 m in two dominant, sub-horizontal zones. The deposits are located approximately 5 km south of Cameco’s Rabbit Lake operations, and 12 km southeast of AREVA’s McClean Lake operations. Both are hosted by competent basement rocks that could be amenable to both open-pit and conventional underground ramp access mining methods. Similar to other basement-hosted deposits in the region, Horseshoe and Raven mineralization comprises pitchblende and other uranium oxides and silicates without potentially deleterious nickel-arsenide minerals that may affect extraction and pose tailings disposal problems.

The West Bear deposit, located in southernmost parts of the Hidden Bay property, is a classic unconformity-hosted uranium deposit which is developed under shallow Athabasca sandstone cover above a conductive graphitic gneiss unit in southern parts of the Hidden Bay property.

West Bear is flat-lying and has been defined by drilling over a strike length of 500 m, in a long, cigar-shaped mineralized zone straddling the unconformity. The mineralization occurs at a vertical depth of between 13 m and 31 m from surface and is one of the shallowest, undeveloped uranium deposits in the prolific Athabasca Basin. The deposit ranges in width from 5 m to 25 m, and in vertical thickness from 0.1 m to more than 10 m. Mineralization occurs in intense clay-hematite alteration where a minor fault system hosted by the underlying graphitic conductor intersects the unconformity. Mineralization comprises sooty to nodular, and locally massive, pitchblende mineralization in clay with associated Ni-Co-As mineralization. This is typical of the style and geochemistry of other unconformity-hosted uranium deposits in the region, including the McClean Lake deposits and Cigar Lake.

In addition to these deposits, a series of prospective exploration targets are also present on the property that include basement-hosted and unconformity-style targets, some of which lie along conductors or fault systems which host uranium deposits on the adjacent McClean Lake and Rabbit Lake properties.

### ***Drilling and Exploration by UEX Corporation***

After acquiring the Hidden Bay property in 2002, UEX continued to explore various targets on the Hidden Bay property, utilizing a combination of airborne and ground electromagnetic, magnetic, radiometric resistivity and gravity



geophysical methods in more grassroots target areas to identify drilling targets, or direct follow-up drilling in areas where previous drilling had intersected alteration or mineralization.

UEX also initiated a re-evaluation of the Horseshoe and Raven deposits due to rising uranium prices. In 2005, drilling tested mineralization in selected areas of both deposits to test mineralization continuity between the widely spaced historical holes drilled by Gulf Minerals Canada Limited (“Gulf”). The success of that program led to subsequent drilling programs between 2006 and 2009 in which 376 diamond drill holes totalling 119,400 m were drilled at Horseshoe and 243 drill holes totalling 65,600 m were drilled at Raven. These programs not only established continuity of mineralization between the historical Gulf drilling, but expanded the deposit footprints into areas not historically drilled by Gulf for which this drilling forms the basis are reported here.

### ***Metallurgy and Mineral Processing***

Metallurgical testing for UEX Corporation’s Hidden Bay Project included testwork on both the West Bear deposit and the Horseshoe-Raven deposits. Testwork, completed at SGS Canada Inc.’s Lakefield Research facility in Lakefield, Ontario (SGS Lakefield) under the direction of Melis Engineering Ltd. (“Melis”), started in 2006 on preliminary samples of the West Bear mineralization and was completed in 2009 as a second phase of work on Horseshoe-Raven mineralization. This report focuses on the Horseshoe and Raven deposits.

Based on supporting metallurgical testwork, process recoveries are estimated to be 95%.

Horseshoe-Raven test composites were prepared from assay rejects and from purpose-drilled HQ core. The elemental analyses of the composites showed that the Horseshoe and Raven uranium deposits are relatively low in deleterious elements such as arsenic, molybdenum, selenium, and base metals. Five uranium carriers were identified, uraninite, boltwoodite, uranophane, coffinite and minor amounts of carnotite.

The Horseshoe-Raven composites were categorized as medium in hardness from the perspective of SAG milling, with an average SPI value of 69 minutes. The ball mill Bond Work Indices were all within a tight range of 16.1 to 17.7 kWh/t with an average value of 16.7 kWh/t, showing very little variation across the deposits and characterizing the Horseshoe-Raven mineralization as moderately hard for ball mill grinding.

Leach test results confirmed the Horseshoe-Raven mineralization is easily leached under relatively mild atmospheric leach conditions. Leach extractions of 98% or greater can be achieved for Horseshoe and Raven mineralization under atmospheric leach conditions using a mesh-of-grind K80 (80% passing size) of approximately 145 µm, a leach temperature of 50°C, a free acid concentration of 10 g H<sub>2</sub>SO<sub>4</sub>/L, representing an acid consumption of 45 kg H<sub>2</sub>SO<sub>4</sub>/t, an ORP of 500 mV, representing a sodium chlorate consumption of 0.6 kg NaClO<sub>3</sub>/t, and a leach retention time of 8 to 12 hours. An overall uranium recovery of 95% was used in this study for all the cash flow analysis. Mine optimization work used 96% uranium extraction, prior to finalization of the recovery estimate.

The pregnant leach solution and residue from a Horseshoe bulk leach test were retained to generate waste raffinate and leach residue for waste treatment testing. The specific gravity of the generated tailings was measured at 2.59 t/m<sup>3</sup>. The tailings K80 was 136 µm and the K50 (50% passing size) was 54 µm.

Tailings supernatant aging tests resulted in elevated levels of radium and molybdenum in the supernatant. This was expected, and confirms that, like all uranium tailings supernatant, excess tailings water would be re-used and/or treated in the mill process and waste treatment circuits under normal operating conditions.

The concentrations of uranium (0.015 mg/L), arsenic (0.0067 mg/L), molybdenum (0.0115 mg/L), radium 226 (0.02 Bq/L) and selenium (0.009 mg/L) obtained in treated effluent are below typical regulatory limits set by the provincial and federal governments.

This report assumes that run of mine (“ROM”) material will be trucked to the Rabbit Lake processing facility for treatment. It is assumed that a toll treatment agreement could be reached with Cameco, the owner of the Rabbit Lake plant, which would allow Hidden Bay mineralization to be processed at an average rate of 1,000 tpd. It is also assumed that the Rabbit Lake facility would provide toll tailings deposition for the Hidden Bay ROM material.

### ***West Bear Mineral Resource Estimate***

The January 2009 West Bear Resource Estimate was also prepared by K. Palmer, P.Geo., of Golder and the methodology is reported in the Technical report dated February 17, 2009 by Palmer and Fielder. The resource calculation utilized the results from 216 drill holes totalling 6,400 m, which were completed during 2004, 2005 and 2007 sonic drilling programs. The resource estimate was calculated using a minimum cut-off grade of 0.01% U<sub>3</sub>O<sub>8</sub> utilizing a geostatistical-block model technique with ordinary kriging methods and Datamine.

The resource reported below reflects the remodelling of the deposit after re-sampling of drill core was undertaken to better define mineralization outlines. The changes in volume, with corresponding decrease in grade with respect to the December 2007 Indicated Mineral Resource, reflect incorporation of lower grade material in the new resource outlines. All the current mineral resources at West Bear are classified as Indicated. Details at different cut-off levels are provided in Table 3.

***Table 3: January 2009 Indicated Mineral Resources (Capped) at the West Bear Deposit with Tonnes and Grade at Various U<sub>3</sub>O<sub>8</sub> Cut-off Grades***

Cut-off Grade (%U <sub>3</sub> O <sub>8</sub> )	Tonnes	Density (g/cm <sup>3</sup> )	Grade				Contained Metal			
			U <sub>3</sub> O <sub>8</sub> (%)	Ni (%)	Co (%)	As (%)	U <sub>3</sub> O <sub>8</sub> (lbs)	Ni (lbs)	Co (lbs)	As (lbs)
0.01	209,700	1.99	0.358	0.22	0.08	0.22	1,655,000	1,030,000	375,000	1,005,000
0.02	188,100	1.99	0.397	0.24	0.09	0.23	1,646,000	975,000	355,000	974,000
0.03	113,000	2.02	0.645	0.28	0.10	0.32	1,605,000	704,000	254,000	786,000
0.04	85,300	2.03	0.843	0.32	0.11	0.37	1,585,000	600,000	203,000	694,000
<b>0.05</b>	<b>78,900</b>	<b>2.04</b>	<b>0.908</b>	<b>0.33</b>	<b>0.11</b>	<b>0.38</b>	<b>1,579,000</b>	<b>569,000</b>	<b>185,000</b>	<b>662,000</b>
0.10	76,100	2.04	0.939	0.33	0.10	0.38	1,574,000	547,000	173,000	640,000
0.15	70,300	2.04	1.005	0.33	0.11	0.39	1,558,000	505,000	165,000	604,000
0.20	63,800	2.04	1.09	0.32	0.11	0.40	1,532,000	453,000	152,000	559,000
0.25	57,300	2.04	1.187	0.31	0.11	0.41	1,500,000	397,000	138,000	514,000
0.30	52,100	2.04	1.279	0.31	0.11	0.42	1,468,000	360,000	127,000	482,000
0.35	47,800	2.04	1.365	0.30	0.11	0.42	1,437,000	319,000	115,000	443,000
0.40	43,600	2.05	1.461	0.31	0.11	0.44	1,403,000	295,000	107,000	418,000

### ***Horseshoe Mineral Resource Estimate***

The July 2009 Horseshoe Mineral Resource Estimate was prepared by Kevin Palmer, P.Geo., of Golder and is an update of the September 2008 estimate. The mineral resource estimate was peer reviewed by David Farrow, Pr.Sci.Nat., also of Golder and is summarized in Table 4. The methodology is reported in the Technical report dated September 4, 2009 by Palmer and Fielder.

The mineral resource calculation utilized 376 diamond drill holes (119,400 m from holes HU-001 to HU-358, HS-001 and HO-01 to HO-16) drilled between 2005 and 2009, which test the deposit at 7.5 m to 30 m drill centres. The updated resource comprises 5.120 million tonnes (“Mt”) grading 0.203% U<sub>3</sub>O<sub>8</sub> in the Indicated category, containing

22.895 Mt of U<sub>3</sub>O<sub>8</sub> and 0.287 Mt grading 0.166% U<sub>3</sub>O<sub>8</sub> in the Inferred category, containing 1.049 million pounds (“Mlb”) of U<sub>3</sub>O<sub>8</sub> at a cut-off of 0.05% U<sub>3</sub>O<sub>8</sub>. The mineral resource estimate was calculated using a minimum cut-off grade of 0.02% U<sub>3</sub>O<sub>8</sub> utilizing a geostatistical block-model technique with ordinary kriging methods and the Datamine Studio 3 (“Datamine”) software package. Over 95% of the resource is in the Indicated category at a 0.05% U<sub>3</sub>O<sub>8</sub> cut-off. At a cut-off of 0.20% U<sub>3</sub>O<sub>8</sub>, the average grade for the Indicated mineralization is 0.412% U<sub>3</sub>O<sub>8</sub> with a tonnage of 1.567 Mt. This may be significant should an economic evaluation recommend an underground mining method for the deposit.

**Table 4: July 2009 Indicated and Inferred Mineral Resources (Capped) at the Horseshoe Deposit with Tonnes and Grade at Various U<sub>3</sub>O<sub>8</sub> Cut-off Grades**

Resource Category	Cut-off Grade (% U <sub>3</sub> O <sub>8</sub> )	Tonnes	In Situ Grade (%U <sub>3</sub> O <sub>8</sub> )	Contained Metal (lb U <sub>3</sub> O <sub>8</sub> )
Indicated	0.02	7,042,400	0.157	24,427,000
	<b>0.05</b>	<b>5,119,700</b>	<b>0.203</b>	<b>22,895,000</b>
	0.10	3,464,800	0.266	20,302,000
	0.15	2,380,800	0.33	17,331,000
	0.20	1,567,000	0.412	14,219,000
	0.25	1,059,900	0.502	11,726,000
	0.30	722,600	0.609	9,696,000
	0.35	529,100	0.713	8,319,000
Inferred	0.40	414,600	0.807	7,377,000
	0.02	444,900	0.122	1,192,000
	<b>0.05</b>	<b>287,000</b>	<b>0.166</b>	<b>1,049,000</b>
	0.10	159,700	0.239	840,000
	0.15	106,800	0.298	702,000
	0.20	79,800	0.34	598,000
	0.25	53,500	0.398	469,000
	0.30	29,300	0.502	324,000
0.35	15,500	0.665	227,000	
0.40	11,400	0.769	193,000	

#### **Raven Mineral Resource Estimate**

The July 2009 Raven Mineral Resource Estimate was prepared by Kevin Palmer, P.Geo., of Golder and is an update of the January 2009 estimate. The mineral resource estimate was peer reviewed by David Farrow, Pr.Sci.Nat., also of Golder and is summarized in Table 5. The methodology is reported in the Technical report dated September 4, 2009 by Palmer and Fielder. The mineral resource estimate was based on 243 diamond drill holes (approximately 65,600 m from holes RU- 001 to RU-216, and RV-001 to RV-028) drilled between 2005 and 2009, with an approximate drill spacing of 7.5 m to 30 m. The mineral resource was estimated based on a geological model created by UEX which contained 16 mineralized subzones. The geological model was based on clay alteration and a grade cut-off of 0.02% U<sub>3</sub>O<sub>8</sub>. A 3D block model was created from the geological model which then had grades interpolated into them using the ordinary kriging estimation method. The software that was used to complete the mineral resource estimate was Datamine. During the mineral resource estimate, high grade assay outliers were identified for each subzone and capped accordingly to prevent high grade spreading.

The July 2009 Raven Mineral Resource Estimate contains 5.174 Mt grading 0.107% U<sub>3</sub>O<sub>8</sub> in the Indicated category, containing 12.149 Mlb of U<sub>3</sub>O<sub>8</sub> and 0.822 Mt grading 0.092% U<sub>3</sub>O<sub>8</sub> in the Inferred category, containing 1.666 Mlb of U<sub>3</sub>O<sub>8</sub> at a cut-off of 0.05% U<sub>3</sub>O<sub>8</sub>. At a 0.05% U<sub>3</sub>O<sub>8</sub> cut-off, 88% of the tonnes are in the Indicated category.

Details of the July 2009 Raven Mineral Resource Estimate at different cut-off levels are provided in Table 5.

**Table 5: July 2009 Indicated and Inferred Mineral Resources (Capped) at the Raven Deposit with Tonnes and Grade at Various U<sub>3</sub>O<sub>8</sub> Cut-off Grades**

Resource Category	Cut-off Grade (%U <sub>3</sub> O <sub>8</sub> )	Tonnes	In Situ Grade (% U <sub>3</sub> O <sub>8</sub> )	Contained Metal (lb U <sub>3</sub> O <sub>8</sub> )
Indicated	0.02	9,646,100	0.073	15,544,000
	<b>0.05</b>	<b>5,173,900</b>	<b>0.107</b>	<b>12,149,000</b>
	0.10	1,893,400	0.17	7,113,000
	0.15	827,700	0.234	4,274,000
	0.20	424,000	0.294	2,752,000
	0.25	241,500	0.349	1,859,000
	0.30	139,100	0.406	1,244,000
	0.35	80,300	0.467	827,000
Inferred	0.40	48,400	0.529	565,000
	0.02	1,537,600	0.067	2,278,000
	<b>0.05</b>	<b>822,200</b>	<b>0.092</b>	<b>1,666,000</b>
	0.10	176,000	0.186	723,000
	0.15	96,000	0.239	506,000
	0.20	48,500	0.302	323,000
	0.25	25,700	0.37	209,000
	0.30	15,800	0.431	150,000
0.35	11,700	0.468	121,000	
0.40	8,200	0.509	92,000	

### **Hidden Bay Project – Total Resources**

The combined N.I. 43-101 compliant resources for the July 2009 Horseshoe and Raven and the January 2009 N.I. 43-101 compliant resource at the West Bear deposit on the Hidden Bay Project at a cut-off of 0.05% U<sub>3</sub>O<sub>8</sub> totals 10.373 Mt and contains 36.623 Mlb U<sub>3</sub>O<sub>8</sub> in Indicated Mineral Resource category and 1.109 Mt containing 2.715 Mlb U<sub>3</sub>O<sub>8</sub> Inferred Mineral Resource category. A summary of resources at various cut-offs is illustrated in Table 6. It must be noted that the mining of the West Bear deposit is not included in this PA.

**Table 6: Total N.I. 43-101 Compliant Indicated and Inferred Mineral Resources (Capped) on the Hidden Bay Project, as of July 2009 at Various Cut-off Grades of % U<sub>3</sub>O<sub>8</sub>**

<b>Resource Category</b>	<b>Cut-off Grade (% U<sub>3</sub>O<sub>8</sub>)</b>	<b>Tonnes</b>	<b>In Situ Grade (%U<sub>3</sub>O<sub>8</sub>)</b>	<b>Contained Metal (lb U<sub>3</sub>O<sub>8</sub>)</b>
Indicated	0.02	16,876,600	0.112	41,617,000
	<b>0.05</b>	<b>10,372,500</b>	<b>0.160</b>	<b>36,623,000</b>
	0.10	5,434,300	0.242	28,989,000
	0.15	3,278,800	0.321	23,163,000
	0.20	2,054,800	0.409	18,503,000
	0.25	1,358,700	0.504	15,085,000
	0.30	913,800	0.616	12,408,000
	0.35	657,200	0.731	10,583,000
Inferred	0.40	506,600	0.837	9,345,000
	0.02	1,982,500	0.079	3,470,000
	<b>0.05</b>	<b>1,109,200</b>	<b>0.111</b>	<b>2,715,000</b>
	0.10	335,700	0.211	1,563,000
	0.15	202,800	0.270	1,208,000
	0.20	128,300	0.326	921,000
	0.25	79,200	0.388	678,000
	0.30	45,100	0.477	474,000
0.35	27,200	0.580	348,000	
0.4	19,600	0.660	285,000	

### **Mine Plan**

The Hidden Bay deposits of Horseshoe and Raven are proposed to be developed both as an open pit (“OP”) and underground methods (“UG”). Mining of the Horseshoe and Raven deposits is proposed to produce a total of 2.49 Mt of mill feed and 15.0 Mt of waste over a 7-year mine operating life.

Approximately 2.10 Mt of mill feed is planned to be produced from UG mining of the Horseshoe deposit, with 0.39 Mt being produced from OP mining of the Raven deposit. The mill feed is planned to be trucked to Cameco’s Rabbit Lake Facility for processing.

Mine design for the Horseshoe and Raven deposits was initiated with the development of Whittle™ input parameters and UG cut-off grades. These parameters included estimates of metal price (US\$60/lb U<sub>3</sub>O<sub>8</sub>), exchange rate, toll milling and mining costs, mining dilution, mill recovery, and royalties. The resource models for Horseshoe and Raven (as provided by Golder) were based on a 5 m x 5 m x 2.5 m block size. Table 7 summarizes the various input parameters for Whittle™ optimization.

**Table 7: Whittle™ Optimization Input Parameters\***

<b>Item</b>	<b>Unit</b>	<b>Value 2011</b>
<b>Bulk Density</b>		
Ore	t/m <sup>3</sup>	varies in model
Waste	t/m <sup>3</sup>	2.48
Overburden	t/m <sup>3</sup>	N/A
<b>Metal Prices</b>		
U <sub>3</sub> O <sub>8</sub>	\$US/lb	\$60.00
U <sub>3</sub> O <sub>8</sub>	C\$/lb	\$63.16
<b>Process Recovery</b>		
U <sub>3</sub> O <sub>8</sub>	%	96
<b>Site Operating Costs</b>		
Toll milling (includes ore haul cost to mill)	C\$/t ore	\$70.00
G&A/Sustaining Capital	C\$/t ore	\$5.00
Incr. Mining Cost	C\$/t ore	N/A
Tailings Management Facility	C\$/t ore	\$35.00
<b>On Site Costs</b>	C\$/t ore	<b>\$110.00</b>
<b>Mining Costs</b>		
Open Pit Ore mining	C\$/t mined	\$2.70
Open Pit Waste mining - rock	C\$/t mined	\$2.70
Open Pit Waste mining - overburden	C\$/t mined	N/A
Underground mining cost	C\$/t mined	N/A
<b>TC/RC</b>		
Refining/Freight/Insurance/ Marketing	C\$/lb	N/A
<b>Pit Parameters</b>		
Pit slope angles with ramps		
Overburden	overall °	N/A
Basement Rock	overall °	45
Bench height	m	10
Mining Recovery	%	100
Dilution (@ 0% U <sub>3</sub> O <sub>8</sub> grade)	%	10
Production capacity	ore t/yr	1,095,000
<b>Economics</b>		
Exchange rate	C\$:US\$	1.05
Royalties (% of gross U <sub>3</sub> O <sub>8</sub> sales)	%	5.0
Discount Rate	%	10.0
<b>Operating Parameters</b>		
Operating Days	days/yr	365
Shift Schedule	shifts/day	2
Scheduled Shifts	shifts/year	730
Operating Crews	#	4
<b>Energy Cost</b>		
Diesel Fuel Cost	C\$/litre	1.00
Electric Power Cost	C\$/kWh	0.10

\* These parameters were the initial assumptions made to begin the mine planning process. Some of the parameters changed as more detailed work was conducted. For example, the process recovery of U<sub>3</sub>O<sub>8</sub> of 96% was used in the optimization and then modified to 95% for the economic analysis as the recovery was finalized by the QP. The processing costs also changed from this preliminary estimate (\$70/tonne), done at an assumed head grade of 0.15% U<sub>3</sub>O<sub>8</sub>, to the final costs estimated using the ROM grade of 0.30% U<sub>3</sub>O<sub>8</sub> (\$79.20/tonne).

For the OP at Raven, the model was then used with the Gemcom Whittle - Strategic Mine Planning™ (“Whittle”) software to determine the optimal mining shell. Mine planning and scheduling was then conducted on the optimal pit shell with the use of MineSight™ software.

UG mine planning used the input parameters as shown in Table 8 to provide initial mineable shapes.

**Table 8: Underground Preliminary Planning Parameters**

Item	Unit	Value
<b>Metal Recovery</b>		
U <sub>3</sub> O <sub>8</sub> Price	\$US/lb U <sub>3</sub> O <sub>8</sub>	60
Exchange Rate	\$/C/\$US	1.05
U <sub>3</sub> O <sub>8</sub> Price	\$/lb U <sub>3</sub> O <sub>8</sub>	63.16
Payable Metal	% U <sub>3</sub> O <sub>8</sub>	100
Process Recovery	%	96*
Refining/Freight/Insurance/ Marketing	\$/lb U <sub>3</sub> O <sub>8</sub>	N/A
Royalties @ 5% NSR	\$/lb U <sub>3</sub> O <sub>8</sub>	3.03
Net U <sub>3</sub> O <sub>8</sub> price	\$/lb U <sub>3</sub> O <sub>8</sub>	57.60
<b>Opex Estimates</b>		
Mining Cost	\$/t milled	68.0
Toll Processing Cost (including hauling to mill)	\$/t milled	70.0**
G&A/Sustaining capital cost	\$/t milled	5.0
TMF	\$/t milled	35.0
Total Site Cost	\$/t milled	178.0
<b>Cut-off Grade</b>		
Plant feed Cut-off Grade	% U <sub>3</sub> O <sub>8</sub>	0.14
Dilution	%	10
In-situ Cut-off Grade	% U <sub>3</sub> O <sub>8</sub>	0.16

The estimated mineable mineral resources for both OP and UG are summarized in Table 9 below. The estimated U<sub>3</sub>O<sub>8</sub> cut-off grades used are also noted.

**Table 9: Hidden Bay - LOM Resource**

Deposit	Resource Category	Tonnes (Mt)	Cut-off Grade (U <sub>3</sub> O <sub>8</sub> %)	Diluted Grade (U <sub>3</sub> O <sub>8</sub> %)	Contained Metal (Mlb U <sub>3</sub> O <sub>8</sub> )
Raven	Indicated	0.4	0.10	0.19	1.7
	Inferred	0.0	0.10	0.24	0.0
Horseshoe	Indicated	2.0	0.16	0.32	14.4
	Inferred	0.1	0.16	0.28	0.5
Total	Indicated	2.4	0.15	0.30	16.1
	Inferred	0.1	0.16	0.28	0.5

The current life-of-mine (“LOM”) plan focuses on accessing and milling higher grade material first. As such, the plan commences with UG mining of Horseshoe, followed by the OP at Raven. The maximum total mill feed production from both OP and UG is targeted at 1,000 tpd. Given the relatively small pit size, the maximum daily mined tonnage is targeted at 30,000 t/day total material. The LOM mine production schedule is shown in Table 10.

**Table 10: LOM Mine Production Schedule – Horseshoe and Raven Deposits**

Parameter	Unit	Total	YEAR						
			1	2	3	4	5	6	7
<b>OPEN PIT MINING - Raven</b>									
O/P total Waste	Mt	15.01	-	-	-	-	-	11.54	3.48
O/P ROM	Mt	0.39	-	-	-	-	-	0.00	0.39
U <sub>3</sub> O <sub>8</sub> Grade	U <sub>3</sub> O <sub>8</sub> %	0.19	-	-	-	-	-	0.26	0.19
Total ROM mined O/P	Mt	0.39	-	-	-	-	-	0.00	0.39
O/P total Mined	Mlb U <sub>3</sub> O <sub>8</sub>	1.7						0.0	1.6
O/P Strip Ratio	t:t	38.2						3,958	8.9
<b>UNDERGROUND MINING - Horseshoe</b>									
Development Waste	Mt	0.00							
Horseshoe ROM	Mt	2.10	0.350	0.35	0.35	0.35	0.35	0.35	0.35
U <sub>3</sub> O <sub>8</sub> ROM Grade	U <sub>3</sub> O <sub>8</sub> %	0.32	0.54	0.39	0.30	0.23	0.23	0.24	0.24
Total Mined lb	Mlb U <sub>3</sub> O <sub>8</sub>	14.9	4.2	3.0	2.3	1.8	1.8	1.8	1.8
<b>TOTAL ALL DEPOSITS</b>									
Total Waste	Mt	15.01	-	-	-	-	-	11.54	3.48
Total ROM mined	Mt	2.49	0.35	0.35	0.35	0.35	0.35	0.35	0.39
Total Mined grade	U <sub>3</sub> O <sub>8</sub> %	0.30	0.54	0.39	0.30	0.23	0.23	0.24	0.19
Total Mined lbs	Mlb U <sub>3</sub> O <sub>8</sub>	16.6	4.17	3.0	2.3	1.8	1.8	1.8	1.6

### **Waste Management**

Waste rock from the Raven pit is proposed to be deposited in an engineered dump adjacent to the pit. Due to the pit and deposit geometry, the existing road to the Rabbit Lake Facility will require re- routing. A total of 15.0 Mt (or 7.9 Mm<sup>3</sup>) of waste will be generated from the Raven pit. It was assumed that 25% of the waste dump would be underlain with a liner to manage potential geochemistry issues. Further testing is required to determine the geochemical characteristics of the waste rock and requirement for a lined facility.

All mill feed is assumed to be processed and all tailings deposited at the Rabbit Lake Facility. No tailings management facility has been considered for this PA. It should be noted that the mined-out Raven pit may make a suitable tailings deposition site for the Rabbit Lake plant. This opportunity has not been factored into the economics of this study but may represent an economic opportunity to UEX in the form of toll tailings storage if the production schedule is modified to mine the open pit first.

### **Capital and Operating Cost Estimates**

Capital (“CAPEX”) and operating (“OPEX”) cost estimates were based on late-2010 prices and are a combination of first principle calculations, factored costs for similar projects, vendor quotes and estimates based on experience.

It was assumed that open pit mining, due to the small size and short life of the Raven pit when using a metal price of US\$60/lb U<sub>3</sub>O<sub>8</sub> for mine design would be conducted by a mining contractor. UG mining would be done with an owner-operated fleet. Mineral processing was calculated with a 25% toll treatment mark-up over a base processing cost estimate. A capital cost estimate for an upgrade of the Rabbit Lake plant was conducted to ensure the plant could handle 3,000 tpd comprised of 1,000 tpd from Hidden Bay and 2,000 tpd from other sources. Tables 11 and 12 show a summary of the cost estimates.



**Table 11: Unit OPEX Estimate Summary**

Operating Factors	Unit (C\$)	Unit OPEX Estimate
UG Mining Cost	\$/t milled	67.75
OP Mining Cost	\$/t mined	2.70
OP Mining Cost	\$/t milled	106.68
Combined Mining Cost	\$/t milled	73.85
Toll Treatment Cost	\$/t milled	79.20
G&A (inc. trucking costs)	\$/t milled	11.00
Water Treatment	\$/t milled	1.83
Tailings Management	\$/t milled	35.00
<b>Average Unit operating Cost</b>	<b>\$/t milled</b>	<b>200.88</b>

**Table 12: Capital Cost Estimate Summary**

Item	Unit (C\$)	Total	Pre-production	Sustaining
Underground Mine	M\$	45.2	32.4	12.8
Open Pit	M\$	0.2	0.0	0.2
Rabbit Lake Mill Upgrades	M\$	12.3	12.3	0.0
Site and Facilities	M\$	18.9	18.9	0.0
Owner's Costs	M\$	22.0	22.0	0.0
Closure	M\$	10.0	0.0	10.0
EPCM (12%)	M\$	6.9	6.9	0.0
Contingency (25%)	M\$	28.9	23.1	5.8
<b>Total Capital Cost</b>	<b>M\$</b>	<b>144.5</b>	<b>115.7</b>	<b>28.8</b>

**Economic Analysis**

The economic analysis for the project was done using earnings before interest and taxes (“EBIT”). Three cases were run to provide a range of U<sub>3</sub>O<sub>8</sub> prices and their affect on the economic results. Case A used a US\$60/lb U<sub>3</sub>O<sub>8</sub> price to represent potential long-term pricing, Case B used the current spot price of US\$70/lb and Case C used a US\$80/lb U<sub>3</sub>O<sub>8</sub> price. The EBIT analysis shows that the project is very robust for all cases as summarized in Table 13. The break-even U<sub>3</sub>O<sub>8</sub> price is US\$44/lb.

**[Readers are cautioned that Cases B and C in Table 13 are no longer current as at March 16, 2016 and should not be relied upon due to the decline in uranium prices since the Preliminary Assessment Technical Report was prepared.]**

**Table 13: Economic Analysis Results**

Parameter	Unit	Case A	Case B	Case C
U <sub>3</sub> O <sub>8</sub> Price	US\$/lb U <sub>3</sub> O <sub>8</sub>	60	70	80
Royalty Payments (@10%)	M\$	99	115	132
EBIT NPV <sub>0%</sub>	M\$	246	394	542
EBIT NPV <sub>5%</sub>	M\$	163	267	371
EBIT IRR	%	42	55	66
EBIT payback period	Production years	1	1	1

## ***Conclusions***

Industry standard mining, process design, construction methods and economic evaluation practices have been used to assess the Horseshoe and Raven deposits. There is adequate geological and other pertinent data available to generate a PA.

Based on current knowledge and assumptions, the results of this study show that the project is economic and should be advanced to the next level of study by conducting the work indicated in the Recommendations section.

## ***Risks***

While there are many risks associated with most early-stage mining projects, many of those risks can be mitigated with appropriate information gathering and engineering work. The project does not appear to have any fatal flaws. The main risks associated with the Horseshoe and Raven project are, in summary:

- Geological Interpretation;
- Mineral Resource Classification;
- U<sub>3</sub>O<sub>8</sub> price and exchange rate;
- The ability to secure environmental permits;
- The ability to secure an appropriate toll treatment and tailings deposition agreement with a local processing plant;
- The ability to achieve operating and capital cost estimates; and
- The ability to meet dilution and extraction expectations.

## ***Opportunities***

The project has many opportunities for improvement, as detailed in Section 23.4, including:

- Expansion of mineable tonnes due to an increase in U<sub>3</sub>O<sub>8</sub> price or a reduction in operating costs;
- Expansion through the discovery of additional resources;
- Increased U<sub>3</sub>O<sub>8</sub> price or a stronger American dollar vs. the Canadian dollar;
- Synergies with established local producers to improve costs and efficiencies for all participants;
- The potential use of the Raven pit as a regional toll tailings management site; and
- The inclusion of the West Bear deposit in the overall project mine plan and economics.

## ***Recommendations***

There are risks associated with the geological interpretation and mineral resource classification. These should be reviewed prior to preliminary feasibility study (“PFS”) being carried out. It is recommended that the project be advanced to a PFS level that includes the West Bear, Horseshoe and Raven deposits. The PFS study would be supported by additional field work and information gathering for geotechnical, environmental, metallurgical and hydrogeological studies. It is also recommended that the project description be compiled and submitted to the government for review and advisement of specific guideline requirements. It is anticipated that the PFS study and associated information gathering will cost \$1.0M to 1.5M. Further recommendations details can be found in the Recommendations section of this report.

It is also recommended that additional exploration drilling be conducted to test further geological and geophysical targets in the vicinity of the Horseshoe and Raven deposits as well as targets in other areas of the Hidden Bay property.

***[Unless otherwise noted, the preceding discussion, from page 33 to page 44, was replicated without modification from the executive summary of the Hidden Bay Report.]***

## ***Additional Information***

The Preliminary Assessment Technical Report is based on drilling information at Hidden Bay up to February 2011. Subsequent to February 2011 the following exploration activities were undertaken on the Hidden Bay Project.

### *2011 Exploration and Evaluation Activities*

Given the successful results from drilling the Horseshoe and Raven deposits, a winter 2011 drilling program consisting of nineteen holes totalling 6,305 metres was carried out to test additional geological and geophysical targets in the area, and to test other property-wide targets, including Shamus Lake in northwestern parts of the project. The drilling intercepted anomalous mineralization and alteration in several areas, including 0.055%  $U_3O_8$  over 2.0 metres and 0.048%  $U_3O_8$  over 4.5 metres in drill holes SHA-046 and SHA-047 respectively, which suggest the potential for additional areas of basement mineralization.

In addition to drill holes which intersected the Raven Deposit, further drill holes were completed to the east of and surrounding the deposit to explore for new mineralized areas within or close to potential future mining infrastructure. No significant uranium mineralization was intersected in these drill holes. These drill holes did, however, provide geotechnical information related to open pit and underground mining design, including possible ramp access for underground development.

Additional diamond drilling was also carried out during the summer of 2011 in the Telephone Lake area of the Hidden Bay property consisting of three holes totalling 1,284 metres. The drilling program was designed to test for a strike extension at depth of the Sue E Deposit located just north of Hidden Bay. The drilling intercepted anomalous mineralization in several holes, including 0.036%  $U_3O_8$  over 0.5 metres and 0.017%  $U_3O_8$  over 2.0 metres in drill holes SP-238 and SP-240 respectively.

### *2012 Exploration and Evaluation Activities*

UEX completed a 2,898-metre drilling program consisting of 10 drill holes in the winter of 2012. The drilling program tested additional geological and geophysical targets approximately 1.5 kilometres south of the Horseshoe and Raven deposits.

UEX continued advance engineering studies on the Horseshoe, Raven and West Bear deposits. These studies further examined the economic viability of mining these deposits as a combined open pit and underground ramp access operation. This work followed on the previously released Preliminary Assessment which was completed in February 2011 and will form components of a future preliminary feasibility study ("PFS"). UEX intends to undertake a PFS when uranium commodity prices improve to a level sufficient to justify such a study.

UEX personnel worked with SRK Consulting Inc. ("SRK"), Ausenco Solutions Canada Inc. ("Ausenco"), Melis Engineering Ltd. ("Melis") and SENES Consultants Limited ("SENES") toward completing various components that would contribute to a preliminary feasibility study which included the following:

- Review of initial waste rock geochemistry program to characterize the metal leaching and/or acid rock drainage potential of the waste rock. A comprehensive program of 751 samples representing different types of waste rock from the Raven and Horseshoe deposit areas were submitted for acid base accounting (ABA) tests and trace element analyses. UEX also completed a review of previous drill logs throughout the entire Raven pit and re-examined extensive lengths of drill cores along three full cross sections.
- SRK reviewed comprehensive geotechnical field and laboratory data that was collected in 2011 and 2012 to determine representative geotechnical domains within the previously determined litho-structural domains, and the associated geotechnical parameters. Pit slope design parameters were defined for the Raven pit, and

underground mine design for the Horseshoe underground. Completion of the geotechnical design report is ongoing.

- SRK, Melis, SENES and UEX worked together to develop a strategy and terms of reference for water treatment requirements and release of treated water. This included hydrological analysis for conceptual level diversion design (ditches) around mine workings, and surface runoff estimates; hydrogeological evaluation for estimating groundwater inflow into underground workings and open pit during operations; conceptual design of water treatment processes and associated CAPEX and OPEX estimates are ongoing.
- Additional metallurgical tests were completed to look at settling characteristics of leach residue, which defines thickener size in the mill. The correct size of the thickeners and residence time is needed to ensure sufficient time for the desired separation at the anticipated mill feed rate.
- Preliminary site infrastructure design and OPEX and CAPEX estimates were completed by Ausenco.

### 2013 Exploration and Evaluation Activities

UEX personnel, along with various consultants, began to look at ways of optimizing the future mining and processing of the resources at Raven and Horseshoe. UEX began conducting field tests on waste rock materials which require a longer time frame to complete. In support of this, a field barrel testing program was set up by UEX personnel in August 2013. The field barrel tests were initiated to provide data in support of the source term predictions for the Horseshoe Deposit and to further assess the reactivity of waste rock from the Raven Deposit. Management believes that as a result of undertaking these various studies it has improved its knowledge of the deposits, potential mining scenarios, and the alternatives available for future development. These studies provide the basis for future project evaluation and potential development. UEX plans to defer further evaluation and development, such as the preparation of a preliminary feasibility study, until there is a sustained recovery of spot and long-term uranium commodity prices to more appropriate levels.

### 2014 Exploration and Evaluation Activities

Work completed in 2014 confirmed that previous operators on the Hidden Bay Project focused primarily on testing unconformity targets with little effort expended on testing basement targets at depths below the unconformity where the Millennium, Gryphon and Roughrider basement-hosted deposits were found. In the western half of the Hidden Bay property where Athabasca sandstone cover is present, less than 25% of the historical drilling extended deep enough below the unconformity to test for basement uranium mineralization.

UEX's existing unconformity-focused exploration database was used to generate high-quality basement targets with limited capital outlay.

Field review of historical drill core was undertaken in summer 2014 to identify high priority basement uranium targets for winter 2015 drilling:

- 12 target areas were identified from the Company's database of 1,800+ historic drill holes and exploration data as being prospective for basement-hosted uranium deposits.
- A field review of the historical drill core from six of the twelve target areas was completed.
- The Dwyer Lake and Wolf Lake areas were found to exhibit key characteristics associated with basement-hosted uranium deposits similar to the Millennium, Roughrider and Eagle Point deposits.

### 2015 Exploration and Evaluation Activities

In early 2015, UEX commenced exploration drilling programs at the Wolf Lake and Dwyer Lake exploration areas, which form part of the Hidden Bay Project. These areas are the first areas of twelve identified in 2014 which presented key characteristics that have been known to be associated with other uranium deposits in the Athabasca Basin.

At Wolf Lake, a previously unknown radioactive and hydrothermally-altered graphitic fault system was discovered during the 2015 drilling program. This new fault zone has the potential for both unconformity-style and basement hosted mineralization, with further exploration drilling warranted.

At Dwyer Lake, the 2015 drilling program confirmed the existence of a major hydrothermal clay alteration zone, which was one of the main reasons the area was identified for basement deposit potential during the 2014 core review program. The clay alteration zone turned out to be much larger than originally thought, so UEX chose to complete a ground resistivity survey to define the geographical limits of the alteration zone. Once the results of the survey have been interpreted, they will be used, along with the previously completed drilling results, to identify targets for the next drilling program.

Field review of historical drill core, which originally began in 2014, continued in the summer of 2015 and identified future drilling targets:

- A previously unknown and undocumented graphitic fault zone parallel to and north of the Mitchell Dwyer trend was noted and represents a classic unconformity-style target yet to be drilled.
- At the Umpherville River exploration area, which became part of the Hidden Bay exploration by acquisition in 2015, a weakly mineralized intercept at the unconformity which was originally drilled in 1977 is of particular interest. The intersection is very shallow (50 m) and the two holes designed to follow up on this intersection down dip in 1977 were lost in highly altered clay at the unconformity and did not properly test this promising target. The advancement of drilling technology should allow the Company to properly test this Umpherville River target in an upcoming exploration program.

#### 4.3.2 Western Athabasca Joint Venture Projects

##### Property Description and Location

Figure 12 – Western Athabasca JV Projects



The centre of the Western Athabasca Joint Venture Projects area, situated approximately 780 kilometres north of Saskatoon, Saskatchewan, is located in the western Athabasca Basin near past-producing uranium deposits in the Cluff Lake area (see Figures 2 and 12).

The Cluff Lake uranium deposits were discovered in 1969 by Amok Ltd., a predecessor company of AREVA, and eventually produced over 62 million pounds U<sub>3</sub>O<sub>8</sub> from seven deposits. Operations were suspended in 2002 and the mill site has been decommissioned.

AREVA acts as operator of exploration at the Western Athabasca Projects, which collectively are nine uranium projects, namely Shear Creek, Alexandra, Brander Lake, Coppin Lake, Erica, Laurie, Mirror River, Nikita and Uchrich, totalling 132,286 hectares (326,886 acres) in 71 claims, all of which are in good standing with expiration dates ranging from 2016 to 2035. AREVA has notified the Company that assessment credits relating to exploration work performed in 2014 will ensure that Laurie and Mirror River claims scheduled to lapse in 2015 and 2016, respectively, will remain in good standing to at least 2018 once assessment work is filed in 2015. Current and future assessment work credits will be applied to these claims. Coppin Lake was staked in late 2014 with no exploration work having been completed to December 31, 2015. AREVA proposed a budget for Coppin for 2015 for geophysics and line cutting; however, bids to complete the work were much higher than expected. UEX and AREVA agreed to cancel the program and let the claims lapse in 2016. UEX holds a 49.1% interest in the Projects, except for Laurie (42.2%) (see “3.1 – Overview”).

Permits for timber removal, work authorization, temporary work camp, shoreland alteration and road construction are required for most exploration programs from the Saskatchewan Ministry of Environment and Saskatchewan Watershed Authority. Necessary permits include a Surface Exploration Permit, a Forest Product Permit and an Aquatic Habitat Protection Permit. All drilling programs require a Term Water Rights license from the Saskatchewan Watershed Authority. All permits are renewed on a program by program basis as required.

As at December 31, 2015, there were no known environmental liabilities on the Western Athabasca Projects.

## History of Exploration on the Western Athabasca Joint Venture Projects

2015	Drilling programs at Shea Creek and Erica and electromagnetic surveys at Shea Creek and Laurie
2014	A ground geophysical program consisting of a Tensor Magnetotelluric survey was completed on the Erica Project
2014	Drilling programs at the Mirror River and Laurie Projects
2013	Updated Shea Creek mineral resource estimate released for Anne, Kianna, Colette and 58B deposits. Douglas River and Shea Creek Projects were merged
2011 - 2012	Drilling programs continued to identify new mineralization at the Shea Creek Project and drilling was conducted at the former Douglas River Project (now part of Shea Creek) in 2011
2010 - 2011	Ground geophysical studies at the Mirror River Project
2010	Shea Creek mineral resource estimate released for the Anne, Kianna and Colette deposits. 58B identified as an emerging new deposit
2008 - 2009	Drilling programs at the Shea Creek Project
2007	UEX earned a 49% interest in the Western Athabasca Projects, including the Shea Creek Project
2007	Drilling programs at the Shea Creek and Mirror River Projects
2006	Kianna Deposit and new areas of mineralization identified along the prospective corridor
2006	Drilling program at the Shea Creek Project
2005	Drilling programs at the Shea Creek and Alexandra projects
2004	Drilling program at the Shea Creek Project
2004	UEX entered into an agreement to fund \$30 million of drilling managed by AREVA to earn a 49% interest in the Western Athabasca Projects
2003 - 2006	Drilling programs at the Laurie Project in 2003, 2005 and 2006
2002 - 2004	First-pass airborne surveys over the Western Athabasca Projects
2001	Drilling program at the Alexandra Project
1998 - 2005	Drilling programs at the Erica Project in 1998, 2001 and 2005
1994 - 2000	Anne and Colette deposits identified along with other mineralized intercepts along the Saskatoon Lake Conductor
1994	Drilling commenced at the former Douglas River Project (now part of Shea Creek)
1991 - 1992	Ground electromagnetic surveys better outlined conductors and drilling commenced on the Shea Creek property
1990	Airborne GEOTEM electromagnetic and magnetic surveys identified the presence of conductive north-northwest trending zones
1980 - 2002	AREVA's nearby Cluff Lake Mine produced over 62 million pounds of U3O8
1969	A predecessor company of AREVA discovered the Cluff Lake uranium deposits in the western Athabasca Basin, having been led to the area by airborne radiometric anomalies
1960s	Initial exploration of the western Athabasca region

## Shea Creek Project

The following information pertaining to the Shea Creek Project, the flagship project of the Western Athabasca Projects, is extracted from the summary section of the current technical report on the Shea Creek Project, entitled “Technical Report on the Shea Creek property, Northern Saskatchewan with an updated mineral resource estimate” (the “2013 Shea Creek Technical Report”), written by R. Sierd Eriks, B.A. (Geol.), P.Geo., J. Gray, B.Sc., P.Geo., David A Rhys, M.Sc., P.Geo. and S. Hasegawa, B.Sc., P.Geo., with an effective date of May 31, 2013. The 2013 Shea Creek Technical Report is incorporated in its entirety into this Annual Information Form by reference. A copy of the 2013 Shea Creek Technical Report was filed on SEDAR on May 31, 2013 and may be accessed on SEDAR ([www.sedar.com](http://www.sedar.com)) under the Company’s profile. The mineral resource estimate presented in the report was prepared by James N. Gray, P.Geo., of Advantage Geoservices Limited in April 2013.

The following summary does not purport to be a complete summary of the 2013 Shea Creek Technical Report and is subject to all the assumptions, qualifications and procedures set out in the 2013 Shea Creek Technical Report and is qualified in its entirety with reference to the full text of the 2013 Shea Creek Technical Report. Readers should read this summary in conjunction with the 2013 Shea Creek Technical Report. The numbering of the tables presented in the summary has been updated to conform to the numbering in the 2014 Annual Information Form. Since the release of the 2013 Shea Creek Technical Report, UEX have increased their share of ownership in the Western Athabasca Joint Venture, inclusive of Shea Creek and the mineral resources thereon, to approximately 49.1%.

The 2013 Shea Creek Technical Report supersedes all previous technical reports on the Shea Creek property. These superseded reports are no longer effective and should no longer be relied upon.

***[Unless otherwise noted, the following pages, up to and including “Exploration Potential and Recommendations” on page 55, have been replicated from the executive summary of the 2013 Shea Creek Technical Report without modification.]***

This Form 43-101F1 technical report was prepared in respect of a new mineral resource estimate and significant updated exploration results from the Shea Creek property (“Shea Creek”) in northern Saskatchewan, in which UEX Corporation (“UEX”) has a 49% interest. Shea Creek, which contains the Kianna, Anne, Colette and 58B uranium deposits, is located in the western Athabasca Basin of northwestern Saskatchewan, one of the most prolific uranium producing regions in the world. The property is 700 km north-northwest of the city of Saskatoon and approximately 20 km east of the border with the province of Alberta. It comprises eleven mineral dispositions totalling 19,581 hectares (196 km<sup>2</sup>), which are registered to AREVA Resources Canada Inc. (“AREVA”). Shea Creek is subject to a joint venture (the “Joint Venture”) between AREVA (51% interest) and UEX (49% interest), with AREVA acting as project operator.

UEX acquired its interest in Shea Creek through an option agreement (“the Agreement”) which was signed in March, 2004. Under the Agreement, UEX was granted an option to acquire a 49% interest in eight uranium projects located in the Western Athabasca Basin that included Shea Creek from COGEMA Resources Inc. (“COGEMA”), the predecessor to AREVA, by funding C\$30 million in exploration expenditures over an eleven year period. UEX fulfilled the option terms of the Agreement well ahead of the maximum eleven year period by December 31, 2007. Under the terms of the Agreement, UEX granted AREVA a royalty in an amount equal to US\$0.212 per pound of future uranium in concentrate produced from the Anne and Colette deposits, to a maximum total royalty of US\$10.0 million.

In April, 2013, AREVA granted UEX an option to increase UEX’s interest in the nine Western Athabasca Projects, which include Shea Creek, to 49.9% through the expenditure by UEX of an aggregate of C\$18.0 million (the “Additional Expenditures”) on exploration drilling, intended to advance the four known Shea Creek deposits.

Shea Creek lies 15 km south of the formerly producing Cluff Lake mine. It can be accessed by the all-weather, maintained gravel Provincial highway #955, which passes through the property. A gravel airstrip located near the former Cluff Lake mine provides year round access to passenger aircraft and several large lakes in the area also allow float/ski plane access. Field operations at Shea Creek have been conducted from the former Cluff Lake mine camp.



## ***Exploration History***

The western portions of the Athabasca Basin were initially explored in the 1960's as exploration activities expanded outward from the established Beaverlodge uranium district. After airborne radiometric surveys in the late 1960's, ground prospecting followed by drilling led to the discovery the Cluff Lake deposits. Production from the Cluff Lake deposits commenced in 1980 and operations continued until 2002. Total production from the Cluff Lake mine site amounted to 64.2 million lbs U<sub>3</sub>O<sub>8</sub> at an average grade of 0.92% U<sub>3</sub>O<sub>8</sub>, from several deposits.

Despite its proximity to Cluff Lake, systematic exploration on the Shea Creek property did not commence until 1990 when Amok Limited ("Amok") conducted an airborne GEOTEM electromagnetic (EM) survey which identified conductive north-northwest trending zones underlying the Athabasca sandstone sequence. Subsequent follow-up with ground electromagnetic surveys further refined position of the conductors, prompting Amok to reducing their mineral permit area claim to claims which now comprise the Shea Creek property. Amok drilled several of the EM conductors in 1992, intersecting narrow intervals of uranium mineralization in northern parts of the property near the sub-Athabasca unconformity. In 1993 ownership of the property was transferred to COGEMA (now AREVA), who continued exploration by drilling to the north the same conductive basement unit – now known as the Saskatoon Lake Conductor - and between 1994 and 2000, drilled more than 95,000 m in 156 drill holes. These resulted in discovery of the Anne and Colette deposits. Between 2000 and 2003, no drilling was completed, but additional airborne and ground EM surveys were undertaken to further enhance targeting.

In March, 2004, COGEMA (now AREVA) and UEX signed the option agreement. Drilling recommenced funded by UEX and between 2004 and December, 2012, approximately 141,317.0 m of drilling in 307 diamond drill holes was completed under management by AREVA. The drilling programs during this period resulted in the discovery and partial delineation of the Kianna Deposit between the Colette and Anne deposits, and discovery of new areas of mineralization along the prospective corridor between Anne and Colette (e.g. Colette South mineralization, 58B Deposit, and Kianna South). Exploration during this period also included a MEGATEM® survey of the property area, and ground-based geophysical surveys, which included a DC resistivity survey in 2005 that outlined several significant untested, or poorly tested, resistivity lows and a Tensor Magnetotelluric (MT) survey in 2008. In total, 240,628.5 m of drilling in 470 drill holes have been completed on the Shea Creek property since systematic exploration began in 1992, up to December 31, 2012.

## ***Geological Setting***

Local geology at Shea Creek comprises 400 to 800 m of Athabasca Group sandstone which unconformably overlie Lloyd Domain amphibolite-grade granitic and pelitic gneisses. The latter includes the Saskatoon Lake Conductor ("SLC"), a 40 to 80 m thick north-northwest trending and west-southwest dipping graphitic pelitic gneiss unit that is spatially associated with mineralization. The gneiss sequence is affected by penetrative syn-metamorphic deformation that occurred in at least two foliation forming phases during the 1950-1900 Ma Taltson orogeny. These peak metamorphic fabrics are overprinted by northeast-trending, right-lateral/oblique, retrograde mylonitic shear zones (D3; probable Hudsonian age) including the regional Beatty River Shear zone, and northeast-trending second and third order narrow mylonitic shear zones which offset the SLC. Post-Athabasca faulting remobilizes these mylonites, and is also associated with up to 50 m of reverse displacement of the unconformity along the R3 fault at the base of the SLC. Textural and geometrical relationships suggest that uranium mineralization was coeval with the late faulting, and that the architecture of the older D3 shear zones may have had a fundamental control on the position of mineralization.

## ***Uranium Mineralization***

To date, four uranium deposits have been discovered over a 3 km strike length along the SLC in northern parts of the Shea Creek property: Kianna, Anne, Colette and 58B. Uranium mineralization in these deposits occurs in three stacked styles that encompass the full range of types of unconformity uranium deposits. Most extensive is flat lying, massive pitchblende- hematite and chlorite matrix breccia-hosted mineralization which straddles the unconformity along, and immediately east of, the trace of the SLC. Breccia mineralization occurs both as pitchblende-coffinite fragments and as matrix replacement, suggesting it may have occurred in pulses that temporally spanned brecciation. Continuous

unconformity mineralization occurs along the SLC for much of the 2.5 km known strike extent of the Shea Creek deposits, and is thickest and highest grade where basement mineralization lies beneath it. Basement mineralization forms a significant portion of the Shea Creek uranium inventory, and is most extensive at the Kianna Deposit. It comprises a) concordant reverse fault-hosted mineralization which often extends from the unconformity downward into granitic gneiss in the immediate footwall of the SLC, and b) discordant fault, vein and replacement pitchblende mineralization which occurs in steep, east- west to west-northwest trending, zones that may extend for several hundred metres below the unconformity, and which occurs along or beside remobilized mylonitic shear zones. Basement mineralization thickens where concordant and discordant faults intersect, forming west-plunging oreshoots. Lensoidal zones of perched mineralization are locally present up to several tens of metres above the unconformity often where reduced, pyritic chlorite alteration extends into the Athabasca sandstone above areas of basement and thicker unconformity mineralization.

### ***Drilling Methods, Sampling and Results***

Due to the greater than 600 m target depths, drilling is generally conducted by penetrating overburden with HW diameter casing followed by HQ coring to 400 m depth. The holes are typically completed by reducing to NQ-sized core (47.6 mm core diameter) which is the typical core size testing mineralization at target depths. Since 1999, directional drilling utilizing wedge cuts from a master (pilot) drill hole have been completed in areas where closely spaced drill holes are required to define mineralization. The directional drilling process reduces the overall quantity of coring required, and allows controlled drilling of deep targets. As is standard practice in uranium exploration, at the completion of each drill hole, downhole radiometric geophysical probing surveys are performed from the bottom of the hole up through the drill string.

Drill core sampling is conducted to industry standards, utilizing geological controls and scintillometer reading to determine position of mineralized intervals and sampling lengths. Mineralized samples, typically at 0.5 m intervals, are split, with half remaining in the core box, and the other half placed in a sample bag and numbered for geochemical analysis. Samples are analyzed geochemically at the Saskatchewan Research Council Geoanalytical Laboratories (“SRC”) in Saskatoon, an ISO/IEC 17025:2005 accredited facility that is certified by the Canadian Association for Laboratory Accreditation Inc. Samples are analyzed for uranium by ICP-MS (Inductively Coupled Plasma Mass Spectroscopy) for samples with grades lower than 1,000 ppm U, and U<sub>3</sub>O<sub>8</sub> uranium assay by ICP-OES (Inductively Coupled Plasma Optical Emission Spectroscopy) for samples determined by ICP-MS to contain uranium concentrations higher than 1,000 ppm U.

In addition to the geochemical analyses, downhole radiometric probe data are available for most drill holes. As is standard practice in uranium exploration in the Athabasca Basin, the probe data can be used to estimate uranium grade when sufficient geochemical data are available to calibrate the probe results to specific mineral deposits or mineralized areas. The converted probe data, which are denoted as “eU<sub>3</sub>O<sub>8</sub>”, then provide a basis of comparison for the geochemical data, and allow estimation of uranium grade of mineralized intervals in areas of poor core recovery where representative sampling is not possible. Composited drilling results in areas of less than 80% core recovery, or where sampling is incomplete, are reported here as equivalent probe data.

Drilling on the northern Shea Creek has resulted in the intersection of numerous significant areas of uranium mineralization associated with the 3 km corridor hosting the Anne, Kianna and Colette deposits. Drill holes generally have steep dips of 75° or steeper which generally cross the flat-lying lenses of unconformity-hosted and perched mineralization styles at a high angle that is close to, or at true thickness. Mineralized intercepts of discordant basement mineralization have more complex morphology, and can contain combinations of steeply dipping vein-like mineralization which occurs at shallow core axis angles to many drill holes, in combination with foliation parallel, shallower dipping components which may form oreshoots.

## ***Mineral Resource Estimates***

### ***Previous resource estimate***

In May 2010, UEX released an initial mineral resource estimate for the Kianna, Anne and Colette deposits on the Shea Creek property, which is documented in a Technical Report with an effective date of May 26, 2010 which was filed on SEDAR at [www.sedar.com](http://www.sedar.com) on July 9, 2010. The 2010 Shea Creek resource estimate was prepared by K. Palmer, P.Geo., of Golder Associates Ltd., an independent Qualified Person as defined by N.I. 43-101. The resource estimate utilized 361 diamond drill holes (totalling 292,100 m) which were drilled from 1992 to 2009, and was based on mineralized wireframe models from the deposits that were constructed using a minimum cut-off grade of 0.05% U<sub>3</sub>O<sub>8</sub>. The resource estimate utilized a geostatistical block model technique of ordinary kriging using the DATAMINE Studio 3 software package. The resource database utilized primarily uranium geochemical analyses from the Saskatchewan Research Council (SRC) Geoanalytical Laboratories in Saskatoon, Saskatchewan. In cases where geochemical analyses were not available due to incomplete sampling or core recovery issues, downhole gamma probe data were used to calculate equivalent uranium grades based on correlation of assays with previous probe results. A total of 678 dry bulk density samples, representing all rock types and mineralization styles from the three Shea Creek deposits, form a comprehensive basis for the density component of the resource estimate.

The 2010 uranium mineral resource estimate for the three Shea Creek deposits, Kianna, Anne and Colette, at a cut-off grade of 0.30% U<sub>3</sub>O<sub>8</sub>, total:

- **63.57 million pounds of U<sub>3</sub>O<sub>8</sub>** in the Indicated mineral resource category comprising 1,872,600 tonnes grading 1.54% U<sub>3</sub>O<sub>8</sub>
- **24.53 million pounds of U<sub>3</sub>O<sub>8</sub>** in the Inferred mineral resource category comprising 1,068,900 tonnes grading 1.04% U<sub>3</sub>O<sub>8</sub>

### ***Current resource estimate***

This report documents a new, updated mineral resource estimate for the Shea Creek deposits, Kianna, Anne, Colette and 58B, supporting a UEX news release dated April 17, 2013. This current mineral resource estimate was completed by James N. Gray, P.Geo., of Advantage Geoservices Limited (“Advantage”). The estimate is based on drilling information up to December 31, 2012 and utilized results of 477 diamond drill holes (totalling 402,800 m) which were drilled since 1992. Drill spacing across the deposits is variable, ranging between 5 m to greater than 50 m. On average, Indicated blocks are within 8 m of a drill hole and Inferred blocks within 16 m. As with the previous resource estimate, the mineralized wireframe models from the Kianna, Anne, Colette and 58B deposits bounding perched, unconformity and basement mineralization were prepared at a 0.05% U<sub>3</sub>O<sub>8</sub> cut-off and used to constrain the mineral resource estimate at each deposit area. Estimation was by ordinary kriging using Gemcom Software. The impact of anomalously high-grade samples was controlled through a process of grade capping as well as restriction placed on high-grade interpolation distances.

The mineral resource estimate primarily utilized uranium geochemical analyses from the Saskatchewan Research Council (SRC) Geoanalytical Laboratories in Saskatoon, Saskatchewan, obtained through ICP-MS (Inductively Coupled Plasma Mass Spectroscopy) for samples with grades lower than 1,000 ppm U, and U<sub>3</sub>O<sub>8</sub> uranium assay by ICP-OES (Inductively Coupled Plasma Optical Emission Spectroscopy) for samples determined by ICP-MS to contain uranium concentrations higher than 1,000 ppm U. In addition to AREVA’s internal quality controls, duplicate and independent check analyses were performed by UEX on sample suites representing approximately 5% of the mineralized assay database since mineralization was discovered in 1992. In cases where geochemical analyses were not available due to incomplete sampling or core recovery issues, downhole gamma probe data were used to calculate equivalent uranium grades obtained using a DHT27-STD gamma probe which collects continuous readings along the length of the drill hole. Probe results are calibrated using an algorithm calculated from the comparison of probe results against geochemical analyses in previous drill holes in the Shea Creek area. A total of 674 dry bulk density samples, representing all rock types and mineralization styles from the Shea Creek deposits, form a comprehensive basis for the density component of the mineral resource estimate.

The updated uranium mineral resource estimate for the four Shea Creek deposits, Kianna, Anne, Colette and 58B, at a cut-off grade of 0.30% U<sub>3</sub>O<sub>8</sub>, total:

- **67.66 million pounds of U<sub>3</sub>O<sub>8</sub>** in the Indicated mineral resource category comprising 2,067,900 tonnes grading 1.48% U<sub>3</sub>O<sub>8</sub>
- **28.19 million pounds of U<sub>3</sub>O<sub>8</sub>** in the Inferred mineral resource category comprising 1,272,200 tonnes grading 1.01% U<sub>3</sub>O<sub>8</sub>

This estimate confirms that Shea Creek remains the largest undeveloped uranium resource in the Athabasca Basin. It also ranks as the third largest uranium resource in the Basin, exceeded in size only by McArthur River and Cigar Lake. Mineral resources at Shea Creek are still largely open and have excellent potential to expand significantly as drilling continues.

The changes in the mineral resource since the 2010 estimate reflect substantial increases in the basement mineral resources of the Kianna Deposit and new mineral resources from the recently defined 58B Deposit. However, these are also partly offset by mineral resource losses at Colette due to the restriction of mineralization in central and southern parts of that deposit based on new infill drilling there.

Mineral resource estimates at various cut-off grades are summarized in Table 14.

**Table 14: Current, April, 2013 Shea Creek Mineral Resource Estimate, showing tonnes and grade at various U<sub>3</sub>O<sub>8</sub> % cut-off grades.**

This mineral resource estimate was completed in April 2013 incorporating drilling information up to December 31, 2012, and using CIM standards of estimation of mineral resources and reserves.

Category	Cut-off U <sub>3</sub> O <sub>8</sub> (%)	Tonnes	Grade U <sub>3</sub> O <sub>8</sub> (%)	U <sub>3</sub> O <sub>8</sub> (lbs)
Indicated	0.1	3,227,300	1.018	72,458,000
	<b>0.3</b>	<b>2,067,900</b>	<b>1.484</b>	<b>67,663,000</b>
	0.5	1,464,800	1.935	62,492,000
	1.0	795,800	2.966	52,047,000
	1.5	521,300	3.883	44,625,000
Inferred	0.1	2,601,600	0.586	33,616,000
	<b>0.3</b>	<b>1,272,200</b>	<b>1.005</b>	<b>28,192,000</b>
	0.5	784,500	1.388	23,999,000
	1.0	340,100	2.310	17,323,000
	1.5	215,600	2.937	13,961,000

The majority of the estimated mineral resource is in the Kianna and Anne deposits, over an approximately one km strike length in southern parts of the Shea Creek deposit trend where a significant portion of the resource lies in basement rocks beneath the Athabasca unconformity. In this area, a combined indicated mineral resource at the Kianna and Anne deposits at a cut-off grade of 0.3% U<sub>3</sub>O<sub>8</sub> totals 59.6 million pounds of U<sub>3</sub>O<sub>8</sub> grading 1.69% U<sub>3</sub>O<sub>8</sub> in the Indicated category, and an additional 19.5 million pounds of U<sub>3</sub>O<sub>8</sub> grading 1.27% U<sub>3</sub>O<sub>8</sub> in the inferred category. Notably, at a 1.0% U<sub>3</sub>O<sub>8</sub> cut-off grade, most of the resource is retained at much higher grade. At this cut-off grade, the combined mineral resource at the Kianna and Anne deposits totals 48.3 million pounds of U<sub>3</sub>O<sub>8</sub> grading 3.18% U<sub>3</sub>O<sub>8</sub> in the Indicated category and 14.4 million pounds of U<sub>3</sub>O<sub>8</sub> grading 2.59% U<sub>3</sub>O<sub>8</sub> in the Inferred category.

#### ***Exploration Potential and Recommendations***

The Shea Creek property is highly prospective for discovery of additional uranium mineralization. Several levels of exploration potential are apparent. In known deposits, potential exists to expand the dimensions of high grade pods between, or outward from, previous drill holes. The high grade Kianna East zone of basement mineralization which

was discovered in 2012 is open in many directions and will form a principal target for future follow-up drilling. Exploration potential exists for step-out drilling into open areas of mineralization, for example to expand the Kianna basement zone and to test open mineralization down dip in the Colette area. Gaps in drilling still lie along the main prospective corridor between Anne and Kianna and between Kianna and Colette also have high potential for new discoveries for both mineralization at the unconformity and in basement rocks. Outside of the 3 km strike length hosting the known deposits, drilling along the Saskatoon Lake Conductor is sparse and widely spaced, despite previous intersections of mineralization and anomalous alteration in several areas to the southeast of the Anne Deposit and to the northwest of the Colette Deposit.

Elsewhere on the Shea Creek property exploration is at early stages and targets are mainly geophysical (EM conductors and resistivity) with little or no drilling. Prospective areas of low resistivity with similar signature to the area around the Kianna, Anne, Colette and 58B deposits occur along the Klark Lake conductor in northwestern parts of the property. Low resistive zones lying between the Saskatoon Lake and Clark Lake conductors also form prospective targets that could represent alteration along discordant fault zones. Expansion of resistivity surveys to other parts of the property is recommended to further identify other low resistivity targets.

An exploration program at Shea Creek for 2013 is proposed to explore two principal areas:

1. To the southeast of the Anne Deposit, where initially a 50.4 km geophysical Tensor Magnetotelluric ("MT") survey to further refine the position and potential areas of offset along northeast-trending faults crosscutting the SLC that may control the position of mineralized zones. This is proposed to be followed by drilling totalling approximately 5,000 m to test for up to 2 km southeast of the Anne Deposit where there are only four previous drill holes in this area, including drill hole SHE-24 which intersected low grade uranium mineralization. The drilling will assess untested gaps between existing drill holes, some of which are more than 800 m apart, and also test areas where initial drill holes intersected only the margins of the prospective corridor. Costs for this program, are estimated at approximately C\$3.1 million, of which UEX, as 49% partner, is responsible for C\$1.52 million.
2. Drill testing of basement targets proximal to the Kianna Deposit, including testing of open areas of mineralization in the Kianna East Zone. A budget of C\$2.0 million is proposed for this program, which will be funded by UEX under the terms of the Additional Expenditure agreement that was announced in a UEX news release dated April 10, 2013.

***[Unless otherwise noted, the preceding discussion, from page 50 to page 55, was replicated without modification from the executive summary of the 2013 Shea Creek Technical Report.]***

### ***Additional Information***

The 2013 Shea Creek Technical Report is based on drilling information at Shea Creek up to December 31, 2012. Readers are cautioned as follows:

- In the Shea Creek Technical Report summary above:
  - Shea Creek was reported as the largest undeveloped uranium resource in the Athabasca Basin. As at March 16, 2016 it is one of the largest undeveloped uranium resource, exceeded in size by the Arrow, Triple R and Millennium deposits.
  - Shea Creek was reported as the third largest uranium resource in the Basin, exceeded in size only by McArthur River and Cigar Lake. As at March 16, 2016, it has also been exceeded by the Arrow, Triple R and Millennium deposits.

Subsequent to December 31, 2012 the following exploration activities were undertaken on the Shea Creek Project:

### 2013 Shea Creek Exploration and Evaluation

The 2013 main exploration program had a budget of \$3.1 million, of which UEX funded its 49% share, or \$1.52 million. This exploration program consisted of a \$0.5-million geophysical program in the northern Colette and southern Anne areas which began in May and a \$2.6-million drilling program south of the Anne Deposit and along the Saskatoon Lake East Conductor east of the Anne and Kianna Deposits that commenced in early June. In addition, one hole tested open portions of the northern part of the Kianna Deposit (“Kianna North”). The 2013 exploration program focused on the highly prospective Saskatoon Lake Conductor (“SLC”) which continues to the south of Anne. The SLC represents a faulted graphitic unit beneath the overlying Athabasca sandstone and is spatially associated with the Colette, 58B, Kianna and Anne deposits all of which occur along and adjacent to this conductor over a three-kilometre strike length in the northern parts of Shea Creek. The 2013 exploration program commenced in May with a geophysical Tensor Magnetotelluric (“MT”) survey to further refine the position and potential areas of offset along northeast-trending faults crosscutting the SLC. A total of 50.4 line-kilometres were surveyed which extended the previous MT coverage for approximately six kilometres southeast of Anne and infilled two additional lines to the north.

#### *Drilling Results – Anne South*

Drilling totalling 4,849.0 metres was carried out south of the Anne Deposit.

- Holes SHE-24-1 and SHE-24-2 targeted the up-dip (northeast) and down-dip (southwest) extensions of mineralization in SHE-24 respectively.
  - Hole SHE-24-1 intersected minor mineralization of 0.05% eU<sub>3</sub>O<sub>8</sub> over 1.9 metres within weakly hematized conglomeratic sandstone, including 0.17% eU<sub>3</sub>O<sub>8</sub> over a narrow 0.2 metre interval just above the unconformity from 703.3 to 703.5 metres.
- Hole SHE-143-1 intersected 0.143% eU<sub>3</sub>O<sub>8</sub> over 0.9 metres from 765.4 to 766.3 metres.
- Hole SHE-143-2 intersected 0.211% eU<sub>3</sub>O<sub>8</sub> over 0.9 metres.

#### *Drilling Results – Saskatoon Lake East Conductor - East of Anne*

A total of 1,329.0 metres of drilling was completed east of the Anne Deposit (see Figure 7). No significant uranium mineralization was encountered.

#### *Drilling Results – Saskatoon Lake East Conductor - East of Kianna*

Drilling totalling 1,673.0 metres was carried out east of the Kianna Deposit (see Figure 7). No significant uranium mineralization was encountered.

#### *Drilling Results – Kianna North*

This area, also referred to as the GAMP Zone, includes a zone of mineralization which lies to the north of the main Kianna basement zone and was initially intersected in 2010. This zone of mineralization, which was incorporated into the 2013 updated mineral resource estimate, is still open to the east. Additional mineralized intercepts, which lie outside of this resource, define further prospective targets for similar mineralization styles.

- One hole, SHE-135-17, expanded the eastern extension of basement-hosted mineralization in the Kianna North area (see Figure 8). Results from this drill hole include:
  - (UC) 0.33% eU<sub>3</sub>O<sub>8</sub> over 9.4 metres.
  - (B) 0.80% eU<sub>3</sub>O<sub>8</sub> over 31.5 metres, *including*: 4.05% eU<sub>3</sub>O<sub>8</sub> over 4.1 metres.

### 2013 Supplemental Exploration Program – \$2.0 Million

In addition to the \$3.1-million exploration program, a \$2.0-million supplemental exploration program was completed on the Shea Creek Project, funded by UEX under the option agreement with AREVA which allows up to \$4.0 million of additional expenditures in any year of the agreement.

The 2013 supplemental drilling program consisted of 4,125.5 metres designed to test open portions of the high-grade Kianna East mineralized zone (see Figure 7 for drilling area). Considerable exploration success was achieved in this area in 2012. The drilling program was completed in early November 2013.

#### *Kianna East*

Kianna East represents a shallow southwest-dipping zone of mineralization which lies approximately 80 to 110 metres below and east of the main Kianna basement zone and about 200 metres below the unconformity (see Figure 9). Given the orientation of the drill holes, the Kianna East intercepts lie at or close to true thickness.

This high-grade zone occurs parallel to and along the top of a southwest-dipping graphitic unit which forms an electromagnetic (EM) anomaly to the east of, and parallel to, the Saskatoon Lake Conductor (see Figure 7 inset). The new zone is open to the northwest, southeast and up dip to the northeast.

#### *Drilling Results – Kianna East*

One new pilot hole, SHE-142, and three directional drill holes, SHE-142-1, SHE-142-2 and SHE-142-3, were completed to test the up dip projection, the northern, eastern and southern extensions respectively of the previous drilling in Kianna East (see Figure 9).

Highlights of the drill results include:

- Hole SHE-142 intersected 0.85% eU<sub>3</sub>O<sub>8</sub> over 22.3 metres, including 5.93% eU<sub>3</sub>O<sub>8</sub> over 1.4 metres, and 1.30% eU<sub>3</sub>O<sub>8</sub> over 6.9 metres.
- Hole SHE-142-2 intersected several pitchblende veins from 842.9 to 843.3 metres with mineralization grading 0.31% eU<sub>3</sub>O<sub>8</sub> over 0.4 metres.
- Hole SHE-142-3 intersected 0.99% eU<sub>3</sub>O<sub>8</sub> over 5.3 metres, including: 3.21% eU<sub>3</sub>O<sub>8</sub> over 1.5 metres; and also intersected a second zone of mineralization averaging 0.63% eU<sub>3</sub>O<sub>8</sub> over 0.6 metres.
- Hole SHE-135-16 intersected 0.73% eU<sub>3</sub>O<sub>8</sub> over 1.9 metres, and 0.48% eU<sub>3</sub>O<sub>8</sub> over 3.0 metres.

The mineralization in drill hole SHE-142 expands Kianna East mineralization approximately 15 metres to the east of drill hole SHE-118-24 and maintains a substantial width. The position of the drill hole suggests that the zone still continues to the northeast of the previously reported drilling beyond the 2013 Shea Creek resource estimate and there may be potential for the thick, higher-grade areas seen in previous drilling to extend into this area.

### 2014 Shea Creek Exploration and Evaluation

No significant field exploration activities were carried out on the Shea Creek Project in 2014.

### 2015 Shea Creek Exploration and Evaluation

The 2015 exploration programs consisted of drilling in four areas for a total of 8,184.9 m of drilling in twelve holes and approximately 31.5 km of electromagnetic surveying on the southernmost Shea Creek claim using a moving-loop SQUID electromagnetic survey:

- In the first quarter of 2015, one drill hole was completed to test the sparsely explored southernmost extent of the SLC at the southern end of the Shea Creek property where unconformity depths are in the range of 450 to 500 m. This hole successfully intersected its target at the unconformity but did not encounter anomalous uranium radioactivity or alteration.
- Approximately 31.5 km of electromagnetic surveying was completed in mid-April 2015 on the southernmost Shea Creek claim using a moving-loop SQUID electromagnetic survey.
- During the summer 2015 program, six holes were drilled to follow up on hole SHE-2 which was the first mineralized hole encountered on the property during a systematic drilling campaign of the SLC undertaken in 1992 by Amok, a previous operator of the project. SHE-2 intersected uranium mineralization (0.342% U<sub>3</sub>O<sub>8</sub> over 0.4 m) associated with the SLC. Until this program, the SHE-2 intersection had not been followed up with additional drilling as other mineralized holes that tested the SLC led the exploration team toward the discovery of the current Shea Creek Deposits approximately 2.0 km to the north. In addition, SHE-127, located approximately 200 m northwest and along strike of SHE-2, also encountered basement mineralization approximately 35 m below the unconformity.
  - AREVA, the project operator, was motivated by the drilling results to allocate remaining WAJV funds to drill additional holes. This drilling was encouraging, but was still over 100 m away from the SHE-2 target which remains open for testing.
  - Five directional offcuts were completed from SHE-127 to test the extent of mineralization to the north of SHE-2. Notable alteration and structure were intersected in all offcuts with three returning significant elevated radioactivity. The sixth hole was completed 185 m north of SHE-127 and successfully intersected the unconformity and narrow zones of structure and alteration within the sandstone.
- A total of four holes were drilled to test along the sparsely explored SLC 3 to 4 km south of the Shea Creek Deposits. Conductive basement lithologies and notable structure were intersected in three holes; however, no significant alteration or elevated radioactivity was noted.
- One drill hole was completed to intersect a previously untested electromagnetic conductor parallel to and west of the SLC, approximately 650 m southwest of the Anne Deposit. This hole intersected fresh basement lithologies with no apparent conductive package.

### ***Other Western Athabasca Joint Venture Projects***

#### Other 2013 Western Athabasca Exploration and Evaluation

No significant exploration work was carried out in 2013 on the Alexandra, Brander Lake, Erica, Laurie, Mirror River, Nikita or Uchrich Projects as financial resources were focused on the Shea Creek Project.

#### Other 2014 Western Athabasca Exploration and Evaluation

An annual 2014 program with a cost of approximately \$2.0 million (Erica - \$600,000, Laurie - \$700,000 and Mirror River - \$700,000) has been completed and UEX funded approximately \$1.0 million.



### *Erica Project – Geophysical Program*

A ground geophysical program consisting of a Tensor Magnetotelluric (“MT”) survey on the Erica Project commenced in mid-April and was completed in mid-June of 2014. Total MT coverage was 50.4 line-km along eleven profiles. This program cost \$600,000 of which UEX funded its 49.1% share, or approximately \$294,600. The objective was to define 2015 drill targets by investigating the NW-SE conductive trend outlined by previous geophysical surveys.

### *Laurie Project – Drilling Program (see Figure 10)*

Drilling on the Laurie Project consisted of five diamond drill holes (LAUR-12 to LAUR-16) totalling 1,803 metres. Hole LAUR-12 intersected a large fault zone in the basement from 294.0 to 315.2 metres characterized by moderately to strongly graphitic and moderately pyritic gneiss with abundant fault gouge, breccia, chloritization and high angle graphitic shears.

The remaining Laurie drill holes tested several EM conductors (A, A2 and C) at the unconformity. Moderately to strongly graphitic pelitic gneiss was intersected confirming the existence of the conductors. No significant radioactivity or geochemical uranium values were returned.

### *Mirror River Project – Drilling Program (see Figure 11)*

Three diamond drill holes totalling 1,579 metres were completed at the Mirror River Project. The holes tested several EM conductors and resistivity anomalies at the unconformity.

- Hole MRR-05 tested a resistivity anomaly near the A4 conductor in the southern portion of the property and intersected minor disseminated sulfides and moderate local bleaching in the sandstone and graphitic pelites in the basement rocks, which likely explain the resistivity anomaly at this location.
- Holes MRR-06 and MRR-07 tested segments of the north-trending EM conductors (C1 and C2) in the northern portion of the property.
  - Hole MRR-06 intersected graphite in sufficient quantities to confirm the conductor; and
  - Hole MRR-07 drilled to test the C1-south conductor did not intersect the conductor.

No significant radioactivity or geochemical uranium values were returned.

### *Other 2015 Western Athabasca Exploration and Evaluation*

An annual 2015 program with a cost of approximately \$1.9 million (Erica - \$1,350,000 and Laurie - \$500,000) has been completed and UEX funded approximately \$0.7 million.

### *Erica Project – Drilling Program*

A \$1.35 million winter drilling program was completed at the Erica Project in the first quarter of 2015. The program consisted of two pilot holes and two off-cut holes (one off each pilot hole) totalling 2,643 m, which tested one of the five electromagnetic conductor trends that is coincident with a magnetic low located 15 km west-southwest of the Shea Creek Deposits. The trend is oriented parallel to the SLC and exhibits a similar geophysical signature as the basement rocks on the Shea Creek property. UEX funded its 49.1% share of the Erica program, or approximately \$0.66 million. None of the

holes encountered significant uranium, radioactivity or alteration; however, these were the first holes drilled following up on the electromagnetic survey which was completed in 2014.

#### Laurie Project – Geophysical Program

A \$0.5 million winter geophysical program was completed at the Laurie Project. Exploration activities consisted exclusively of a moving-loop time-domain electromagnetic (“ML-TEM”) survey on the southern end of the project where the Athabasca sandstone ranges from 0 to 225 m thick. A total of 49 km of ML-TEM was completed on fourteen profiles defining future drill targets in the southern portion of the property.

UEX elected not to participate in the 2015 Laurie program and the Company’s ownership of the Laurie Project has been reduced to 42.2% with AREVA owning the balance of the project equity.

No significant exploration activities were undertaken on the Brander, Alexandra and Nikita Projects in 2015.

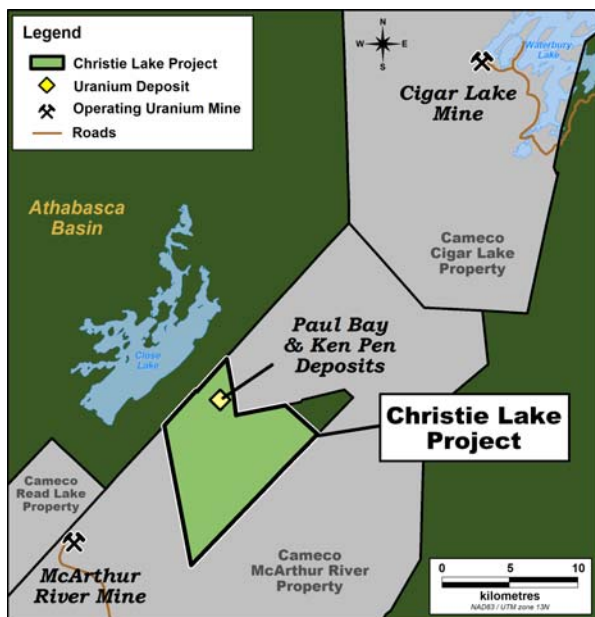
#### 4.3.3 Christie Lake Project

Upon signing of the JCU LOI in October of 2015, the UEX geological team began reviewing historical drilling data and began modelling the results from previous drilling. The modelling of the deposits in UEX’s geological software was undertaken to better understand the current deposits and plan and identify drilling targets for the upcoming drilling program.

#### Christie Lake Project

As at December 31, 2015, Christie Lake was 100% owned by JCU (Canada) Exploration Company, Limited (“JCU”); however, UEX had signed the JCU LOI on October 26, 2015 to earn up to a 70% interest by making \$7 million in cash payments and completing \$15 million in exploration expenditures before January 1, 2020 as outlined in the agreement. On January 16, 2016, UEX signed the definitive option agreement with JCU (“Christie Lake Option Agreement”) and earned a 10% interest in the project on January 22, 2016 by making the required payments.

Figure 13 – Christie Lake Project



#### Property Description and Location

The Christie Lake Project (“Christie Lake”) is located 9 km northeast and along strike of McArthur River Mine, the world’s highest grade uranium mine, and approximately 30 km southwest of the Cigar Lake Mine (see Figure 13). The project area lies about 280 km north of La Ronge and 60 km southwest of Points North. Power lines transect the project in a northeasterly direction. The project is comprised of six mineral claims totalling 7,922 hectares (19,576 acres).

The property is accessible by automobile, truck or other vehicles by an all-weather road and by air if special permission to land at the McArthur River Mine’s unpaved airstrip is granted. The physiography and vegetation is typical of the taiga-forested land common to the Athabasca Basin of northern Saskatchewan. The topography is dominated by large-scale drumlins which can have relief of 100 metres above the lakes in the area.

The terrain consists primarily of rolling hills which are separated by a number of low-lying areas filled with lakes, creeks and muskegs. The dominant forest type is semi-open jack pine forest, which has an understory of blueberries and lichens. The moister lowlands are predominated by open stands of black spruce and tamarack, which have an understory of Labrador tea and mosses. Major forest fires have occurred in the Christie Lake and surrounding areas, including the McArthur River area, over the last 35 years and have modified the local vegetation. The area generally receives annual precipitation of approximately 450 mm, with more than half occurring from June to September.

Daily temperatures typically range from plus 10 to 30 degrees Celsius in the summer months to minus 40 degrees Celsius or lower during the winter months.

### Geological Setting

The Christie Lake property lies within the western part of the Wollaston Domain that is part of the Cree Lake Mobile Zone of the Trans-Hudson Orogen. Depth to unconformity between Archean granite or Aphebian metasedimentary assemblage and the overlying Helikian Athabasca Group sandstone and conglomerate ranges from about 405 to 485 metres. Sandstone outcrop exposure is very poor due to glacial overburden cover of up to 90 metres. Within the project area, basement metamorphic rocks have been subdivided into two units, an "Upper Unit" and a "Lower Unit". The Upper Unit consists mostly of the metasediments and the Lower Unit mainly of the psammites and quartzo-feldspathic gneisses. The Upper Unit includes a graphitic section near its base that is also related to uranium mineralization. A quartzite horizon at the top of the Lower Unit is up to 38 metres thick.

The Wollaston Group was deformed and metamorphosed during the Hudsonian Orogeny. Major faults trending northerly, northeasterly, easterly and southeasterly have been inferred from the regional magnetic data. Evidence of multiple folding and faulting has also been encountered by drilling in the western part of the property. The northwest trending Mackenzie diabase dikes have never been encountered by drilling.

### Exploration History

The Christie Lake property was staked by PNC Exploration (Canada) Co. Ltd. ("PNC") between 1985 and 1990. PNC actively explored the property until 1997 with various airborne and ground geophysical surveys and with 47,036 m of drilling in 95 diamond drill holes. JCU assumed ownership from PNC in November 2000.

Exploration completed by PNC resulted in the discovery of two adjacent mineral pods named Paul Bay and Ken Pen. The potential to find additional mineralization at Christie Lake along strike and at depth is good. The uranium anomalous conductor trend defined by the ground electromagnetic surveys continues for at least 1.3 km northeast of the mineralized pods.

Several other conductors which have been identified on the property have not been drilled or have not been fully tested.

Significant intercepts from drilling that occurred between 1989 and 1997 include:

- CB-04 – 9.38% U<sub>3</sub>O<sub>8</sub> over 8.00 metres (original discovery hole for Christie Lake, drilled in 1989, to a depth of approximately 70 metres below the unconformity in graphite-enriched metasediments)
- CB-11 – 2.31% U<sub>3</sub>O<sub>8</sub> over 11.00 metres
- CB-20 – 4.82% U<sub>3</sub>O<sub>8</sub> over 20.80 metres
- CB-32 – 9.22% U<sub>3</sub>O<sub>8</sub> over 1.50 metres and 5.20% U<sub>3</sub>O<sub>8</sub> over 9.00 metres

### Sampling, Analysis and Security of Samples

Sampling of drill core during exploration undertaken at Christie Lake up to 1997 was conducted to industry practices at the time. Geochemical analysis was conducted on half-split diamond drill core; the remaining half core is preserved in core boxes at the McClean Lake mine core storage facility for re-inspection and future re-analysis, if necessary. Analytical work was conducted by SRC.

### Mineral Resource Estimates

PNC Exploration (Canada) Co. Ltd. prepared an internal resource report that does not comply with and predates the current NI 43-101 standards.

The historical resource\* reported 20.87 Mlbs U<sub>3</sub>O<sub>8</sub> present with an average grade of 3.22% U<sub>3</sub>O<sub>8</sub> using a cut-off grade at 0.3% U<sub>3</sub>O<sub>8</sub>.

### Historical Resource \*

Ore Body	Cut-Off Grade (% U <sub>3</sub> O <sub>8</sub> )	Ore (t)	Resources (t U <sub>3</sub> O <sub>8</sub> )	Resources (million lbs U <sub>3</sub> O <sub>8</sub> )	Average Grade (% U <sub>3</sub> O <sub>8</sub> )
Paul Bay Ore Shoot	0.3	231,298	7,078	15.60	3.06
Ken Pen Ore Shoot	0.3	62,956	2,392	5.27	3.80
Total		294,254	9,470	20.87	3.22

Source: Geological Resource Estimation Christie Lake Project Saskatchewan September 1997 by Resource Analysis/Evaluation Group  
PNC Tono Geoscience Center Japan

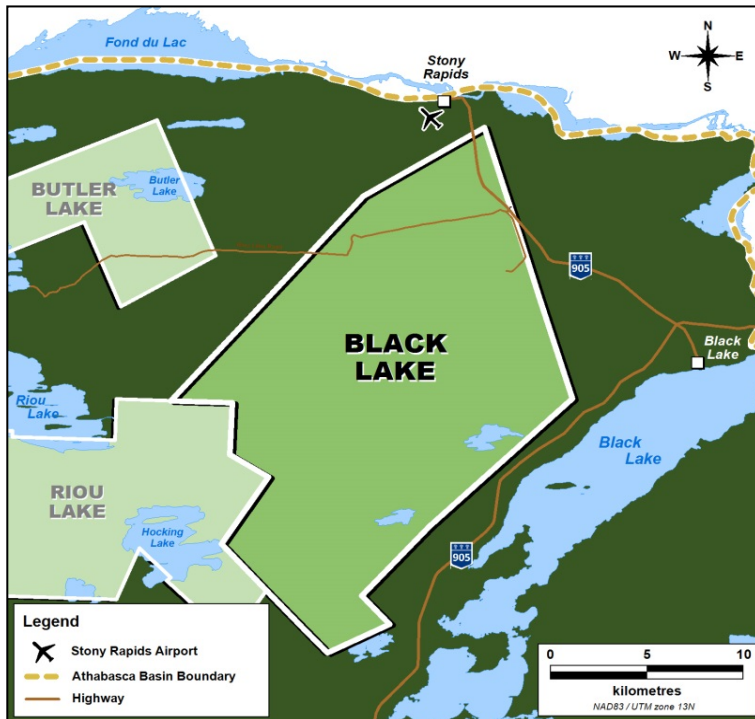
\* This is a historic resource estimation which does not use resource classifications consistent with NI 43-101. A qualified person has not done sufficient work to classify the historic estimate as current mineral resources or mineral reserves. UEX is not treating the historic estimate as current mineral reserves or mineral resources. The historical resource estimate was presented in an internal report titled *Christie Lake Project, Geological Resource Estimate* completed by PNC Tono Geoscience Center, Resource Analysis Group, dated September 12, 1997. The historical resource was calculated using a 3-D block model using block sizes of 2 m by 2 m by 2 m, and block grades interpolated using the inverse distance squared method over a circular search radius of 25 m and 1 m height. Specific gravities for each deposit were averaged from specific gravity measures of individual samples collected for assay. UEX plans to complete additional infill drilling on the deposits during the option earn-in period to upgrade these historic resources to indicated and inferred resources.

#### **4.3.4 Other Projects**

##### **Black Lake Project**

As at December 31, 2015, Black Lake was held 90.92% by UEX and 9.08% by AREVA. UEX is the operator of Black Lake. Uracon Resources Limited has an option to acquire a 60% interest in the property from UEX (See “3.1 Overview – Other Projects – Black Lake”). Uracon 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.

**Figure 14 – Black Lake Project**



### **Property Description and Location**

The Black Lake Project (“Black Lake”) is located within the northern part of the Athabasca Basin immediately adjacent to the Riou Lake Project (see Figures 2 and 14) in northern Saskatchewan. The centre of the property is approximately 15 kilometres south of the town of Stony Rapids.

Black Lake is staked over the Platt Creek Shear Zone, a major north-northeast trending fault parallel to the Black Lake Fault. Shear zones and faults of this style are frequently host to unconformity-type uranium deposits in the Athabasca Basin. In 2004, following a new discovery of uranium mineralization at Black Lake, eight new claims were staked, bringing the number of claims at Black Lake to twelve, totalling 30,381 hectares (75,073 acres).

The property is accessible by automobile, truck or other vehicles from the hamlets of Stony Rapids and Black Lake in winter or summer via trails connected to Provincial Highway 964, which links the two towns. Stony Rapids and Black Lake are also accessible year round from La Ronge via Highways 102 and 905 to Points North Landing, and are serviced by a power line from the Charlot River power plant which connects the area to the Saskatchewan power grid. A permanent airstrip is located at Stony Rapids. The physiography and vegetation of the Black Lake area is typical of Canadian Shield terrain, comprising low, rolling forested hills separated by abundant lakes and muskeg. The area generally receives annual precipitation of approximately 500 millimetres which typically falls between September and December. Daily temperatures typically range from plus 10° to 30° Celsius in the summer months to minus 40° Celsius or lower during the winter.

### Geological Setting

The Black Lake property is underlain by 250 to 600 metres of Proterozoic sandstone of the Athabasca Group. The Athabasca sandstone dips shallowly to the south, and becomes progressively thicker in that direction. The sandstone unconformably overlies polydeformed, metamorphosed Archean-aged basement rocks of the Tantato Domain. Since they are covered, the distribution, type and structural style of basement lithologies are inferred from magnetic maps, extrapolation from lithologies to the north of the Athabasca Basin and limited drill hole information. Basement units in the project area are lithologically similar to the Wollaston Belt in eastern portions of the Athabasca Basin, which is host to the bulk of the uranium deposits in the region.

Drilling has shown that the Black Lake conductive trend consists of a graphitic package that continues along strike for at least seven kilometres. The graphitic package is comprised of several individual, parallel to subparallel, steeply dipping units of graphitic pelitic gneiss ranging in true thickness from 2 to 85 metres. Intersections of the graphitic units on cross sections and structural studies of oriented core show the graphitic package appears to be striking N30° and dipping steeply to the southeast at 60° to 90°. Graphite content in the graphitic units is variable.

### Exploration History

The Black Lake property was initially explored in the 1970s following the discovery of radioactive boulders identified in till. EM surveys were carried out initially by Eldorado Nuclear Ltd. during 1979 to 1980, and then subsequently by Cameco in 2000.

Drilling by UEX at Black Lake has intersected unconformity-style mineralization in the northern Black Lake property along a strike length of more than 1.7 kilometres, over discontinuous intervals, along and adjacent to the Eastern Fault Zone of the Platt Creek Fault system. Mineralization comprises (i) unconformity-style mineralization straddling the unconformity in the footwall of the Eastern Fault Zone, and (ii) mineralization directly along the fault where it intersects the unconformity, with best intercepts developed where a small basement wedge is present.

- During the 2004 summer program, hole BL-18 encountered unconformity-type uranium mineralization at a vertical depth of 310.5 metres grading 0.69% U<sub>3</sub>O<sub>8</sub> over 4.4 metres between 310.5 and 314.9 metres, including 0.85% U<sub>3</sub>O<sub>8</sub> over 3.3 metres between 311.0 and 314.3 metres.
- Drilling in 2005 intersected additional uranium mineralization adjacent to the BL-18 intercepts, defining a small, flat-lying pod of mineralization which is developed along the unconformity several tens of metres in the footwall of the Eastern Fault Zone. In addition, significant uranium mineralization was encountered in two holes along the Eastern Fault Zone at, or immediately below, the Athabasca unconformity.
- Hole BL-82 drilled in the winter of 2006 along the Eastern Fault Zone, intersected uranium mineralization grading 0.50% U<sub>3</sub>O<sub>8</sub> over 3.3 metres.
- A 2007 winter diamond drilling program consisted of eleven holes designed to continue exploration of the main fault associated with the Black Lake conductive trend. Hole BL-140 again encountered uranium mineralization grading 0.67% U<sub>3</sub>O<sub>8</sub> over 3.0 metres from 274.1 to 277.1 metres, including 1.58% U<sub>3</sub>O<sub>8</sub> over 1.0 metre.

All core samples were analyzed at SRC by ICP with additional uranium analyses by fluorimetry. True widths have not been determined for mineralized intervals.

### Sampling, Analysis and Security of Samples

Sampling of drill core during exploration conducted at Black Lake by UEX has been conducted to industry standards. As is typical in uranium exploration projects, sampling was guided by downhole radiometric (gamma) logs, which provide verification both of the location of mineralization and of the concentration of uranium present in individual geochemical assay intervals. Geochemical analysis was conducted on half-split diamond drill core; the remaining half core is preserved in core boxes at core storage facilities on the property area for re-inspection and future re-analysis, if necessary. Analytical work was conducted by SRC.

### Mineral Resource Estimates

No mineral resource estimates have been completed for the Black Lake Project, and no metaliferous mining activities have been conducted within the property area.

### **Beatty River Project**

The Beatty River Project is located in the western Athabasca Basin of northern Saskatchewan, approximately 40 kilometres south of the Shea Creek property and south of the Carswell structure, a probable meteorite impact structure. The Beatty

River Project is a joint venture with AREVA (50.7%) and JCU (Canada) Exploration Company, Limited (24.3%). UEX has been funding exploration at Beatty River since 2004 and earned its 25.0% interest in the project in early 2013.

A GEOTEM survey was conducted at Beatty River in 1990 and detected basement conductors in the area. This was followed by ground electromagnetic and magnetic surveys and 21 widely spaced drill holes from 1991 to 1998. Most notably, drill hole BR-21 displayed uraninite-coffinite mineralization in a fault gouge with values of 873 ppm uranium and associated anomalous nickel, copper, vanadium and molybdenum values. The latter elements are considered to be pathfinder elements for uranium deposits in the region.

Several parallel conductive trends have been identified on the Beatty River property including the prospective Anne Lake trend with a strike length of approximately 10 kilometres. Drilling in the area has also identified alteration and structural disruption warranting further exploration.

There has been no significant exploration at Beatty River since 2010; however, further review and work may be completed in the future.

### **Riou Lake Project**

The Riou Lake Project is 100%-owned by UEX. Riou Lake Project site is located in the largely unexplored northern part of the Athabasca Basin, is adjacent to the Black Lake property and is about 35 kilometres southwest of Stony Rapids, Saskatchewan. The area has demonstrated potential for uranium mineralization as evidenced by the nearby Fond du Lac Deposit and drilling samples at Black Lake. Several areas of anomalous alteration, low-grade uranium mineralization, and associated faulting have been intersected by UEX.

The Company reduced the carrying value for the project to \$Nil in 2014; however further review and work may be completed in the future. Several mineral claims remain in good standing and UEX is seeking partners to help advance the project.

### **Northern Athabasca Projects**

The Northern Athabasca Projects are 100%-owned by UEX. Located along the largely unexplored region of the northern Athabasca Basin, the Northern Athabasca Project site spans 80 kilometres, is located just south of Fond du Lac, Saskatchewan, and is adjacent to the Black Lake and Riou Lake properties.

Early stage exploration has been completed to date, including airborne and ground geophysical surveys and drilling in widely spaced diamond drill holes. In September of 2014, UEX staked three claims in the La Roque Lake area, which have been included as part of the Northern Athabasca Projects.

The Company reduced the carrying value for the project to \$Nil in 2010; however, further review and work may be completed in the future. Several mineral claims remain in good standing and UEX is seeking partners to help advance these projects.

## 5. DIVIDENDS

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### 5.1 Dividends

Since incorporation UEX has not paid any dividends on its common shares. UEX does not anticipate that it will pay any dividends in the immediate or foreseeable future.

## 6. CAPITAL STRUCTURE

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### 6.1 General Description of Capital Structure

The Company is authorized to issue an unlimited number of common shares without par value, of which 246,015,069 common shares were issued and outstanding as at December 31, 2015 and 266,015,069 as at March 16, 2016, and an unlimited number of preferred shares without par value issuable in series, of which 1,000,000 preferred shares have been designated Series 1 preferred shares, none of which are issued and outstanding.

As at December 31, 2015 and March 16, 2016, the Company had incentive stock options outstanding for the purchase of an aggregate of 17,316,000 and 17,376,000 common shares of the Company, respectively.

As at December 31, 2015 and March 16, 2016, the Company had warrants outstanding for the purchase of an aggregate of nil and 20,000,000 common shares of the Company, respectively.

#### Common Shares

Each common share ranks equally with all other common shares with respect to distribution of assets upon dissolution, liquidation or winding-up of the Company and payment of dividends. The holders of common shares of UEX are entitled to receive notice of any meeting of UEX shareholders and to attend and vote thereat. Each common share entitles its holder to one vote. The holders of common shares are entitled to receive on a pro rata basis such dividends as the board of directors of UEX may declare out of funds legally available for dividends, subject to the preferential rights of the preferred shares, if issued. In the event of the dissolution, liquidation or winding-up of UEX, such holders are entitled to receive on a pro rata basis all of the assets of UEX remaining after payment of all of UEX's liabilities, subject to the preferential rights of the preferred shares, if issued. The common shares carry no pre-emptive or conversion rights.

#### Preferred Shares

The preferred shares of UEX are issuable in series and the directors of UEX may fix the number of preferred shares comprising each series as well as the designation, rights, privileges, restrictions and conditions attaching to each series of preferred shares of UEX. Each series of preferred shares of UEX ranks equally with every other series of preferred shares with respect to priority in the payment of dividends and the distribution of assets in the event of a liquidation, dissolution or winding-up of UEX. The preferred shares of UEX of each series are entitled to a preference over the UEX common shares, with respect to payment of dividends and the distribution of assets in the event of a liquidation, dissolution or winding up of UEX.

#### *Series 1 Preferred Shares*

Series 1 preferred shares do not have any voting rights, except as required by law. Subject to the provisions of the Canada Business Corporations Act, UEX may redeem (or be required by a holder to redeem) all or any Series 1 preferred shares then issued and outstanding upon payment of a redemption amount of \$10,000 per share together with any declared but unpaid dividends thereon. In the event of liquidation, dissolution or winding-up of UEX, or other distribution of the



property and assets of UEX among its shareholders for the purpose of winding up its affairs, holders of Series 1 preferred shares will be entitled to receive such redemption amount together with any declared but unpaid dividends thereon in priority to any distribution to the holders of any other class of shares of UEX and, thereafter, will not as such be entitled to receive or participate in any distribution of the property and assets of UEX among its shareholders.

## 7. MARKET FOR SECURITIES

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### 7.1 Trading Price and Volume

The Common Shares of UEX are listed for trading on the Toronto Stock Exchange under the trading symbol “UEX”. The monthly low and high closing prices and volume range during the most recently completed financial year are as follows:

2015	Price Range (\$)		Trading Volume
	Low	High	
January	\$0.260	\$0.310	4,055,669
February	\$0.260	\$0.310	3,972,210
March	\$0.260	\$0.300	3,079,614
April	\$0.255	\$0.315	5,298,087
May	\$0.255	\$0.305	3,848,322
June	\$0.245	\$0.290	3,294,950
July	\$0.180	\$0.255	3,637,638
August	\$0.160	\$0.220	3,545,642
September	\$0.105	\$0.190	6,761,541
October	\$0.110	\$0.140	10,440,214
November	\$0.115	\$0.135	4,039,177
December	\$0.110	\$0.165	10,445,143

## 8. ESCROWED SECURITIES

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### 8.1 Escrowed Securities

To the Company’s knowledge, there are no securities of the Company in escrow or subject to a contractual restriction on transfer.

## 9. DIRECTORS AND OFFICERS

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### 9.1 Name, Occupation and Security Holding

The names, province or state, and country of residence of the directors and executive officers of UEX, positions with UEX held by them and their principal occupations for the past five years are as set forth below:

<b>Name and Place of Residence</b>	<b>Office with UEX</b>	<b>Principal Occupation for Past 5 Years</b>	<b>Director Since</b>
ROGER LEMAITRE <sup>(5)</sup> Saskatchewan, CANADA	President and Chief Executive Officer, Director	<ul style="list-style-type: none"> <li>• CEO and Executive Director of URU Metals Limited (mining business) to January 6, 2014</li> <li>• Director, Worldwide Exploration Projects of Cameco Corporation (mining business) to February 4, 2012</li> </ul>	January 15, 2014
COLIN C. MACDONALD <sup>(1)(2)(3)</sup> Saskatchewan, CANADA	Director and Chairman	<ul style="list-style-type: none"> <li>• Vice-President, Exploration of Cameco Corporation (retired June 30, 2011)</li> </ul>	November 8, 2001
GRAHAM C. THODY <sup>(5)</sup> British Columbia, CANADA	Director	<ul style="list-style-type: none"> <li>• President and Chief Executive Officer of UEX to December 31, 2013</li> <li>• Corporate Director</li> </ul>	October 2, 2001
SURAJ P. AHUJA <sup>(1)(2)(3)(4)</sup> British Columbia, CANADA	Director	<ul style="list-style-type: none"> <li>• President, SKAN Consulting Inc. (mineral exploration consulting business)</li> <li>• Corporate Director</li> </ul>	August 25, 2004
MARK P. EATON <sup>(2)(3)(4)</sup> Ontario, CANADA	Director	<ul style="list-style-type: none"> <li>• Executive Chairman of Belo Sun Mining Corp.</li> <li>• President and CEO of Belo Sun to August 18, 2014</li> <li>• Corporate Director</li> </ul>	March 25, 2008
EMMET McGRATH <sup>(1)(4)</sup> British Columbia, CANADA	Director	<ul style="list-style-type: none"> <li>• Chief Financial Officer of Lincoln Mining Corp. to December 5, 2012</li> <li>• Corporate Director</li> </ul>	December 16, 2009
EDWARD R. BONEY British Columbia, CANADA	Chief Financial Officer and Corporate Secretary	<ul style="list-style-type: none"> <li>• Chief Financial Officer and Corporate Secretary, UEX</li> <li>• Corporate Controller, Century Mining Corporation to April 2011</li> </ul>	N/A
NAN H. LEE Saskatchewan, CANADA	Vice-President, Project Development	<ul style="list-style-type: none"> <li>• Vice-President, Project Development, UEX</li> <li>• Mine Engineering Consultant</li> </ul>	N/A

Note: (1) Member of the Audit Committee  
(2) Member of the Corporate Governance Committee  
(3) Member of the Nominations Committee  
(4) Member of the Compensation Committee  
(5) Graham Thody retired as President and Chief Executive Officer at UEX effective January 1, 2014. Roger Lemaitre was appointed as President and Chief Executive Officer of UEX effective January 15, 2014.

The term of office of each director expires at each annual general meeting of UEX or when a successor is duly elected or appointed.

The directors and executive officers of UEX, as a group beneficially owned, or controlled or directed, directly or indirectly, common shares of UEX as follows:

	<b>December 31, 2015</b>	<b>March 16, 2016</b>
Number of common shares	1,586,400	1,596,900
Percentage of issued and outstanding UEX common shares	0.64%	0.60%

## 9.2 Cease Trade Orders, Bankruptcies, Penalties and Sanctions

Other than as disclosed herein, no director or executive officer of UEX is, as at the date of this Annual Information Form, or was within 10 years before the date of the Annual Information Form, a director, chief executive officer or chief financial officer of any company (including UEX), that:

while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the company access to any exemptions under securities legislation, for a period of more than 30 consecutive days; and was subject to an event that occurred while that person was acting in that capacity and that resulted, after the director or executive officer ceased to act in that capacity, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days.

In December 2010, Graham Thody was a director of SilverCrest Mines Inc. (“SilverCrest”) when SilverCrest received notification of administrative proceedings from the United States Securities and Exchange Commission (“SEC”). This notification was issued as a result of a registration statement filed in 1999 by Strathclair Ventures Ltd., a predecessor company to SilverCrest which was under different management until SilverCrest assumed control in 2003. The order alleged that Strathclair (now SilverCrest) had not filed periodic reports with the SEC sufficient to maintain its registration in the United States. Following discussions with the SEC and in order to remedy the situation, SilverCrest entered into a consent order with the SEC dated January 10, 2011 through which SilverCrest agreed to the revocation of the registration of its common shares under the United States Securities Exchange Act of 1934. As a result, broker-dealers in the United States were unable to effect transactions in the common shares of SilverCrest. On May 31, 2011, SilverCrest filed a registration statement on Form 40F for the purpose of registering its common shares under the United States Securities Exchange Act of 1934. Upon the registration statement taking effect on August 1, 2011, broker-dealers in the United States were able to effect transactions in common shares of SilverCrest in the United States.

No director or executive officer of UEX, or a shareholder holding a sufficient number of securities of UEX to affect materially the control of UEX:

- (a) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of the Annual Information Form, a director or executive officer of any company (including UEX) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except the following: Emmet McGrath was a director of Cross Lake Minerals Ltd, which filed for Court protection under the *Companies’ Creditors Arrangement Act* (“CCAA”) on October 14, 2008. Mr. McGrath was a director at the time of the filing but subsequently resigned on October 27, 2008. Cross Lake Minerals Ltd. filed for bankruptcy as part of the plan of arrangement under the CCAA on May 29, 2009; or

- (b) has, within the 10 years before the date of the Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of UEX, or a shareholder holding a sufficient number of securities of UEX to affect materially the control of UEX has ever been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

### **9.3 Conflicts of Interest**

UEX's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which UEX may participate, the directors of UEX may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. If such a conflict of interest arises at a meeting of UEX's directors, a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the *Canada Business Corporations Act*, the directors of UEX are required to act honestly, in good faith and in the best interests of UEX. In determining whether or not the company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which UEX may be exposed and its financial position at the time.

The directors and officers of UEX are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interest and UEX will rely upon such laws in respect of any directors' and officers' conflicts of interest in or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the *Canada Business Corporations Act* and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. The directors and officers of UEX are not aware of any such conflicts of interest.

## **10. AUDIT COMMITTEE DISCLOSURE**

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### **Audit Committee**

Pursuant to National Instrument 52-110 "Audit Committees" ("NI 52-110"), the Company is required to have an audit committee.

## Audit Committee Charter

Pursuant to NI 52-110, the audit committee of the Company (the “Audit Committee”) is required to have a charter. A copy of the Company’s Audit Committee Charter is set out in Appendix A to this Annual Information Form.

## Composition of the Audit Committee

As at the date of this Annual Information Form, the following is information on the members of the Company’s Audit Committee:

<b>Name</b>	<b>Independent</b>	<b>Financial Literacy</b>
Emmet McGrath (Chair)	Yes	Yes
Suraj Ahuja	Yes	Yes
Colin Macdonald	Yes	Yes

## Relevant Education and Experience

Emmet McGrath is a member of the Chartered Professional Accountants of British Columbia and was an audit partner with KPMG from 1981 to 2002. He has a thorough understanding of the regulatory and statutory reporting requirements of publicly listed companies and is well-versed in corporate governance matters, having completed the Directors Education Program offered by the Institute of Corporate Directors. Mr. McGrath has previously sat on the Board of Directors of several publicly listed companies in the mining industry. He was formerly the Chairman and is presently a member of the Board of Directors of Westminster Savings Credit Union (the fourth largest credit union in British Columbia), Central One Credit Union and the Co-Operators Group.

Suraj P. Ahuja is the President of SKAN Consulting Inc., a mineral exploration consulting company in Vancouver, BC. Prior to this he worked with Cameco and Japanese nuclear companies. Mr. Ahuja also currently serves on the board of one additional publicly listed mining company. He holds a Master of Science, Geology, from the University of Saskatchewan, and has over 40 years of industry experience in the design and management of mineral exploration programs. Mr. Ahuja is familiar with the review and interpretation of financial statements.

Colin Macdonald previously held the position of Vice-President, Exploration, for Cameco, one of the world’s largest uranium producers and UEX’s largest shareholder, until his retirement in June 2011. He had worked for Cameco and its predecessor companies since 1981 and was responsible for Cameco’s worldwide uranium exploration activities. Mr. Macdonald was the nominee of Cameco to UEX’s board from 2002 to 2011. Since 2012, Mr. Macdonald has been, and continues to be, nominated as a director of UEX independent of Cameco and became the Chairman of UEX in June of 2014. Mr. Macdonald brings extensive international, corporate governance and public company reporting experience as a former senior executive of Cameco.

## Reliance on Certain Exemptions

At no time since the commencement of the Company’s most recently completely financial year has the Company relied upon any exemption from NI 52-110 provided therein.

## Audit Committee Oversight

At no time since the commencement of the Company’s most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the board of directors of the Company.

## Pre-approval Policies and Procedures

The Committee has the sole authority to review in advance and pre-approve all non-audit services to be provided to the Company or its subsidiaries by the auditor, as well as all fees and other terms of engagement. The Audit Committee may delegate to one or more members the authority to pre-approve non-audit services, provided a report is made to the Audit Committee at its next scheduled meeting.

## External Auditor Service Fees (By Category)

KPMG LLP ("KPMG") is the auditor of the Company. The aggregate fees billed by KPMG in each of the last two financial years of the Company for services in each of the categories indicated are as follows:

	2015	2014
Audit fees <sup>(1)</sup>	\$ 57,000	\$ 54,250
Tax fees	nil	nil

<sup>(1)</sup> Pertains to assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements.

## 11. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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### 11.1 Legal Proceedings

UEX is or was not a party to and none of its property is or was the subject of any legal proceedings during the financial year ended December 31, 2015 and no such proceedings are known to be contemplated.

### 11.2 Regulatory Actions

During the financial year ended December 31, 2015:

- no penalties or sanctions were imposed against the Company by a court relating to securities legislation or by a securities regulatory authority;
- no other penalties or sanctions were imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision in the Company's securities; and
- no settlement agreements of the Company were entered into before a court relating to securities legislation or with any securities regulatory authority.

## 12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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### 12.1 Interest of Management and Others in Material Transactions

Except as otherwise disclosed herein, no director or executive officer of the Company or any person or company that beneficially owns, or controls, or directs, directly or indirectly, more than 10% of any class or series of the Company's outstanding voting securities or any associate or affiliate of any of the person or companies referred to above has any

material interest, direct or indirect, in any transactions which materially affected or would reasonably be expected to materially affect the Company since January 1, 2013:

### **13. TRANSFER AGENT AND REGISTRARS**

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#### **13.1 Transfer Agent and Registrars**

Computershare Investor Services Inc. is the transfer agent and registrar for the common shares of the Company.

Computershare Investor Services Inc.  
510 Burrard Street,  
2nd Floor  
Vancouver, BC V6C 3B9  
Tel: (604) 661-9400  
Fax: (604) 661-9549

Computershare Investor Services Inc.  
100 University Avenue  
8th Floor  
Toronto, ON M5J 2Y1  
Tel: (416) 263-9200  
Fax: (888) 453-0330

## **14. MATERIAL CONTRACTS**

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### **14.1 Material Contracts**

The following are the material contracts entered into by UEX during the most recently completed financial year or before the most recently completed financial year but still in effect, other than contracts entered into in the ordinary course of business

1. Definitive Option Agreement dated November 10, 2004 between UEX and AREVA relating to the Western Athabasca Projects. See “3.1 Overview – Western Athabasca Joint Venture Projects”;
2. Definitive Joint Venture Agreement dated January 1, 2006 between UEX and AREVA relating to the Black Lake Project. See “3.1 Overview – Other Projects – Black Lake Project”;
3. Letter Agreement dated January 23, 2013 between UEX and Uracon Resources Ltd. relating to the Black Lake Project. See “3.1 Overview – Other Projects – Black Lake Project”, and
4. Letter of Intent dated October 26, 2015 between UEX and JCU (Canada) Exploration Company, Limited relating to the Christie Lake Project. See “3.1 Overview – Christie Lake Project”.

## **15. INTERESTS OF EXPERTS**

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### **15.1 Names of Experts**

KPMG is the auditor of the Company and has audited the annual financial statements for the year ended December 31, 2015, which were filed with the Canadian securities regulators on SEDAR.

Kevin Palmer, P.Geo., Gordon Doerksen, P.Eng., Mark Liskowich, P.Geo., Bruce Murphy, FSAIMM, Dino Pilotto, P.Eng., Lawrence Melis, P.Eng., R. Sierd Eriks, P.Geo., David Rhys, P.Geo. Steve Hasegawa, P. Geo. and James Gray, P. Geo. prepared current technical reports relating to UEX’s mineral properties.

### **15.2 Interests of Experts**

KPMG has confirmed that it is independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada.

To the knowledge of UEX, the other experts mentioned in 15.1 Names of Experts, and the directors, officers, employees and partners, as applicable, of each of such experts beneficially own, at the date hereof, directly or indirectly, in the aggregate, less than one percent of the outstanding common shares of UEX. To the best of the Company’s knowledge, no registered or beneficial interest, direct or indirect, in any securities or other property of the Company was held by each expert named in 15.1 Names of Experts, other than R. Sierd Eriks, when the particular expert’s report was prepared, was received by such expert after the preparation of the report, or will be received by such expert.

R. Sierd Eriks, Steve Hasegawa and David Rhys, three of the authors of the 2013 Shea Creek Technical Report, were not “independent” within the meaning of NI 43-101 at the time of preparation.

Steve Hasegawa is also one of the authors of the 2013 Shea Creek Technical Report. He was not “independent” within the meaning of NI 43-101 at the time of preparation or currently, as he acts as a consultant to the Company and holds share purchase options.



None of the aforementioned persons, nor any director, officer, employee or partner, as applicable, of the aforementioned companies or partnerships is currently expected to be elected, appointed or employed as a director, officer or employee of UEX or any of its associates or affiliates.

## **16. ADDITIONAL INFORMATION**

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Additional information regarding UEX may be found on the Company's website at [www.uex-corporation.com](http://www.uex-corporation.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information relating to UEX, including details as to directors' and officers' remuneration and indebtedness, principal holders of UEX shares, options to purchase UEX shares and certain other matters is contained in the Management Information Circular of UEX dated April 24, 2015.

Additional financial information is provided in UEX's comparative financial statements and related Management's Discussion and Analysis for its year ended December 31, 2015.

## APPENDIX “A”

### UEX CORPORATION AUDIT COMMITTEE CHARTER

#### 1. AUTHORITY

- (a) The Audit Committee (the “Committee”) is a standing committee of the Board of Directors (the “Board”) and its primary purpose is to: 1) assist the Board in its oversight of the integrity of the Corporation’s financial statements, the Corporation’s compliance with legal and regulatory requirements, the independent auditor’s qualifications and independence, the Corporation’s financial internal controls, and the performance of the Corporation’s independent auditor; and 2) assist the Board in its oversight of other financial matters affecting the Corporation.
- (b) The Committee shall have the authority:
- (i) for the purpose of performing its duties, to inspect all of the books and records of the Corporation and its affiliates and to discuss such accounts and records and any matters relating to the financial position or condition of the Corporation with the officers and internal (if any) and external auditors of the Corporation and its affiliates;
  - (ii) to engage independent counsel and other advisors as it determines necessary to carry out its duties;
  - (iii) to set and pay the compensation for any advisors employed by the Committee, including without limitation compensation to any public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation;
  - (iv) to set and pay the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties; and
  - (v) to communicate directly with the external auditors.

#### 2. COMPOSITION

The Committee shall consist of a minimum of three directors of the Corporation, each of whom shall be “independent” as defined in applicable securities laws, instruments and policies.

#### 3. QUALIFICATIONS AND EXPERIENCE

At the time of appointment or within a reasonable period of time following appointment, each member of the Committee must be financially literate, having the ability to read and understand a set of financial statements that present the breadth and level of complexity or accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

#### 4. MEMBER APPOINTMENT AND REMOVAL

- (a) The Committee members are appointed by the Board after consultation with the Chair and Chief Executive Officer (“CEO”) and with consideration of the desires of individual Board members.

- (b) Consideration will be given, where appropriate and having regard to the composition of the Board, to rotating the Committee members periodically.
- (c) The Committee Chair is selected by the Board.
- (d) The Board may at any time remove a member from the Committee.

## **5. POSITION DESCRIPTION AND RESPONSIBILITIES OF CHAIR**

- (a) The Chair of the Committee shall be an independent director appointed by the Board on an annual basis following the election of the directors at the Corporation's Annual General Meeting of shareholders.
- (b) The Chair shall:
  - (i) work with the Chair of the Board, the CEO and the Chief Financial Officer ("CFO") and manage the Committee in an effective and efficient manner which furthers the best interests of the Corporation;
  - (ii) act as the principal sounding board and counsel for the Chair of the Board, the CEO and the CFO with respect to audit and financial reporting issues;
  - (iii) ensure that the Chair of the Board and, if appropriate, the CEO and the CFO are aware of concerns of the Committee;
  - (iv) provide strong leadership of the Committee;
  - (v) work closely with the Chair of the Board to coordinate matters to be brought forth to Board meetings from the Committee;
  - (vi) communicate with the Board to keep it current on all major developments involving audit and financial reporting matters;
  - (vii) set the frequency of the Committee meetings and review such frequency as appropriate; and
  - (viii) chair and manage meetings of the Committee.

## **6. RESPONSIBILITIES**

The Committee shall:

- (a) review and assess the adequacy of the Committee Charter on an annual basis;
- (b) meet with the Corporation's external auditors as necessary and before the submission of the audited annual financial statements to the Board and communicate to external auditors that they are ultimately accountable to the Board and the Committee as representatives of shareholders;
- (c) review the annual financial statements of the Corporation and "management's discussion and analysis" and, where appropriate, recommend the financial statements for approval to the Board;

- (d)** review the interim financial statements of the Corporation and “management’s discussion and analysis” and, where appropriate, recommend the financial statements for approval to the Board;
- (e)** obtain explanations from management on all the significant variances between comparative reporting periods and, with respect to the annual financial statements, question management and the external auditor regarding the significant financial reporting issues discussed during the fiscal period and the method of resolution;
- (f)** be responsible for:
  - (i)** ensuring that a written statement is obtained from the external auditor describing all relationships between the external auditor and the Corporation;
  - (ii)** discussing with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor; and
  - (iii)** determining that the external auditors have a process in place to address the rotation of the lead partner and other audit partners serving the account;
- (g)** assess the performance of the external auditors and recommend to the Board annually or as they may otherwise determine a duly qualified external auditor to be nominated (for appointment or retention) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation;
- (h)** review the plan and scope of the audit to be conducted by the external auditors of the Corporation;
- (i)** approve, or recommend to the Board for approval, the compensation of the external auditors;
- (j)** oversee the work of the external auditors, including reviewing the Corporation’s critical accounting policies and practices, material alternative accounting treatments and material written communications between the external auditors and management, and the resolution of disagreements between management and the external auditor regarding financial reporting;
- (k)** pre-approve all audit and permitted non-audit services to be provided to the Corporation or any subsidiary entities by its external auditors or the external auditors of any such subsidiaries, in accordance with applicable laws;
- (l)** review all post-audit or management letters containing the recommendations of the external auditor and management’s response or follow-up of any identified weakness;
- (m)** meet separately, periodically, with management (or other personnel responsible for the internal audit function) and with external auditors;
- (n)** review all annual and interim earnings press releases;
- (o)** determine that adequate procedures are in place for the review of the Corporation’s disclosure of financial information extracted or derived from the Corporation’s financial statements, other than disclosure in the Corporation’s financial statements, management’s discussion and analysis and earnings press releases, and periodically assess the adequacy of these procedures;

- (p) establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (q) enquire as to the adequacy of the Corporation's system of internal controls;
- (r) review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation; and
- (s) have such other duties, powers and authorities, consistent with the provisions of applicable corporate law, as the Board may, by resolution, delegate to the Committee from time to time.

**7. REPORTING**

- (a) The Committee has a duty to report to the Board all matters that it considers to be important for Board consideration.
- (b) All minutes of the Committee should be attached to the Board minutes and forwarded to each member of the Board by the Secretary in a timely manner.