

# UEX CORPORATION

**Management's Discussion and Analysis  
For the Three-Month Period Ended  
March 31, 2017**



TSX: UEX

*Energetically Growing by Discovery, Innovation and Acquisition*

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



## **Message to Shareholders**

The discovery of the Ōrora Zone with the first hole of our winter exploration campaign at Christie Lake highlights what has been an exceptional start to 2017 for UEX.

The importance of our Ōrora Zone discovery has yet to be fully realized. We recognize its very high-grade nature, occurring along a newly defined structure parallel and adjacent to the Yalowega Trend, the host of the Paul Bay and Ken Pen Deposits. Holes from the Ōrora Zone have returned very high uranium grades over substantial core lengths. This ultra high-grade mineralization appears to be hosted within a fault structure along the unconformity and mineralization is wide open for expansion along strike in both directions and down-dip into the basement.

The character of the Ōrora Zone is beginning to resemble our large Shea Creek Deposits and the Key Lake Mine deposits. Expanding Ōrora will be the Company's focus in the upcoming summer drill program scheduled to commence in late June.

The discovery of Ōrora is exciting and validates our exploration approach at Christie Lake. We have barely scratched the surface in our exploration plans for the 1.5 km long undertested Yalowega Trend, especially along the new Ōrora structure located northwest and immediately adjacent to the Yalowega Trend. Because of our successful programs, we have yet to explore for Paul Bay-like basement-hosted deposits along the Yalowega Trend, which was one of the principle reasons why we acquired Christie Lake in the first place. After we define the Ōrora Zone, we are eagerly anticipating what further secrets remain along this prolific Trend.

We were very pleased that our efforts have been recognized by investors and bankers. In February, Sprott Capital gave UEX a huge vote of confidence by working with us in a financing that has given UEX the funds needed to grow the Ōrora Zone and resources at Christie Lake beyond 2017.

After starting the year on a sharp increase, uranium prices have leveled off. Prices remain not only well below the marginal cost of uranium production, but are beginning to erase the profitability of even the low cost quartile producers, causing significant production cutbacks and shutdowns. The recent appreciation of the US dollar no longer protects even the lowest cost producers as their higher price long-term legacy contracts begin to expire. Uranium prices are far from the levels needed to incent the new exploration, development, and production required to fuel the anticipated rapid growth in uranium demand.

With substantial growth in utilities uncovered uranium requirement looming in the near future, and with uranium supply being relatively inelastic to increases in uranium price, we believe that with our existing resource portfolio, great prospects for growth, and with the potential of the new Ōrora discovery, UEX shareholders are well positioned for the higher-priced future uranium market.

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

*Roger Lemaitre*  
*President & CEO*

# UFX CORPORATION

Management's Discussion and Analysis

For the three-month periods ended March 31, 2017 and 2016

(Expressed in Canadian dollars, unless otherwise noted)



*This Management's Discussion and Analysis ("MD&A") of UFX Corporation ("UFX" or the "Company") for the three-month period ended March 31, 2017 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 May 5, 2017 and should be read in conjunction with the Company's unaudited condensed interim financial statements and related notes for the three-month period ended March 31, 2017. The unaudited condensed interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and do not include all of the information required for full financial statements. This MD&A should also be read in conjunction with the audited annual financial statements for the years ended December 31, 2016 and 2015, prepared in accordance with International Financial Reporting Standards ("IFRS"), and the 2016 annual MD&A. 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](http://www.sedar.com).*

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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 Horseshoe and Raven Project ("Horseshoe-Raven", formerly a part of the Hidden Bay Project) that hosts the Horseshoe and Raven Deposits and the 30% owned Christie Lake Project ("Christie Lake") that hosts the Paul Bay, Ken Pen, and Órora 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.



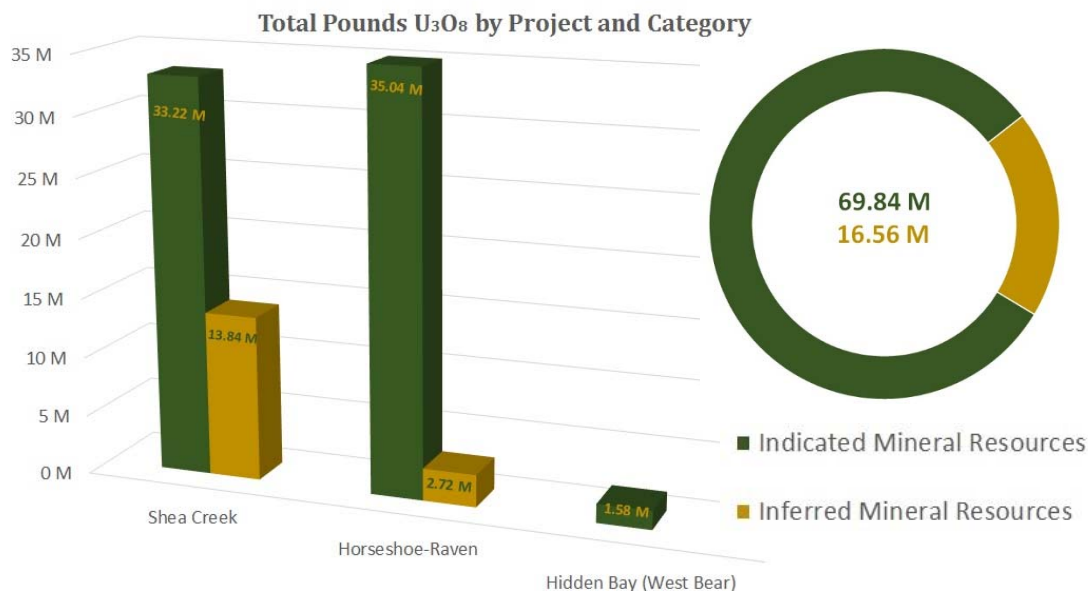
UEX is involved in fourteen uranium projects located in the Athabasca Basin, the world's richest uranium district, which in 2015 accounted for approximately 22% of global primary uranium production. The Company's projects include three that are 100% owned and operated by UEX, one joint venture with AREVA 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.



## N.I. 43-101 Mineral Resource Estimates

Deposit	Indicated Resources (U <sub>3</sub> O <sub>8</sub> Cut-Off Detail Below) <sup>(1)(2)(3)(4)</sup>				Inferred Resources (U <sub>3</sub> O <sub>8</sub> Cut-Off Detail Below) <sup>(1)(2)(3)(4)</sup>			
	Tonnes	Grade (wt% U <sub>3</sub> O <sub>8</sub> )	U <sub>3</sub> O <sub>8</sub> (lbs)	UEX Share (lbs)	Tonnes	Grade (wt% U <sub>3</sub> O <sub>8</sub> )	U <sub>3</sub> O <sub>8</sub> (lbs)	UEX Share (lbs)
<b>Shea Creek (49.1% interest)</b>								
Kianna	1,034,500	1.526	34,805,000	17,088,385	560,700	1.364	16,867,000	8,281,275
Anne	564,000	1.991	24,760,000	12,156,541	134,900	0.880	2,617,000	1,284,882
Colette	327,800	0.786	5,680,000	2,788,738	493,200	0.716	7,780,000	3,819,786
58B	141,800	0.774	2,417,000	1,186,687	83,400	0.505	928,000	455,625
<b>Total - Shea Creek</b>	<b>2,067,900</b>	<b>1.484</b>	<b>67,663,000</b>	<b>33,220,841</b>	<b>1,272,200</b>	<b>1.005</b>	<b>28,192,000</b>	<b>13,841,567</b>
<b>Horseshoe-Raven (100% interest)</b>								
Horseshoe	5,119,700	0.203	22,895,000	22,895,000	287,000	0.166	1,049,000	1,049,000
Raven	5,173,900	0.107	12,149,000	12,149,000	822,200	0.092	1,669,000	1,669,000
<b>Total - Horseshoe-Raven</b>	<b>10,293,600</b>	<b>0.154</b>	<b>35,044,000</b>	<b>35,044,000</b>	<b>1,109,200</b>	<b>0.111</b>	<b>2,715,000</b>	<b>2,715,000</b>
<b>Hidden Bay (100% interest)</b>								
West Bear	78,900	0.908	1,579,000	1,579,000	-	-	-	-
<b>Total UEX Share of Resources:</b>				<b>69,843,841</b>				<b>16,556,567</b>

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



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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, Horseshoe-Raven and Hidden Bay Project* sections of this MD&A.

## 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 and the geology of the Christie Lake Project is available under the *Christie Lake Project* section of this MD&A and is documented in the *Technical Report on the Christie Lake Project, Saskatchewan* with an effective date of December 31, 2016, which was filed on SEDAR at [www.sedar.com](http://www.sedar.com) on March 28, 2017.

## 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 our 100%-owned Horseshoe, Raven and West Bear uranium deposits 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.
- To evaluate and make timely acquisitions of uranium projects in favorable, low-cost jurisdictions.

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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](http://www.sedar.com), or to UEX's website at [www.ux-corporation.com](http://www.ux-corporation.com).

### Christie Lake Project

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

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. 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. 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.

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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 Ōrora 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.

Further information on the geology of the Christie Lake Project is documented in the *Technical Report on the Christie Lake Project, Saskatchewan* with an effective date of December 31, 2016, which was filed on SEDAR at [www.sedar.com](http://www.sedar.com) on March 28, 2017.



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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 Required	Cash Payments Completed	Exploration Work Commitment	Exploration Work Completed	Interest Earned (%)	
Upon signing of the LOI	\$ 250,000	\$ 250,000				✓
Before January 28, 2016	1,750,000	1,750,000			10	✓
Before January 1, 2017	2,000,000	2,000,000	\$ 2,500,000	\$ 2,500,000	30	✓
Before January 1, 2018	1,000,000		2,500,000	2,500,000	45	
Before January 1, 2019	1,000,000		5,000,000	1,086,477	60	
Before January 1, 2020	1,000,000		5,000,000		70	
<b>Total</b>	<b>\$ 7,000,000</b>		<b>\$ 15,000,000</b>		<b>70</b>	
<b>Completed as of March 31, 2017</b>	<b>\$ 4,000,000</b>	<b>\$ 4,000,000</b>	<b>\$ 2,500,000</b>	<b>\$ 6,086,477</b>	<b>30</b>	<b>✓</b>

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

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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
- 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.

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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 of 2016, 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 2017, UEX commenced exploration on the 1.5 km long Yalowega Uranium Trend along strike to the northeast of the Ken Pen Zone. As the trend is known to host mineralization along its entire length, UEX believes that both the basement-hosted uranium potential and the unconformity potential where the lower breccia structure intersects the unconformity northwest of the Yalowega Trend are both vastly underexplored. Management continues to be very optimistic about the opportunities for additional discoveries along the Trend. In addition, UEX has completed follow-up drilling at Paul Bay and Ken Pen to answer key questions related to the upcoming NI 43-101 resource report.

The budget for the 20,000 m – 20 drill hole winter portion of the 2017 exploration program was \$3.0 million.

## **Örora Zone Discovery**

In late January 2017, UEX announced the discovery of high-grade uranium mineralization, which has been named the “Örora Zone”, located approximately 500 m northeast and along strike of the Ken Pen Zone. In February, UEX announced that discovery hole CB-109 returned an assay interval of 22.81% U<sub>3</sub>O<sub>8</sub> over 8.6 m, which is the best hole (as defined by grade x thickness) drilled to date on the Project.

Follow-up drilling in February and March has extended the size of the Örora Zone to a minimum strike length of 65 m. The Örora Zone remains open for expansion along strike to the southwest and to the northeast.

Several of the holes following up CB-109 encountered very high grade uranium mineralization. Highlights from the assay results received from Örora Zone drill holes to date include:

- CB-109 which returned 11.43% U<sub>3</sub>O<sub>8</sub> over 17.7 m, including a subinterval of 22.81% U<sub>3</sub>O<sub>8</sub> over 8.6 m;
- CB-110A, drilled 20 m northeast and along strike returned 2.28% U<sub>3</sub>O<sub>8</sub> over 18.0 m and included a subinterval of 9.86% U<sub>3</sub>O<sub>8</sub> over 3.5 m;
- CB-114C which returned 2.58% U<sub>3</sub>O<sub>8</sub> over 3.0 m;
- CB-116A which returned 17.11% U<sub>3</sub>O<sub>8</sub> over 10.0 m, including 20.00% U<sub>3</sub>O<sub>8</sub> over 8.5 m; and
- CB-116A-1 that intersected 0.91% U<sub>3</sub>O<sub>8</sub> over 12.5 m; including 2.90% U<sub>3</sub>O<sub>8</sub> over 3.1 m.

Assays results for several Örora Zone holes have yet to be received. Highlights from the radiometric equivalent grade (“REG”) results obtained from the Company’s down-hole probes include:

- CB-116A-2 which intersected a wide zone of mineralization averaging 0.81% eU<sub>3</sub>O<sub>8</sub> over 28.8 m that included subintervals of 3.42% eU<sub>3</sub>O<sub>8</sub> over 4.0 m and 2.84% eU<sub>3</sub>O<sub>8</sub> over 2.1 m.

Defining the ultimate size of the Örora Zone will be the focus of the remainder of the 2017 exploration program, which is expected to restart in June.

# UEX CORPORATION

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## Paul Bay Zone Drilling

Five holes were drilled to tighten the spacing between existing holes within the ultra-high grade subzone and to determine the size of the new lower high grade zone defined by hole CB-102, discovered near at the end of the 2016 drill program.

Hole CB-113 successfully confirmed the presence of the ultra-high grade subzone between holes CB-092 and CB-004, encountering 5.77% U<sub>3</sub>O<sub>8</sub> over 7.6 m, including a subinterval of 8.48% U<sub>3</sub>O<sub>8</sub> over 4.9 m.

Hole CB-112-1 filled a gap between CB-092 and CB-093 within the ultra-high grade subzone, intersecting 3.60% U<sub>3</sub>O<sub>8</sub> over 1.8 m.

Holes CB-108A and CB-108-1 significantly expanded the size of the lower high grade zone defined by hole CB-102. CB-108A intersected 2.92% U<sub>3</sub>O<sub>8</sub> over 6.7 m approximately 15 m southwest of CB-102. Located 28 m northeast of CB-102, hole CB-108A-1 encountered 2.42% U<sub>3</sub>O<sub>8</sub> over 12.6 m, extending the strike length of the lower high grade zone to at least 43 m in an area of the Paul Bay Zone previously believed to be comprised of exclusively low grade uranium mineralization.

## Ken Pen Zone Drilling

Due to the success at Ōrora, UEX chose to only complete two holes this past winter with the objective of expanding the Ken Pen Deposit.

Hole CB-107A-1 was drilled to test the unconformity up-dip of the mineralization encountered in hole CB-107 located at the southwestern margin of the Ken Pen Deposit and encountered a modest interval of weak uranium mineralization with an REG of 0.15% eU<sub>3</sub>O<sub>8</sub> over 2.6 m from 429.65 to 432.25 m.

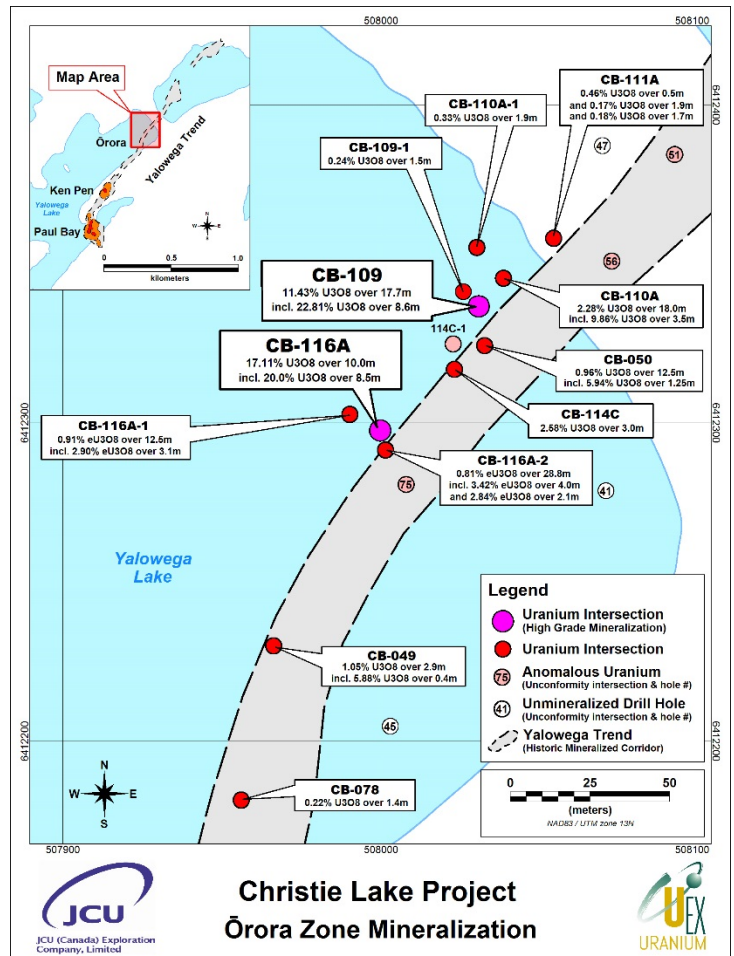
Hole CB-115 was drilled to test 25 m along strike of the CB-107 mineralization and encountered narrow intervals of low grade uranium mineralization.

Additional drilling will be required to define the ultimate limits of the Ken Pen Zone along strike to the northeast and at depth to the southwest, such work will be completed in future UEX drilling campaigns.

## Summer 2017 Exploration Program

UEX is planning a summer drilling program at Christie Lake focused on growing the size of the Ōrora Zone discovery.

The ultimate program and budget for the summer exploration program has yet to be approved by the Christie Lake Joint Venture partners as of the date of this document; however, unspent amounts remaining from the winter program will be expended as part of the summer drilling program.



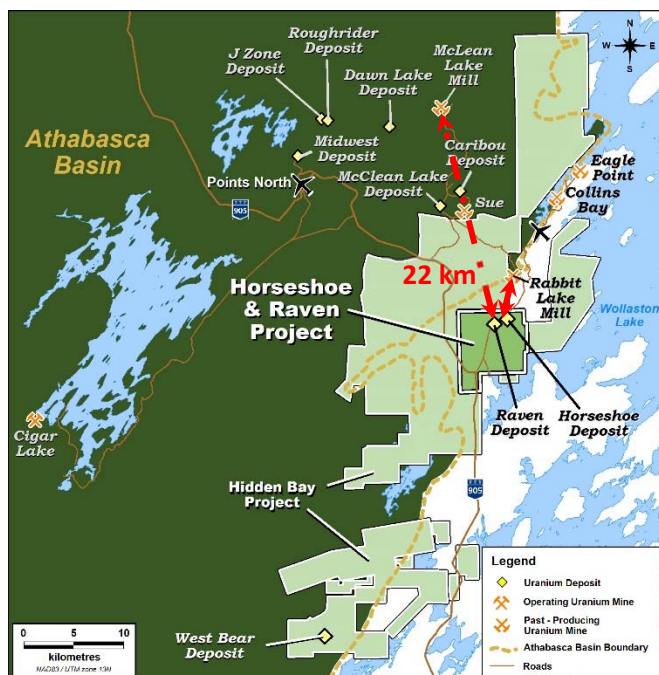


# UEX CORPORATION

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## Horseshoe and Raven Project



- Two known deposits: Horseshoe, Raven.
- Proximal to uranium mills, year-round access by road and air, electric transmission lines transect the property.
- Two of the shallowest deposits in the Athabasca Basin ranging from 50 – 450 m depth exclusively hosted in competent basement rocks with no sandstone cover, and can be mined using conventional Canadian hard rock mining techniques.
- 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 203.3 million pounds of  $U_3O_8$  to date <sup>(1)</sup>
- AREVA's McLean Lake JEB Mill has produced close to 50 million pounds of  $U_3O_8$  to date <sup>(2)</sup>

(1) Source: <https://www.cameco.com/businesses/uranium-operations/canada/rabbit-lake>  
 (2) Source: <http://us.aveva.com/EN/home-984/areva-resources-canada-mcclean-lake.html>

	Number of claims	Hectares	Acres	UEX Ownership %
Horseshoe & Raven	1	4,486	11,085	100.00

The Horseshoe and Raven Project ("Horseshoe-Raven") was acquired from Cameco upon UEX's formation in 2001 as part of the Hidden Bay Project, which established Cameco's initial equity position in UEX.

UEX has elected to separate Horseshoe-Raven from the Hidden Bay Project due to its advanced stage of exploration and development compared to the remainder of the original project lands. Horseshoe-Raven has significant uranium resources that have been subject to advanced studies including a Preliminary Assessment and heap leach scoping studies.

Cumulative expenditures (inclusive of non-cash items) at March 31, 2017 by UEX on exploration and evaluation at Horseshoe-Raven were approximately \$36.8 million and \$5.0 million, respectively.

# UEX CORPORATION

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## Horseshoe and Raven Deposits

- In 2011, a positive PA was completed at US\$60/lb U<sub>3</sub>O<sub>8</sub> – 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.

## 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 "Horseshoe-Raven 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](http://www.sedar.com) on February 23, 2011. Details for the mineral resource estimates at a cut-off grade of 0.05% U<sub>3</sub>O<sub>8</sub> as follows:

Deposit		Tonnes	Grade U <sub>3</sub> O <sub>8</sub> (%)	U <sub>3</sub> O <sub>8</sub> (lbs)		Tonnes	Grade U <sub>3</sub> O <sub>8</sub> (%)	U <sub>3</sub> O <sub>8</sub> (lbs)
Horseshoe	<b>Indicated</b>	5,119,700	0.203	22,895,000	<b>Inferred</b>	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 <sup>(1)</sup>		78,900	0.908	1,579,000		-	-	-
<b>TOTAL<sup>(2)</sup></b>		<b>10,372,500</b>	<b>0.160</b>	<b>36,623,000</b>		<b>1,109,200</b>	<b>0.111</b>	<b>2,715,000</b>

<sup>(1)</sup> Mineral resource estimates for the West Bear Deposit are located on the Hidden Bay Project but are included in this table as they were estimated, evaluated, and included within the Horseshoe-Raven Report.

<sup>(2)</sup> 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.

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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  $U_3O_8$ , 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.

## 2016 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 columns 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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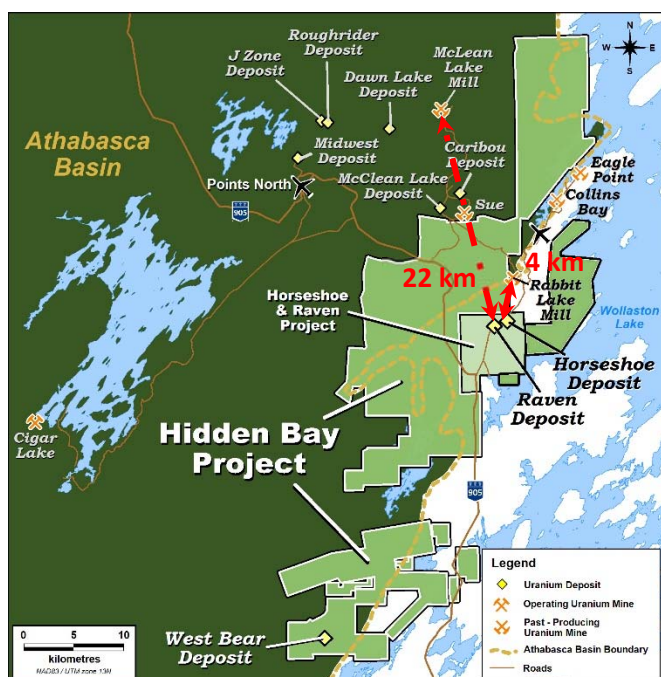


## 2017 Activities

UEX has not proposed an exploration drilling program for the Horseshoe-Raven in 2017. The Company will be evaluating options for the continued development of the two deposits using Heap Leach Extraction.

The Company will continue to collect water samples as part of its waste rock characterization program, which enters its final year of study in 2017.

## Hidden Bay Project



- Hosts the West Bear Uranium Deposit
- 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.
- Thirteen high-priority areas identified for additional exploration focusing on basement-hosted uranium deposits
- UEX's 2015 basement-hosted exploration program at Dwyer Lake led to the discovery of an extensive hydrothermal alteration system that requires follow-up work
- The 2015 program at Wolf Lake identified a new uraniumiferous structure that is highly prospective

- Cameco's Rabbit Lake Mill (including Eagle Point) has produced over 203.3 million pounds of U<sub>3</sub>O<sub>8</sub> to date <sup>(1)</sup>

- AREVA's McClean Lake JEB Mill has produced close to 50 million pounds of U<sub>3</sub>O<sub>8</sub> to date <sup>(2)</sup>

(1) Source: <https://www.cameco.com/businesses/uranium-operations/canada/rabbit-lake>  
 (2) Source: <http://us.aveva.com/EN/home-984/areva-resources-canada-mcclean-lake.html>

	Number of claims	Hectares	Acres	UEX Ownership %
Hidden Bay	58	54,650	135,043	100.00

Hidden Bay was acquired from Cameco upon UEX's formation in 2001 establishing Cameco's initial equity position in UEX.

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The Hidden Bay Project is comprised of the Tent-Seal, Telephone-Shamus, Rabbit West, Raven, Wolf Lake, Rhino, Dwyer-Mitchell and Umpherville River project exploration areas and includes the West Bear deposit. The Hidden Bay Property originally included the Horseshoe-Raven Project, which has been separated from the Hidden Bay Project due to its more advanced stage of exploration and development.

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 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 March 31, 2017 by UEX on exploration and evaluation at Hidden Bay were approximately \$30.2 million and \$2.8 million.

## 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

## Mineral Resource Estimates

For details of the West Bear Resource estimate, please see the previous section, *Mineral Resource Estimates, Horseshoe and Raven Project*, as the resources at West Bear were estimated as part of the Horseshoe-Raven Report.



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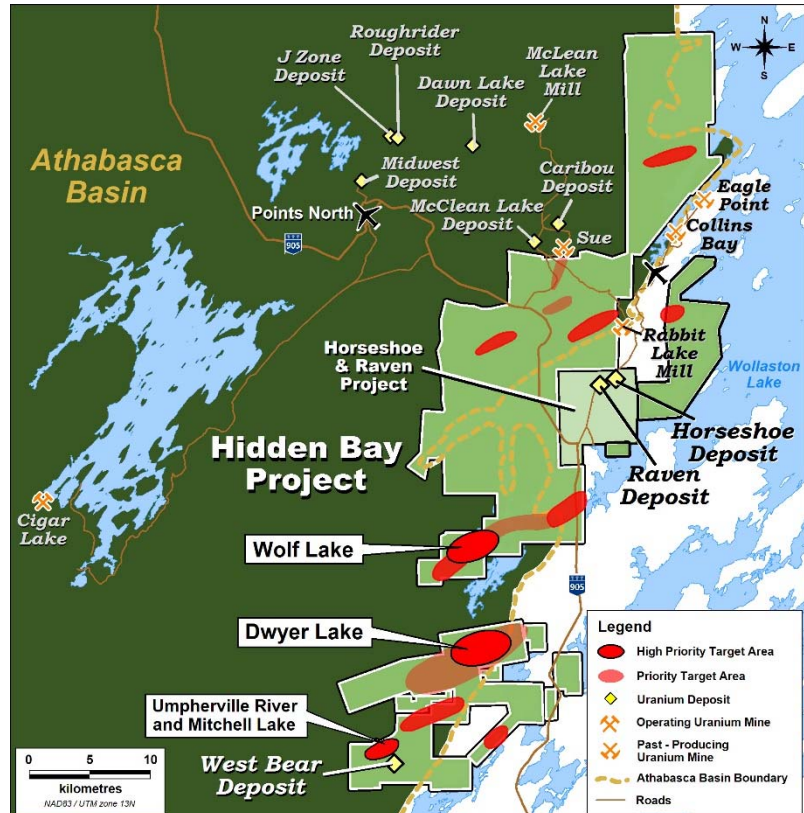
(Expressed in Canadian dollars, unless otherwise noted)



## 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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## 2017 Activities

### Exploration

UEX has not proposed a drilling or geophysical exploration 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.

During the first quarter, detailed evaluation of the Dwyer Lake and Wolf Lake areas as well as the remaining eleven basement targeting areas on the Project was undertaken and will continue into the second quarter. Drill core re-logging of higher priority target areas identified in the first half of 2017 will occur third quarter of 2017 with the objective of proposing exploration drilling on the Property in 2018.

The 2015 Hidden Bay Assessment Report will be filed with the Government of Saskatchewan in 2017.

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## Western Athabasca Projects ("WAJV") – Overview



*AREVA's former Cluff Lake Mine produced over 62 million pounds of U<sub>3</sub>O<sub>8</sub> during its successful 22 years of operation\**

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

- Eight separate joint ventures:
  - UEX 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 WAJV 2013 Option Agreement below).
- Flagship project: Shea Creek Project (see *Shea Creek – 2016 Exploration Program*).
- Four deposits: Kianna, Anne, Colette & 58B.
- 2017 exploration budget of \$3.6 million
  - UEX has elected to dilute its interests in the early stage Mirror River, Laurie, Uchrich and Nikita Projects in 2017.

Western Athabasca Projects	Number of claims	Hectares	Acres	Project Operator	UEX 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
Shea Creek	14	27,343	67,566	AREVA	49.0975	50.9025
Uchrich	1	2,263	5,592	AREVA	49.0975	50.9025
<b>Total</b>	<b>61</b>	<b>129,518</b>	<b>320,046</b>			

In 2004, UEX 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 Shea Creek. UEX 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 UEX under the WAJV 2013 Option Agreement dated April 4, 2013 (see discussion below). UEX'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 UEX'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 (%)	March 31, 2017			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 March 31, 2017 on exploration and evaluation were \$57.7 million and \$7.4 million, respectively, with approximately 278,000 m of drilling completed.

## WAVJ 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](http://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 WAVJ 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 option to expire.

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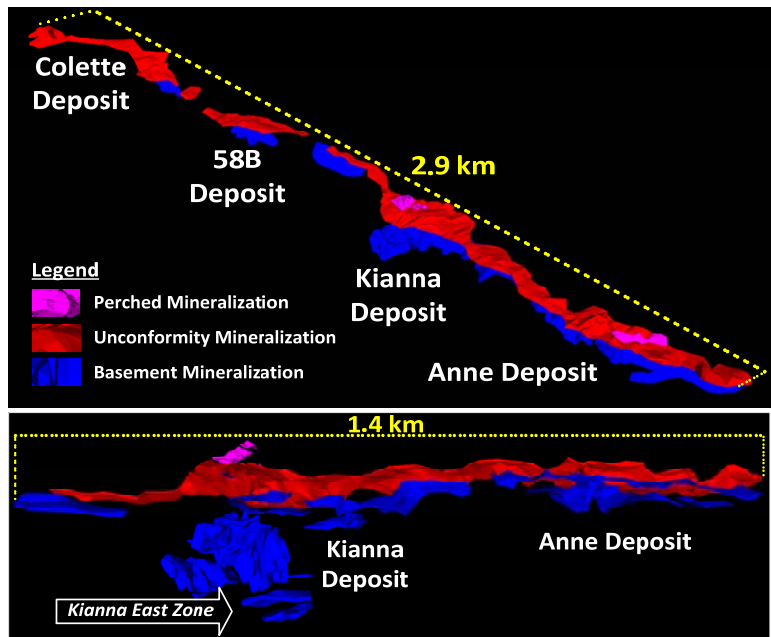
## Western Athabasca Projects – Shea Creek

- 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 March 31, 2017 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% U<sub>3</sub>O<sub>8</sub> are as follows:

Deposit		Tonnes	Grade U <sub>3</sub> O <sub>8</sub> (%)	U <sub>3</sub> O <sub>8</sub> (lbs)		Tonnes	Grade U <sub>3</sub> O <sub>8</sub> (%)	U <sub>3</sub> O <sub>8</sub> (lbs)
Kianna	<b>Indicated</b>	1,034,500	1.526	34,805,000	<b>Inferred</b>	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
<b>TOTALS <sup>(1)(2)</sup></b>		<b>2,067,900</b>	<b>1.484</b>	<b>67,663,000</b>		<b>1,272,200</b>	<b>1.005</b>	<b>28,192,000</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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, and Uchrich. See area map above under *Western Athabasca Projects (“WAJV”) – Overview*.

### Shea Creek – 2017 Exploration Program

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

### Mirror River Project

#### 2017 Program

At Mirror River, a \$1.3 million drilling program was completed during the first quarter testing the shallowest areas of the property along the southern property margin.

Ten holes totaling 3,707 m were completed on the Mirror River Project in February and March, testing a wide basement resistivity anomaly in the vicinity of broad airborne MegaTEM anomalies in an area where the Athabasca sandstone ranges from 50 – 200 m thick.

All 10 holes drilled by AREVA during the winter program failed to intersect the classic unconformity-deposit structural target, where faulted graphitic pelites intersect the unconformity surface. It appears that the holes failed to test close enough to the ideal structural target on all ten holes such that a decision to the uranium exploration potential of the southern Mirror Project cannot be determined at this time.

No significant radiometric anomalies, hydrothermal alteration or anomalous geochemistry were reported by AREVA during the winter program. Final results of the exploration program are expected to be received from AREVA during the second quarter.

UEX elected not to fund its share of the drilling programs at the Mirror River Project in 2017. UEX did not support the technical approach of the operator on the Mirror River Project and chose to expend its exploration capital on more advanced stage exploration projects.

### Laurie Project

#### 2017 Programs

At Laurie, a \$1.3 million drilling program was completed during the first quarter testing the shallowest areas of the property along the southern property margin.

Fourteen holes totaling 3,217 m were completed on the Laurie Project in January and February, testing a wide basement resistivity anomaly in the vicinity of moving loop electromagnetic anomalies in an area where the Athabasca sandstone ranges from 50 – 200 m thick.

All 14 holes drilled by AREVA during the winter program failed to intersect the classic unconformity-deposit structural target, where faulted graphitic pelites intersect the unconformity surface. It appears that the holes failed to test close enough to the ideal structural target on all fourteen holes such that a decision to the uranium exploration potential of the southern Laurie Project cannot be determined at this time.

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No significant radiometric anomalies, hydrothermal alteration or anomalous geochemistry were reported by AREVA during the winter program. Final results of the exploration program are expected to be received from AREVA during the second quarter.

UEX elected not to fund its share of the drilling program at the Laurie Project for 2017 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 was proposed for the Uchrich Project, consisting of 9 km of MLEM-SQUID surveying, followed up by one diamond drill hole.

The MLEM-SQUID survey was completed in February. AREVA initiated a drill hole on the project testing the moving loop EM target but abandoned the hole at a depth of 600 m before intersecting the unconformity or the source of the electromagnetic anomaly when warm weather conditions made access to the drill difficult.

UEX has elected not to fund the geophysics and drilling program at the Uchrich Project for 2017 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.

Linecutting was completed in March and the commencement of the geophysical program commenced by the end of the month. Final results from the geophysical program is anticipated to be received in November.

UEX has elected not to fund the geophysics program at the Nikita Project for 2017 and has chosen to expend its exploration capital on more advanced stage exploration projects.

## Alexandra, Brander Lake, Erica

### 2017 Programs

There are no programs or budgets 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 2017. 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 March 31, 2017 on exploration at Black Lake were \$14.5 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 has received several inquiries from parties interested in acquiring an interest in 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)

	2017 Quarter 1	2016 Quarter 4	2016 Quarter 3	2016 Quarter 2	2016 Quarter 1	2015 Quarter 4	2015 Quarter 3	2015 Quarter 2
Interest income	\$ 13,172	\$ 23,216	\$ 30,663	\$ 22,494	\$ 15,466	\$ 20,265	\$ 26,993	\$ 27,168
Net loss for the period	(2,166,310)	(1,091,795)	(2,001,153)	(1,221,190)	(1,666,960)	(726,486)	(1,222,891)	(1,372,309)
Write-off of mineral property acquisition costs	-	(1,500)	-	-	-	(1,528)	-	-
Basic and diluted loss per share	(0.007)	(0.004)	(0.007)	(0.005)	(0.006)	(0.003)	(0.005)	(0.006)
Exploration and evaluation expense	2,064,177	945,533	1,740,777	711,539	1,428,103	225,797	759,045	794,877
Capitalized mineral property acquisition costs	-	2,000,000	-	-	1,750,000	249,076	10,300	13,880
Total assets	18,044,420	13,951,299	15,788,028	17,266,442	12,135,936	11,131,280	12,295,254	13,502,737

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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.

In Q1 2017, UEX had two exploration drills running concurrently at the Christie Lake Project for the first time and the majority of exploration expenditures were related to this project; whereas in comparative quarters the Company would often have multiple projects underway. UEX chose not to fund its share of exploration on the Western Athabasca Projects for 2017 and we will have our ownership diluted on certain projects, but none that have uranium resources.

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.

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 write down of acquisition / staking costs of \$1,528 was recorded for the project in the fourth quarter of 2015. These claims were sold in the fourth quarter of 2016.

- *Renunciation of tax benefits:*

- The remaining \$2.959 million in flow-through expenditures from the May 2016 placement was renounced to eligible subscribers in February 2017, effective December 31, 2016 (under the look-back rule) and the resulting tax recovery is reflected in the first quarter of 2017.
- 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.

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- 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.

## 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.

- 319,238,873 common shares were issued and outstanding as at March 31, 2017 and May 5, 2017;
- 20,204,000 common shares related to director, employee and consultant share purchase options were reserved by the Company as at March 31, 2017 and May 5, 2017. The share purchase options are exercisable into common shares at exercise prices ranging from \$0.15 per share to \$1.45 per share. As the number of options currently outstanding is 20,204,000 (representing 6.33% of the Corporation's current issued and outstanding common shares), the number of options available for grant as of May 5, 2017 is 11,719,887 (representing 3.67% of the Corporation's current issued and outstanding common shares);
- 41,442,899 share purchase warrants with a weighted average exercise price of \$0.30 per share were outstanding as at March 31, 2017 and May 5, 2017.

## Results of Operations for the Three-Month Period Ended March 31, 2017

For the three-month period ended March 31, 2017, the Company earned interest income of \$13,172 (Q1 2016 - \$15,466). The decrease in interest income was primarily due to holding a lower average cash balance which earned a lower average interest rate in Q1 2017, as well as a higher Part XII.6 tax related to unspent flow through funds in 2017 of \$2,171 (2016 - \$1,467), which was netted against interest income. In the first quarter of 2017, the Company had an average cash balance invested of approximately \$4.6 million versus \$4.8 million in the comparative period.

For the three-month period ended March 31, 2017, the Company incurred expenses of \$2,416,162 (Q1 2016 - \$1,833,679) with significant changes from the comparative period identified as follows:

- Exploration and evaluation expense of \$2,064,177 (Q1 2016 - \$1,428,104) was higher than in the comparative period as a larger, two-drill exploration program was underway at Christie Lake in the current period, compared to the smaller programs at Christie Lake and Shea Creek in the comparative period.
- Filing fees and stock exchange expenses of \$46,827 (Q1 2016 - \$34,324) increased due to filing fees which were calculated based on a higher market capitalization than in the comparative period. The closing share price in 2016 was higher than in 2015, resulting in higher listing fees.
- Legal and audit expenses of \$26,681 (Q1 2016 - \$41,863) decreased due to legal fees associated with employment matters in the comparative period, which were not incurred in the current period. Additional legal expenses related to review of the Christie Lake joint venture agreement in the comparative period had no comparable costs in the current period.
- Salaries expense of \$20,594 (Q1 2016 - \$139,337) decreased due to the offsetting management fees related to the Christie Lake drilling program in Q1 2017, which were higher than the offsetting management fees in Q1 2016 (\$184,974 vs. \$81,940). Unadjusted salaries expense for Q1 2017, excluding the management fee offsets, were comparable period to period.

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- Travel and promotion expenses of \$69,003 (Q1 2016 - \$37,437) increased primarily due to a site visit in the current period by head office staff, attendance at an investor conference not attended in 2016, and one more employee attending a tradeshow in Q1 2017 than in Q1 2016.

The vesting of share purchase options during the three-month period ended March 31, 2017 resulted in total share-based compensation of \$92,874 (Q1 2016 - \$46,725), of which \$6,841 was allocated to exploration and evaluation expenses (Q1 2016 - \$3,730) and the remaining \$86,033 was expensed to share-based compensation (Q1 2016 - \$43,005). The higher share based compensation expense is due primarily to the grant of options made to a new director that joined the company in January 2017, with no comparable grant in the comparative quarter.

The following table outlines cumulative exploration and evaluation expenditures on uranium projects, cumulatively as at and for the three months ended March 31, 2017 and 2016.

Project	Cumulative to December 31, 2016	March 31, 2017		Cumulative to December 31, 2015	March 31, 2016	
		Expenditures in the period	Total		Expenditures in the period	Total
Beatty River	\$ 873,069	\$ -	\$ 873,069	\$ 873,069	\$ -	\$ 873,069
Black Lake	14,508,909	457	14,509,366	14,508,893	16	14,508,909
Christie Lake	4,080,292	2,044,026	6,124,318	58,689	847,240	905,929
Hidden Bay <sup>(1)</sup>	33,069,216	15,924	33,085,140	33,026,660	11,710	33,038,370
Horseshoe-Raven	41,813,458	2,596	41,816,054	41,669,712	49,351	41,719,063
<u>Western Athabasca</u>						
Alexandra	1,205,251	-	1,205,251	1,205,251	-	1,205,251
Brander	1,353,363	-	1,353,363	1,353,363	-	1,353,363
Erica	2,253,085	-	2,253,085	2,253,085	-	2,253,085
Laurie	1,586,528	462	1,586,990	1,586,528	-	1,586,528
Mirror	1,987,612	462	1,988,074	1,987,612	-	1,987,612
Nikita	1,952,331	-	1,952,331	1,952,331	-	1,952,331
Shea Creek	54,199,179	250	54,199,429	53,581,147	519,786	54,100,933
Uchrich	543,091	-	543,091	543,091	-	543,091
<b>All Projects Total</b>	<b>\$ 159,425,384</b>	<b>\$ 2,064,177</b>	<b>\$ 161,489,561</b>	<b>\$ 154,599,431</b>	<b>\$ 1,428,103</b>	<b>\$ 156,027,534</b>

<sup>(1)</sup> Includes the West Bear Deposit and all other Hidden Bay exploration areas: Tent-Seal, Telephone-Shamus, Rabbit West, Wolf Lake, Rhino, Dwyer-Mitchell, and Umpherville River.

Exploration and evaluation expenditures in the three months ended March 31, 2017 for all projects include non-cash share-based compensation of \$6,841 (Q1 2016 - \$3,720) and depreciation of \$16,525 (Q1 2016 - \$11,571).

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 March 31, 2017 and May 5, 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 \$6,009,999. Share issue costs included a cash commission of \$360,600, issuance costs of \$201,834, and the fair value of brokers warrants of \$105,755. 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 681,000 full share broker warrants issued as part of the placement are exercisable at a price of \$0.30 per share for a period of two years.

The initial fair value of the brokers warrants on February 27, 2017 was determined using the Black-Scholes option-pricing model with the following assumptions: Pre-vest forfeiture rate – 0.00%; Expected volatility – 67.84%; Risk-free interest rate – 0.76%; Dividend yield – 0.00%; and Expected life of warrants – 2.00 years. As a result of this placement, Cameco's ownership interest in UEX declined from approximately 16.87% to approximately 15.67%.

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

	PROPOSED USE OF PROCEEDS <sup>(1)</sup>	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
<b>TOTAL</b>	<b>\$ 2,010,000</b>	<b>\$ -</b>	<b>\$ 2,010,000</b>

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

The proceeds from the February 27, 2017 \$4.0 million unit placement is to 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 March 31, 2017 is presented in the table below:

	PROPOSED USE OF PROCEEDS <sup>(1)</sup>	ACTUAL USE OF PROCEEDS	
	Flow-through Private Placement	Use of Proceeds	Remaining to be Spent
Christie Lake Project	\$ 4,400,000	\$ 4,056,818	\$ 343,182
Western Athabasca	750,000	67,952	682,048
Hidden Bay Project	100,000	23,779	76,221
Black Lake Project	-	425	(425)
<b>TOTAL</b>	<b>\$ 5,250,000</b>	<b>\$ 4,148,974</b>	<b>\$ 1,101,026</b>

<sup>(1)</sup> 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 at March 31, 2017, an estimated \$4.1 million of the placement proceeds have been expended and a Part XII.6 tax expense of approximately \$2,171 has been incurred.

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- 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.

No share purchase options were exercised during the three months ended March 31, 2017 or 2016.

No share purchase warrants were exercised during the three months ended March 31, 2017 or 2016.

## Liquidity and Capital Resources

Working capital as at March 31, 2017 was \$7,241,348 compared to working capital of \$3,852,198 as at December 31, 2016 and includes the following:

- Current assets as at March 31, 2017 and December 31, 2016 were \$8,477,405 and \$4,385,175 respectively, including:
  - Cash and cash equivalents of \$8,210,474 at March 31, 2017 and \$4,136,636 at December 31, 2016. 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 March 31, 2016 and December 31, 2016 were \$1,236,057 and \$532,975, respectively:
  - The balance at March 31, 2017 was comprised of trade payables and other liabilities. There was no flow-through premium liability related to the February 27, 2017 placement.
  - 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 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.

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## 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:

	<b>March 31 2017</b>
2017	\$ 67,602
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**

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

UEx has currently vested a 30% ownership interest in the Christie Lake Project by making \$4.0 million in cash payments and completing \$2.5 million in exploration work. The Company must complete the remaining 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.

	Cash payments	Exploration work	UEx Cumulative Interest Earned
<b>Completed:</b>			
As at March 31, 2017	\$ 4,000,000	\$ 6,086,477 <sup>(1)</sup>	30.00 %
<b>To be completed:</b>			
Before January 1, 2018	1,000,000	– <sup>(2)</sup>	45.00
Before January 1, 2019	1,000,000	3,913,523 <sup>(2)</sup>	60.00
Before January 1, 2020	1,000,000	5,000,000	70.00
	3,000,000	8,913,523	
<b>Total</b>	<b>\$ 7,000,000</b>	<b>\$ 15,000,000</b>	<b>70.00 %</b>

(1) Cumulative exploration work completed does not include \$37,841 of share based compensation relating to the Christie Lake Project, which is not an eligible earn-in expenditure.

(2) Exploration work completed in excess of the minimum yearly commitment is applied to future years' commitments. Exploration work commitments remaining per the earn-in agreement are as follows:

- \$2,500,000 before January 1, 2017 (completed),
- \$2,500,000 before January 1, 2018 (completed),
- \$5,000,000 before January 1, 2019 (\$1,086,477 completed), and
- \$5,000,000 before January 1, 2010.

UEx 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.

In 2016, UEx incurred approximately \$1.5 million over and above the exploration expenditures required under the agreement for 2016. These amounts have been applied to the 2017 exploration work commitment of \$2.5 million.

In early 2017, the Company began a further \$3.0 million exploration program at Christie Lake. As at March 31, 2017, UEx had completed the exploration work component of the 2017 Christie Lake earn-in commitment, with an approximate \$1.1 million carried over to the 2018 exploration work commitment. Any additional exploration work completed in 2017 at Christie Lake will also carry over to further reduce the 2018 exploration work commitment.



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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 March 31, 2017 and December 31, 2016, 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:

	March 31, 2017	December 31, 2016
	June 23, 2014 Agreement Amendment <sup>(1)</sup>	June 23, 2014 Agreement Amendment <sup>(1)</sup>
Number of warrants – Uracon	25,000	25,000
Expected forfeiture rate	0.00%	0.00%
Weighted-average valuation date share price	\$ 0.05	\$ 0.06
Expected volatility	74.27%	107.45%
Risk-free interest rate	0.75%	0.76%
Dividend yield	0.00%	0.00%
Expected life	0.23 years	0.47 years
Weighted-average valuation date fair value	\$ 0.00	\$ 0.01

<sup>(1)</sup> 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.

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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 three-month periods ended March 31, 2017 and March 31, 2016.

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

	Three-months ended		
	March 31		
	2017	2016	
Cameco Corporation <sup>(1)</sup>	\$ 720	\$ -	
Management advisory board share-based payments <sup>(2)</sup>	1,422	1,090	
	\$ 2,142	\$ 1,090	

<sup>(1)</sup> 2016 payments related to fees paid for use of the Cameco airstrip at the McArthur River mine.

<sup>(2)</sup> 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).

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

	Three-months ended March 31			
	2017		2016	
Salaries and short-term employee benefits <sup>(1)(2)</sup>	\$	153,943	\$	239,166
Share-based payments <sup>(3)</sup>		60,283		37,927
	\$	214,226	\$	277,093

(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).

## 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.

## 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.

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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.

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 March 31, 2017 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



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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 period ended March 31, 2017. 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 U<sub>3</sub>O<sub>8</sub> 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 U<sub>3</sub>O<sub>8</sub> market price, as reported by Ux Consulting on April 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 U<sub>3</sub>O<sub>8</sub>, the economic analysis which uses U<sub>3</sub>O<sub>8</sub> 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.



# UEX CORPORATION

Management's Discussion and Analysis

For the three-month periods ended March 31, 2017 and 2016

(Expressed in Canadian dollars, unless otherwise noted)



## 5. Disclosure Controls and Procedures

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related unaudited condensed interim financial statements 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 December 31, 2016. 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 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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(Expressed in Canadian dollars, unless otherwise noted)



## 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.

There were no changes in these controls during the most recent interim period ending March 31, 2017 that materially affected, or are reasonably likely to materially affect, such controls.

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(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 Horseshoe-Raven 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](http://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.