

UEX CORPORATION

Management's Discussion and Analysis

For the Year Ended

December 31, 2016



Energy for the Future

TSX: UEX

www.ux-corporation.com



Message to Shareholders

2016 was a transformational year for our Company. In January, UEX acquired an option to earn a 70% interest in the Christie Lake Project from JCU (Canada) Exploration Company Limited. Christie Lake is located in the heart of the prolific eastern Athabasca Basin between the world's largest and highest grade uranium mines, McArthur River and Cigar Lake. A mere 9 km northeast and along strike of Cameco's flagship McArthur River Mine, the Project hosts the extension of the P2 Fault Corridor.

I've had my eye on acquiring an interest in Christie Lake for over 10 years and this acquisition marks the first time that a publicly-listed uranium junior explorer and developer has owned a piece of this most coveted uranium-bearing corridor. Christie Lake is a result of our efforts to grow our uranium resource base through discovery, innovation, and acquisition in advance of the inevitable rise in uranium prices anticipated to occur in the near future.

In 2016, we focused our energies along Christie Lake's Yalowega Trend, a 1.5 km long mineralized feature within the P2 Corridor that hosts the known Paul Bay and Ken Pen Deposits.

Our 2016 exploration program had five key objectives, all of which were achieved:

- ✓ Expand the Paul Bay Deposit in the down-dip direction
- ✓ Expand the Ken Pen Deposit at the unconformity and in the down-dip direction
- ✓ Determine the key geological features of the deposits that could be applied to exploring the Yalowega Trend
- ✓ Develop a plan to explore the remainder of the Yalowega Trend starting in 2017
- ✓ Meet the requirements to vest a 30% interest in the project

We grew both deposits and identified the presence of previously unknown high-grade shoots within the Paul Bay Deposit. More importantly, our team discovered a parallel fault structure located 10 to 40 m below the main fault that defines the Yalowega Trend. This parallel structure remains untested in the down-dip direction and also at the unconformity northwest of and parallel to the Trend. This lower structure hosts all of the high-grade massive uranium mineralization encountered by our team during the 2016 exploration program at the Paul Bay and Ken Pen Deposits.

Identifying this key geological feature has essentially doubled the exploration potential of the Christie Lake Project and was one of the factors that led to the selection of our early 2017 drill targets.

We commenced our 2017 program in early January with the primary objective of making a new discovery at Christie Lake. In late January, we announced the discovery of Ōrora, a new high-grade unconformity zone located 500 m along strike and to the northeast of the Ken Pen Deposit, where the lower structure encounters the unconformity. The discovery hole CB-109 intersected 42.25% U₃O₈ over 8.6 m.

The discovery of Ōrora has exceeded our earliest expectations. The structure intersected by CB-109 is untested along the entire Yalowega Trend, except by one high-grade hole drilled by UEX at Ken Pen. This discovery has changed our 2017 exploration program, as we will be focusing on determining the ultimate size of the Ōrora Deposit. Holes drilled along strike to the northeast and southwest of CB-109 confirm that uranium mineralization occurs along this new target trend.



Complementing our Ōrora discovery is the rapid positive shift in investor sentiment towards the uranium industry. While most of 2016 was difficult for uranium explorers, as uranium prices dropped to a ten year low of US\$18.25/lb in late November, many experts have finally called 'bottom' for uranium prices, which have increased sharply since November to over US\$24.50/lb. Junior uranium stocks have likewise seen market capitalization increases and improved access to capital.

Investors and analysts are beginning to realize what our Company has long believed - a supply shortfall is coming in the next few years. Even at today's increased spot prices, current prices will not spur the development of the next generation of uranium deposits needed to meet the unstoppable growth in demand for uranium.

These same investors and analysts are awakening to the realization that in addition to our Company's solid foundation of existing uranium resources located in the world's best mining jurisdiction, our continued success at Christie Lake will be an enviable driver for growth of shareholder value.

I look forward to updating you on our progress in the coming months.

Roger Lemaitre
President & CEO

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This Management's Discussion and Analysis ("MD&A") of UEx Corporation ("UEx" or the "Company") for the year ended December 31, 2016 is intended to provide a detailed analysis of the Company's business and compares its financial results with those of previous periods. This MD&A is dated March 14, 2017 and should be read in conjunction with the audited annual financial statements and related notes for the years ended December 31, 2016 and 2015. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless specified otherwise, all dollar amounts are in Canadian dollars.

Other disclosure documents of the Company, including its Annual Information Form, filed with the applicable securities regulatory authorities in Canada are available at www.sedar.com.

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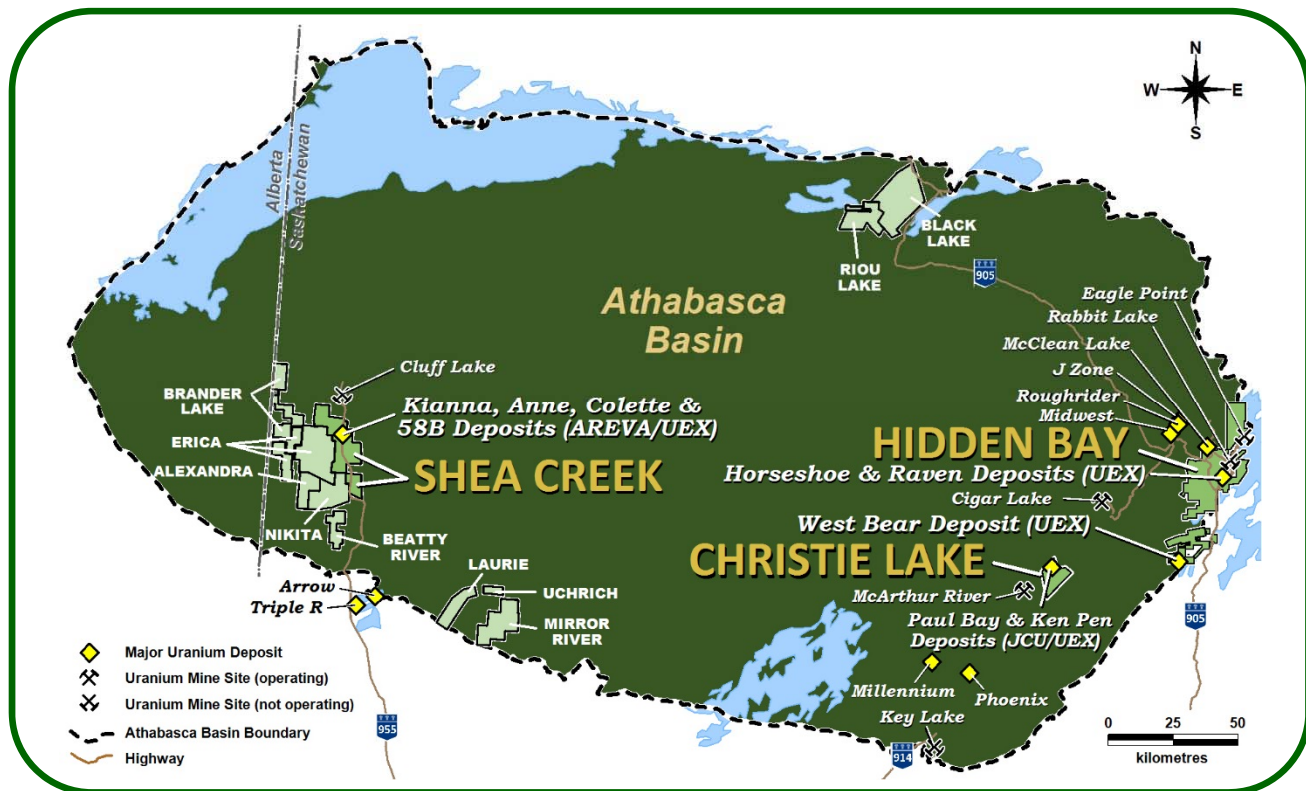
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1. Introduction

Overview

UEX's fundamental goal is to remain one of the leading global uranium explorers and to advance our portfolio of Athabasca Basin uranium deposits and discoveries through the development stage to the production stage. Since being listed on the Toronto Stock Exchange in 2002, UEX has pursued exploration on a diversified portfolio of prospective uranium projects in three areas within the Athabasca Basin in Saskatchewan, Canada. The Company is focusing its main efforts on three advanced projects, two in the eastern Athabasca Basin and one in the western Athabasca Basin. Eastern Athabasca Basin advanced projects include the Hidden Bay Project ("Hidden Bay") that hosts the Horseshoe, Raven and West Bear Deposits and the 30% owned Christie Lake Project ("Christie Lake") that hosts the Paul Bay, Ken Pen, and Orora Deposits and for which the Company has entered into an Option Agreement to earn up to a 70% interest. The western Athabasca Basin advanced project is the 49.1% owned Shea Creek Project ("Shea Creek") that hosts the Kianna, Anne, Colette and 58B Deposits.



UEX is involved in thirteen uranium projects located in the Athabasca Basin, the world's richest uranium district, which in 2015 accounted for approximately 22% of global primary uranium production. The Company's projects include two that are 100% owned and operated by UEX, one joint venture with AREVA Resources Canada Inc. ("AREVA") that is operated by UEX, eight projects joint-ventured with and operated by AREVA (Western Athabasca), one project joint-ventured with AREVA and JCU (Canada) Exploration Company Limited ("JCU") that is operated by AREVA and one project under option from JCU and operated by UEX. AREVA is part of the AREVA group, one of the world's largest nuclear service providers, and JCU is a private company with significant investments in uranium projects in Canada.

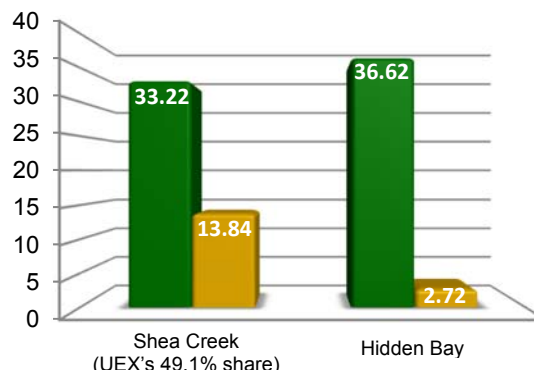
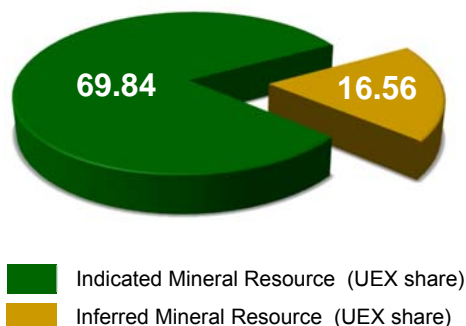
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Since inception, UEX has been successful discovering and advancing uranium resources in the Athabasca Basin. The Company has three 100% owned uranium deposits in the eastern Athabasca Basin (Horseshoe, Raven and West Bear) and a 49.1% interest in four uranium deposits joint-ventured with AREVA in the western Athabasca Basin. The following charts summarize UEX's ownership share of these mineral resources.

Millions of Pounds U₃O₈ by Category and Project (UEX Share)



N.I. 43-101 Mineral Resource Estimates

Deposit	SHEA CREEK – Indicated Category at 0.30% U ₃ O ₈ Cut-Off ⁽¹⁾⁽²⁾⁽⁴⁾			SHEA CREEK – Inferred Category at 0.30% U ₃ O ₈ Cut-Off ⁽¹⁾⁽²⁾⁽⁴⁾			HIDDEN BAY – Indicated Category at 0.05% U ₃ O ₈ Cut-Off ⁽¹⁾⁽³⁾			HIDDEN BAY – Inferred Category at 0.05% U ₃ O ₈ Cut-Off ⁽¹⁾⁽³⁾			
	Tonnes	Grade U ₃ O ₈ (%)	U ₃ O ₈ (lbs)	Tonnes	Grade U ₃ O ₈ (%)	U ₃ O ₈ (lbs)	Tonnes	Grade U ₃ O ₈ (%)	U ₃ O ₈ (lbs)	Tonnes	Grade U ₃ O ₈ (%)	U ₃ O ₈ (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	Total	10,372,500	0.16	36,623,000	1,109,200	0.111	2,715,000
Total	2,067,900	1.484	67,663,000	1,272,200	1.005	28,192,000							

- (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% U₃O₈, 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 on May 31, 2013.
- (3) The Hidden Bay mineral resources were estimated at a cut-off of 0.05% U₃O₈, 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 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.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Further information on each of these deposits and the mineral resource estimates presented above is available under the *Western Athabasca Projects – Shea Creek and Hidden Bay Project* sections of this MD&A.

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Non-Compliant Resources

The Company holds a 30% direct interest in the Paul Bay, Ken Pen and Ōrora Uranium Deposits, located on the Christie Lake Project. UEX can increase our ownership interest to a maximum 70% in the Christie Lake Project through our option agreement with JCU. The ultimate size of the Paul Bay, Ken Pen and Ōrora Deposits has not been fully defined. The Paul Bay and Ken Pen Deposits are estimated to host a combined 20.87 million pounds of U_3O_8 at an average grade of 3.22% U_3O_8 . *(This is a historic resource estimation which does not use resource classifications consistent with N.I. 43-101. 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 period to upgrade these historic resources to indicated and inferred. 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.)*

Further information on these deposits is available under the *Christie Lake Project* section of this MD&A.

Growth Strategy – UEX

- To plan and execute the exploration and evaluation work required to delineate and develop economic uranium resources at Christie Lake, as part of our project earn-in.
- To find new uranium deposits at the Hidden Bay Project and at 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.
- To maintain, explore and advance to discovery our other uranium projects.

Change in Rights for Significant Shareholder

Cameco Corporation ("Cameco"), under the agreement between Pioneer Metals Corporation, UEX Corporation and Cameco dated October 2001, had special rights so long as it maintained a minimum 20% ownership interest in UEX. In January 2016, Cameco chose not to exercise its pre-emptive right to maintain its equity ownership of UEX and its equity ownership of UEX has now declined to 15.67% as of February 27, 2017. The drop in Cameco's equity ownership below the 20% level on January 22, 2016 terminates some of the special rights Cameco has held since UEX's inception:

- Cameco's right to market, on behalf of UEX, its share of uranium produced from any mine in which UEX has an ownership interest.
- Cameco's right of first refusal to match the terms of any equity, equivalent-to-equity, or debt financing required by UEX to develop a new mine.
- Cameco's right to maintain its ownership interest in UEX through a pre-emptive right to participate in UEX's future share equity financings.

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2. Exploration and Evaluation Update

The following is a general discussion of UEX's recent exploration and evaluation activities. For more detailed information regarding UEX's exploration projects, please refer to UEX's current Annual Information Form, available at www.sedar.com, or to UEX's website at www.uex-corporation.com.

Christie Lake Project

The map shows the Christie Lake Project area within the Athabasca Basin. Key features include the Cameco Cigar Lake Property, the Cigar Lake Mine, and the Cameco McArthur River Property. The Christie Lake Project is highlighted in green. Various uranium deposits are marked with yellow diamonds, including the J Zone, Dawn Lake, Caribou, Rabbit Lake, and West Bear deposits. Operating and past-producing uranium mines are also indicated. The map includes a legend, a scale bar (0-15 km), and a north arrow.

- Located in the eastern Athabasca Basin, 9 km northeast and along strike of the McArthur River Mine.
- In early 2017, the Ōrora Zone was discovered and determining the size of the new zone will be UEX's focus during the winter 2017 program
- Two historical uranium deposits, with historical non-compliant resource of 20.87 Mlbs at an average grade of 3.22%*.
- UEX signed an Option Agreement January, 2016 to earn up to a 70% interest, currently at a 30% interest.
- UEX signed a Joint Venture agreement on July 15, 2016, to take effect after the option is completed.

Historical Resource*

Ore Body	Cut-Off Grade (% U ₃ O ₈)	Ore (t)	Resources (t U ₃ O ₈)	Resources (million lbs U ₃ O ₈)	Average Grade (% U ₃ O ₈)
Paul Bay Deposit	0.3	231,298	7,078	15.60	3.06
Ken Pen Deposit	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 N.I. 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.

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	Number of claims	Hectares	Acres	UEX Ownership %
Christie Lake	6	7,922	19,576	30.00

The Christie Lake Project is 70% owned by JCU (Canada) Exploration Company, Limited ("JCU") and 30% by UEX. The Company signed a Letter of Intent ("LOI") on October 26, 2015 to earn up to a 70% interest in the project by making cash payments of \$7.0 million and funding \$15.0 million in exploration work commitments over 5 years.

On January 16, 2016, UEX signed the definitive Option Agreement with JCU under which UEX can earn its interest. UEX earned a 10% interest in the project by making a \$250,000 payment upon the signing of the LOI and making a \$1,750,000 payment on January 22, 2016. UEX increased its interest in the project to 30% by making a \$2,000,000 payment on December 22, 2016, and completing \$2,500,000 of work in 2016.

On July 15, 2016, UEX and JCU signed a Joint Venture Agreement that sets the terms and conditions that will govern all decisions related to the exploration, development and any future mining production from the Christie Lake Project as well as the relationship between the Joint Venture participants. Although signed, the Joint Venture Agreement will only take effect upon the completion of, or termination of, the Option Agreement.

UEX believes that the P2 Fault trend that hosts the McArthur River mine may continue onto the Christie Lake Project. UEX intends to convert the historical resource to a N.I. 43-101 resource in the coming years with additional drilling and detailed review of the historical work completed. Beyond the known mineralized zones, management believes that the full potential of the productive corridor has only begun to be understood and that it holds very good potential for the discovery of new uranium deposits and expansion of the historical resources. This belief has been bolstered by the discovery of the Ōroara Zone in January 2017, located 500 m northeast and along strike of the Ken Pen Zone. Many kilometres of conductors exist on the southern half of the project which have never been drill tested and provide excellent greenfields exploration potential proximal to producing uranium mines.

We are very happy with the Christie Lake acquisition and are optimistic about our future success on the Project.

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Option Agreement – Vesting Schedule

On January 16, 2016, UEX and JCU signed the definitive Option Agreement for the Christie Lake Project. UEX can earn an incremental interest annually up to a maximum 70% cumulative interest in the property by completing the cash payment and exploration work milestones outlined below:

Date	Cash Payment	Exploration Work Commitment	UEX Cumulative Interest Earned
Completed:			
Upon signing of the LOI	\$ 250,000	\$ -	- %
Before January 28, 2016	1,750,000	-	10.00
Before January 1, 2017	2,000,000	2,500,000	30.00
		1,546,253 ⁽¹⁾	
December 31, 2016	\$ 4,000,000	\$ 4,046,253	
To be completed:			
Before January 1, 2018	1,000,000	953,747 ⁽¹⁾⁽²⁾	45.00 %
Before January 1, 2019	1,000,000	5,000,000	60.00
Before January 1, 2020	1,000,000	5,000,000	70.00
	\$ 3,000,000	\$ 10,953,747	
Total	\$ 7,000,000	\$ 15,000,000	70.00 %

⁽¹⁾ Excess exploration work completed in 2016 will be applied to future years' work commitments.

⁽²⁾ 2017 exploration commitment under the agreement is \$2,500,000.

UEX can elect to proceed with or cease future cash payments and work commitments at any time and vest a reduced interest in the project according to this schedule.

2016 Exploration Program

In January 2016, UEX and JCU approved a \$2.5 million exploration drilling program for the Christie Lake Project that commenced in February 2016. In September 2016, UEX and JCU increased the 2016 exploration drilling program to \$4.0 million. Field activities at Christie Lake were completed in late October.

The expanded program focused drilling primarily in the Paul Bay Deposit area and later in the Ken Pen Deposit area. A total of 12,436 m of drilling was completed in twenty-two drill holes. The two main goals of the 2016 drilling program were to increase the total uranium resources in the Paul Bay and Ken Pen Deposits by drill testing for extensions of both deposits in their down-dip direction and by increasing the size of the newly defined high grade portion of the Paul Bay Deposit.

A technical review of both deposits by the UEX exploration team in early 2016 led the Company to the conclusion that the deposits are hosted in the basement fault structure below the classic unconformity setting for uranium deposits and that the ultimate size of the deposits was not fully defined by previous exploration work.

The historical operator, whose last exploration campaign on the Christie Lake property occurred in 1997, focused its principal efforts on defining uranium at the classic unconformity setting, consistent with the exploration practices at that time. A consequence of this focus was that deposit extensions downwards into the basement structure were not tested. These deeper basement settings have yielded the majority of the new and valuable uranium deposit discoveries made in the Athabasca Basin in the last fifteen years, which include the Eagle Point

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North Extension Deposits, our Shea Creek basement-hosted extensions, Millennium, Roughrider, Triple R, Arrow and the Gryphon Zone.

Our review of the technical data provided by JCU and the new three-dimensional geological model constructed by our exploration team appears to indicate that the Ken Pen Deposit has not been closed off in the down-dip direction or along strike in either direction.

The objectives and highlights of the 2016 exploration program at Christie Lake were:

1. To increase the total uranium resources defined at the Paul Bay and Ken Pen Deposits by growing the size of both deposits by extending the deposits in the down-dip direction and by increasing the size of the high grade zone at the Paul Bay Deposit. Having tested and confirmed the existence of the high grade zone, as well as identifying the potential for a second high grade zone at Paul Bay, we have now turned our attention to testing the down dip extension of the Ken Pen Deposit.
2. To commence a NI 43-101 uranium resource estimate report for the Paul Bay and Ken Pen Deposits to be completed in 2017.
3. To determine the prospectivity of and develop an exploration plan to test the remaining 1.5 km long mineralized trend that extends northeast of and includes the Paul Bay and Ken Pen Deposits for the presence of new uranium zones for future exploration programs.

Drilling at Paul Bay

Between early March and the end of October, UEX completed twenty-two drill holes on the project, testing the Paul Bay and Ken Pen Deposits, which confirms that the Christie Lake Deposits host high grade uranium.

Three holes were completed from March to mid-April.

- Hole CB-092 intersected high grade uranium mineralization that averaged 9.30% U_3O_8 over 7.8 m (496.6 to 504.4 m), confirming the location and high grade characteristics of the Paul Bay Deposit. This intersection included a higher grade core of 43.71% U_3O_8 over 2.0 m.
- Hole CB-090A intersected uranium mineralization that averaged 0.61% U_3O_8 over 9.8 m (534.2 to 544.0 m) including 5.33% U_3O_8 over 0.5 m.
- Hole CB-091B encountered only minor uranium mineralization when the hole deviated in a different direction than hole CB-090A and missed its target by approximately 50 m to the west.

The summer phase of the 2016 program commenced in June and nineteen holes were completed by the end of the October. Thirteen holes tested for extensions to the Paul Bay high grade zone and for extensions of the Paul Bay deposit down-dip and along strike. Six holes were drilled to define both basement and unconformity-style uranium mineralization at the Ken Pen Deposit.

One of the highlights of the 2016 program was the discovery of an ultra-high grade subzone within the Paul Bay Deposit, defined by drill holes CB-092, CB-093 and historic hole CB-004.

- Hole CB-092 intersected 9.30% U_3O_8 over a 7.8 m interval from 496.6 – 504.4 m, including:
 - 43.71% U_3O_8 over 2.0 m from 500.1 – 502.1 m

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- Hole CB-093 encountered 14.74% U_3O_8 over 5.5 m from 492.2 – 497.7 m, including a subinterval of:
 - 31.77% U_3O_8 over 2.5 m, which in turn included a subinterval of:
 - 57.83% U_3O_8 over 1.2 m.

The last hole of the 2016 program, CB-102, also encountered high grade uranium mineralization located within the lower portions of the Paul Bay Deposit in an area of very widely-spaced historic drill holes that all previously intersected previously relatively low grade uranium intervals.

- Hole CB-102 intersected 2.60% U_3O_8 over 15.1 m from 527.4 – 542.5 m, including:
 - 3.4% U_3O_8 over 11.2 m from 530.8 – 542.0 m

The results from hole CB-102 are significant and were unexpected. The mineralization which was encountered suggests that there may be the potential for a second high grade zone within the Paul Bay Deposit, with further drilling targets to be determined.

Drilling at Ken Pen

The first holes at Ken Pen intersected both unconformity-style and basement-hosted mineralization. Highlights for these holes are as follows:

- Hole CB-100A intersected two zones of mineralization that included:
 - Unconformity-hosted uranium mineralization averaging 1.92% U_3O_8 over 2.9 m from 435.6 – 438.5 m.
 - Basement-hosted uranium mineralization that returned 1.57% U_3O_8 over 8.3 m from 450.3 – 458.6 m that included a subinterval of:
 - 2.32% U_3O_8 over 4.9 m from 453.7 – 458.6 m
- Hole CB-106B encountered basement-hosted mineralization that returned an assay grade of 0.5% U_3O_8 over 6.8 m from 440.6 – 447.4 m,
- Hole CB-107A returned an interval of 0.88% U_3O_8 over 7.7 m from 424.0 – 431.7 m that included a subinterval of:
 - 1.06% U_3O_8 over 4.0 m from 424.0 – 428.0 m

Hole CB-104 also intersected uranium mineralization at the unconformity. Due to poor core recoveries where approximately 50% of the core was lost, UEX determined that the Radiometric Equivalent Grade (“REG”) determined from our downhole probes (see May 24, 2016 news release) likely estimates the true grade of the mineralized interval more accurately than the assay grade. CB-104 returned an REG of 2.37% U_3O_8 over 4.2 m from 438.7 – 442.9 m.

The drilling program was terminated in October and in December, UEX mobilized a crew to Christie Lake to thicken the lake ice in advance of the 2017 winter exploration program.

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First NI 43-101 Resource for Christie Lake

The Company has engaged a geological consulting firm to incorporate the historical results with 2016 program results. In the third quarter a resource estimation geologist came to site to view mineralized drill core and to discuss additional holes required for the report. It is our intention to have a maiden resource completed before the end of 2017.

2017 Exploration Program

In 2016, the Company focused its exploration efforts on the Paul Bay and Ken Pen areas with the objective of increasing the size of the known deposits, and to determine the key geological features of the two deposits that could be applied to exploring the remainder of the property

In 2017, UEX is completing some follow-up drilling at Paul Bay and Ken Pen to answer key questions needed for the NI 43-101 resource. UEX will also be commencing the exploration of the remainder of the 1.5 km long Yalowega Uranium Trend along strike to the northeast of the Ken Pen Zone. As the rest of this trend is known to host mineralization along its entire length, while being significantly less explored than the two known deposits, management is very optimistic about the opportunities for additional discoveries along the trend.

In late January 2017, UEX announced the discovery of high-grade uranium mineralization along the Yalowega Trend approximately 500 m northeast and along strike of the Ken Pen Zone. In February, UEX announced that this new 'off-scale' unconformity-style mineralization from hole CB-109, which returned an assay interval of 22.81% U_3O_8 over 8.6 m, and that hole CB-110A drilled 20 m northeast and along strike had also encountered uranium mineralization that returned 6.29% $e U_3O_8$ over 7.4 m from 471.85 – 479.25 m. Hole CB-109 is the best hole drilled to date on the Project. This new discovery has been named the Ōrora Zone. Defining the ultimate size of the Ōrora Zone will be the focus of the remainder of the 2017 winter exploration program.

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Hidden Bay Project



- Three known deposits: Horseshoe, Raven and West Bear.
- Proximal to uranium mills, year-round access by road and air, electric transmission lines transect the property.
- Competitive advantage due to extensive historic core library and large historic drilling database:
 - Has identified targets for new basement uranium mineralization.
- July 2016 metallurgical testing of Horseshoe and Raven Deposit mineralization indicates the deposits could be amenable to heap leaching extraction.
- In December 2016, UEX received the results of a scoping study to determine the viability of a heap-leaching operation at Horseshoe and Raven

- Cameco's Rabbit Lake Mill (including Eagle Point) has produced over 202 million pounds of U_3O_8 to date ⁽¹⁾
- AREVA's McClean Lake JEB Mill has produced close to 50 million pounds of U_3O_8 to date ⁽²⁾

(1) Source: 2015 Cameco Management Discussion and Analysis, February 2016
 (2) Source: <http://us.aveva.com/EN/home-984/aveva-resources-canada-mcclean-lake.html>

	Number of claims	Hectares	Acres	UEX Ownership %
Hidden Bay	59	59,136	146,128	100.00

Hidden Bay was acquired from Cameco upon UEX's formation in 2002 establishing Cameco's initial equity position in UEX.

The Hidden Bay Project is comprised of the Tent-Seal, Telephone-Shamus, Rabbit Lake, Raven, Wolf Lake, Rhino, Dwyer-Mitchell and Umpherville River project exploration areas and includes the Horseshoe, Raven and West Bear deposits.

In May of 2015, UEX acquired a 70% interest in the Umpherville River property ("Umpherville") from Cameco for cash consideration of \$12,000. On October 7, 2015, the Company acquired a further 20% interest in Umpherville from Glencore for cash consideration of \$10,000 plus an agreement to pay to Glencore a 2% NSR royalty on Glencore's previously-owned 20% interest for each mineral produced from the project (equivalent to

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a 0.4% NSR on the total project) with the NSR on uranium capped at \$10 million. On November 23, 2015, UEX assumed 100% ownership of Umpherville when Esso Resources (1989) Ltd., a subsidiary of Imperial Oil, forfeited its 10% interest in the project under the terms of the joint venture agreement by failing to pay its share of joint venture expenditures related to the summer core re-logging program. Esso Resources (1989) Ltd. had indicated in previous correspondence with UEX before the summer program that they did not believe that they retained any interest in Umpherville.

The Umpherville claims about the Hidden Bay mineral claims in the West Bear area, with any future exploration easily coordinated through our Raven exploration camp.

Cumulative expenditures (inclusive of non-cash items) at December 31, 2016 by UEX on exploration and evaluation at Hidden Bay were approximately \$67.0 million and \$7.8 million, respectively, with approximately 498,000 m of drilling completed.

Horseshoe and Raven Deposits

- In 2011, a positive PA was completed at US\$60/lb U₃O₈ – see discussion below
- Very shallow undeveloped uranium resource in the Athabasca Basin amenable to conventional mining techniques
- Located 4 km from Cameco's Rabbit Lake Mill and 22 km from AREVA's McClean Lake Mill
- Existing power line supplying Rabbit Lake Mill crosses over the deposits
- Year-round all-weather access by commercial airport and via Provincial Highway 905
- In July 2016, preliminary metallurgical testing indicated that the two deposits may be amenable to heap leach extraction.
- In December 2016, a scoping study of the Horseshoe and Raven Deposits that considered heap leach extraction was completed. The objective of the study was to determine whether heap leach extraction was as economically viable as the conventional tank leach process considered in the 2011 PA. The results of the scoping study are attractive and further investigation is warranted.

West Bear Deposit

- Shallowest undeveloped uranium deposit in the Athabasca Basin
- Near existing milling infrastructure and power lines
- Short distance from year-round all-weather access by commercial airport and via Provincial Highway 905

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Mineral Resource Estimates

The current technical report, "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 SRK Consulting (Canada) Inc. ("SRK Consulting") and 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 was filed on SEDAR at www.sedar.com on February 23, 2011. Details for the mineral resource estimates at a cut-off grade of 0.05% U₃O₈ as follows:

Deposit		Tonnes	Grade U ₃ O ₈ (%)	U ₃ O ₈ (lbs)		Tonnes	Grade U ₃ O ₈ (%)	U ₃ O ₈ (lbs)
Horseshoe	Indicated	5,119,700	0.203	22,895,000	Inferred	287,000	0.166	1,049,000
Raven		5,173,900	0.107	12,149,000		822,200	0.092	1,666,000
West Bear		78,900	0.908	1,579,000		-	-	-
TOTAL⁽¹⁾		10,372,500	0.160	36,623,000		1,109,200	0.111	2,715,000

⁽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.

The PA is preliminary in nature and 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.

The PA found the economics of mining the Horseshoe and Raven deposits to be positive and, based on a spot price of US\$60 per pound of U₃O₈, reported undiscounted earnings before interest and taxes ("EBIT") of \$246 million, a pre-tax net present value ("NPV") at a 5% discount rate of \$163 million and an internal rate of return ("IRR") of 42%.

Projects in the mining sector have experienced rising costs, including rising capital and operating costs, during the past few years. The price of uranium has declined since the date of the PA which could negatively impact the results of the PA. Projects in the mining sector have also experienced significant fluctuations in costs, which could impact EBIT, NPV and IRR which have been calculated based upon historical costs. Accordingly, readers should bear these factors in mind when reading the PA and should not place undue reliance on the PA.

- The PA recommended the Horseshoe and Raven deposits be advanced to a preliminary feasibility level.
- The PA for the Horseshoe and Raven Deposits (see discussion above) also recommended that the West Bear Deposit be advanced to a preliminary feasibility level along with the Horseshoe and Raven Deposits.

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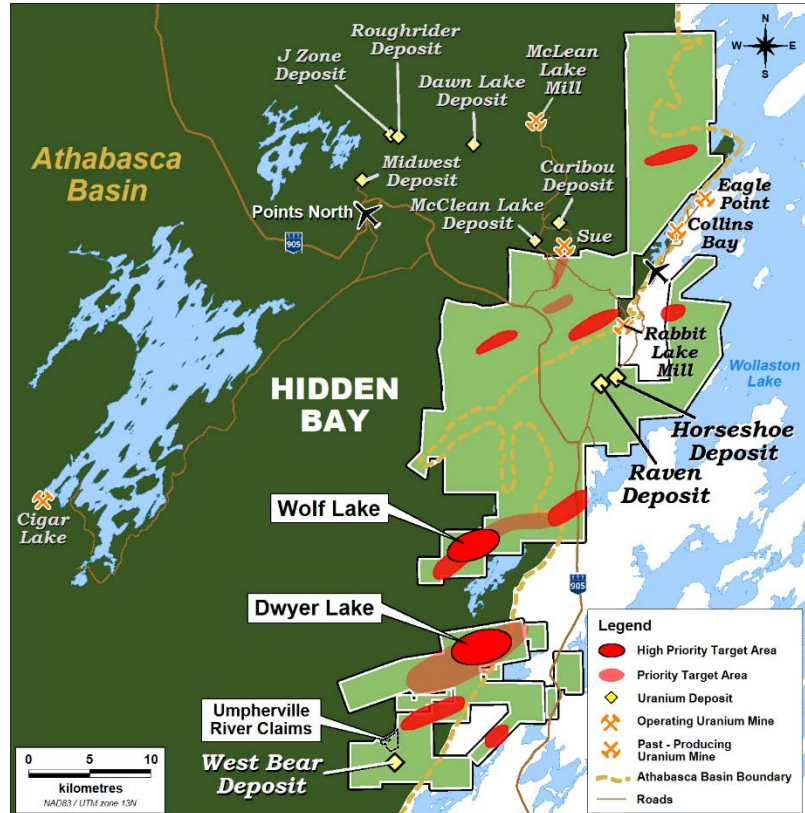
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Basement Targeting at Hidden Bay

Recent work completed has 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 confers a substantial competitive advantage, as it can be used to generate high-quality basement targets with limited capital outlay. Substantial investment in geophysics, prospecting and drilling would be required to obtain a fraction of the information that UEX already possesses and is using to vector toward basement-hosted deposits.



Field review of historical drill core was undertaken in the summer of 2014 and 2015 and identified high priority basement uranium targets:

- Thirteen target areas were identified from the Company's database of over 1,800 historic drill holes and exploration data as being prospective for basement-hosted uranium deposits.
- Ten of the thirteen target areas require additional historic core review to select future drill targets.
- The 2015 drilling program confirmed that Dwyer Lake and Wolf Lake, two of the thirteen identified target areas, exhibit key characteristics associated with basement-hosted uranium deposits similar to the Millennium, Roughrider and Eagle Point deposits.
- The summer 2015 Umpherville core and historical data review identified a previously unrecognized target.

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2016 Activities

Exploration

UEX did not propose a field exploration program for the Hidden Bay Project in 2016. While UEX believes that the Hidden Bay Basement Targeting Program is one of the premier uranium exploration projects in the world today, due to the challenging conditions impacting the global resource industry, the Company focused the majority of its financial resources on the Christie Lake Project in 2016.

In the second quarter, we received the results of the 2015 resistivity program at Dwyer Lake. The survey highlighted several highly prospective follow up areas in the vicinity of the known clay alteration zone intersected in the 2015 drilling program that will be targeted by drilling in future drill programs.

We had some very promising results during the 2015 drill program at the Wolf Lake exploration area at Hidden Bay that we will follow up in a future drilling program.

Work continued in 2016 in reviewing and prioritizing the remaining eleven target areas for basement uranium potential, and the completion of the 2015 Hidden Bay Assessment Report, which will be filed with the Government of Saskatchewan in 2017.

Heap Leach Evaluation

In July 2016, UEX completed a metallurgical study of mineralization from the Raven and Horseshoe Deposits. The study was conducted at the SGS Lakefield Laboratories and consisted of a column leach test and bottle roll tests of uranium mineralized samples collected in the third quarter of 2015 from existing mineralized drill core from these deposits and from surplus material remaining from the 2011 testing completed in conjunction with the PA. A total of three column tests were conducted: two columns were loaded with the newly collected material crushed to both 12.7 mm and 6.35 mm and one column was loaded with the 2011 test material crushed to 6.35 mm.

The column leach tests averaged 98% uranium recovery over a 60-day leaching period and for the newly collected material crushed to 12.7 mm 95% recovery was achieved after 28 days of testing. We believe that the results of the column leaching test program demonstrate that the Horseshoe and Raven Deposits are promising candidates for heap leach uranium extraction.

Before proceeding with further metallurgical testing, UEX commissioned JDS Energy and Mining Inc. to undertake a scoping study incorporating heap leaching to determine whether a reduction of the operating and capital costs could be realized when compared to the Company's 2011 PA, which considered conventional toll-milling at the nearby Rabbit Lake uranium mill (see *Hidden Bay Project - Mineral Resource Estimates* section).

The Company received the scoping study results in the fourth quarter. Scoping studies do not meet NI 43-101 disclosure requirements.

The objective of the scoping study was to determine whether or not employing a heap leach extraction process could be implemented that could produce uranium at the same or lower all-in cost of production on a per pound recovered basis outlined in the 2011 PA. The Company is pleased with the findings of the scoping study and will be contemplating the next steps of the development process, which could consist of a range of actions spanning from the undertaking of additional metallurgical testing in a laboratory environment up to and including field trials of the heap leaching process. A decision on the next step the Company will take will be made in 2017.

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2017 Activities

Exploration

UEX has not proposed an exploration drilling program for the Hidden Bay Project in 2017 at this time. While UEX believes that the Hidden Bay Basement Targeting Program is one of the premier uranium exploration projects in the world today, due to the challenging conditions impacting the global resource industry, the Company focused the majority of its financial resources on the Christie Lake Project in 2017 to date.

Work will continue on detailed evaluation of the Dwyer Lake and Wolf Lake areas as well as the remaining eleven basement targeting areas on the Project, including reinterpretation of historical drill core. Based upon the results of the evaluation, drill core relogging of higher priority target areas will likely be undertaken in the third quarter of 2017 with the objective of proposing exploration drilling on the Property in 2018.

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Western Athabasca Projects ("WAV") – Overview



- Eight separate joint ventures:
 - UOX 49.1%, AREVA 50.9% on six of the joint ventures.
 - Option to earn up to an additional 0.8% interest (0.1% per \$2 million of discretionary exploration expenditures in addition to the annual approved budget) (see WAV 2013 Option Agreement below).
- Flagship project: Shear Creek Project (see Shear Creek – 2016 Exploration Program).
- Four deposits: Kianna, Anne, Colette & 58B.
- 2017 exploration budget of \$3.6 million
 - UOX has elected to dilute its interests in the early stage Mirror River, Laurie, Uchrich and Nikita Projects in 2017.

*AREVA's former Cluff Lake Mine produced over 62 million pounds of U₃O₈ during its successful 22 years of operation**

* Source: <http://www.saskmining.ca/commodity-info/Commodities/38/uranium.html>

Western Athabasca Projects	Number of claims	Hectares	Acres	Project Operator	UOX Ownership %	AREVA Ownership %
Alexandra	3	8,010	19,793	AREVA	49.0975	50.9025
Brander Lake	9	13,993	34,577	AREVA	49.0975	50.9025
Erica	19	36,600	90,441	AREVA	49.0975	50.9025
Laurie	4	8,778	21,691	AREVA	42.1827	57.8173
Mirror River	5	17,400	42,996	AREVA	41.9475	58.0525
Nikita	6	15,131	37,390	AREVA	49.0975	50.9025
Shear Creek	14	27,343	67,566	AREVA	49.0975	50.9025
Uchrich	1	2,263	5,592	AREVA	49.0975	50.9025
Total	61	129,518	320,046			

In 2004, UOX entered into an agreement with AREVA to fund \$30 million of exploration costs in exchange for a 49% interest in the Western Athabasca Projects, which includes Shear Creek. UOX successfully met its funding target and earned its 49% interest in 2007. The current approximate 49.1% ownership interest for six of the eight projects reflects additional amounts funded 100% by UOX under the WAV 2013 Option Agreement dated April 4, 2013 (see discussion below). UOX's interest in the Laurie Project was previously approximately 49.1% and was diluted to approximately 42.2% on December 31, 2015 as a result of UOX's decision not to fund the Laurie 2015 exploration program.

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UEX's interest in the Mirror River Project was previously approximately 49.1% and was diluted to approximately 41.9% on December 31, 2016 as a result of UEX's decision not to fund the Mirror River 2016 exploration program.

UEX elected not to participate in the 2015 Laurie exploration program, which focused exclusively on geophysics. UEX's decision to not fund exploration work at the Laurie Project resulted in a reduction in the Company's ownership interest effective December 31, 2015 to approximately 42.2% with AREVA owning the balance of the project equity. The decision not to fund our share of the proposed Laurie program did not have an impact on UEX's ownership interest in the other WAJV projects which remained at 49.1%, including the Company's ownership of the existing uranium resources at the Shea Creek Project.

The 2017 exploration programs have a combined budget of \$3.6 million (Mirror River - \$1.3 million, Laurie - \$1.3 million, Uchrich - \$500,000 and Nikita - \$500,000). UEX has elected not to participate in the 2017 programs at all four projects. The Company decided it was in shareholders' best interests to employ its exploration capital on the Christie Lake Project and not fund these four early grassroots exploration projects, especially since UEX disagreed with the technical approach proposed by the project operator on two of the proposed programs.

Should AREVA complete all four 2017 exploration programs at the proposed budget levels, it is anticipated that on December 31, 2017 UEX's interest will have declined in all four projects as follows:

Ownership interest (%)	December 31, 2016			Projected interest, December 31, 2017		
	UEX	AREVA	Total	UEX	AREVA	Total
Uchrich	49.0975	50.9025	100.000	25.8546	74.1454	100.000
Nikita	49.0975	50.9025	100.000	40.0992	59.9008	100.000
Laurie	42.1827	57.8173	100.000	31.0372	68.9628	100.000
Mirror River	41.9475	58.0525	100.000	31.8912	68.1088	100.000

UEX's ownership interest in the Shea Creek, Erica, Alexandra, and Brander Lake Projects will remain at 49.1%.

Cumulative expenditures (inclusive of non-cash items) by UEX on the Western Athabasca Projects at December 31, 2016 on exploration and evaluation were \$57.7 million and \$7.4 million, respectively, with approximately 278,000 m of drilling completed.

WAJV 2013 Option Agreement

Pursuant to this agreement with AREVA dated April 4, 2013, UEX has the option to increase its ownership interest in the Western Athabasca Projects, which includes Shea Creek, to 49.9% through the expenditure by UEX of an aggregate of up to \$18.0 million (the "Additional Expenditures") by December 31, 2018. For further details on the terms of this agreement, please refer the most recent Annual Information Form, which is available at www.sedar.com.

Total expenditures of approximately \$2.0 million relating to this agreement were incurred in 2013 with exploration work completed in December 2013 and minimal costs were incurred in early 2014. This increased UEX's ownership interest in the WAJV by approximately 0.1% to 49.1%.

Due to uranium market conditions, UEX did not propose supplemental program budgets for the Western Athabasca for 2014, 2015, 2016 or 2017; however, the Company retains the ability to propose budgets that would allow UEX to increase its ownership interest under the agreement. The Company does not anticipate that it will incur any further Additional Expenditures on the Western Athabasca Projects before the expiry of the option on December 31, 2018 and will likely allow the remainder of the option to expire.

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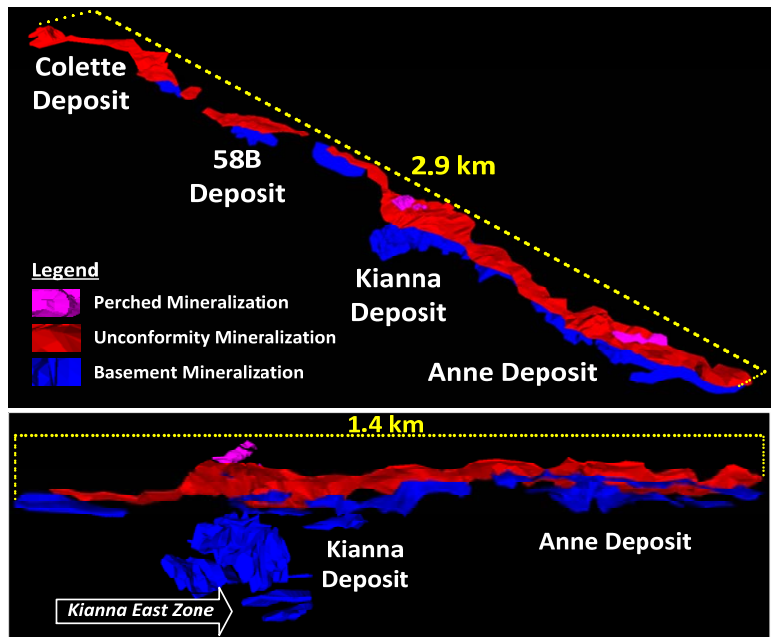
Western Athabasca Projects – Shea Creek

- Four known deposits – Kianna, Anne, Colette and 58B, distributed along a 3 km strike-length at the north end of the 33 km Saskatoon Lake Conductor (“SLC”).
- 2015 drilling near SHE-02 to follow-up historical uranium mineralization outlined a previously unknown hydrothermal clay alteration zone that will require follow-up drilling in future programs.
- 2016 exploration drill tested electromagnetic targets on the southern Shea Creek claims. Seven holes totalling 4,099 m were completed in 2016.

Cumulative expenditures (inclusive of non-cash items) at December 31, 2016 by UEX on exploration and evaluation were \$46.8 million and \$7.4 million, respectively, with approximately 269,000 m of drilling completed.

Shea Creek – Colette, 58B, Kianna and Anne Deposits

- One of the largest undeveloped uranium resource projects in the Athabasca Basin (the “Basin”).
- Resources are open in almost every direction and have excellent potential for significant expansion.
- Three styles of mineralization have been observed at Shea Creek: unconformity-hosted, basement-hosted and perched.



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A N.I. 43-101 independent mineral resource estimate for Shea Creek was prepared by James N. Gray, P.Geo. of Advantage Geoservices Limited in April 2013 (see UEX news release dated April 17, 2013). This estimate includes resources from the Kianna, Anne, Colette and 58B deposits based on drilling information up to December 31, 2012. A technical report entitled "Technical Report on the Shea Creek property, northern Saskatchewan, with an updated mineral resource estimate", prepared by R.S. Eriks, P.Geo., J.N. Gray, P.Geo., D.A. Rhys, P.Geo. and S. Hasegawa, P.Geo. with an effective date of May 31, 2013 supporting this mineral resource estimate was filed on SEDAR on May 31, 2013. Details of the mineral resource estimate at a cut-off grade of 0.30% U₃O₈ are as follows:

Deposit		Tonnes	Grade U ₃ O ₈ (%)	U ₃ O ₈ (lbs)		Tonnes	Grade U ₃ O ₈ (%)	U ₃ O ₈ (lbs)
Kianna	Indicated	1,034,500	1.526	34,805,000	Inferred	560,700	1.364	16,867,000
Anne		564,000	1.992	24,760,000		134,900	0.880	2,617,000
Colette		327,800	0.786	5,680,000		493,200	0.716	7,780,000
58B		141,600	0.774	2,417,000		83,400	0.505	928,000
TOTALS ⁽¹⁾⁽²⁾		2,067,900	1.484	67,663,000		1,272,200	1.005	28,192,000

⁽¹⁾ 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.

⁽²⁾ The mineral resource estimates follow the requirements of National Instrument 43-101 – Standards of Disclosure for Mineral Projects and classifications follow CIM definition standards.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. For additional information on the mineral resource estimate, please refer to "Technical Report on the Shea Creek property, northern Saskatchewan, with an updated mineral resource estimate" as filed on SEDAR on May 31, 2013.

Shea Creek – 2016 Exploration Program

In 2016, the WAJV completed a 7 hole - 4,099 m exploration program at Shea Creek testing the Shea South (S14) conductor on the southernmost Shea Creek claims. UEX fully funded its share of the 2016 exploration program.

The 2016 drilling program tested the S14 conductor systematically over a strike length of up to 3 km. The S14 conductor was undertested by drilling and is believed to be the southern strike extension of the Saskatoon Lake conductor system, which hosts all the known mineralization associated with the Shea Creek Deposits. The S14 conductor was resurveyed by AREVA during the 2015 exploration program using a small moving loop electromagnetic survey. Prior to the 2015 geophysical survey, a total of eight holes (including SHE-147, drilled during the 2015 program) had attempted to intersect the S14 conductor at the unconformity without success.

During the winter program, the joint venture completed seven holes totaling 4,099 m, testing the S14 conductor along five grid lines (L5N, L15N, L20N, L25N, and L35N) spaced over a strike length of 3 km. All seven drill holes failed to intersect a graphitic fault structure near the unconformity, significant uranium mineralization or visible hydrothermal alteration commonly observed proximal to Athabasca-type uranium deposits.

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Western Athabasca Projects – Other Projects

The Western Athabasca Projects – Other Projects include Mirror River, Erica, Laurie, Alexandra, Brander Lake, Nikita, Uchrich and Coppin Lake. See area map above under *Western Athabasca Projects (“WAJV”) – Overview*.

Mirror River Project

2016 Geophysical Program

The \$0.65 million 2016 exploration program at Mirror River consisted of a 52 line-km DC resistivity survey in eight profiles covering the southern claim on the property where sandstone thicknesses are estimated to range between 50 m and 250 m thick. The survey was completed in the second quarter of 2016, with the objective of prioritizing areas for future drilling along the known electromagnetic conductors. While there have been several historical holes drilled in the survey area by previous operators, few holes have directly tested the known conductors which were defined long after the holes were drilled. The interpretation of the results of the survey are ongoing and the results of the survey were provided to UEX in the fourth quarter and will be reviewed in 2017.

UEX elected not to participate in the 2016 Mirror River program. UEX's decision not to fund exploration work at the Mirror River Project has resulted in a reduction in the Company's ownership interest in the Mirror River Project to an estimated 41.9% effective December 31, 2016, which has yet to be officially confirmed between the partners (see *Western Athabasca Projects – Other Projects*). The decision not to fund our share of the proposed Mirror River program did not have an impact on UEX's ownership interest in the other eight WAJV projects as of December 31, 2016, six of which will remain at 49.1%, including the Company's ownership of the existing uranium resources at the Shea Creek Project.

Erica Project

2016 Exploration Program

There was no program or budget proposed for the Erica Project in 2016.

Laurie Project

2016 Exploration Program

There was no program or budget proposed for the Laurie Project in 2016.

Alexandra, Brander Lake, Nikita and Uchrich Projects

2016 Programs

There was no program or budget proposed for the Alexandra, Brander, Nikita or Uchrich projects in 2016.

Coppin Lake Project

There was no planned exploration activity at Coppin Lake in 2016 and the carrying value of \$1,528 was reduced to \$Nil at December 31, 2015.

In early November of 2016, UEX sold its interest in Coppin Lake for proceeds of \$17,184. UEX will also receive its proportionate share of a 1.5% NSR royalty should uranium be produced from this project. The purchaser may elect to purchase the royalty for \$950,000, of which UEX would be entitled to 49.1%.

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Shea Creek – 2017 Exploration Program

There is no program or budget proposed for the Shea Creek Project in 2017.

Mirror River and Laurie Projects

2017 Programs

At both Mirror River and Laurie, there is a \$1.3 million drilling program testing the shallowest areas of the properties. Approximately 3,000 m (13 to 16 holes) will be drilled on each project.

UEX has elected not to fund the drilling programs at the Mirror River and Laurie Projects. UEX does not agree with the technical approach of the operator on the Mirror River Project and has chosen to expend its exploration capital on more advanced stage exploration projects.

Uchrich Project

2017 Program

A \$0.5 million combined geophysics and drilling program has been proposed for the Uchrich Project, consisting of 9 km of MLEM-SQUID surveying, followed up by one diamond drill hole in 2017.

UEX has elected not to fund the geophysics and drilling program at the Uchrich Project and has chosen to expend its exploration capital on more advanced stage exploration projects.

Nikita Project

2017 Program

A \$0.5 million geophysics program has been proposed for the Nikita Project, consisting of 36 km of MLEM-SQUID surveying in 2017.

UEX has elected not to fund the geophysics program at the Nikita Project and has chosen to expend its exploration capital on more advanced stage exploration projects.

Alexandra, Brander Lake, Erica

2017 Programs

There is no program or budget proposed for the Alexandra, Brander, or Erica projects in 2017.

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Beatty River Project

	Number of claims	Hectares	Acres	Project Operator	UEX Ownership %	AREVA Ownership %	JCU Ownership %
Beatty River	7	6,688	16,526	AREVA	25.0	50.70	24.30

The Beatty River Project is located in the western Athabasca Basin approximately 40 km south of the Shea Creek Deposits. Please see the Western Athabasca Projects map for the location of the Beatty River Project.

No program was been proposed for 2016. AREVA, the project operator, has indicated that they will likely be proposing an exploration program on the project to commence in 2018.

Black Lake Project

- Located at the northern edge of the Athabasca Basin.
- Year-round access by road and air, electric transmission lines transect the property.
- Village of Stony Rapids provides accommodations and other support services.
- Uranium mineralization has been encountered on three separate areas of the property.

	Number of claims	Hectares	Acres	Project Operator	UEX Ownership %	AREVA Ownership %
Black Lake	12	30,381	75,073	UEX	90.92	9.08

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Cumulative expenditures by UEX (inclusive of non-cash items) to December 31, 2016 on exploration at Black Lake were \$14.8 million, inclusive of non-option costs that are not covered under the earn-in agreement (which has subsequently expired), with approximately 67,629 m of drilling completed. A total of 71,695 m of drilling had been completed at Black Lake as at December 31, 2016, which includes 4,066 m of drilling funded by Uracon Resources Ltd. ("Uracon") under an option agreement that was terminated in January, 2017. The exploration expenditures funded by Uracon are not reflected in UEX's financial statements.

On January 20, 2017, UEX terminated the Black Lake Option Agreement with Uracon, dated January 24, 2013 and amended June 23, 2014, December 15, 2014 and November 25, 2015, due to Uracon's inability to fund the required annual exploration work commitments. Despite UEX extending the annual exploration commitments required under the Option Agreement for three consecutive years, Uracon did not fund the remaining \$1.4 million necessary to complete its \$3.0 million of work commitments by extended date of December 31, 2016.

The Black Lake claims remain in good standing until 2024, and UEX is currently considering opportunities to find a new partner to advance the Black Lake Project.

Riou Lake Project

- Located at the northern edge of the Athabasca Basin.
- Year-round access by road and air, close to existing electric transmission lines.
- Village of Stony Rapids provides accommodation and other support services.
- Uranium mineralization has been encountered on three areas of the Riou Lake Project.

UEX is actively seeking partners to advance the Riou Lake Project

	Number of claims	Hectares	Acres	UEX Ownership %
Riou Lake	7	13,643	33,713	100.00

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With the presence of radioactive boulders in glacial till on the property containing up to 11.3% uranium, graphite-bearing gneiss units in the underlying basement rocks and local evidence of significant post-Athabasca reverse faulting, the property is prospective for unconformity-style uranium deposits.

The Riou Lake Project was written off in June 2014 due to a lack of planned future activity and the lapsing of two claims. One claim lapsed in March 2016 and was not re-staked. UEX maintains several Riou Lake claims in good standing.

The Company will continue to seek partners that may be interested in earning into this project to follow up on historic uranium mineralization encountered on the property.

Qualified Person

The disclosure of technical information regarding UEX's properties in this MD&A has been reviewed and approved by Roger Lemaitre, P.Eng., P.Geo., UEX's President and CEO, who is a Qualified Person as defined by *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* and is non-independent of UEX.

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3. Financial Update

Selected Financial Information

The following is selected financial data from the unaudited and restated financial statements of UEX for the last three completed fiscal years. During the year ended December 31, 2016, the Company changed its accounting policy related to exploration and evaluation expenditures on a retrospective basis. The data should be read in conjunction with the audited financial statements for the years ended December 31, 2016, 2015, and 2014 and the notes thereto.

Summary of Annual Financial Results

	December 31, 2016	December 31, 2015	December 31, 2014
Interest income	\$ 91,839	\$ 106,027	\$ 131,399
Net loss for the year	(5,981,098)	(6,111,444)	(8,185,857)
Write-off of mineral property acquisition costs	(1,500)	(1,528)	(4,337,496)
Basic and diluted loss per share	(0.021)	(0.025)	(0.036)
Exploration and evaluation expense	4,825,953	4,570,879	1,561,293
Capitalized acquisition costs	3,750,000	273,256	-
Total assets	\$ 13,951,299	\$ 11,131,280	\$ 14,915,187

The following quarterly financial data is derived from the unaudited condensed interim financial statements of UEX as at (and for) the three-month periods indicated below.

Summary of Quarterly Financial Results (Unaudited)

	2016 Quarter 4	2016 Quarter 3	2016 Quarter 2	2016 Quarter 1	2015 Quarter 4	2015 Quarter 3	2015 Quarter 2	2015 Quarter 1
Interest income	\$ 23,216	\$ 30,663	\$ 22,494	\$ 15,466	\$ 20,265	\$ 26,993	\$ 27,168	\$ 31,601
Net loss for the period	(1,112,795)	(1,990,653)	(1,214,190)	(1,663,460)	(726,486)	(1,222,891)	(1,372,309)	(2,789,759)
Write-off of mineral property acquisition costs	(1,500)	-	-	-	(1,528)	-	-	-
Basic and diluted loss per share	(0.004)	(0.007)	(0.005)	(0.006)	(0.003)	(0.005)	(0.006)	(0.012)
Exploration and evaluation expense	945,533	1,740,777	711,539	1,428,104	225,797	759,045	794,877	2,791,160
Capitalized mineral property acquisition costs	2,000,000	-	-	1,750,000	249,076	10,300	13,880	-
Total assets	13,951,299	15,788,028	17,266,442	12,135,936	11,131,280	12,295,254	13,502,737	12,413,283

UEX's business is not affected by seasonality as the Company is able to perform exploration and evaluation work year round. Variations in exploration and evaluation expenditures from quarter to quarter and year to year are affected by the timing and size of the exploration and evaluation programs in the periods. In 2016 and continuing into 2017, UEX is focusing the majority of our exploration on the Christie Lake Project, where we are currently earning up to a 70% interest from JCU.

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In late Q2 2015, there were some delays to our exploration programs in the Athabasca Basin due to forest fires that led to travel restrictions and evacuations in some areas. In response to a decrease in uranium prices following the earthquake and tsunami that damaged Japan's Fukushima nuclear power plant and the global economic slowdown that affected UEX's share price, discretionary exploration and evaluation expenditures levels are lower than those in years before 2012.

In 2015, UEX focused its exploration efforts at Hidden Bay targeting basement deposits. The majority of this work occurred in the first quarter of 2015, followed by geophysics and drill core review at Hidden Bay and there was a larger exploration program at the Western Athabasca Projects than in 2014.

In the fourth quarter of 2015, UEX paid \$250,000 and signed a LOI to earn into the Christie Lake Project and in the first quarter of 2016, a payment of \$1,750,000 was made to complete the first option payment and vest our 10% interest in the project. In the fourth quarter of 2016, a payment of \$2,000,000 was made to increase our interest in Christie Lake to 30%, in addition to exploration commitments of \$2,500,000 being fulfilled during the year.

Variations in loss are primarily affected by the number of options granted and/or vesting in the period and the associated inputs used in calculating share-based payment expense and the timing of the recognition of deferred taxes associated with the renunciation of tax benefits related to flow-through expenditures.

- *Impairment:*

- There were five claims that were staked in October 2014, and included in the Hidden Bay Project, that lapsed on January 6, 2017. As there was no work budgeted or planned for the claims, an impairment charge of \$1,500 was been recorded in the fourth quarter of 2016. These claims did not form a key part of the Hidden Bay Project and no exploration work had been completed on them.
- UEX and AREVA each staked claims in July 2014, which became the Coppin Lake Project. A budget of \$200,000 for geophysics and line cutting was proposed for 2016, of which UEX would have been responsible for funding its 49.1% share, or approximately \$98,000. When bids were received to perform the proposed work, they were much higher than expected. Given the higher than expected costs and small area involved, AREVA made a decision to cancel the program and let the claims lapse in the third quarter of 2016. A write down of acquisition / staking costs of \$1,528 was recorded for the project in the fourth quarter of 2015.

- *Renunciation of tax benefits:*

- Approximately \$2.291 million in flow-through expenditures from the May 2016 placement was incurred by December 31, 2016. The associated tax benefits were renounced to eligible shareholders in February 2017 effective December 31, 2016, resulting in a deferred tax recovery in the fourth quarter of 2016.
- The remaining \$1.815 million in required flow-through expenditures from the May 2015 placement was renounced to eligible subscribers in February 2016, effective December 31, 2015 (under the look-back rule) and this tax impact has been reflected in the first quarter of 2016.
- Approximately \$1.485 million of the required flow-through expenditures from the \$3.3 million, May 11, 2015 flow-through private placement had been incurred by December 31, 2015. The associated tax benefits were renounced to eligible subscribers in February 2016 effective December 31, 2015 (under the general rule), resulting in a deferred tax recovery in the fourth quarter of 2015.
- The majority of the required flow-through expenditures from the September 2014 flow-through private placement were incurred during the first quarter of 2015. All remaining proceeds were expended by April 30, 2015. Due to the timing of these expenditures, the tax effect of the renunciation is primarily reflected in the first quarter of 2015 (under the look-back rule effective December 31, 2014) as the renunciation was filed in February 2015.

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Share Capital

The Company is authorized to issue an unlimited number of common shares without par value, and an unlimited number of preferred shares (no 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.

- 296,538,879 common shares were issued and outstanding as at December 31, 2016 and 319,238,873 as at March 14, 2017;
- 20,904,000 common shares related to director, employee and consultant share purchase options were reserved by the Company as at December 31, 2016 and 20,204,000 at March 14, 2017. The share purchase options are exercisable into common shares at exercise prices ranging from \$0.15 per share to \$1.45 per share;
- 24,761,905 share purchase warrants with a weighted average exercise price of \$0.22 per share were outstanding as at December 31, 2016 and 41,442,899 share purchase warrants with a weighted average exercise price of \$0.30 as at March 14, 2017.

Results of Operations for the Three-Month Period Ended December 31, 2016

For the three-month period ended December 31, 2016, the Company earned interest income of \$23,216 (Q4 2015 - \$20,265). The increase in interest income was primarily due to maintaining a higher bank balance during the current three-month period, which reflects \$5.25 million in flow-through funds raised May 17, 2016 versus \$3.3 million in flow-through funds raised on May 11, 2015. In the fourth quarter of 2016, the Company had an average cash balance invested of approximately \$8.7 million versus \$5.5 million in the comparative period.

For the three-month period ended December 31, 2016, the Company incurred expenses of \$1,319,332 (Q4 2015 - \$896,750) with significant changes from the comparative period identified as follows:

- Exploration and evaluation expense of \$945,533 (Q4 2015 - \$225,798) was higher than in the comparative period as a larger exploration program was underway at Christie Lake in the current period than occurred at Hidden Bay in the comparative period.
- Salaries expense of \$165,660 (Q4 2015 - \$297,844) decreased because the offsetting management fees related to the Christie Lake drilling program in Q4 2016 were higher than the offsetting management fees related to the Black Lake exploration program in Q4 2015 (\$80,700 vs. \$88). Unadjusted salaries expense for Q4 2016, excluding the management fee offsets, was slightly lower than unadjusted salaries expense for Q4 2015 due to bonuses for 2015 that were approved and accrued in Q4 2015; comparable bonuses were not accrued for 2016.
- Office expenses of \$46,531 (Q4 2015 - \$121,658) decreased primarily due to consulting fees which were paid to the former CEO and consultants in Q4 2015 that were not incurred in Q4 2016. All office relocation costs occurred in Q4 2015; no such cost were incurred in Q4 2016.
- Legal and audit expenses of \$24,122 (Q4 2015 - \$41,422) decreased and reflect auditor costs associated with a Q3 2015 review; no comparable costs were incurred in Q4 2016.
- Travel and promotion expenses of \$21,794 (Q4 2015 - \$44,219) decreased primarily due to attendance at an investor conference in Q4 2015 that the Company did not attend in Q4 2016.

The vesting of share purchase options during the three-month period ended December 31, 2016 resulted in total share-based compensation of \$68,984 (Q4 2015 - \$77,158), of which \$8,404 was allocated to exploration and evaluation expenses (Q4 2015 - \$5,017) and the remaining \$60,580 was expensed to share-based compensation (Q4 2015 - \$72,141).

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Results of Operations for the Year Ended December 31, 2016

For the year ended December 31, 2016, the Company earned interest income of \$91,839 (2015 - \$106,027). The decrease in interest income was due to slightly lower cash balances during the current period, as well as lower average interest rates on invested amounts. In 2016, the Company had an average cash balance invested of approximately \$6.4 million versus \$6.6 million in 2015. The Company also incurred \$2,043 of Part XII.6 tax (2015 - \$940) on unspent flow-through funds that has been netted against interest income.

For the year ended December 31, 2016, the Company incurred expenses of \$6,407,509 (2015 - \$6,982,703) with significant changes from the comparative period identified as follows:

- Exploration and evaluation expense of \$4,825,953 increased as compared to \$4,570,879 in the comparative period due to differences in the exploration programs that were completed.
 - 2016 had an exploration program at Christie Lake, as well an exploration program on the Western Athabasca projects; there was no 2015 program at Christie Lake in the period as the acquisition / earn-in agreement was not yet signed.
 - 2015 had an exploration program at Hidden Bay for basement targeting and geophysics, with no comparable programs in 2016. There was a slightly larger amount expended for the Western Athabasca Projects in 2015 than in 2016. In both years UEX elected not to fund work on geophysics and our ownership interest was decreased on the Laurie Project in 2015 and the Mirror River Project in 2016.
- Salaries expense of \$513,933 (2015 - \$869,489) decreased primarily as a result of the higher offsetting project operator management fees of \$367,860 (2015 - \$38,216) which are netted against salaries expense.
 - The higher operator management fees in 2016 reflect a larger exploration program at the Christie Lake Project of \$4.0 million compared to the 2015 Black Lake Project of \$0.4 million.
 - Unadjusted salaries expense for 2016, excluding the drilling program management fee offsets, were slightly lower than unadjusted salaries expense for 2015 due to 2015 bonuses being approved and accrued in 2015; there were no bonuses accrued in 2016. The decrease in unadjusted salary expense is offset by recruiting fees incurred in 2016.
- Office expenses of \$189,035 (2015 - \$452,737) decreased primarily due to consulting fees which were paid to the former CEO and consultants primarily relating to a database transition project in 2015 that were not incurred in 2016, and office supplies expense decreased due to no office relocation in 2016 and less in-house printing related to investor communications.
- Travel and promotion expenses of \$119,925 (2015 - \$223,198) decreased due to a significant reduction in promotional activity and production of advertising materials by the Company.
- Maintenance expense of \$13,679 primarily relates to repairs of probing equipment, while comparative period costs of \$49,750 related primarily to repairs at the Raven exploration camp.
- An impairment charge of \$1,500 was recorded in 2016 for claims staked in October 2014 at Hidden Bay that lapsed on January 6, 2017. No exploration work had been done on these claims. An impairment charge of \$1,528 was recorded in 2015 related to the Coppin Lake claims due to lack of planned exploration activity. The Coppin Lake claims were sold in November 2016 for proceeds of \$17,184.

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The vesting of share purchase options during the year ended December 31, 2016 resulted in total share-based compensation of \$406,561 (2015 - \$391,997), of which \$38,753 was allocated to exploration and evaluation expenditures (2015 - \$30,902) and the remaining \$367,808 was expensed to share-based compensation (2015 - \$361,095).

Deferred income tax recovery for the year ended December 31, 2016 was \$334,572 (2015 – \$754,732). The difference primary relates to the larger flow-through premium on renouncements from the September 2014 placement that were renounced under the lookback rule effective February 2, 2015, compared to the smaller flow-through premium on flow-through renouncements from the May 2015 and May 2016 flow-through placements that were renounced in 2016.

The following table outlines cumulative exploration and evaluation expenditures on uranium projects, cumulatively as at and for the year ended December 31, 2016 and 2015.

Project	2015			2016		
	Cumulative ⁽¹⁾ to December 31, 2014	Expenditures in the period	Cumulative to December 31, 2015	Expenditures in the period	Cumulative to December 31, 2016	
Beatty River	\$ 869,392	\$ 3,677	\$ 873,069	\$ -	\$ 873,069	
Black Lake	14,504,723	4,170	14,508,893	16	14,508,909	
Christie Lake	-	58,689	58,689	4,021,603	4,080,292	
<u>Hidden Bay</u> ⁽²⁾						
Deposit Areas	66,555,664	156,267	66,711,931	143,746	66,855,677	
Exploration Areas	5,692,131	2,292,310	7,984,441	42,556	8,026,997	
<u>Western Athabasca</u>						
Alexandra	1,204,397	854	1,205,251	-	1,205,251	
Brander	1,352,463	900	1,353,363	-	1,353,363	
Erica	1,590,050	663,035	2,253,085	-	2,253,085	
Laurie	1,586,528	-	1,586,528	-	1,586,528	
Mirror	1,987,612	-	1,987,612	-	1,987,612	
Nikita	1,951,521	810	1,952,331	-	1,952,331	
Shea Creek	52,190,981	1,390,166	53,581,147	618,032	54,199,179	
Uchrich	543,091	-	543,091	-	543,091	
All Projects Total	\$ 150,028,553	\$ 4,570,878	\$ 154,599,431	\$ 4,825,953	\$ 159,425,384	

⁽¹⁾ Exploration and evaluation expenditures have been presented on a cumulative basis from July 17, 2002.

⁽²⁾ Deposit areas include Raven, Horseshoe and West Bear Deposits. Exploration areas are all other areas included in Hidden Bay.

Exploration and evaluation expenditures in the year ended December 31, 2016 for all projects include non-cash share-based compensation of \$38,753 (2015 - \$30,902) and depreciation of \$41,101 (2015 - \$35,915).

For further information regarding expenditures on the projects shown in the table above, please refer to *Exploration and Evaluation Activities*. Also please refer to the *Critical Accounting Estimates, Valuation of mineral properties* section.

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The Company has an interest in several joint operations relating to the exploration and evaluation of various properties in the western, eastern and northern Athabasca Basin. These interests are governed by contractual arrangements but have not been organized into separate legal entities or vehicles. The joint arrangements that the Company is party to in some cases entitle the Company, or its joint venture partner, to a right of first refusal on the projects should one of the partners choose to sell their interest. The joint arrangements are governed by management committees which set the annual exploration budgets for these projects. Should the Company be unable to, or choose not to, fund its required contributions as outlined in the agreements, there is a risk that the Company's ownership interest could be diluted. As a result of decisions to fund exploration programs for the joint arrangements, the Company may choose to complete further equity issuances or fund these amounts through the Company's general working capital.

UEX is party to the following joint arrangements as at December 31, 2016 and March 14, 2017:

Ownership interest (%)	UEX	AREVA	JCU	Total
Beatty River	25.0000	50.7020	24.2980	100.0000
Black Lake	90.9200	9.0800	-	100.0000
Christie Lake	30.0000	-	70.0000	100.0000
Western Athabasca				
Laurie Project	42.1827	57.8173	-	100.0000
Mirror River Project	41.9745	58.0525	-	100.0000
All other projects	49.0975	50.9025	-	100.0000

Financing Activities

As UEX has not begun production on any of its mineral properties, the Company does not generate cash from operations and has historically funded its operations through monies raised in the public equity markets:

- On February 27, 2017, the Company completed a private placement of 15,999,994 units at a price of \$0.25 per unit and 6,700,000 flow-through common shares at a price of \$0.30 per share, for gross proceeds of \$6,099,999. Share issue costs included a cash commission of \$360,600, the fair value of brokers warrants of \$105,755 and other issuance costs of approximately \$160,000. Each unit consisted of one common share and one full share purchase warrant exercisable at a price of \$0.42 per share for a period of three years. The Company also issued 681,000 full share broker warrants as part of the placement. Each broker warrant is exercisable at a price of \$0.30 per share for a period of two years. As a result of this placement, Cameco's ownership interest in UEX declined from approximately 16.87% to approximately 15.67%

The proposed use of proceeds from the February 27, 2017 flow-through private placement is presented in the table below:

	PROPOSED USE OF PROCEEDS ⁽¹⁾	ACTUAL USE OF PROCEEDS	
	Flow-through Private Placement	Use of Proceeds	Remaining to be Spent
Christie Lake Project	\$ 1,510,000	\$ -	\$ 1,510,000
Hidden Bay Project	500,000	-	500,000
TOTAL	\$ 2,010,000	\$ -	\$ 2,010,000

⁽¹⁾ Expenses related to the flow-through placement were funded out of the February 27, 2017 unit placement proceeds.

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The proceeds from the February 27, 2017 \$4.0 million unit placement will be used for general and administrative costs, net of issue costs related to the flow-through and unit placements.

- On May 17, 2016, the Company completed a private placement of 21,000,000 flow-through common shares at a price of \$0.25 per share for gross proceeds of \$5,250,000 and 9,523,810 units at a price of \$0.21 per unit for gross proceeds of \$2,000,000. Total gross proceeds were \$7,250,000 with share issue costs of \$505,882. Each unit consisted of one common share and one-half share purchase warrant exercisable at a price of \$0.30 per share for a period of two years. A flow-through premium related to the sale of the associated tax benefits was determined to be \$420,000. As a result of this placement, Cameco's ownership interest in UEX declined from approximately 18.80% to approximately 16.87%.

The use of proceeds from the May 17, 2016 flow-through private placement as at December 31, 2016 is presented in the table below:

	PROPOSED USE OF PROCEEDS ⁽¹⁾	ACTUAL USE OF PROCEEDS	
	Flow-through Private Placement	Use of Proceeds	Remaining to be Spent
Christie Lake Project	\$ 4,400,000	\$ 2,214,506	\$ 2,185,494
Western Athabasca	750,000	66,870	683,130
Hidden Bay Project	100,000	10,124	89,876
TOTAL	\$ 5,250,000	\$ 2,291,500	\$ 2,958,500

⁽²⁾ Expenses related to the flow-through placement were funded out of the May 17, 2016 unit placement proceeds.

The net proceeds from the May 17, 2016 unit private placement of \$2.0 million will fund approximately \$100,000 of ongoing heap leach evaluation work at the Hidden Bay Project, with the remainder allocated to working capital and general corporate expenses.

The Company renounced the income tax benefit of the May 17, 2016 private placement to its subscribers effective December 31, 2016 and incurred Part XII.6 tax at a rate of Nil% for January 2017 and 1% per month thereafter on unspent amounts. As a March 14, 2017, an estimated \$3.2 million of the placement proceeds have been expended and a Part XII.6 tax expense of approximately \$1,700 has been incurred.

- On January 21, 2016, the Company completed a non-brokered private placement of 20,000,000 units at a price of \$0.10 per unit for gross proceeds of \$2,000,000 with issue costs of \$42,744. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.20 per share for a period of two years. The placement was fully subscribed by a former CEO of the Company, with no commission payable. Cameco did not exercise its pre-emptive right to participate in the offering and thus its ownership interest in UEX declined from approximately 20.33% to approximately 18.80%.

These funds were raised to make the \$1,750,000 cash payment to JCU required to complete the 10% Christie Lake Project earn-in on January 22, 2016. The remaining \$250,000 from the placement was used to replace funds that were paid to JCU from the Company's working capital upon signing the LOI.

- 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 proceeds of \$3,300,000 with issue costs of \$78,558 and paid an agent a cash commission of \$165,000, both of which were paid from existing cash reserves. A flow-through premium related to the sale of the associated tax benefits was determined to be \$275,000. Cameco did not exercise its pre-emptive right to participate in the offering and thus its ownership interest in UEX declined from approximately 21.28% to approximately 20.33%.

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- The use of proceeds from the May 11, 2015 flow-through private placement as at December 31, 2016 is presented in the table below:

	PROPOSED USE OF PROCEEDS ⁽²⁾	ACTUAL USE OF PROCEEDS	
	Flow-through Private Placement	Use of Proceeds	Remaining to be Spent
Hidden Bay	\$ 1,300,000	\$ 356,808	\$ 943,192
Western Athabasca	2,000,000	1,632,249	367,751
Christie Lake	-	1,310,943	(1,310,943)
TOTAL	\$ 3,300,000	\$ 3,300,000	\$ -

⁽³⁾ Expenses of \$243,558 related to the offering were funded from existing working capital.

The Company renounced the income tax benefit of the May 11, 2015 private placement to its subscribers effective December 31, 2015 and incurred Part XII.6 tax at a rate of Nil% for January 2016 and 1% per month thereafter on unspent amounts. As at December 31, 2016, the Company had spent, on qualified expenditures, \$3,300,000 (December 31, 2015 - \$1,484,977) of the \$3,300,000 flow-through monies raised in the May 11, 2015 placement. The Company renounced the income tax benefit of this issue to its subscribers effective December 31, 2015. The Company incurred \$2,043 in Part XII.6 tax on unspent flow-through monies in the year ended December 31, 2016 (2015 - \$940), which has been netted against interest income.

No share purchase options were exercised during the year ended December 31, 2016 or 2015.

No share purchase warrants were exercised during the year ended December 31, 2016 and no such warrants existed in the comparative period.

Liquidity and Capital Resources

Working capital as at December 31, 2016 was \$3,852,198 compared to working capital of \$4,825,590 as at December 31, 2015 and includes the following:

- Current assets as at December 31, 2016 and December 31, 2015 were \$4,385,175 and \$5,302,127 respectively, including:
 - Cash and cash equivalents of \$4,136,636 at December 31, 2016 and \$5,139,814 at December 31, 2015. The Company's cash balances are invested in highly liquid term deposits redeemable within 90 days or less.
- Accounts payable and other liabilities as at December 31, 2016 and December 31, 2015 were \$532,975 and \$476,537, respectively:
 - The balance at December 31, 2016 was comprised of \$296,295 in trade payables and other liabilities, with the remainder due to the flow-through share premium liability of \$236,680 related to the May 17, 2016 flow-through private placement.
 - The balance at December 31, 2015 was comprised of \$325,285 in trade payables and other liabilities, with the remainder due to the flow-through share premium liability of \$151,252 related to the May 11, 2015 flow-through private placement.

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The Company has sufficient financial resources for exploration, evaluation, and administrative costs for at least, but not limited to, twelve months from the end of the reporting period. The Company will require additional financing and although it has been successful in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

Commitments

In the normal course of business, the Company enters into contracts and performs business activities that give rise to commitments for future minimum payments. The Company has obligations under operating leases for its premises, which expire between July 31, 2018 and October 31, 2020. Future minimum lease payments are as follows:

	December 31 2016
2017	\$ 71,502
2018	67,774
2019	61,446
2020	53,130

UEX has agreements with partners to fund exploration and make acquisition related payments that if not made would result in project dilution or potentially loss of a project in its entirety.

Exploration Commitments – Western Athabasca

As at December 31, 2016, UEX has decided not to fund its share of the 2017 Western Athabasca exploration budget (\$0.5 million for geophysics on Nikita, \$0.5 million for geophysics and drilling on Uchrich, \$1.3 million each for drilling on Laurie and Mirror River). UEX's interest in Uchrich and Nikita is anticipated to drop from the current 49.1% interest to approximately 25.9% and 40.1%, respectively, should AREVA complete the approved programs. UEX's interest in Laurie is anticipated to drop from the current 42.2% to 31.0% and UEX's interest in Mirror River is anticipated to drop from the current 41.9% to 31.9%, should AREVA complete the approved programs.

UEX decided not to fund its share of the 2016 geophysical program at the Mirror River Project. As a result, UEX's interest in this project dropped from a 49.1% interest to 41.9% as AREVA completed the approved program. This dilution only applies to UEX's interest in the Mirror River Project.

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Exploration and Earn-in Commitments – Christie Lake

On January 19, 2016, UFX signed an Option Agreement with JCU formalizing the terms upon which UFX may earn up to 70% interest in the Christie Lake Project. UFX has made the required cash payments to JCU of \$0.25 million on October 23, 2015, \$1.75 million on January 22, 2016 and \$2.0 million on December 22, 2016 and completed the required exploration commitment of \$2.5 million by December 31, 2016. UFX has currently vested a 30% ownership interest in the Christie Lake Project.

The Company must complete the cash payments and exploration work outlined in the table below or it risks not achieving its objective of earning a 70% interest in the Christie Lake Project.

Date	Cash Payment	Exploration Work Commitment	UFX Cumulative Interest Earned
Completed:			
Upon signing of the LOI	\$ 250,000	\$ -	- %
Before January 28, 2016	1,750,000	-	10.00
Before January 1, 2017	2,000,000	2,500,000	30.00
		1,546,253 ⁽¹⁾	
As at December 31, 2016	\$ 4,000,000	\$ 4,046,253	
To be completed:			
Before January 1, 2018	1,000,000	953,747 ⁽¹⁾⁽²⁾	45.00 %
Before January 1, 2019	1,000,000	5,000,000	60.00
Before January 1, 2020	1,000,000	5,000,000	70.00
	\$ 3,000,000	\$ 10,953,747	
Total	\$ 7,000,000	\$ 15,000,000	70.00 %

⁽¹⁾ Excess exploration work completed in 2016 will be applied to 2017 work commitments.

⁽²⁾ 2017 exploration commitment under the agreement is \$2,500,000.

UFX could elect to cease future cash payments and work commitments and instead vest a reduced interest in the property according to the schedule in the table above.

During the year ended December 31, 2016, the Company completed a \$4.0 million exploration program at Christie Lake, \$1.5 million in excess of the 2016 exploration earn-in required. The Company will apply the excess funding to reduce future years' commitments to the ownership milestones. In early 2017, the Company began a further \$3.0 million exploration program at Christie Lake, which is 100% funded by UFX. As at March 14, 2017, UFX had completed the exploration component of the 2017 Christie Lake earn-in commitment.

Uracan Exploration Agreement – Black Lake

In early 2013, UFX signed an agreement with Uracan Resources Ltd. ("Uracan") whereby Uracan could earn a 60% interest in Black Lake. Amendments to this original agreement were signed on June 23, 2014, December 15, 2014 and November 25, 2015. As at December 31, 2016, Uracan had not met the earn-in commitments under the Black Lake Project earn-in agreement and UFX did not extend the funding deadline. On January 20, 2017, UFX terminated the earn-in agreement with Uracan, with Uracan earning no interest in the Black Lake Project. UFX is currently seeking partners interested in earning into the Black Lake Project.

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Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, deposits, investments and accounts payable and other liabilities. Interest income is recorded in the statement of operations and comprehensive loss. Cash and cash equivalents, as well as amounts receivable, are classified as loans and receivables, and accounts payable and other liabilities are classified as other financial liabilities and recorded at amortized cost using the effective interest rate method. In addition, any impairment of loans and receivables is deducted from amortized cost. Investments include warrants which have been classified as *Financial assets at fair value through profit or loss* ("FVTPL") and as such are stated at fair value with any changes in fair value recognized in profit or loss. The investments also include shares which have been classified as *Available-for-sale financial assets* and are carried at fair value with changes in fair value recognized in profit and loss.

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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development programs on its mineral properties. The Company manages its capital structure, consisting of shareholders' equity, and makes adjustments to it, based on funds available to the Company, in order to support the exploration and development of its mineral properties. Historically, the Company has relied exclusively on the issuance of common shares for its capital requirements. Accounts payable and other liabilities are due within the current operating period.

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

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

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

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

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Investments are recorded at fair value. The fair value change for the Uracon shares represents the change to the quoted price of these publicly traded securities from the date they were acquired. These common shares and common share purchase warrants are being held for long-term investment purposes. The fair value change for the common share purchase warrants reflects the changes to the Black-Scholes valuation input assumptions at the December 31, 2016 revaluation date, as compared to December 31, 2015. The February 13, 2013 warrants, which had an exercise price of \$0.15 per share, expired on February 13, 2016 (150,000 warrants). The June 23, 2014 warrants have an exercise price of \$0.12 per share (which is currently above market share price) and will expire on June 23, 2017 (25,000 warrants).

The impacts of fair value changes are incidental to the Company as the assets impacted by these changes do not represent significant value in comparison with the core assets of the Company. The Company has not exercised any of the Uracon common share purchase warrants that it holds.

The fair value of the Uracon shares, classified as Level 1, is based on the market price for these actively traded securities at December 31, 2016 and December 31, 2015, the financial statement fair value dates.

The fair value of the warrants received from Uracon, classified as Level 3, has been determined using the Black-Scholes option-pricing model with the following assumptions as at the dates indicated:

	December 31, 2016		December 31, 2015	
	June 23, 2014 Agreement Amendment ⁽¹⁾	February 13, 2013 Agreement (expired) ⁽²⁾	June 23, 2014 Agreement Amendment ⁽¹⁾	February 13, 2013 Agreement (expired) ⁽²⁾
Number of warrants – Uracon	25,000	N/A	25,000	150,000
Expected forfeiture rate	0.00%	-	0.00%	0.00%
Weighted-average valuation date share price	\$ 0.06	-	\$ 0.02	\$ 0.02
Expected volatility	107.45%	-	163.43%	330.38%
Risk-free interest rate	0.76%	-	0.48%	0.48%
Dividend yield	0.00%	-	0.00%	0.00%
Expected life	0.47 years	-	1.48 years	0.12 years
Weighted-average valuation date fair value	\$ 0.01	-	\$ 0.01	\$ 0.00

⁽¹⁾ The initial fair value of the 25,000 Uracon warrants on June 23, 2014 was determined to be \$889 using the Black-Scholes option-pricing model with the following assumptions: Pre-vest forfeiture rate – 0.00%; Expected volatility – 132.48%; Risk-free interest rate – 1.23%; Dividend yield – 0.00%; and Expected life of warrants – 3.00 years.

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

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Market factors, such as fluctuations in the trading prices for the marketable securities as well as fluctuations in the risk-free interest rates offered by the Bank of Canada for short-term deposits, are updated each time the Uracon warrants are revalued. The Company expects that these valuation inputs are likely to change at every reporting period which will result in adjustments to the fair value of these warrants in future periods.

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

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

Related Party Transactions

The Company was involved in the following related party transactions for the year ended December 31, 2016 and 2015.

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

	Year ended December 31			
	2016		2015	
Cameco Corporation ⁽¹⁾	\$	1,323	\$	12,000
Management advisory board share-based payments ⁽²⁾		9,055		15,141
Panterra Geoservices Inc. ⁽³⁾		-		2,400
	\$	10,378	\$	29,541

⁽¹⁾ 2016 payments related to fees paid for use of the Cameco airstrip at the McArthur River mine. 2015 payment represents an amount paid to Cameco (20.33% shareholder of UEX Corporation at the date of the transaction) in May of 2015 to acquire Cameco's 70% interest in the Umpherville joint venture (see Note 8(i)).

⁽²⁾ Share-based compensation expense is the fair value of options granted which have been calculated using the Black-Scholes option-pricing model and the assumptions disclosed in Note 12(c).

⁽³⁾ Panterra Geoservices Inc. is a company owned by David Rhys, a member of the management advisory board that provides geological consulting services to the Company. The management advisory board members are not paid a retainer or fee; specific services are invoiced as provided.

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

	Year ended December 31			
	2016		2015	
Salaries and short-term employee benefits ⁽¹⁾⁽²⁾	\$	740,259	\$	676,127
Share-based payments ⁽³⁾		338,449		322,770
Other compensation ⁽⁴⁾		-		183,000
	\$	1,078,708	\$	1,181,897

- (1) In the event of a change of control of the Company, certain senior management may elect to terminate their employment agreements and the Company shall pay termination benefits of up to two times their respective annual salaries at that time and all of their share purchase options will become immediately vested with all other employee benefits, if any, continuing for a period of up to two years.
- (2) In the event that Mr. Lemaitre's (UEX's President and CEO) employment is terminated by the Corporation for any reason other than as a result of a change of control, death or termination for cause, the Corporation will pay a termination amount equal to one year's base salary plus any bonus owing. All other employee related benefits will continue for a period of one year following such termination. Mr. Lemaitre may also terminate the employment agreement upon three months' written notice to the Board and receive a lump sum payment equal to his base salary plus benefits for three months.
- (3) Share-based compensation expense is the fair value of options granted which have been calculated using the Black-Scholes option-pricing model and the assumptions disclosed in Note 12(c).
- (4) Represents amounts paid in January 2015 and January 2014 to Mr. Graham Thody, the Company's former President and CEO, under the terms of a retirement consulting agreement for consulting services up to December 31, 2015. During the term of this agreement, Mr. Thody was not entitled to receive director's fees; however, upon expiry of this agreement on December 31, 2015, Mr. Thody became entitled to receive director's fees in 2016 on the same terms as other non-management directors.

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.

Accounting Policy Change

Effective September 30, 2016, the Company changed its accounting policy for exploration and evaluation costs under IFRS 6 from a recognition as exploration and evaluation assets to expensing as incurred. The accounting treatment of mineral property acquisition costs has not changed. This change in accounting policy has been applied retrospectively. Please refer to the December 31, 2016 audited financial statements for the new accounting policy and the impact of this policy change.

The Company believes that this change in our accounting policy will provide more relevant and useful information to the users of the financial statements.

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Joint Arrangements

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

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

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

The Company does not have any joint arrangements that are classified under IFRS 11 as joint ventures. However, "joint operations" as defined by IFRS are nevertheless commonly referred to as "joint ventures" by UEX, its operating partners and the general mining industry, and use of the term "joint venture" by UEX in its disclosures for the purposes of describing its operating results is considered consistent with these statements.

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

Critical Accounting Estimates

The Company prepares its financial statements in accordance with IFRS, which require management to estimate various matters that are inherently uncertain as of the date of the financial statements. Accounting estimates are deemed critical when a different estimate could have reasonably been used or where changes in the estimate are reasonably likely to occur from period to period, and would materially impact the Company's financial statements. The Company's significant accounting policies are discussed in the financial statements. Critical estimates inherent in these accounting policies are discussed below.

Valuation of Mineral Properties

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

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All amounts capitalized in mineral properties are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that the capitalized acquisitions cost is determined to be impaired, this amount is recorded as a write-down of mineral properties in the statement of operations and comprehensive loss in the period.

The Company performed an evaluation of impairment indicators under IFRS 6(20) for its exploration and evaluation assets (mineral properties) as at December 31, 2016 and has concluded that there are no indicators of impairment.

Environmental Rehabilitation Provision

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

Share-based Payments

The Company has a share option plan which is described in Note 12(c) of the unaudited condensed interim financial statements for the year ended December 31, 2016. The fair value of all share-based awards is estimated using the Black-Scholes option-pricing model at the grant date and amortized over the vesting periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. Share-based payments to non-employees are measured at the fair value of the goods or services received, or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

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

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Valuation of Warrants

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as part of units. The residual value method first allocates value to common shares issued in the private placements at their fair value, as determined by the closing quoted bid price on the announcement date or the price protection date, if applicable. The balance remaining, if any, is allocated to the warrants with the fair value recorded in shareholders' equity under warrant reserve.

Recent Accounting Announcements

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

In January of 2016 the IASB issued IFRS 16 Leases ("IFRS 16"), which replaces the existing leasing standard, IAS 17 Leases. The new standard effectively eliminates the distinction between operating and finance leases for lessees, while lessor accounting remains largely unchanged with the distinction between operating and finance leases retained. IFRS 16 takes effect on January 1, 2019, with earlier application permitted. The Company has not yet evaluated the impact of adopting this standard and does not intend to early adopt.

4. Risks and Uncertainties

An investment in UEX common shares is considered speculative due to the nature of UEX's business and the present stage of its development. A prospective investor should carefully consider the risk factors set out below.

It is not possible to determine if the exploration programs of UEX will result 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.

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Joint ventures

UEX participates in certain of its projects (such as the Western Athabasca, Black Lake, Beatty River and Christie 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 could adversely affect UEX

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 countries such as Kazakhstan, Russia, Africa and Australia.

Reliance on the economics of the Preliminary Assessment Technical Report

The market price of U₃O₈ has decreased since the date of the Hidden Bay PA. 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 current long-term U₃O₈ market price, as reported by Ux Consulting on February 27, 2017, is US\$31.00 /lb. Given that the PA presented three economic scenarios using prices ranging from US\$60 to US\$80 /lb of U₃O₈, the economic analysis which uses U₃O₈ 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.

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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.

Failure to obtain additional financing on a timely basis could cause UEX to reduce its interest in its properties

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.

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.

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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.

Compliance with and changes to current environmental and other regulatory laws, regulations and permits governing operations and activities of uranium exploration companies, or more stringent interpretation, implementation, application or enforcement thereof, could have a material adverse impact on UEX

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 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*.

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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 the following: the extent of analytical coverage available to investors concerning the business of UEX may be limited if investment banks with research capabilities do not follow UEX's securities; lessening in trading volume and general market interest in UEX's securities may affect an investor's ability to trade significant numbers of securities of UEX; and the size of UEX's public float and its inclusion in market indices may limit the ability of some institutions to invest in UEX's securities. If an active market for the securities of UEX does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Corporation may decline. If an active market does not exist, 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. Securities class-action litigation has been brought against companies following periods of volatility in the market price of their securities. UEX may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting UEX's financial position

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.

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5. Disclosure Controls and Procedures

The Company has established disclosure controls and procedures to ensure that information disclosed in its annual filings, interim filings or other reports filed or submitted by it under securities legislation was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee.

The Company's certifying officers conducted or caused to be conducted under their supervision an evaluation of the disclosure controls and procedures as required under applicable Canadian securities laws as at the financial period end. Based on the evaluation, the Company's certifying officers concluded that the disclosure controls and procedures were effective to provide a reasonable level of assurance that information required to be disclosed by the Company in its annual filings, interim filings and other reports that it files or submits under applicable Canadian securities laws is recorded, processed, summarized and reported within the time period specified and that such information is accumulated and communicated to the Company's management, including the certifying officers, as appropriate to allow for timely decisions regarding required disclosure.

It should be noted that while the Company's certifying officers believe that the Company's disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

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6. Internal Controls over Financial Reporting

The Company's certifying officers acknowledge that they are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Based upon the 2013 COSO Framework, the Company's certifying officers evaluated or caused to be evaluated under their supervision the effectiveness of the Company's internal controls over financial reporting. Based upon this assessment, management concluded that as at December 31, 2016 the Company's internal control over financial reporting was effective to provide reasonable assurance regarding the preparation of the Company's financial statements in accordance with IFRS.

The internal controls over financial reporting were designed to ensure that testing and reliance could be achieved. Management and the Board of Directors work to mitigate the risk of material misstatement in financial reporting; however, there can be no assurance that this risk can be reduced to less than a remote likelihood of material misstatement.

UEX CORPORATION

Management's Discussion and Analysis
For the year ended December 31, 2016 and 2015
(Expressed in Canadian dollars, unless otherwise noted)



7. Cautionary Statement Regarding Forward-Looking Information

This MD&A 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, the outcome of any legal proceedings, 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.

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 or be unable to earn interests 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 compliance with 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;
- risks related to the market price of UEX's shares; 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. Reference should also be made to factors described under “Risk Factors” in UEX's latest Annual Information Form filed on www.sedar.com. 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.

Audited Financial Statements of

UEX CORPORATION

Years end December 31, 2016 and 2015



KPMG LLP
Chartered Professional Accountants
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Canada

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of UEX Corporation

We have audited the accompanying financial statements of UEX Corporation, which comprise the balance sheets as at December 31, 2016, December 31, 2015 and January 1, 2015, the statements of operations and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2016 and December 31, 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of UEX Corporation as at December 31, 2016, December 31, 2015 and January 1, 2015, and its financial performance and its cash flows for the years ended December 31, 2016 and December 31, 2015 in accordance with International Financial Reporting Standards.

KPMG LLP (Signed)

Chartered Professional Accountants

March 14, 2017
Vancouver, Canada

UEX CORPORATION

Balance Sheets

As at December 31, 2016, 2015 and January 1, 2015



	Notes	December 31 2016	December 31 2015 <i>Restated</i> <i>(see Note 21)</i>	January 1, 2015 <i>Restated</i> <i>(see Note 21)</i>
Assets				
Current assets				
Cash and cash equivalents	3	\$ 4,136,636	\$ 5,139,814	\$ 9,321,596
Amounts receivable	4	106,036	62,010	141,170
Prepaid expenses	5	142,357	100,177	106,540
Investments – current portion	8(v), 9, 15	144	126	-
		4,385,173	5,302,127	9,569,306
Non-current assets				
Deposits	6	44,377	44,704	-
Equipment	7	267,184	292,202	111,885
Mineral properties	8	9,233,565	5,485,065	5,211,809
Investments	8(v), 9, 15	21,000	7,182	22,187
Total assets		\$ 13,951,299	\$ 11,131,280	\$ 14,915,187

Liabilities and Shareholders' Equity

Current liabilities				
Accounts payable and other liabilities	10	\$ 532,975	\$ 476,537	\$ 1,322,439
Total liabilities		532,975	476,537	1,322,439
Shareholders' equity				
Share capital	12(b)	186,603,862	178,279,744	175,498,302
Share-based payments reserve	12(c)	3,231,238	3,067,912	2,787,954
Accumulated other comprehensive income (loss)	15	14,000	-	(10,500)
Deficit		(176,430,776)	(170,692,913)	(164,683,008)
		13,418,324	10,654,743	13,592,748
Total liabilities and shareholders' equity		\$ 13,951,299	\$ 11,131,280	\$ 14,915,187

Nature and continuance of operations	1
Commitments	8(iv)(vii), 12(d), 13
Subsequent events	8(v), 12(b)(c)(e)

See accompanying notes to the financial statements.

Approved on behalf of the Board and authorized for issue on March 14, 2017.

“signed”

Roger M. Lemaitre

Director

“signed”

Emmet A. McGrath

Director

UEX CORPORATION

Statements of Operations and Comprehensive Loss

Years ended December 31, 2016 and 2015



	Notes	2016	2015
			<i>Restated (see Note 21)</i>
Revenue			
Interest income		\$ 91,839	\$ 106,027
Expenses			
Bank charges and interest		4,126	5,308
Depreciation		30,109	19,282
Exploration and evaluation expenditures	17	4,825,953	4,570,878
Filing fees and stock exchange		78,743	85,147
Gain on sale of mineral property	8(iv)	(17,184)	-
Legal and audit		140,181	139,095
Loss on disposal of equipment		278	423
Maintenance		13,679	49,750
Office expenses	18	189,035	452,737
Project investigation		-	21,938
Rent		139,259	157,456
Salaries, net of project management fees	19	513,933	869,489
Share-based compensation	12(c)	367,808	361,095
Travel and promotion		119,925	223,198
Unrealized fair value loss on available-for-sale financial assets	8(v), 9, 15	-	22,750
Unrealized fair value loss on held-for-trading financial assets	8(v), 9, 15	164	2,629
Write-down of mineral properties	8(i)(iv)	1,500	1,528
		6,407,509	6,982,703
Loss before income taxes		(6,315,670)	(6,876,676)
Deferred income tax recovery	11	334,572	754,732
Loss for the year		\$ (5,981,098)	\$ (6,121,944)
Other comprehensive income (loss)			
Available-for-sale financial assets net change in fair value	8(v), 9, 15	14,000	10,500
Comprehensive loss for the year		\$ (5,967,098)	\$ (6,111,444)
Basic and diluted loss per share		\$ (0.021)	\$ (0.025)
Basic and diluted weighted-average number of shares outstanding		284,020,404	242,094,261

See accompanying notes to the financial statements.

UEX CORPORATION

Statements of Changes in Equity

Years ended December 31, 2016 and 2015



	Number of common shares	Share capital	Share-based payments reserve	Accumulated other comprehensive income	Deficit	Total
December 31, 2014 <i>(Restated – see note 21)</i>	235,015,069	\$ 175,498,302	\$ 2,787,954	\$ (10,500)	\$ (164,683,008)	\$ 13,592,748
Loss for the year					(6,121,944)	(6,121,944)
Issued pursuant to private placements	11,000,000	3,300,000				3,300,000
Share issuance costs		(243,558)				(243,558)
Value attributed to flow-through premium on issuance		(275,000)				(275,000)
Other comprehensive income (loss)						
<i>Fair value change in AFS financial assets</i>				10,500		10,500
Share-based payment transactions			391,997			391,997
Transfer to deficit on expiry of share purchase options			(112,039)		112,039	-
December 31, 2015 <i>(Restated – see note 21)</i>	246,015,069	178,279,744	3,067,912	-	(170,692,913)	10,654,743
Loss for the year					(5,981,098)	(5,981,098)
Issued pursuant to private placements	50,523,810	9,250,000				9,250,000
Share issuance costs		(505,882)				(505,882)
Value attributed to flow-through premium on issuance		(420,000)				(420,000)
Other comprehensive income (loss)						
<i>Fair value change in AFS financial assets</i>				14,000		14,000
Share-based payment transactions			406,561			406,561
Transfer to deficit on expiry of share purchase options			(243,235)		243,235	-
December 31, 2016	296,538,879	\$ 186,603,862	\$ 3,231,238	\$ 14,000	\$ (176,430,776)	\$ 13,418,324

See accompanying notes to the financial statements.

UEX CORPORATION

Statements of Cash Flows

Years ended December 31, 2016 and 2015



	Notes	2016	2015
			<i>Restated</i> (see Note 21)
Cash provided by (used for):			
Operating activities			
Loss for the year		\$ (5,981,098)	\$ (6,121,944)
Adjustments for:			
Depreciation		81,678	55,197
Deferred income tax recovery		(334,572)	(754,732)
Equipment charged to exploration on disposal		1,522	-
Interest income		(91,839)	(106,027)
Loss on disposal of equipment		278	423
Part XII.6 tax	12(d)	(2,043)	(940)
Share-based compensation		406,561	391,997
Unrealized fair value loss on AFS financial assets		-	22,750
Unrealized fair value loss on held-for-trading financial assets		164	2,629
Write-down of mineral properties	8(i)(iv)	1,500	1,528
Changes in non-cash operating working capital			
Amounts receivable		(35,377)	50,664
Prepaid expenses and deposits		(41,853)	(38,341)
Accounts payable and other liabilities		(28,990)	(366,170)
		(6,024,069)	(6,862,966)
Investing activities			
Interest received		85,233	135,463
Investment in mineral properties		(3,750,000)	(274,784)
Purchase of equipment		(58,737)	(236,756)
Proceeds on sale of furniture		277	819
		(3,723,227)	(375,258)
Financing activities			
Proceeds from common shares issued	12(b)	9,250,000	3,300,000
Share issuance costs	12(b)	(505,882)	(243,558)
		8,744,118	3,056,442
Decrease in cash and cash equivalents during the year		(1,003,178)	(4,181,782)
Cash and cash equivalents, beginning of year		5,139,814	9,321,596
Cash and cash equivalents, end of year		\$ 4,136,636	5,139,814
Supplementary information			
<u>Non-cash transactions</u>			
Increase in other liabilities due to flow-through premiums		\$ 420,000	275,000
Decrease in other liabilities due to partial extinguishment of flow-through premiums on December 31, 2016 renouncements		(183,320)	-
Decrease in other liabilities due to partial extinguishment of flow-through premiums on December 31, 2016 and 2015 renouncements		(151,252)	(123,748)
Decrease in other liabilities due to extinguishment of remaining 2014 flow-through premium on February 2, 2015 renouncement (Look-Back Rule)		-	(630,984)
Non-cash share-based compensation included in exploration and evaluation expenditures		38,753	30,902
Depreciation included in exploration and evaluation expenditures		53,092	35,915

See accompanying notes to the financial statements.



1. Nature and continuance of operations

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

The Company is currently engaged in the exploration and evaluation of its mineral properties located in the province of Saskatchewan. The Company’s shares are listed on the Toronto Stock Exchange under the symbol UEX. The head office and principal address is located at 750 West Pender Street, Suite 1700, Vancouver, British Columbia, Canada V6C 2T8. The Company’s registered office is 885 West Georgia Street, 19th Floor, Vancouver, British Columbia, Canada V6C 3H4.

The Company is exploring and evaluating its mineral properties and has not yet determined whether its mineral properties contain mineral resources that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral resources, the ability of the Company to obtain the necessary financing to complete explorations and development and upon future profitable production or proceeds from the disposition of its mineral properties. The Company performed an evaluation of impairment indicators under IFRS 6(20) for its exploration and evaluation assets (mineral properties) as at December 31, 2016 and has concluded that there are no indicators of impairment.

The Company has sufficient financial resources for exploration, evaluation, and administrative costs for at least, but not limited to, twelve months from the end of the reporting period. The Company will require additional financing and although it has been successful in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

2. Basis of preparation and significant accounting policies

(a) Statement of compliance

These financial statements, including comparative figures have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The accounting policies set out below have been applied consistently to all periods presented in these financial statements. During the year ended December 31, 2016, the Company changed its accounting policy related to exploration and evaluation expenditures on a retrospective basis (see Note 21). The financial statements of UEX Corporation were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 14, 2017.

(b) Functional and presentation currency

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

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

(c) Use of estimates and judgments

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

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

- (i) Ongoing review for the support of the carrying value of mineral properties, including: consideration of ongoing and anticipated expenditures on the mineral properties; evaluation of the success of exploration to date and other general factors such as commodity prices and outlook; evaluation of UEX's market capitalization compared to the net assets of the Company (which are primarily mineral properties); and comparison to recent arm's length transactions for similar assets in order to evaluate the appropriateness of the carrying value presented in the financial statements (see Note 1 *Nature and continuance of operations*, Note 2(j) *Mineral properties* and Note 8 *Mineral properties*).
- (ii) Review of asset carrying values and impairment assessments for the Company considering whether circumstances have occurred which have impacted the estimated useful life of the assets such as damage or obsolescence, as well as the timing of impairments and the determination of recoverable amounts (see Note 2(i) *Equipment* and Note 7 *Equipment*).
- (iii) Evaluating company-specific facts and circumstances to determine whether accruals or recognition of liabilities may be required with respect to asset retirement obligations or other circumstances (see Note 2(k) *Provisions*).
- (iv) Interpretation of new accounting guidelines and assessing their potential impact on the Company's financial statements requires judgment with respect to company-specific facts and circumstances.

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

- (i) Estimates and/or assumptions used in determining the fair value of non-cash share-based compensation, including Black-Scholes inputs such as the expected forfeiture rate and the expected life of share-purchase options (see Note 12(c) *Share-based compensation*).
- (ii) Assumptions used to estimate the useful lives of property, plant and equipment for determining appropriate depreciation rates (see Note 2(i) *Equipment* and Note 7 *Equipment*).
- (iii) Estimates that would be used, should the recording of a rehabilitation provision or asset retirement obligation be required in the financial statements in the future. Estimates would relate to the expected inflation rate, estimated mine life and the discount rates applied (see Note 2(k) *Provisions*).

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

(d) Joint arrangements

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

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

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

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

(e) Cash and cash equivalents

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

(f) Financial assets

The Company classifies its financial assets in the following categories:

- (i) Financial assets at fair value through profit or loss ("FVTPL");
- (ii) Held-to-maturity investments;
- (iii) Available-for-sale financial assets; and
- (iv) Loans and receivables.

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

Financial assets at FVTPL

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

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

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

(f) Financial assets (continued)

Held-to-maturity investments

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

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

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

Loans and receivables

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

De-recognition of financial assets

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

Impairment of financial assets

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



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

(g) Financial liabilities

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

Financial liabilities

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

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

De-recognition of financial liabilities

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

(h) Impairment of non-financial assets

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

(i) Equipment

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



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

(i) Equipment (continued)

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

Depreciation

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

Depreciation methods and expected useful lives are reviewed at each reporting date and adjusted as required. All assets are depreciated on a straight-line basis over their useful lives as follows:

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

(j) Mineral properties

Exploration and evaluation assets and expenses

The Company capitalizes all costs relating to the acquisition of mineral claims. All exploration and evaluation costs are expensed until properties are determined to have economically recoverable resources. Once a decision to proceed with development has been approved, all subsequent costs incurred for development will be capitalized as a component of property and equipment. Expenditures incurred before the Company has obtained the legal rights to explore a specific area are expensed as incurred.

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

All capitalized mineral properties are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that the capitalized acquisition cost is determined to be impaired, this amount is recorded as a write-down of interest in mineral properties in the statement of operations and comprehensive loss in the period.

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

(j) Mineral properties (continued)

Development properties

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

Reserve and resource estimates

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

(k) Provisions

General

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

Environmental rehabilitation provision

The Company recognizes the fair value of a liability for environmental rehabilitation in the period in which the Company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation.

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

(k) Provisions (continued)

Environmental rehabilitation provision (continued)

The environmental rehabilitation obligation is recorded as a liability and the offset is capitalized as part of the carrying amount of the associated long-lived asset. The capitalized environmental rehabilitation cost is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of environmental rehabilitation cash flows. The Company has assessed each of its mineral projects and determined that no material environmental rehabilitations exist as the disturbance to date is minimal.

(l) Income taxes

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

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

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

(m) Flow-through shares

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

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

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

(n) Share capital

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

(o) Valuation of warrants

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as part of units. The residual value method first allocates value to common shares issued in the private placements at their fair value, as determined by the closing quoted bid price on the announcement date or the price protection date, if applicable. The balance remaining, if any, is allocated to the warrants with the fair value recorded in shareholders' equity under warrant reserve.

(p) Share-based payments

The Company has a share option plan which is described in Note 12(c). The fair value of all share-based awards is estimated using the Black-Scholes option-pricing model at the grant date and amortized over the vesting periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

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

(q) Earnings (loss) per share

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

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



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

(r) Recent accounting announcements

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

In January of 2016, the IASB issued IFRS 16 *Leases* ("IFRS 16") which replaces the existing leasing standard, IAS 17 *Leases*. The new standard effectively eliminates the distinction between operating and finance leases for lessees, while lessor accounting remains largely unchanged with the distinction between operating and finance leases retained. IFRS 16 takes effect on January 1, 2019, with earlier application permitted. The Company has not yet evaluated the impact of adopting this standard and does not intend to early adopt.

(s) Reclassification of Comparative Period Presentation

Certain comparative period amounts have been reclassified to conform with the current year's presentation. See Note 21 *Change in Accounting Policy*.

3. Cash and cash equivalents

	December 31 2016	December 31 2015
Cash	\$ 290,603	\$ 132,659
Short-term deposits	3,846,033	5,007,155
	\$ 4,136,636	\$ 5,139,814

4. Amounts receivable

	December 31 2016	December 31 2015
Interest receivable	\$ 53,564	\$ 45,082
Other receivables	52,472	16,928
	\$ 106,036	\$ 62,010

Interest receivable reflects unpaid interest earned on short-term deposits. Other receivables include \$51,826 of Goods and Services Tax (GST) receivable as at December 31, 2016 (December 31, 2015 - \$15,964).

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



5. Prepaid expenses

	December 31 2016	December 31 2015
Advances to vendors	\$ 50,000	\$ 30,000
Prepaid expenses	92,357	70,177
	\$ 142,357	\$ 100,177

6. Deposits

	December 31 2016	December 31 2015
Deposits	\$ 44,377	\$ 44,704

The Company paid deposits in 2015 relating to new operating leases for its premises. The leases expire between July 31, 2018 and October 31, 2020 (see Note 13 *Commitments*).

7. Equipment

	Exploration camp	Exploration equipment	Computing equipment	Furniture and fixtures	Total
Cost					
Balance at December 31, 2014	\$ 99,327	\$ 331,684	\$ 257,698	\$ 32,632	\$ 721,341
Additions	-	68,300	86,710	81,746	236,756
Disposals	-	(5,120)	(41,777)	(19,046)	(65,943)
Balance at December 31, 2015	99,327	394,864	302,631	95,332	892,154
Additions	-	31,358	12,754	14,625	58,737
Disposals	-	(3,811)	(1,311)	(7,422)	(12,544)
Balance at December 31, 2016	\$ 99,327	\$ 422,411	\$ 314,074	\$ 102,535	\$ 938,347
Accumulated depreciation and Impairment					
Balance at December 31, 2014	\$ 48,111	\$ 314,920	\$ 222,441	\$ 23,984	\$ 609,456
Depreciation charge for the year	7,883	17,150	22,595	7,569	55,197
Disposals	-	(5,120)	(41,200)	(18,381)	(64,701)
Balance at December 31, 2015	55,994	326,950	203,836	13,172	599,952
Depreciation charge for the year	7,883	23,822	30,004	19,969	81,678
Disposals	-	(2,288)	(1,311)	(6,868)	(10,467)
Balance at December 31, 2016	\$ 63,877	\$ 348,484	\$ 232,529	\$ 26,273	\$ 671,163
Net book value					
Balance at December 31, 2014	\$ 51,216	\$ 16,764	\$ 35,257	\$ 8,648	\$ 111,885
Balance at December 31, 2015	\$ 43,333	\$ 67,914	\$ 98,795	\$ 82,160	\$ 292,202
Balance at December 31, 2016	\$ 35,450	\$ 73,927	\$ 81,545	\$ 76,262	\$ 267,184

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



8. Mineral properties

Exploration and evaluation assets – acquisition costs

	Hidden Bay (i)	Western Athabasca (iv)	Black Lake (v)	Christie Lake (vii)	Total
Balance at December 31, 2014	\$ 4,451,500	\$ 924	\$ 759,385	\$ -	\$ 5,211,809
Additions	24,180	604	-	250,000	274,784
Impairment charge for the year	-	(1,528)	-	-	(1,528)
Balance at December 31, 2015	4,475,680	-	759,385	250,000	5,485,065
Additions	-	-	-	3,750,000	3,750,000
Impairment charge for the year	(1,500)	-	-	-	(1,500)
Balance at December 31, 2016	\$ 4,474,180	\$ -	\$ 759,385	\$ 4,000,000	\$ 9,233,565

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

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

100% owned projects

(i) Hidden Bay Project

The Company's 100% owned Hidden Bay Project, including the Horseshoe, Raven and West Bear Deposits, is located in the eastern Athabasca Basin of northern Saskatchewan, Canada.

Umperville River, located in the eastern Athabasca Basin, was acquired in stages in 2015 and is now 100% owned by UEX. The claims are contiguous to other mineral claims included in the Hidden Bay Project and acquisition expenditures are included with Hidden Bay. The mineral claims that make up Umperville River are subject to a 2% NSR royalty on 20% of the project for each mineral produced (equivalent to a 0.4% NSR on the total project) with the NSR on uranium capped at \$10 million.

In December 2016, the Company wrote off \$1,500 relating to five claims, which were staked in October 2014 and lapsed on January 6, 2017, on which no exploration work had been completed. These claims did not form a key part of the Hidden Bay Project.

(ii) Riou Lake Project

The Company holds a 100% interest in the Riou Lake Project located in the northern Athabasca Basin. Mineral property acquisition costs associated with its Riou Lake Project were written off in 2014 due to a lack of ongoing exploration activity. UEX continues to maintain several Riou Lake claims in good standing.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



8. Mineral properties (continued)

Exploration and evaluation assets (continued)

(iii) Northern Athabasca Projects

The Northern Athabasca Project consisted of the Butler Lake Property and the La Roque Property. The two claims comprising the Butler Lake Project expired on February 5, 2017, and the three claims that comprised the La Roque Property expired on December 17, 2016.

The Northern Athabasca Project was written off in 2010 due to a lack of planned exploration activity at that time.

Joint operations

(iv) Western Athabasca Projects

The Western Athabasca Projects (the "Projects"), located in the western Athabasca Basin, which include the Kianna, Anne, Colette and 58B Deposits located at the Shea Creek Project, are nine joint ventures with the Company holding an approximate 49.1% interest and AREVA Resources Canada Inc. ("AREVA") holding an approximate 50.9% interest in all projects as at December 31, 2016 and 2015, except for the Laurie Project, where the Company has an approximate 42.2% interest as at December 31, 2016 and 2015, and the Mirror River Project, where the Company has an approximate 42.3% interest as at December 31, 2016 and 49.1% interest as at December 31, 2015. The Company is in the process of negotiating joint-venture agreements with AREVA.

The Kianna, Anne and Colette deposits are subject to a royalty of US\$0.212 per pound of U₃O₈ sold to a maximum royalty of US\$10,000,000.

In 2016, UEX decided not to fund its share of the 2016 geophysical program at the Mirror River Project. UEX's interest in this project has dropped from the current 49.1% interest to approximately 41.9%. This dilution only applied to UEX's interest in the Mirror River Project.

In 2017, AREVA proposed budgets of \$0.5 million each on Uchrich and Nikita and \$1.3 million each on Laurie and Mirror River, of which UEX has decided not to fund. Interests on these projects are anticipated to drop as follows, should AREVA complete the approved programs. This decision does not impact the ownership interest in the Shea Creek, Erica, Brander, or Alexandra Projects.

Ownership interest (%)	December 31, 2016			Projected interest, December 31, 2017		
	UEX	AREVA	Total	UEX	AREVA	Total
Uchrich	49.0975	50.9025	100.000	25.8546	74.1454	100.000
Nikita	49.0975	50.9025	100.000	40.0992	59.9008	100.000
Laurie	42.1827	57.8173	100.000	31.0372	68.9628	100.000
Mirror River	41.9475	58.0525	100.000	31.8912	68.1088	100.000

On April 10, 2013, an agreement was signed with AREVA which grants UEX the option to increase its ownership interest in the Western Athabasca Projects, which includes the Shea Creek Project, by 0.9% to a maximum interest of 49.9% by spending \$18.0 million on exploration over the six-year period ending December 31, 2018. UEX is under no obligation to propose a budget in any year of the agreement. The ownership interest for the Projects shall be increased at the end of the year by the proportional amount of the additional exploration expenditures incurred in the year which are in addition to the budget amounts proposed by AREVA. UEX may propose an additional exploration budget of up to \$4.0 million in any single year without the prior approval of AREVA, who remains the project operator. UEX did not propose a supplemental exploration program for 2016.



8. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(iv) Western Athabasca Projects (continued)

In July of 2014, UEX and AREVA each staked claims which became the Coppin Lake Project. A budget for geophysics and line cutting was proposed for 2016, of which UEX would have been responsible for funding its 49.097% share. When bids were received to perform the proposed work, they were much higher than expected. Given the higher than expected costs and small area involved, AREVA made a decision to cancel the program and UEX recorded a \$1,528 impairment charge in 2015. In early November of 2016, UEX sold its interest in Coppin Lake for proceeds of \$17,184. UEX will also receive its proportionate share of a 1.5% NSR royalty should uranium be produced from this project. The purchaser may elect to purchase the royalty for \$950,000, of which UEX would be entitled to 49.1%.

(v) Black Lake Project

The Black Lake Project ("Black Lake"), located in the northern Athabasca Basin, is a joint venture with the Company holding a 90.92% interest and AREVA holding a 9.08% interest as at December 31, 2016 and 2015.

In early 2013, UEX signed an agreement with Uracon Resources Ltd. ("Uracon") whereby Uracon could earn a 60% interest in Black Lake. Amendments to this original agreement were signed on June 23, 2014, December 15, 2014 and November 25, 2015.

As part of the original earn-in agreement, Uracon issued 300,000 shares and 150,000 share purchase warrants to UEX, exchangeable for 150,000 Uracon shares at \$0.15 per warrant for three years. The combined value of \$35,931 upon receipt was recorded as a reduction of the carrying value of Black Lake in 2013 (see Note 9).

As part of the first amendment, Uracon issued 50,000 shares and 25,000 share purchase warrants to UEX, exchangeable for 25,000 Uracon shares at \$0.12 per warrant for three years. The combined value of \$3,639 upon receipt was recorded as a reduction of the carrying value of Black Lake in 2014 (see Note 9).

Under the agreement, Uracon was to have funded a total of \$10.0 million of project expenditures by December 31, 2023 to earn their 60% interest in Black Lake from UEX, with no partial earn-in permitted. Under the amended earn-in agreement, Uracon was to have expended \$3.0 million by December 31, 2016. UEX would remain the project operator and was entitled to a 10% management fee under the Black Lake joint venture agreement until such time as Uracon had earned its 60% interest in Black Lake.

Uracon also granted to UEX a 1% NSR royalty from their ownership interest, to a maximum of \$10.0 million of royalty payments.

Uracon did not meet the \$3.0 million in exploration expenditures required under the amended Black Lake Project earn-in agreement by December 31, 2016 and UEX did not extend the funding deadline. As of January 20, 2017, UEX terminated the earn-in agreement with Uracon, with Uracon earning no interest in the Black Lake Project.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



8. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(vi) Beatty River Project

The Company has a 25% interest in the Beatty River Project, which is located in the western Athabasca Basin. AREVA is the operator of this project.

(vii) Christie Lake Project

The Company has a 30% interest in the Christie Lake Project, which is located in the eastern Athabasca Basin and JCU (Canada) Exploration Company Limited ("JCU") holds a 70% interest. UEX is the operator of this project.

On October 26, 2015, the Company signed a Letter of Intent ("LOI") with JCU to acquire up to a 70% interest in the Christie Lake Project ("Christie Lake"). On January 19, 2016, UEX signed an Option Agreement with JCU formalizing the terms upon which UEX may earn up to a 70% interest in the Christie Lake Project. The project contains historical non-compliant resources (deposits). The consideration includes cash payments and exploration commitments as outlined in the following table.

Date	Cash Payment	Exploration Work Commitment	UEX Cumulative Interest Earned
Completed:			
Upon signing of the LOI	\$ 250,000	\$ -	- %
Before January 28, 2016	1,750,000	-	10.00
Before January 1, 2017	2,000,000	2,500,000	30.00
		1,546,253 ⁽¹⁾	
As at December 31, 2016	\$ 4,000,000	4,046,253	
To be completed:			
Before January 1, 2018	1,000,000	953,747 ⁽¹⁾⁽²⁾	45.00
Before January 1, 2019	1,000,000	5,000,000	60.00
Before January 1, 2020	1,000,000	5,000,000	70.00
	\$ 3,000,000	\$ 10,953,747	
Total	7,000,000	15,000,000	70.00 %

⁽¹⁾ Excess exploration work completed in 2016 will be applied to 2017 work commitments.

⁽²⁾ 2017 exploration commitment under the agreement is \$2,500,000.

UEX has committed to make cash payments to JCU and to fund exploration work as outlined in the table above for the Christie Lake Project.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



8. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

UEX is party to the following joint arrangements:

Ownership interest (%)	December 31, 2016				December 31, 2015			
	UEX	AREVA	JCU	Total	UEX	AREVA	JCU	Total
Beatty River	25.0000	50.7020	24.2980	100.0000	25.0000	50.7020	24.2980	100.0000
Black Lake	90.9200	9.0800	-	100.0000	90.9200	9.0800	-	100.0000
Christie Lake ⁽¹⁾	30.0000	-	70.0000	100.0000	-	-	100.0000	100.0000
Western Athabasca								
Laurie Project ⁽²⁾	42.1827	57.8173	-	100.0000	42.1827	57.8173	-	100.0000
Mirror River Project ⁽³⁾	41.9475	58.0525	-	100.0000	49.0975	50.9025	-	100.0000
All other projects ⁽⁴⁾	49.0975	50.9025	-	100.0000	49.0975	50.9025	-	100.0000

⁽¹⁾ Upon making cash payments to JCU of \$250,000 on October 26, 2015, \$1,750,000 on January 22, 2016, \$2,000,000 on December 22, 2016, and completing the minimum \$2,500,000 in exploration work, UEX vested a 30% ownership interest in the Christie Lake Project as at December 31, 2016.

⁽²⁾ As a result of UEX's decision not to fund 2015 exploration programs comprised of geophysics and line cutting at the Laurie Project, its ownership interest was diluted from 49.1% as at December 31, 2014 to 42.2% as at December 31, 2015.

⁽³⁾ As a result of UEX's decision not to fund 2016 exploration programs at the Mirror River Projects, its ownership interest was diluted from 49.1% as at December 31, 2015 to 41.9% as at December 31, 2016.

⁽⁴⁾ Western Athabasca includes the Alexandra, Brander River, Erica, Nikita, Shea Creek, Uchrich, Mirror River and Laurie Projects; however, due to a decision not to fund 2016 and 2015 exploration programs at Mirror River and Laurie, respectively, UEX's ownership interest has decreased in these two projects only. The Company's ownership interest in Mirror River and Laurie is presented separately from its interest in the other Western Athabasca Projects due to the different ownership interest from the rest of the Western Athabasca Projects. In 2016, UEX chose not to propose/fund any additional exploration work under the terms of the optional six-year, \$18 million, 0.9% additional earn-in agreement, thus UEX's ownership interest has not changed from the prior year under this option.

9. Investments

The Company holds 350,000 share and 25,000 warrant certificates of Uracon. In early 2013, UEX received 300,000 shares and 150,000 warrants from Uracon as partial consideration for the signing of an agreement which allows Uracon to earn a 60% interest in the Black Lake Project (see Note 8(v)). On February 13, 2016, these warrants expired.

On June 23, 2014, UEX entered into an amendment to the earn-in agreement with Uracon which deferred \$422,440 in exploration commitments from 2014 and added these to the 2015 exploration commitments. Upon execution of this agreement, UEX received from Uracon a further 50,000 shares and 25,000 share purchase warrants.

These shares and warrants are being held for long-term investment purposes. The investments include warrants which have been classified as *Financial Assets at Fair Value Through Profit or Loss* ("FVTPL") and as such are stated at fair value with any changes in fair value recognized in profit or loss.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



9. Investments (continued)

The investments also include shares which have been classified as *Available-for-sale* (“AFS”) financial assets and are carried at fair value (Note 15).

Investments – current portion	December 31 2016	December 31 2015
Warrants held – Uracon (Note 15)	\$ 144	\$ 126

Investments	December 31 2016	December 31 2015
Common shares held – Uracon ⁽¹⁾ (TSX.V: URC) (Note 15)	\$ 21,000	\$ 7,000
Warrants held – Uracon (Note 15)	-	182
	\$ 21,000	\$ 7,182

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

The Uracon warrants have an expiry of three years after the original grant date, with 25,000 warrants issued on June 23, 2014 exercisable for \$0.12 per warrant. The 150,000 warrants which were issued on February 13, 2013, having an exercise price of \$0.15 per warrant, expired on February 13, 2016.

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

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

	December 31, 2016		December 31, 2015	
	June 23, 2014 Agreement Amendment ⁽²⁾	February 13, 2013 Agreement (expired) ⁽³⁾	June 23, 2014 Agreement Amendment ⁽²⁾	February 13, 2013 Agreement (expired) ⁽³⁾
Number of warrants – Uracon	25,000	N/A	25,000	150,000
Expected forfeiture rate	0.00%	-	0.00%	0.00%
Weighted-average valuation date share price	\$ 0.06	-	\$ 0.02	\$ 0.02
Expected volatility	107.45%	-	163.43%	330.38%
Risk-free interest rate	0.76%	-	0.48%	0.48%
Dividend yield	0.00%	-	0.00%	0.00%
Expected life	0.47 years	-	1.48 years	0.12 years
Weighted-average valuation date fair value	\$ 0.01	-	\$ 0.01	\$ 0.00

⁽²⁾ The initial fair value of the 25,000 Uracon warrants on June 23, 2014 was determined to be \$889 using the Black-Scholes option-pricing model with the following weighted-average assumptions: Pre-vest forfeiture rate – 0.00%; Expected volatility – 132.48%; Risk-free interest rate – 1.23%; and Expected life of warrants – 3.00 years.

⁽³⁾ The initial fair value of the 150,000 Uracon warrants on February 13, 2013 was determined to be \$8,931 using the Black-Scholes option-pricing model with the following weighted-average assumptions: Pre-vest forfeiture rate – 0.00%; Expected volatility – 127.26%; Risk-free interest rate – 1.22%; and Expected life of warrants – 3.00 years.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



10. Accounts payable and other liabilities

	December 31 2016	December 31 2015
Trade payables	\$ 57,427	\$ 70,029
Other liabilities	238,868	255,256
Flow-through share premium	236,680	151,252
	\$ 532,975	\$ 476,537

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

The flow-through share premium at December 31, 2016 represents the difference between the subscription price of \$0.25 per share and the market price at issuance of \$0.23 per share related to the May 17, 2016 flow-through private placement of 21,000,000 shares (\$420,000). Flow-through premium of \$183,320 relating to flow-through renunciation under the general rule was extinguished during the year ended December 31, 2016. In February 2017, the flow-through share premium of \$236,680 relating to unspent amounts of \$2,958,500 at December 31, 2016 from the May 17, 2016 flow-through placement was extinguished on the filing and renouncement of the tax benefits to the subscribers of that placement effective December 31, 2016.

The flow-through share premium at December 31, 2015 represented the difference between the subscription price of \$0.300 per share and the market price at issuance of \$0.275 per share relating to the May 11, 2015 flow-through placement of 11,000,000 shares (\$275,000). In February 2016, the flow-through share premium of \$151,252 relating to unspent amounts of \$1,815,023 at December 31, 2015 from the May 11, 2015 flow-through placement was extinguished on the filing and renouncement of the tax benefits to the subscribers of that placement effective December 31, 2015.

11. Income taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, is as follows:

	2016	2015
Canadian statutory income tax rate	27.00%	27.00%
Loss before income taxes	\$ (6,315,670)	\$ (6,876,676)
Income tax recovery at statutory rate	1,705,231	1,856,703
Tax effect of:		
Permanent differences	24,752	(47,246)
Flow-through expenditures renounced and other	(736,113)	(382,376)
Valuation allowance	(659,298)	(672,349)
Income tax provision	\$ 334,572	\$ 754,732

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



11. Income taxes (continued)

The Company recognized a deferred income tax recovery of \$334,572 for the year ended December 31, 2016 (2015 - \$754,732) related to the extinguishment of the flow-through premium related to flow-through shares renounced during the year ended December 31, 2016. Flow-through premiums related to the following placements as renounced resulted in a deferred tax recoveries as follows:

	Year ended December 31	
	2016	2015
September 29, 2014 placement flow-through premium of \$681,757	\$ -	\$ 630,984
May 11, 2015 placement flow-through premium of \$275,000	151,252	123,748
May 17, 2016 placement flow-through premium of \$420,000	183,320	-
	\$ 334,572	\$ 754,732

At December 31, 2016, the Company has Canadian non-capital income tax losses carried forward of approximately \$16,852,331 which are available to offset future years' taxable income. These losses expire as follows:

	December 31
	2016
2036	\$ 1,455,378
2035	2,157,909
2034	2,128,882
2033	1,870,696
2032	1,787,321
2031	1,684,498
2030	1,642,206
2029	2,666,670
2028	1,458,771
	\$ 16,852,331

The unrecognized deductible temporary differences at December 31, 2016 and 2015 are as follows:

	Year ended December 31	
	2016	2015
Non-capital loss carryforwards	\$ 16,852,331	\$ 15,396,953
Charitable donations	9,000	11,250
Equipment	795,700	719,108
Investments	18,426	32,262
Mineral resource expenditure pool	82,509,540	81,726,297
Share issuance costs	669,446	533,790
	\$ 100,854,443	\$ 97,939,660

The Company also has available mineral resource related expenditure pools totaling approximately \$91,743,105, which may be deducted against future taxable income on a discretionary basis.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



12. Share capital

(a) Authorized

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

(b) Issued and outstanding – common shares

	Number of shares	Value
Balance, December 31, 2014	235,015,069	\$ 175,498,302
Issued pursuant to private placement in 2015	11,000,000	3,300,000
Share issuance costs		(243,558)
Value attributed to flow-through premium on issuance (Note 10)		(275,000)
Balance, December 31, 2015	246,015,069	178,279,744
Issued pursuant to private placement in 2016	50,523,810	9,250,000
Share issuance costs		(505,882)
Value attributed to flow-through premium on issuance (Note 10)		(420,000)
Balance, December 31, 2016	296,538,879	\$ 186,603,862

On February 27, 2017, the Company completed a private placement of 15,999,994 units at a price of \$0.25 per unit and 6,700,000 flow-through common shares at a price of \$0.30 per share, for gross proceeds of \$6,099,999. Share issue costs included a cash commission of \$360,600, the fair value of brokers warrants of \$105,755 and other issuance costs of approximately \$160,000. Each unit consisted of one common share and one full share purchase warrant exercisable at a price of \$0.42 per share for a period of three years. The Company also issued 681,000 full share broker warrants as part of the placement. Each broker warrant is exercisable at a price of \$0.30 per share for a period of two years.

On May 17, 2016, the Company completed a private placement consisting of 21,000,000 flow-through common shares at a price of \$0.25 per share and 9,523,810 units at a price of \$0.21 per unit for gross proceeds of \$7,250,000 with issue costs of \$463,138. Each unit consists of one common share and one-half share purchase warrant exercisable at a price of \$0.30 per share for a period of two years. A flow-through premium related to the sale of the associated tax benefits was determined to be \$420,000.

On January 21, 2016, UEX completed a private placement of 20,000,000 units at a price of \$0.10 per unit for gross proceeds of \$2,000,000 with issue costs of \$42,744. Each unit consisted of one common share and one full common share purchase warrant exercisable at \$0.20 per share for a period of two years. The placement was fully subscribed by a former CEO of the Company, with no commission payable.

As Cameco's ownership interest in UEX dropped below 20.00% in the first quarter of 2016, it no longer has a pre-emptive right to maintain its ownership interest in UEX by participating in equity placements on a pro-rata basis. As at December 31, 2016, Cameco's ownership interest in UEX was 16.87%, with its interest falling to 15.67% after the February 27, 2017 private placement was completed.



12. Share capital (continued)

(c) Share-based compensation

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

A summary of the status of the Company's share-based compensation plan as at December 31, 2016 and December 31, 2015 and changes during the years ended on these dates is presented below:

	Number of share purchase options	Weighted-average exercise price
Outstanding, December 31, 2014	15,861,000	\$ 0.84
Granted	2,085,000	0.28
Cancelled	(280,000)	0.29
Expired	(350,000)	0.60
Outstanding, December 31, 2015	17,316,000	0.79
Granted	4,426,667	0.23
Cancelled	(838,667)	0.54
Outstanding, December 31, 2016	20,904,000	\$ 0.68

In the year ended December 31, 2016, a total of \$243,235 was transferred from the share-based payments reserve to deficit relating to the expiry and cancellation of 838,667 share purchase options. In the year ended December 31, 2015, \$112,039 was transferred from the share-based payments reserve to deficit relating to the expiry and cancellation of 630,000 share purchase options.

Subsequent to December 31, 2016, the Company granted 400,000 share purchase options to a new director pursuant to the Company's share option plan. The share purchase options were issued at an exercise price of \$0.245 and expire on January 1, 2022. On February 14, 2017, the Company granted 50,000 share purchase options to a new employee pursuant to the Company's share option plan. The share purchase options were issued at an exercise price of \$0.385 and expire on February 14, 2022.

On January 30, 2017, the Company cancelled 1,150,000 share purchase options with a weighted-average exercise price \$0.92.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



12. Share capital (continued)

(c) Share-based compensation (continued)

Additional information regarding stock options outstanding as at December 31, 2016 is as follows:

Range of exercise prices	Outstanding			Exercisable	
	Number of share purchase options	Weighted-average exercise price	Weighted-average remaining contractual life (years)	Number of share purchase options	Weighted-average exercise price
\$ 0.15 – 0.33	7,610,000	\$ 0.26	3.61	4,220,002	\$ 0.27
0.34 – 0.99	7,464,000	0.64	2.84	7,464,000	0.64
1.00 – 1.45	5,830,000	1.28	2.73	5,830,000	1.28
	20,904,000	\$ 0.68	3.09	17,514,002	\$ 0.76

The share-based payments reserve values of \$3,231,238 as at December 31, 2016 and \$3,067,912 as at December 31, 2015 on the balance sheet reflect the expensed fair value of vested share purchase options. If all options that are vested were exercised, the entire balance of the share-based payments reserve would be transferred to share capital.

The estimated fair value expense of all share purchase options vested during the year ended December 31, 2016 is \$406,561 (2015 - \$391,997). The amount included in exploration and evaluation expenditures for the year ended December 31, 2016 is \$38,753 (2015 - \$30,902) and the remaining \$367,808 (2015 - \$361,095) was expensed to share-based compensation.

	December 31 2016	December 31 2015
Number of options granted	4,426,667	2,085,000
Expected forfeiture rate	1.69%	1.06%
Weighted-average grant date share price	\$ 0.23	\$ 0.28
Expected volatility	63.46%	63.00%
Risk-free interest rate	0.59%	0.85%
Dividend yield	0.00%	0.00%
Expected life	4.21 years	4.09 years
Weighted-average grant date fair value	\$0.11	\$0.13

(d) Flow-through shares

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

As at December 31, 2016, the Company had spent, on qualified expenditures, all (December 31, 2015 - \$1,484,977) of the \$3,300,000 flow-through monies raised in the May 11, 2015 placement. The Company renounced the income tax benefit of this issue to its subscribers effective December 31, 2015. The Company incurred \$2,043 in Part XII.6 tax on unspent flow-through monies in the year ended December 31, 2016 (2015 - \$940), which has been netted against interest income.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



12. Share capital (continued)

(d) Flow-through shares (continued)

As at December 31, 2016, the Company has also spent approximately \$2,291,500 of the \$5,250,000 flow-through monies raised in the May 17, 2016 private placement. The Company renounced the income tax benefit of this issue to its subscribers effective December 31, 2016 and will begin incurring Part XII.6 tax on unspent amounts relating to this placement subsequent to December 31, 2016.

(e) Warrants

Outstanding share purchase warrants entitle their holders to purchase common shares of the Company at a price outlined in the warrant agreements. The following table summarizes the continuity of share purchase warrants for the Company:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2014 and December 31, 2015	-	\$ -
Issued pursuant to private placements in 2016	24,761,905	0.22
Exercised	-	-
Balance, December 31, 2016	24,761,905	\$ 0.22

As at December 31, 2016 the Company's outstanding share purchase warrants had expiry dates and exercise prices as follows:

Expiry Date for Warrants	Number of Warrants	Exercise Price
January 22, 2018 (2 year life)	20,000,000	\$ 0.20
May 17, 2018 (2 year life)	4,761,905	0.30
Balance, December 31, 2016	24,761,905	\$ 0.22

Subsequent to year end, the following warrants were issued in relation to a private placement in February 2017:

Expiry Date for Warrants	Number of Warrants	Exercise Price
February 27, 2019 (2 year life)	681,000	\$ 0.30
February 27, 2020 (3 year life)	15,999,994	0.42
	16,680,994	\$ 0.42

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



13. Commitments

The Company has obligations under operating leases for its office premises, which expire between July 31, 2018 and October 31, 2020. The future minimum payments are as follows:

	December 31
	2016
2017	\$ 71,502
2018	67,774
2019	61,446
2020	53,130

14. Management of capital

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

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

15. Management of financial risk

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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as outlined in Note 14. Accounts payable and other liabilities are due within the current operating period.

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

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



15. Management of financial risk (continued)

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

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

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

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

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

Investments – as at December 31, 2015	Level 1	Level 2	Level 3	Total
Shares – Uracon (TSX-V: URC)	\$ 7,000	\$ -	\$ -	\$ 7,000
Warrants – Uracon ⁽¹⁾	-	-	182	182
Warrants – Uracon (current portion) ⁽¹⁾			126	126
	\$ 7,000	\$ -	\$ 308	\$ 7,308

Investments – as at December 31, 2016	Level 1	Level 2	Level 3	Total
Shares – Uracon (TSX-V: URC)	\$ 21,000	\$ -	\$ -	\$ 21,000
Warrants – Uracon (current portion) ⁽¹⁾	-	-	144	144
	\$ 21,000	\$ -	\$ 144	\$ 21,144

⁽¹⁾ Black-Scholes inputs for the Uracon warrant valuation are disclosed in Note 9 *Investments*.

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Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



15. Management of financial risk (continued)

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

	Number of Shares	Change in Fair Value	Fair Value
Balance, December 31, 2014	350,000		\$ 19,250
Gains (losses) for the three months ended March 31, 2015		(7,000)	
Gains (losses) for the three months ended June 30, 2015		(7,000)	
Gains (losses) for the three months ended September 30, 2015		(1,750)	
Gains (losses) for the three months ended December 31, 2015		<u>3,500</u>	
Changes in fair value – total unrealized gain (loss) on financial assets at AFS (shares) – year ended December 31, 2015		(12,250)	(12,250)
Balance, December 31, 2015	350,000		7,000
Gains (losses) for the three months ended March 31, 2016		3,500	
Gains (losses) for the three months ended June 30, 2016		7,000	
Gains (losses) for the three months ended September 30, 2016		10,500	
Gains (losses) for the three months ended December 31, 2016		<u>(7,000)</u>	
Changes in fair value – total unrealized gain (loss) on financial assets at AFS (shares) – year ended December 31, 2016		14,000	14,000
Balance, December 31, 2016	350,000		\$ 21,000

In the year ended December 31, 2015, AFS shares experienced a prolonged decline in their value, which warranted the related unrealized losses previously recognized through OCI to be recognized through profit and loss. This resulted in a fair value loss of \$10,500, which had been recognized in OCI in 2014, to be reclassified to profit and loss, as well as a fair value loss of \$12,250 related to 2015 to be recognized directly through profit and loss, for a total fair value impairment of \$22,750. In the year ended December 31, 2016, AFS shares experienced an increase in their fair value, which warranted the unrealized gains to be recognized through OCI.

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

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Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



15. Management of financial risk (continued)

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

	Number of Warrants	Change in Fair Value	Fair Value ⁽¹⁾
Balance, December 31, 2014	175,000		\$ 2,937
Gains (losses) for the three months ended March 31, 2015		(2,332)	
Gains (losses) for the three months ended June 30, 2015		(536)	
Gains (losses) for the three months ended September 30, 2015		163	
Gains (losses) for the three months ended December 31, 2015		<u>76</u>	
Changes in fair value – total unrealized gain (loss) on held-for-trading financial assets (warrants) – year ended December 31, 2015		(2,629)	(2,629)
Balance, December 31, 2015	175,000		308
Expiry of warrants	(150,000)	(126)	
Gains (losses) for the three months ended March 31, 2016		153	
Gains (losses) for the three months ended June 30, 2016		249	
Gains (losses) for the three months ended September 30, 2016		119	
Gains (losses) for the three months ended December 31, 2016		<u>(559)</u>	
Changes in fair value – total unrealized gain (loss) on held-for-trading financial assets (warrants) – year ended December 31, 2016		(164)	(164)
Balance, December 31, 2016	25,000		\$ 144

⁽¹⁾ See Note 9 for Black-Scholes assumptions.

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

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

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For the years ended December 31, 2016 and 2015



16. Segmented information

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

17. Exploration and evaluation expenditures

Project	2015			2016		
	Cumulative ⁽¹⁾ to December 31, 2014	Expenditures in the period	Cumulative to December 31, 2015	Expenditures in the period	Cumulative to December 31, 2016	
Beatty River	\$ 869,392	\$ 3,677	\$ 873,069	\$ -	\$ 873,069	
Black Lake	14,504,723	4,170	14,508,893	16	14,508,909	
Christie Lake	-	58,689	58,689	4,021,603	4,080,292	
<u>Hidden Bay ⁽²⁾</u>						
Deposit Areas	66,555,664	156,267	66,711,931	143,746	66,855,677	
Exploration Areas	5,692,131	2,292,310	7,984,441	42,556	8,026,997	
<u>Western Athabasca</u>						
Alexandra	1,204,397	854	1,205,251	-	1,205,251	
Brander	1,352,463	900	1,353,363	-	1,353,363	
Erica	1,590,050	663,035	2,253,085	-	2,253,085	
Laurie	1,586,528	-	1,586,528	-	1,586,528	
Mirror	1,987,612	-	1,987,612	-	1,987,612	
Nikita	1,951,521	810	1,952,331	-	1,952,331	
Shea Creek	52,190,981	1,390,166	53,581,147	618,032	54,199,179	
Uchrich	543,091	-	543,091	-	543,091	
All Projects Total	\$ 150,028,553	\$ 4,570,878	\$ 154,599,431	\$ 4,825,953	\$ 159,425,384	

⁽¹⁾ Exploration and evaluation expenditures have been presented on a cumulative basis from July 17, 2002.

⁽²⁾ Deposit areas include Raven, Horseshoe and West Bear Deposits. Exploration areas are all other areas included in Hidden Bay.

Exploration and evaluation expenditures for the year ended December 31, 2016 and 2015 include the following non-cash expenditures:

	Year ended December 31	
	2016	2015
Depreciation	\$ 53,092	\$ 35,915
Share-based compensation	38,753	30,902
Project management fee	367,860	38,216
	\$ 459,705	\$ 105,033

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Notes to the Financial Statements

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17. Exploration and evaluation expenditures (continued)

Hidden Bay Project

During the year ended December 31, 2016, total expenditures at Hidden Bay included evaluation expenditures of \$143,746, (2015 - \$71,755) in deposit areas. These amounts reflect costs associated with the continuing evaluation of and advancement of Hidden Bay, and include the heap leach evaluation and various component technical studies.

Western Athabasca Projects

As at December 31, 2016, UEX has decided not to fund its share of the 2017 Western Athabasca exploration budget (\$0.5 million each for geophysics on Uchrich and Nikita, \$1.3 million each for drilling on Laurie and Mirror River). UEX's decision to not fund exploration work at the Laurie Project resulted in a reduction in the Company's ownership interest effective December 31, 2015 to approximately 42.2% with AREVA owning the balance of the project equity. The decision not to fund our share of the proposed Laurie program did not have an impact on UEX's ownership interest in the other WAJV projects which remained at 49.1%, including the Company's ownership of the existing uranium resources at the Shea Creek Project.

UEX decided not to fund its share of the 2016 geophysical program at the Mirror River Project. As a result, UEX's interest in this project dropped from a 49.1% interest to 41.9% as AREVA completed the approved program. This dilution only applies to UEX's interest in the Mirror River Project.

Christie Lake Project

During the year ended December 31, 2016, the Company completed a \$4.0 million exploration program at Christie Lake, \$1.5 million in excess of the 2016 exploration earn-in required. The Company will apply the excess funding to reduce future years' commitments to the ownership milestones. In early 2017, the Company began a further \$3.0 million exploration program at Christie Lake, which is 100% funded by UEX.

UEX is the project operator and is entitled to a 10% management fee, which is offset against salaries and is deemed to be an expenditure for the exploration work commitment portion of the project earn-in (see Note 19).

Costs associated with reviewing the project prior to signing the LOI were expensed as project investigation costs in 2015.

18. Office expenses

	Year ended December 31	
	2016	2015
Insurance	\$ 51,710	\$ 51,664
Office supplies and consulting	125,510	385,995
Telephone	11,815	15,078
	\$ 189,035	\$ 452,737

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19. Salaries, net of project management fees

	Year ended December 31	
	2016	2015
Gross salaries	\$ 881,793	\$ 907,705
Non-cash management fee offset:		
Christie Lake – 10%	(367,841)	-
Black Lake – 10%	(19)	(38,216)
	\$ 513,933	\$ 869,489

The Christie Lake non-cash operator management fee offset above arises from the 10% management fee deemed to be an expenditure for the exploration work commitment portion of the project earn-in, as per the January 19, 2016 Option Agreement with JCU.

20. Related party transactions

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

(a) Related party transactions

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

	Year ended December 31	
	2016	2015
Cameco Corporation ⁽¹⁾	\$ 1,323	\$ 12,000
Management advisory board share-based payments ⁽²⁾	9,055	15,141
Panterra Geoservices Inc. ⁽³⁾	-	2,400
	\$ 10,378	\$ 29,541

⁽¹⁾ 2016 payments related to fees paid for use of the Cameco airstrip at the McArthur River mine. 2015 payment represents an amount paid to Cameco (20.33% shareholder of UEX Corporation at the date of the transaction) in May of 2015 to acquire Cameco's 70% interest in the Umpherville joint venture (see Note 8(i)).

⁽²⁾ Share-based compensation expense is the fair value of options granted which have been calculated using the Black-Scholes option-pricing model and the assumptions disclosed in Note 12(c).

⁽³⁾ Panterra Geoservices Inc. is a company owned by David Rhys, a member of the management advisory board that provides geological consulting services to the Company. The management advisory board members are not paid a retainer or fee; specific services are invoiced as provided.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



20. Related party transactions (continued)

(b) Key management personnel compensation

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

	Year ended December 31	
	2016	2015
Salaries and short-term employee benefits ⁽¹⁾⁽²⁾	\$ 740,259	\$ 676,127
Share-based payments ⁽³⁾	338,449	322,770
Other compensation ⁽⁴⁾	-	183,000
	\$ 1,078,708	\$ 1,181,897

⁽¹⁾ In the event of a change of control of the Company, certain senior management may elect to terminate their employment agreements and the Company shall pay termination benefits of up to two times their respective annual salaries at that time and all of their share purchase options will become immediately vested with all other employee benefits, if any, continuing for a period of up to two years.

⁽²⁾ In the event that Mr. Lemaitre's (UEX's President and CEO) employment is terminated by the Corporation for any reason other than as a result of a change of control, death or termination for cause, the Corporation will pay a termination amount equal to one year's base salary plus any bonus owing. All other employee related benefits will continue for a period of one year following such termination. Mr. Lemaitre may also terminate the employment agreement upon three months' written notice to the Board and receive a lump sum payment equal to his base salary plus benefits for three months.

⁽³⁾ Share-based compensation expense is the fair value of options granted which have been calculated using the Black-Scholes option-pricing model and the assumptions disclosed in Note 12(c).

⁽⁴⁾ Represents amounts paid in January 2015 to Mr. Graham Thody, the Company's former President and CEO, under the terms of a retirement consulting agreement for consulting services up to December 31, 2015. During the term of this agreement, Mr. Thody was not entitled to receive director's fees; however, upon expiry of this agreement on December 31, 2015, Mr. Thody became entitled to receive director's fees in 2016 on the same terms as other non-management directors.

21. Change in Accounting Policy

Effective September 30, 2016, the Company changed its accounting policy related to exploration and evaluation expenditures. This change requires exploration expenditures to be expensed as incurred rather than capitalized to mineral properties. The treatment of acquisition and staking costs, as well as costs incurred prior to obtaining rights, has not changed. This change in accounting policy has been applied retrospectively.

The Company has applied IFRS 6 *Exploration for and evaluation of mineral properties* since its transition to IFRS. Under IFRS 6, the Company recognized as assets its mineral exploration and evaluation costs on a historical cost basis. These capitalized amounts were assessed for impairment at each reporting period. Except as previously recorded by the Company, the historical cost amounts capitalized are not impaired. The Company decided to change its accounting policy for exploration and evaluation costs with a view to providing more relevant, reliable and understandable information to financial statement users. The reasons for the change in policy include aligning the accounting treatment of mineral exploration and evaluation costs with other companies in the industry including those that report under US GAAP, which allows shareholders to more easily understand and compare our financial statements with others, and the Company has determined that the treatment of exploration and evaluation costs as an operating expense better reflects the economic substance of our operating activities during the fiscal periods presented.

The accounting policy change has been applied retrospectively in preparing the comparative statements as follows:

- Balance Sheets as at January 1, 2015 and December 31, 2015;
- Statement of Operations and Comprehensive Loss for the year ended December 31, 2015; and
- Statement of Cash Flows for the year ended December 31, 2015.

The effect of the change in accounting policy on the Company's balance sheets is summarized below as debits and (credits).

	Mineral properties	DIT liability	Share capital	AOCI	Deficit
Reclassified exploration expenditures	\$ (150,028,554)	\$ -	\$ -	\$ -	\$150,028,554
Not recognizing DITL	-	12,107,958	-	-	(12,107,958)
Not recognizing DIT on issue costs	-	(2,044,309)	2,044,309	-	-
Not recognizing DIT on AFS assets (OCI)	-	-	-	1,418	(1,418)
January 1, 2015, total policy change impact:	(150,028,554)	10,063,649	2,044,309	1,418	137,919,178
Reclassified exploration expenditures	(4,570,878)	-	-	-	4,570,878
Not recognizing DITL	-	597,504	-	-	(597,504)
Not recognizing DIT on issue costs	-	(65,761)	65,761	-	-
Not recognizing DIT on AFS assets (OCI)	-	1,418	-	(1,418)	-
December 31, 2015, total policy change impact:	\$ (154,599,432)	\$ 10,596,810	\$ 2,110,070	\$ -	\$141,892,552

As a result of the retrospective application of the policy change, the Company no longer presents a net deferred tax liability. In no longer presenting a net deferred tax liability, the deferred tax impact on share issue costs has been reversed to deferred tax liability in the periods in which it occurred.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



21. Change in Accounting Policy (continued)

Balance sheet – as at January 1, 2015

	January 1, 2015			
	As previously reported January 1, 2015	Note	Effect of policy change	Restated under new policy, January 1, 2015
Assets				
Current assets				
Cash and cash equivalents	\$ 9,321,596		\$ -	\$ 9,321,596
Amounts receivable	141,170		-	141,170
Prepaid expenses	106,540		-	106,540
	9,569,306		-	9,569,306
Non-current assets				
Deposits	-		-	-
Equipment	111,885		-	111,885
Mineral properties	155,240,363	1	(150,028,554)	5,211,809
Investments	22,187		-	22,187
Total assets	\$ 164,943,741		\$ (150,028,554)	\$ 14,915,187
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and other liabilities	\$ 1,322,439		\$ -	\$ 1,322,439
Non-current liabilities				
Deferred tax liability	10,063,649	2	(10,063,649)	-
Total liabilities	11,386,088		(10,063,649)	1,322,439
Shareholders' equity				
Share capital	177,542,611	3	(2,044,309)	175,498,302
Share-based payments reserve	2,787,954		-	2,787,954
Accumulated other comprehensive income (loss)	(9,082)		(1,418)	(10,500)
Deficit	(26,763,830)		(137,919,178)	(164,683,008)
	153,557,653		(139,964,905)	13,592,748
Total liabilities and shareholders' equity	\$ 164,943,741		\$ (150,028,554)	\$ 14,915,187

1. Cumulative since inception effect of accounting policy change reclassifying evaluation and expenditure costs to income statement. Balance remaining reflects cumulative acquisition costs of mineral properties at January 1, 2015.
2. Increased deductible temporary differences due to expensing exploration and evaluation costs resulted in a deferred tax asset, which will not be recognized until the Company is confident that it can be used against future taxable income.
3. Cumulative effect of deferred tax no longer being recognized on share issuance costs.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



21. Change in Accounting Policy (continued)

Balance sheet – as at December 31, 2015

	December 31, 2015			
	As previously reported December 31, 2015	Note	Effect of policy change	Restated under new policy, December 31, 2015
Assets				
Current assets				
Cash and cash equivalents	\$ 5,139,814		\$ -	\$ 5,139,814
Amounts receivable	62,010		-	62,010
Prepaid expenses	100,177		-	100,177
Investments – current portion	126		-	126
	5,302,127			5,302,127
Non-current assets				
Deposits	44,704		-	44,704
Equipment	292,202		-	292,202
Mineral properties	160,084,497	1	(154,599,432)	5,485,065
Investments	7,182		-	7,182
Total assets	\$ 165,730,712		\$ (154,599,432)	\$ 11,131,280
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and other liabilities	\$ 476,537		\$ -	\$ 476,537
Non-current liabilities				
Deferred tax liability	10,596,810	2	(10,596,810)	-
Total liabilities	11,073,347		(10,596,810)	476,537
Shareholders' equity				
Share capital	180,389,814	3	(2,110,070)	178,279,744
Share-based payments reserve	3,067,912		-	3,067,912
Deficit	(28,800,361)		(141,892,552)	(170,692,913)
	154,657,365		(144,002,622)	10,654,743
Total liabilities and shareholders' equity	\$ 165,730,712		\$ (154,599,432)	\$ 11,131,280

1. Cumulative since inception effect of accounting policy change reclassifying evaluation and expenditure costs to income statement. Balance remaining reflects cumulative acquisition costs of mineral properties at December 31, 2015.
2. Increased deductible temporary differences due to expensing exploration and evaluation costs resulted in a deferred tax asset, which will not be recognized until the Company is confident that it can be used against future taxable income.
3. Cumulative effect of deferred tax no longer being recognized on share issuance costs.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



21. Change in Accounting Policy (continued)

Statement of Operations and Comprehensive Loss

	Year ended December 31, 2015			
	As previously reported	Note	Effect of policy change	Restated under new policy
Revenue				
Interest income	\$ 106,027		\$ -	\$ 106,027
Expenses				
Bank charges and interest	5,308		-	5,308
Depreciation	19,282		-	19,282
Exploration and evaluation expenditures	-	1	4,570,878	4,570,878
Filing fees and stock exchange	85,147		-	85,147
Legal and audit	139,095		-	139,095
Loss on disposal of equipment	423		-	423
Maintenance	49,750		-	49,750
Office expenses	452,737		-	452,737
Project investigation	21,938		-	21,938
Rent	157,456		-	157,456
Salaries, net of management fees	869,489		-	869,489
Share-based compensation	361,095		-	361,095
Travel and promotion	223,198		-	223,198
Unrealized loss on available-for-sale financial assets	22,750		-	22,750
Unrealized fair value loss (gain) on held-for-trading financial assets	2,629		-	2,629
Write-down of mineral properties	1,528		-	1,528
	2,411,825		4,570,878	6,982,703
Loss before income taxes	(2,305,798)		(4,570,578)	(6,876,676)
Deferred income tax recovery	157,228	2	597,504	754,732
Loss for the year	(2,148,570)		(3,973,374)	(6,121,944)
Other comprehensive income (loss)				
Losses on available-for-sale assets transferred to earnings	10,500		-	10,500
Deferred income tax expense on change in fair value of available-for-sale financial assets	(1,418)	2	1,418	-
	9,082		1,418	10,500
Comprehensive loss for the year	\$ (2,139,488)		\$ (3,971,956)	\$ (6,111,444)
Basic and diluted loss per share	\$ (0.009)		\$ (0.016)	\$ (0.025)
Basic and diluted weighted-average number of shares outstanding	242,094,261			242,094,261

1. Exploration and evaluation costs are presented on the statement of operations and comprehensive loss, reflecting retrospective application of the accounting policy change.
2. Deferred tax recovery reflects extinguishment of flow-through premium upon renunciation; reflective of policy change, deferred taxes not recognized on OCI items.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015



21. Change in Accounting Policy (continued)

Statement of Cash Flows

	Year ended December 31, 2015			
	As previously reported	Not e	Effect of policy change	Restated under new policy
Cash provided by (used for):				
Operating activities				
Loss for the year	\$ (2,148,570)		\$ (3,973,374)	\$ (6,121,944)
Adjustments for:				
Depreciation	19,282	1	35,915	55,197
Deferred income tax recovery	(157,228)	2	(597,504)	(754,732)
Interest income	(106,027)		-	(106,027)
Loss on disposal of equipment	423		-	423
Part XII.6 tax	(940)		-	(940)
Share-based compensation	361,095	3	30,902	391,997
Unrealized fair value loss on AFS financial assets	22,750		-	22,750
Unrealized fair value loss on held-for-trading financial assets	2,629		-	2,629
Write-down of mineral properties	1,528		-	1,528
Changes in non-cash operating working capital				
Amounts receivable	44,826	4	5,838	50,664
Prepaid expenses and deposits	(38,341)		-	(38,341)
Accounts payable and other liabilities	(291,957)	4	(74,213)	(366,170)
	(2,290,530)		(4,572,436)	(6,862,966)
Investing activities				
Interest received	135,463		-	135,463
Investment in mineral properties	(4,847,220)	5	4,572,436	(274,784)
Purchase of equipment	(236,756)		-	(236,756)
Proceeds on sale of furniture	819		-	819
	(4,947,694)		4,572,436	(375,258)
Financing activities				
Proceeds from common shares issued	3,300,000		-	3,300,000
Share issuance costs	(243,558)		-	(243,558)
	3,056,442		-	3,056,442
Decrease in cash and cash equivalents during the year	(4,181,782)		-	(4,181,782)
Cash and cash equivalents, beginning of year	9,321,596		-	9,321,596
Cash and cash equivalents, end of year	\$ 5,139,814		\$ -	\$ 5,139,814

1. Reflects depreciation included in exploration and evaluation expense, rather than capitalized to mineral properties.
2. Deferred tax recovery reflects extinguishment of flow-through premium upon renunciation.
3. Reflects share-based compensation included in exploration and evaluation expense, rather than capitalized to mineral properties.
4. Reflects the amounts receivable and accounts payable related to mineral properties that was included in investing activities.
5. Amounts spent on exploration and evaluation activities are presented in loss for the year; amounts remaining are mineral property acquisition costs.



Corporate Information

Board of Directors

Graham C. Thody, Chairman
Vancouver, British Columbia

Roger M. Lemaitre
President and CEO
Saskatoon, Saskatchewan

Suraj P. Ahuja, Lead Director
Vancouver, British Columbia

Mark P. Eaton
Toronto, Ontario

Emmet A. McGrath
Vancouver, British Columbia

Catherine A. Stretch
Toronto, Ontario

Officers

Roger M. Lemaitre
President and CEO

Ed Boney
CFO and Corporate Secretary

Nan Lee
Vice-President, Project Development

Legal Counsel

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19th Floor, 885 West Georgia Street
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Auditors

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