UEX CORPORATION

CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Unaudited – Prepared by Management)

URANIUM
Unit 200 – 3530 Millar Avenue, Saskatoon, SK S7P 0B6
PH: (306) 979-3849 FAX: (604) 669-1240 uex@uex-corporation.com

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

UEX CORPORATION

Condensed Consolidated Interim Balance Sheets
As at September 30, 2018 and December 31, 2017

(Unaudited – Expressed in Canadian Dollars)

	Notes	September 30 2018	December 31 2017
Assets			
Current assets			
Cash and cash equivalents	3	$ 5,975,765	$ 5,106,761
Amounts receivable	4	58,738	38,033
Prepaid expenses	5	123,488	171,049
		6,157,991	5,315,843
Non-current assets			
Deposits	6	78,480	52,867
Equipment	7	262,092	244,021
Mineral properties	8	9,862,688	10,247,505
Investments	9, 14	358,750	8,750
Total assets		$ 16,720,001	$ 15,868,986
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and other liabilities	10	$ 838,864	$ 359,111
Non- current liabilities			
Security deposits		10,432	20,864
Total liabilities		849,296	379,975
Shareholders' equity			
Share capital	11(b)	198,950,120	193,850,256
Share-based payments reserve	11(c)	2,411,694	2,544,760
Accumulated other comprehensive income		(48,250)	1,750
Deficit		(185,442,859)	(180,907,755)
		15,870,705	15,489,011
Total liabilities and shareholders' equity		$ 16,720,001	$ 15,868,986

Nature and continuance of operations	1
Commitments	11(d), 12
Subsequent event	20
Contingencies	21

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board and authorized for issue on November 8, 2018.

"signed" Director — *Roger M. Lemaitre*

"signed" Director — *Emmet A. McGrath*

UEX CORPORATION

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
For the Nine Months Ended September 30, 2018 and 2017

(Unaudited – Expressed in Canadian Dollars)

	Notes	Three-month period ended September 30 2018	2017	Nine-month period ended September 30 2018	2017
Revenue					
Interest income	11(d)	$ 27,852	$ 18,518	$ 86,154	$ 51,234
Expenses					
Bank charges and interest		2,584	936	7,100	3,356
Depreciation		9,163	7,322	26,260	22,396
Exploration and evaluation expenditures	16	885,136	1,336,971	3,864,935	3,919,769
Filing fees and stock exchange		22,582	3,757	98,200	102,317
Legal and audit		71,948	18,690	136,848	82,576
Loss (gain) on disposal of equipment		1,202	5,435	3,630	5,435
Maintenance		13,737	300	31,728	4,158
Office expenses	17	50,425	95,928	126,662	204,063
Project investigation		-	2,250	-	4,782
Rent		22,094	35,330	57,408	106,018
Salaries	18	122,623	50,735	315,071	395,995
Share-based compensation	11(c)	139,246	78,416	629,316	392,411
Travel and promotion		24,674	16,972	154,316	120,729
Unrealized fair value loss on financial assets - FVTPL	9, 14	-	-	-	144
Write-down of mineral properties		-	900	-	900
		1,365,414	1,653,942	5,451,474	5,365,049
Loss before income taxes		(1,337,562)	(1,635,424)	(5,365,320)	(5,313,815)
Deferred income tax recovery (expense)		-	-	-	236,680
Loss for the period		(1,337,562)	(1,635,424)	(5,365,320)	(5,077,135)
Other comprehensive income (loss)					
Fair value net change on financial assets - FVOCI	9, 14	(50,000)	3,500	(50,000)	(7,000)
Comprehensive loss for the period		$ (1,387,562)	$ (1,631,924)	$ (5,415,320)	$ (5,084,135)
Basic and diluted loss per share		(0.004)	(0.005)	(0.016)	(0.016)
Basic and diluted weighted-average number of shares outstanding		348,142,731	319,238,873	346,368,677	314,499,314

See accompanying notes to the consolidated financial statements.

UEX CORPORATION

Condensed Consolidated Interim Statements of Changes in Equity
For the Nine Months Ended September 30, 2018 and 2017

(Unaudited – Expressed in Canadian Dollars)

	Number of common shares	Share capital	Share-based payments reserve	Accumulated other comprehensive income	Deficit	Total
December 31, 2016	*296,538,879*	$ 186,603,862	$ 3,231,238	$ 14,000	$ (176,430,776)	$ 13,418,324
Loss for the period	-	-	-	-	(5,077,135)	(5,077,135)
Issued pursuant to private placements	*22,699,994*	6,009,999	-	-	-	6,009,999
Share issuance costs	-	(671,293)	105,754	-	-	(565,539)
Other comprehensive income (loss) *Fair value change in financial assets - FVOCI*	-	-	-	(7,000)		(7,000)
Share-based payment transactions	-	-	460,242	-	-	460,242
Transfer to deficit on expiry of share purchase options	-	-	(1,353,000)	-	1,353,000	-
September 30, 2017	*319,238,873*	191,942,568	2,444,234	7,000	(180,154,911)	14,238,891
Loss for the period	-	-	-	-	(788,608)	(788,608)
Issued pursuant to private placements	*5,560,000*	2,001,600	-	-	-	2,001,600
Share issuance costs	*389,200*	(93,912)	29,520	-	-	(64,392)
Other comprehensive income (loss) *Fair value change in financial assets - FVOCI*	-	-	-	(5,250)	-	(5,250)
Share-based payment transactions	-	-	106,770	-	-	106,770
Transfer to deficit on expiry of share purchase options	-	-	(35,764)	-	35,764	-
December 31, 2017	*325,188,073*	193,850,256	2,544,760	1,750	(180,907,755)	15,489,011
Loss for the period	-	-	-	-	(5,365,320)	(5,365,320)
Issued pursuant to option exercise	*233,333*	72,037	(22,370)			49,667
Issued pursuant to warrant exercises	*22,761,905*	5,028,572	-	-	-	5,028,572
Share issuance costs	-	(745)	-	-	-	(745)
Other comprehensive income (loss) *Fair value change in financial assets - FVOCI*	-	-	-	(50,000)	-	(50,000)
Share-based payment transactions	-	-	719,520	-	-	719,520
Transfer to deficit on expiry of share purchase options	-	-	(830,216)		830,216	-
September 30, 2018	*348,183,311*	$ 198,950,120	$ 2,411,694	$ (48,250)	$ (185,442,859)	$ 15,870,705

See accompanying notes to the consolidated financial statements.

UEX CORPORATION

Condensed Consolidated Interim Statements of Cash Flows
For the Nine Months Ended September 30, 2018 and 2017

(Unaudited – Expressed in Canadian Dollars)

		Three-month period ended September 30		Nine-month period ended September 30	
		2018	2017	2018	2017
Cash provided by (used for):					
Operating activities					
Loss for the period		$ (1,337,562)	$ (1,635,424)	$ (5,365,320)	$ (5,077,135)
Adjustments for:					
Depreciation		27,782	25,063	81,847	74,191
Deferred income tax recovery		-	-	-	(236,680)
Interest income		(28,919)	(18,518)	(92,533)	(51,234)
Loss (gain) on disposal of equipment		1,202	5,435	3,629	5,435
Part XII.6 tax	11(d)	1,067	36	6,378	4,249
Share-based compensation		161,263	95,763	719,520	460,242
Unrealized fair value loss (gain) on held-for-trading financial assets		-	-	-	144
Write-down of mineral properties		-	900	-	900
Changes in non-cash operating working capital					
Amounts receivable		21,481	(21,284)	(12,652)	(16,650)
Prepaid expenses and deposits		(62,237)	(23,508)	21,948	33,946
Accounts payable and other liabilities		383,005	(16,988)	473,376	179,987
Security deposit liability		-	-	(10,432)	-
		(832,918)	(1,588,525)	(4,174,239)	(4,622,605)
Investing activities					
Interest received		14,952	13,842	84,479	84,944
Investment in exploration and evaluation assets		(2,361)	-	(15,183)	-
Proceeds on sale of equipment		-	4,300	-	4,300
Purchase of equipment		(952)	(44,008)	(103,547)	(87,059)
		11,639	(25,866)	(34,251)	2,185
Financing activities					
Proceeds from common shares issued	11(b)	-	-	5,028,572	6,009,999
Proceeds from stock option exercise		49,667	-	49,667	-
Share issuance costs	11(b)	-	-	(745)	(565,539)
		49,667	-	5,077,494	5,444,460
Increase (decrease) in cash and/or cash equivalents during the period		(771,612)	(1,614,391)	869,004	824,040
Cash and cash equivalents, beginning of period		6,747,377	6,575,067	5,106,761	4,136,636
Cash and cash equivalents, end of period		$ 5,975,765	$ 4,960,676	$ 5,975,765	$ 4,960,676
Supplementary information					
Non-cash transactions					
Decrease in other liabilities due to extinguishment of flow-through premium on renouncement		-	-	-	(236,680)
Non-cash share-based compensation included in exploration and evaluation expenditures		22,018	17,347	90,204	67,831
Depreciation included in exploration and evaluation expenditures		18,620	17,741	55,587	51,795
Non-cash share issuance costs – brokers warrants		-	-	-	105,754
Fair value of shares received as partial consideration for mineral property earn-in (reduction in carrying value of mineral properties)		-	-	(400,000)	-

See accompanying notes to the consolidated financial statements.

1. Nature and continuance of operations

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

The Company is currently engaged in the exploration and evaluation of its mineral properties located in the province of Saskatchewan. The Company's shares are listed on the Toronto Stock Exchange under the symbol UEX. The home office and principal address is located at Unit 200 – 3530 Millar Avenue, Saskatoon, Saskatchewan, Canada S7P 0B6. The Company's registered office is 885 West Georgia Street, 19th Floor, Vancouver, British Columbia, Canada V6C 3H4.

The Company is exploring and evaluating its mineral properties and has not yet determined whether its mineral properties contain mineral resources that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral resources, the ability of the Company to obtain the necessary financing to complete exploration programs and development and upon future profitable production or proceeds from the disposition of its mineral properties. The Company performed an evaluation of impairment indicators under IFRS 6 for its mineral properties as at September 30, 2018 and has concluded that there are no indicators of impairment.

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

2. Basis of preparation and significant accounting policies

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements, including comparative figures have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and do not include all of the information required for full annual financial statements. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's annual 2017 audited consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards ("IRFS"). These unaudited condensed consolidated interim financial statements of UEX Corporation were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 8, 2018.

(b) Functional and presentation currency

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

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

(c) Basis of consolidation:

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control is having power over the entity, rights to variable returns from its involvement with the entity, and the ability to use its power to affect the amount of returns. All intercompany transactions and balances are eliminated on consolidation.

(d) Use of estimates and judgments

The preparation of unaudited condensed consolidated interim financial statements requires management to make accounting estimates and assumptions requiring judgment in applying the Company's accounting policies. These estimates and assumptions may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of these unaudited condensed consolidated interim financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual amounts may differ from such estimates. In preparing these unaudited condensed consolidated interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's financial statements as at and for the year ended December 31, 2017.

(e) Changes in significant accounting policies

The accounting policies applied by the Company in these unaudited condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended December 31, 2017 except as described below.

(f) IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The adoption of IFRS 9 did not have a material impact on the consolidated financial statements because of the nature of the Company's operations and the types of financial assets that it holds.

(i) *Classification and measurement of financial assets and financial liabilities*

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held-to-maturity, loans and receivables, and available for sale.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value in Other Comprehensive Income ("FVOCI") – debt investment; FVOCI – equity investment; or Fair Value Through Profit or Loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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

(f) IFRS 9 *Financial Instruments (continued)*

(i) *Classification and measurement of financial assets and financial liabilities (continued)*

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

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

(f) IFRS 9 *Financial Instruments (continued)*

(i) *Classification and measurement of financial assets and financial liabilities (continued)*

There were no adjustments on adoption of IFRS 9 on the carrying amounts of financial assets at January 1, 2018.

Financial Asset	Classification under IAS 39	New classification under IFRS 9	Carrying amount under IAS 39	New carrying amount under IFRS 9
Shares – Uracan[1] (TSX-V: URC)	Available-for-sale	FVOCI – equity instrument	$8,750	$8,750

(1) These equity securities represent investments that the Company intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Company has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(ii) *Impairment of financial assets*

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (“ECL”) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The impairment model in IFRS 9 applies additionally to lease receivables, loan commitments and financial guarantee contracts. The Company has no such items.

The financial assets at amortized cost consist of accounts receivables, cash and cash equivalents.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to accounts and other receivables are presented separately in the statement of profit or loss and OCI. Impairment losses on other financial assets are presented under ‘finance costs’, similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

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

(f) IFRS 9 *Financial Instruments (continued)*

(ii) *Impairment of financial assets (continued)*

Impact of the new impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at January 1, 2018 did not result in an additional impairment allowance.

(iii) *Transition*

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Company has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

(g) IFRS 15 *Revenue from Contracts with Customers*

On May 28, 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue,* IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programs.* The Company also adopted IFRS 15 on January 1, 2018 however the adoption did not have a significant impact to the consolidated financial statements as the Company is not currently generating revenue from its operations.

(h) Recent accounting announcements

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.

(i) Reclassification of Comparative Period Presentation

Certain comparative period amounts have been reclassified to conform with the current year's presentation.

(Unaudited – Expressed in Canadian Dollars)

3. Cash and cash equivalents

	September 30 2018	December 31 2017
Cash	$ 362,258	$ 253,081
Short-term deposits	5,613,507	4,853,680
	$ 5,975,765	$ 5,106,761

4. Amounts receivable

	September 30 2018	December 31 2017
Interest receivable	$ 23,196	$ 15,605
Other receivables	35,542	22,428
	$ 58,738	$ 38,033

Interest receivable reflects unpaid interest earned on short-term deposits. Other receivables include $35,542 of Goods and Services Tax (GST) receivable as at September 30, 2018 (December 31, 2017 - $22,428).

5. Prepaid expenses

	September 30 2018	December 31 2017
Advances to vendors	$ 50,000	$ 109,976
Prepaid expenses	73,488	61,073
	$ 123,488	$ 171,049

6. Deposits

	September 30 2018	December 31 2017
Deposits	$ 78,480	$ 52,867

The Company paid deposits in 2017 relating to new operating leases for its premises. The leases expire between April 30, 2018 and February 29, 2024 (see Note 12 *Commitments*).

(Unaudited – Expressed in Canadian Dollars)

7. Equipment

	Exploration camp	Exploration equipment	Computing equipment	Furniture and fixtures	Total
Cost					
Balance at December 31, 2016	$ 99,327	$ 422,411	$ 314,074	$ 102,535	$ 938,347
Additions	-	76,770	15,319	1,024	93,113
Disposals	-	(20,861)	(41,891)	(12,333)	(75,085)
Balance at December 31, 2017	99,327	478,320	287,502	91,226	956,375
Additions	-	10,164	91,618	1,765	103,547
Disposals	(12,303)	-	(30,038)	(838)	(43,179)
Balance at September 30, 2018	$ 87,024	$ 488,484	$ 349,082	$ 92,153	$ 1,016,743
Accumulated depreciation and Impairment					
Balance at December 31, 2016	$ 63,877	$ 348,484	$ 232,529	$ 26,273	$ 671,163
Depreciation charge for the year	7,218	37,081	35,206	20,124	99,629
Disposals	-	(11,126)	(41,891)	(5,421)	(58,438)
Balance at December 31, 2017	71,095	374,439	225,844	40,976	712,354
Depreciation charge for the period	4,414	33,313	30,818	13,302	81,847
Disposals	(12,304)	-	(26,757)	(489)	(39,550)
Balance at September 30, 2018	$ 63,205	407,752	229,905	53,789	754,651
Net book value					
Balance at December 31, 2016	$ 35,450	$ 73,927	$ 81,545	$ 76,262	$ 267,184
Balance at December 31, 2017	$ 28,232	$ 103,881	$ 61,658	$ 50,250	$ 244,021
Balance at September 30, 2018	$ 23,819	$ 80,732	$ 119,177	$ 38,364	$ 262,092

8. Mineral properties

Exploration and evaluation assets – acquisition costs

	Hidden Bay (i) (ii) (iii)	Black Lake (vii)	Christie Lake (ix)	Other (iv)	Total
Balance at December 31, 2016	$ 4,474,180	$ 759,385	$ 4,000,000	-	$ 9,233,565
Additions	3,126	-	1,000,000	11,714	1,014,840
Impairment charge for the year	(900)	-	-	-	(900)
Balance at December 31, 2017	4,476,406	759,385	5,000,000	11,714	10,247,505
Additions	11,000	-	-	5,614	16,614
Property payment received/Claim reimbursement	-	(400,000)	-	(1,431)	(401,431)
Balance at September 30, 2018	$ 4,487,406	$ 359,385	$ 5,000,000	15,897	$ 9,862,688

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

8. Mineral properties (continued)

Exploration and evaluation assets (continued)

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

100% owned projects

(i) Hidden Bay Project

The Company's 100% owned Hidden Bay Project includes exploration areas Tent Seal, Telephone-Shamus, Rabbit West, Wolf Lake, Rhino, and Dwyer and is located in the eastern Athabasca Basin of northern Saskatchewan, Canada.

(ii) Horseshoe-Raven Project

The Company's 100% owned Horseshoe-Raven Project includes the Horseshoe and Raven Deposits and is located in the eastern Athabasca Basin of northern Saskatchewan, Canada. Acquisition costs for Horseshoe-Raven Project are included in the Hidden Bay Project and evaluated as a group given their proximity to each other and the ability to spread assessment credits.

(iii) West Bear Project

The West Bear Project lands are 100% owned by UEX with the exception of Mineral Lease 5424 which is a joint venture between UEX (77.575%), Empresa Nacional Del Uranio S.A. (7.680%), Nordostschweizerische Kraftwerke A.G. (7.68%) and Encana (7.066%). West Bear 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. Acquisition costs for the West Bear Project are included in the Hidden Bay Project and evaluated as a group given their proximity to each other and the ability to spread assessment credits.

The Umpherville River mineral claims that are included as part of the West Bear Project are subject to a 2% NSR royalty on 20% of the project for each mineral produced (equivalent to a 0.4% NSR on the total project) with the NSR on uranium capped at $10 million.

(iv) Other Projects

UEX acquired the Parry Lake Project, Laurie North, and Christie West Project via staking.

The Parry Lake Project was acquired due to its proximity to the Patterson Lake Corridor and its potential to host different types of uranium deposits.

The Laurie North Project claims cover the gap between the Laurie and Uchrich projects that is believed to overlie extensions of electromagnetic conductively between the existing projects.

An ownership position in both projects were offered to Orano as per area of interest provisions of the Western Athabasca Option Agreement. Orano elected not to exercise its rights to acquire a stake in the two projects at this time.

8. Mineral properties (continued)

Exploration and evaluation assets (continued)

100% owned projects (continued)

(iv) Other Projects (continued)

The Christie West Project is comprised of two claims adjacent to the Christie Lake Project. An ownership position in these claims was offered to JCU, who elected not to participate in these two claims.

(v) Riou Lake Project

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

Joint operations

(vi) Western Athabasca Projects

On April 10, 2013, an agreement was signed with Orano Canada Inc. ("Orano") (formerly AREVA Resources Canada Inc.) which grants UEX the option to increase its ownership interest in the Western Athabasca Projects (the "Projects"), which includes the Shea Creek Project, by 0.9% to a maximum interest of 49.9% by spending $18.0 million on exploration over the six-year period ending December 31, 2018. UEX is under no obligation to propose a budget in any year of the agreement.

The Projects, located in the western Athabasca Basin, which include the Kianna, Anne, Colette and 58B Deposits located at the Shea Creek Project, are eight joint ventures with the Company holding an approximate 49.1% interest and Orano holding an approximate 50.9% interest in all projects as at September 30, 2018 and December 31, 2017, except for:

- the Laurie Project, where the Company has an approximate 33.0% interest as at September 30, 2018 and December 31, 2017;
- the Mirror River Project, where the Company has an approximate 32.3% interest as at September 30, 2018 and December 31, 2017;
- the Nikita Project where the Company has an approximate 42.0% interest as at September 30, 2018 and December 31, 2017; and
- the Uchrich Project where the Company has an approximate 30.5% interest as at September 30, 2018 and December 31, 2017.

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

(Unaudited – Expressed in Canadian Dollars)

8. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(vi) Western Athabasca Projects (continued)

In 2018, Orano proposed budgets of $0.6 million on Alexandra and $2.2 million on Nikita, which UEX has decided not to fund. Interests on these projects are anticipated to drop as follows, should Orano complete the approved programs. This decision does not impact the ownership interest in the Brander, Erica, Laurie, Mirror River, Shea Creek, and Uchrich Projects. Although acquisition costs associated with the Western Athabasca Projects were previously written off, UEX has no intention to abandon these projects.

	December 31, 2017			Projected interest, December 31, 2018		
Ownership interest (%)	**UEX**	**Orano**	**Total**	**UEX**	**Orano**	**Total**
Alexandra	49.0975	50.9025	100.0000	39.6127	60.3873	100.0000
Nikita	42.0413	57.9587	100.0000	22.7809	77.2191	100.0000

(vii) Black Lake Project

The Black Lake Project ("Black Lake"), located in the northern Athabasca Basin, is a joint venture with the Company holding a 50.92% interest, Orano holding a 9.08% interest, and ALX Uranium Corp. ("ALX") holding a 40% interest as of September 30, 2018.

Uracan Resources Ltd. ("Uracan") had an option to earn into the Black Lake Project but did not meet the exploration expenditures required under the amended Black Lake Project earn-in agreement by December 31, 2016 and UEX did not extend the funding deadline. On January 20, 2017, UEX terminated the earn-in agreement with Uracan, with Uracan earning no interest in the Black Lake Project.

On April 6, 2017, ALX entered into a letter of intent ("LOI") with UEX to complete a due diligence review of the Black Lake Project. On July 26, 2017, ALX informed the Company that they had completed their review and wished to proceed with an option to acquire up to a 75% interest in the Project.

On September 5, 2017, ALX and UEX entered into an Option Agreement, under which ALX will have the right to earn a 75% interest in three stages as follows:

- Stage 1 - By completing $1,000,000 in exploration work on the project and issuing to UEX a total of 5,000,000 common shares of ALX to earn an initial 40% interest in the project by September 5, 2018 (completed);
- Stage 2 - By completing an additional $2,000,000 (for a cumulative total of $3,000,000) in exploration work and issuing a further 4,000,000 common shares of ALX to the Company (for a cumulative total of 9,000,000 ALX common shares) to earn an additional 11% interest in the project (cumulative interest of 51%) by March 5, 2020;
- Stage 3 - By completing an additional $3,000,000 (for a cumulative total of $6,000,000) in exploration work and issuing a further 3,000,000 common shares of ALX to the Company (for a cumulative total of 12,000,000 ALX common shares) to earn an additional 24% interest in the project (cumulative interest of 75%) by September 5, 2021.

(Unaudited – Expressed in Canadian Dollars)

8. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(vii) Black Lake Project (continued)

Upon signing of the LOI, ALX paid $25,000 to UEX and were permitted to conduct up to $100,000 in exploration work. Upon vesting any interest, ALX will become a party to the Black Lake Joint Venture. ALX will be earning its interest in the Black Lake Project exclusively from UEX's remaining interest in the Joint Venture. Orano has agreed to waive their first right of refusal on the transfer of any of UEX's ownership interest to ALX.

ALX has completed $1,011,015 of exploration work on the project and issued UEX 5,000,000 common shares of ALX (See Note 9 – Investments) to earn a 40% initial interest in the project.

(viii) Beatty River Project

The Company has a 25% interest in the Beatty River Project, which is located in the western Athabasca Basin. Orano is the operator of this project. Although acquisition costs associated with the Beatty River Project were previously written off, UEX has no intention to abandon this project.

(ix) Christie Lake Project

The Company has earned a 45% interest in the Christie Lake Project by making $5 million in cash payments and completing $9,973,325 in exploration work. The Project is located in the eastern Athabasca Basin and JCU (Canada) Exploration Company Limited ("JCU") holds a 55% interest. UEX is the operator of this project and has an option to earn up to a 70% interest in the project by making a total of $7 million in cash payments and completing a total of $15 million in exploration on the property. A summary of cash payments and exploration expenditures made to date and commitments remaining is summarized in the table below.

Date	Cash Payments	Exploration Work	UEX Cumulative Interest Earned
Completed:			
As at September 30, 2018	$ 5,000,000	9,973,325 (1)(2)	45.00 %
To be completed:			
Before January 1, 2019	1,000,000	-	-
Before July 1, 2019	-	26,675 (2)	60.00 %
Before January 1, 2020	1,000,000	-	-
Before July 1, 2020	-	5,000,000	70.00 %
	$ 2,000,000	$ 5,026,675	
Total	$ 7,000,000	$ 15,000,000	70.00 %

(1) Cumulative exploration work completed does not include $133,407 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 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 July 1, 2019 ($4,973,325 completed); and
- $5,000,000 before July 1, 2020.

(Unaudited – Expressed in Canadian Dollars)

8. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

UEX is party to the following joint arrangements:

	September 30, 2018					December 31, 2017			
Ownership interest (%)	**UEX**	**Orano**	**JCU**	**ALX**	**Total**	**UEX**	**Orano**	**JCU**	**Total**
Beatty River	25.0000	50.7020	24.2980	-	100.0000	25.0000	50.7020	24.2980	100.0000
Black Lake	50.9200	9.0800	-	40.0000	100.0000	90.9200	9.0800	-	100.0000
Christie Lake	45.0000	-	55.0000	-	100.0000	45.0000	-	55.0000	100.0000
Western Athabasca									
Alexandra	49.0975	50.9025	-	-	100.0000	49.0975	50.9025	-	100.0000
Brander	49.0975	50.9025	-	-	100.0000	49.0975	50.9025	-	100.0000
Erica	49.0975	50.9025	-	-	100.0000	49.0975	50.9025	-	100.0000
Laurie	32.9876	67.0124	-	-	100.0000	32.9876	67.0124	-	100.0000
Mirror River	32.3354	67.6646	-	-	100.0000	32.3354	67.6646	-	100.0000
Nikita	42.0413	57.9587	-	-	100.0000	42.0413	57.9587	-	100.0000
Shea Creek	49.0975	50.9025	-	-	100.0000	49.0975	50.9025	-	100.0000
Uchrich	30.4799	69.5201	-	-	100.0000	30.4799	69.5201	-	100.0000

9. Investments

The Company holds 350,000 and 5,000,000 common shares of Uracan and ALX respectively. These common shares are being held for long-term investment purposes. The shares have been classified as equity instruments carried at fair value, with changes in fair value reflected in other comprehensive income (FVOCI).

Investments	**September 30 2018**	**December 31 2017**
Common shares held – Uracan [(1)] (TSX.V: URC) (see Note 14)	$ 8,750	$ 8,750
Common shares held – ALX [(2)] (TSX.V: AL) (see Note 14)	350,000	-
	$ 358,750	$ 8,750

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

(2) The initial fair value of the shares was $400,000 based on the market closing price on June 14, 2018 ($0.08 per share), the dates the shares were issued.

The fair value of the Uracan and ALX common shares are based on the market price for these actively traded securities.

(Unaudited – Expressed in Canadian Dollars)

10. Accounts payable and other liabilities

	September 30 2018	December 31 2017
Trade payables	$ 295,006	$ 85,547
Other liabilities	543,858	273,564
	$ 838,864	$ 359,111

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

11. Share capital

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of (no par value) preferred shares issuable in series, of which 1,000,000 preferred shares have been designated Series 1 Preferred Shares. As of September 30, 2018, no preferred shares have been issued.

(b) Issued and outstanding – common shares

	Number of shares	Value
Balance, December 31, 2016	296,538,879	$ 186,603,862
Issued pursuant to private placements	28,259,994	8,011,599
Share issuance costs	389,200	(765,205)
Balance, December 31, 2017	325,188,073	$ 193,850,256
Issued pursuant to option exercise	233,333	72,037
Issued pursuant to warrant exercises	22,761,905	5,028,572
Share issuance costs	-	(745)
Balance, September 30, 2018	348,183,311	$ 198,950,120

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 common share, for gross proceeds of $6,009,999. Share issue costs included a cash commission of $360,600, the fair value of brokers warrants of $105,755 and other issuance costs of approximately $204,938. Each unit consisted of one common share and one common share purchase warrant exercisable at a price of $0.42 per common share for a period of three years. The Company also issued 681,000 common share broker warrants as part of the placement. Each broker warrant is exercisable at a price of $0.30 per common share for a period of two years.

(Unaudited – Expressed in Canadian Dollars)

11. Share capital (continued)

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

On December 14, 2017, the Company completed a flow-through private placement of 5,560,000 common shares at a price of $0.36 per common share, for gross proceeds of $2,001,600. Share issue costs included the agent's commission of $140,112 equal to 7% of the aggregate gross proceeds of the financing paid in common shares of the Company at a price of $0.36 per common share, the fair value of brokers warrants of $29,520 and other issuance costs of $64,392. The agent also received 222,400 broker warrants equal to 4% of the number of flow-through shares placed by the agent. Each broker warrant is exercisable for one common share of the Company for a period of two years at a price of $0.42 per common share. As the quoted market price of the Company's common shares exceeded the flow through issuance price at the time flow-through shares were issued in 2017, no share premium liability was recorded in 2017.

The fair value of the brokers warrants issued for each respective financing was determined using the Black-Scholes pricing model with the following weighted-average assumptions:

	December 14 2017	**February 27 2017**
Number of broker warrants granted	222,400	681,000
Expected forfeiture rate	0.00%	0.00%
Weighted-average grant date share price	$ 0.365	$ 0.36
Expected volatility	73.42%	67.84%
Risk-free interest rate	1.56%	0.76%
Dividend yield	0.00%	0.00%
Expected life	2.00 years	2.00 years
Weighted-average grant date fair value	$ 0.13	$ 0.16

(c) Share-based compensation

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

(Unaudited – Expressed in Canadian Dollars)

11. Share capital (continued)

(c) Share-based compensation (continued)

A summary of the status of the Company's share-based compensation plan as at September 30, 2018 and December 31, 2017 and changes during the periods ended on these dates is presented below:

	Number of share purchase options	Weighted-average exercise price
Outstanding, December 31, 2016	20,904,000	$ 0.68
Granted	6,725,000	0.20
Cancelled	(2,107,000)	0.57
Expired	(1,425,000)	0.80
Outstanding, December 31, 2017	24,097,000	0.55
Granted	6,975,000	0.28
Exercised	(233,333)	0.28
Cancelled	(66,667)	0.20
Expired	(1,555,000)	1.01
Outstanding, September 30, 2018	29,217,000	$ 0.46

The 29,217,000 options outstanding as of September 30, 2018 represent 8.4% of the Company's issued and outstanding common shares. The number of options available for grant as of September 30, 2018 is 5,601,331 representing 1.6% of the Company's issued and outstanding common shares.

Additional information regarding stock options outstanding as at September 30, 2018 is as follows:

	Outstanding			Exercisable	
Range of exercise prices	Number of share purchase options	Weighted-average exercise price	Weighted-average remaining contractual life (years)	Number of share purchase options	Weighted-average exercise price
$ 0.15 – 0.33	18,935,000	$ 0.24	4.85	12,451,668	$ 0.24
0.34 – 0.99	6,282,000	0.57	1.97	5,931,999	0.59
1.00 – 1.45	4,000,000	1.33	1.06	4,000,000	1.33
	29,217,000	$ 0.46	3.71	22,383,667	$ 0.53

The share-based payments reserve values of $2,411,694 as at September 30, 2018 and $2,544,760 as at December 31, 2017 on the balance sheet reflect the expensed fair value of vested share purchase options. If all options that are vested were exercised, the entire balance of the share-based payments reserve would be transferred to share capital.

(Unaudited – Expressed in Canadian Dollars)

11. Share capital (continued)

(c) Share-based compensation (continued)

The estimated fair value expense of all share purchase options vested during the three-month period ended September 30, 2018 is $161,263 (2017 - $95,763). The amount included in exploration and evaluation expenditures for the three months ended September 30, 2018 is $22,017 (2017 - $17,347) and the remaining $139,246 (2017 - $78,416) was expensed to share-based compensation.

The estimated fair value expense of all share purchase options vested during the nine-month period ended September 30, 2018 is $719,520 (2017 - $460,242). The amount included in exploration and evaluation expenditures for the nine months ended September 30, 2018 is $90,204 (2017 - $67,831) and the remaining $629,316 (2017 - $392,411) was expensed to share-based compensation.

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

	September 30 2018	**September 30 2017**
Number of options granted	6,975,000	6,725,000
Expected forfeiture rate	2.41%	2.27%
Weighted-average grant date share price	$0.28	$ 0.20
Expected volatility	67.68%	65.15%
Risk-free interest rate	2.10%	1.06%
Dividend yield	0.00%	0.00%
Expected life	4.54 years	4.47 years
Weighted-average grant date fair value	$0.15	$ 0.20

(d) Flow-through shares

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

As at September 30, 2018, the Company spent all of the $2,010,000 flow-through monies raised in the February 27, 2017 placement and spent $1,947,804 of the $2,001,600 flow-through monies raised in the December 14, 2017 placement. The Company renounced the income tax benefit of both private placements to its subscribers effective December 31, 2017. The Company incurred $6,378 in Part XII.6 tax on unspent amounts in the nine months ended September 30, 2018 (2017 - $4,249), which has been netted against interest income.

(Unaudited – Expressed in Canadian Dollars)

11. Share capital (continued)

(e) Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2016	*24,761,905*	$ 0.22
Issued pursuant to private placements in 2017	*16,903,394*	0.42
Balance, December 31, 2017	*41,665,299*	0.30
Exercised	*(22,761,905)*	0.22
Expired	*(2,000,000)*	0.20
Balance, September 30, 2018	*16,903,394*	$ 0.42

As at September 30, 2018 the Company's outstanding share purchase warrants had expiry dates and exercise prices as follows:

Expiry Date for Warrants	Number of Warrants	Exercise Price
February 27, 2019 (2 year life)	*681,000*	$ 0.30
February 27, 2020 (3 year life)	*15,999,994*	0.42
December 14, 2019 (2 year life)	*222,400*	0.42
Balance, September 30, 2018	*16,903,394*	$ 0.42

During January 2018, 22,761,905 warrants were exercised and 2,000,000 warrants expired. Accordingly, the Company issued 22,761,905 common shares for gross proceeds of $5,028,572.

12. Commitments

The Company has obligations under operating leases for its office premises, which expire between April 30, 2018 and February 29, 2024. The future minimum payments are as follows:

	September 30 2018
2018	$ 46,814
2019	130,559
2020	107,805
2021	54,675
2022 and beyond	166,050

13. Management of capital

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

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

14. Management of financial risk

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

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

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

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

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

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

The carrying values of cash and cash equivalents, 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 financial assets at amortized cost and are initially recorded at fair value and subsequently at amortized cost with accrued interest recorded in accounts receivable.

(Unaudited – Expressed in Canadian Dollars)

14. Management of financial risk (continued)

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

Investments – as at December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Shares – Uracan (TSX-V: URC)	$ 8,750	$ -	$ -	$ 8,750

Investments – as at September 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Shares – Uracan (TSX-V: URC)	$ 8,750	$ -	$ -	$ 8,750
Shares – ALX (TSX-V: AL)	350,000	-	-	350,000
	$ 358,750	$ -	$ -	$ 358,750

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

	Number of Shares	**Change in Fair Value**	**Fair Value**
Balance, December 31, 2016	*350,000*		$ 21,000
Gains (losses) for the three months ended March 31, 2017		(3,500)	
Gains (losses) for the three months ended June 30, 2017		(7,000)	
Gains (losses) for the three months ended September 30, 2017		3,500	
Gains (losses) for the three months ended December 31, 2017		(5,250)	
Changes in fair value – total unrealized gain (loss) on financial assets at FVOCI (shares) – year ended December 31, 2017		(12,250)	(12,250)
Balance, December 31, 2017	*350,000*		$ 8,750
Shares invested (divested) during the period	*5,000,000*		400,000
Gains (losses) for the three months ended March 31, 2018		-	-
Gains (losses) for the three months ended June 30, 2018		-	-
Gains (losses) for the three months ended September 30, 2018		(50,000)	
Changes in fair value – total unrealized gain (loss) on financial assets at FVOCI (shares) – nine months ended September 30, 2018		(50,000)	(50,000)
Balance, September 30, 2018	*5,350,000*		$ 358,750

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

15. Segmented information

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

(Unaudited – Expressed in Canadian Dollars)

16. Exploration and evaluation expenditures

Exploration and evaluation expenditures – for the three-month period ended September 30:

Project		September 30, 2017			September 30, 2018	
	Cumulative [1] to June 30, 2017	Expenditures in the period	Total	Cumulative to June 30, 2018	Expenditures in the period	Total
Beatty River	$ 873,741	$ -	$ 873,741	$ 875,205	$ -	$ 875,205
Black Lake	14,487,767	740	14,488,507	14,488,507	-	14,488,507
Christie Lake	6,625,135	1,217,161	7,842,296	9,369,838	736,894	10,106,732
Hidden Bay [2]	33,118,931	118,348	33,237,279	33,282,563	14,579	33,297,142
Horseshoe-Raven	41,816,054	184	41,816,238	41,822,825	-	41,822,825
Riou Lake	-	-	-	-	615	615
West Bear Project	-	-	-	1,693,214	116,785	1,809,999
Western Athabasca						
Alexandra	1,205,251	-	1,205,251	1,207,989	-	1,207,989
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	1,588,648	269	1,588,917	1,589,302	-	1,589,302
Mirror	1,989,732	269	1,990,001	1,990,386	-	1,990,386
Nikita	1,952,693	-	1,952,693	1,956,767	-	1,956,767
Shea Creek	54,200,329	-	54,200,329	54,202,468	16,263	54,218,731
Uchrich	543,453	-	543,453	543,755	-	543,755
All Projects Total	$ 162,008,182	$ 1,336,971	$ 163,345,153	$ 166,629,267	$ 885,136	$ 167,514,403

Exploration and evaluation expenditures – for the nine-month period ended September 30:

Project		2017			2018	
	Cumulative [1] to December 31, 2016	Expenditures in the period	Cumulative to September 30, 2017	Cumulative to December 31, 2017	Expenditures in the period	Cumulative to September 30, 2018
Beatty River	$ 873,069	$ 672	$ 873,741	$ 875,205	$ -	$ 875,205
Black Lake	14,508,909	(20,402)	14,488,507	14,488,507	-	14,488,507
Christie Lake	4,080,292	3,762,004	7,842,296	8,062,181	2,044,551	10,106,732
Hidden Bay [2]	33,069,216	168,063	33,237,279	33,270,121	27,021	33,297,142
Horseshoe-Raven	41,813,458	2,780	41,816,238	41,821,871	954	41,822,825
Riou Lake	-	-	-	-	615	615
West Bear Project	-	-	-	38,359	1,771,639	1,809,998
Western Athabasca						
Alexandra	1,205,251	-	1,205,251	1,206,708	1,281	1,207,989
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	2,389	1,588,917	1,589,302	-	1,589,302
Mirror	1,987,612	2,389	1,990,001	1,990,386	-	1,990,386
Nikita	1,952,331	362	1,952,693	1,954,157	2,610	1,956,767
Shea Creek	54,199,179	1,150	54,200,329	54,202,468	16,264	54,218,732
Uchrich	543,091	362	543,453	543,755	-	543,755
All Projects Total	$ 159,425,384	$ 3,919,769	$ 163,345,153	$ 163,649,468	$ 3,864,935	$ 167,514,403

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

(2) Includes the West Bear Deposit and all other Hidden Bay exploration areas: Tent-Seal, Telephone-Shamus, Rabbit West, Wolf Lake, Rhino, and Dwyer.

(Unaudited – Expressed in Canadian Dollars)

16. Exploration and evaluation expenditures (continued)

Exploration and evaluation expenditures for the three and nine months ended September 30, 2018 and 2017 include the following non-cash expenditures:

	Three months ended September 30		Nine months ended September 30	
	2018	**2017**	**2018**	**2017**
Depreciation	$ 18,620	$ 17,741	$ 55,587	$ 51,795
Share-based compensation	22,017	17,347	90,204	67,831
Project management fee	80,040	109,530	338,960	336,803
	$ 120,677	$ 144,618	$ 484,751	$ 456,429

Western Athabasca Projects

UEX did not fund its share of the 2017 Western Athabasca exploration budget ($0.5 million each for geophysics on Uchrich and Nikita, $1.3 million each for drilling on Laurie and Mirror River) which resulted in a dilution of interest in certain properties (see Note 8(vi)).

Christie Lake Project

During the first quarter of fiscal 2018, the Company began a $2.5 million exploration program at Christie Lake. The Company to date has completed approximately $9.99 million of exploration work and will apply the excess expenditures to reduce future years' commitments to the ownership milestones. UEX is the project operator and is entitled to a 10% management fee, which is offset against salaries and is deemed to be an expenditure for the exploration work commitment portion of the project earn-in (see Note 18).

17. Office expenses

	Three months ended September 30		Nine months ended September 30	
	2018	**2017**	**2018**	**2017**
Insurance	$ 14,325	$ 12,849	$ 39,217	$ 38,730
Office supplies and consulting	71,506	80,103	210,271	155,134
Telephone	3,268	2,976	14,728	10,199
Utilities	2,414	-	10,021	-
Project surcharge	(41,088)	-	(147,575)	-
	$ 50,425	$ 95,928	$ 126,662	$ 204,063

(Unaudited – Expressed in Canadian Dollars)

18. Salaries, net of project management fees

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Gross salaries	$ 202,662	$ 160,265	$ 654,032	$ 732,798
Management fee offset:				
Christie Lake – 10%	(65,966)	(109,530)	(182,881)	(336,803)
West Bear Project – 10%	(14,073)	-	(156,080)	-
	$ 122,623	$ 50,735	$ 315,071	$ 395,995

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

19. Related party transactions

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

(a) Related party transactions

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

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Cameco Corporation (1)	$ -	$ 561	$ 441	$ 1,261
Management advisory board share-based payments (2)	231	1,043	2,151	5,276
	$ 231	$ 1,604	$ 2,592	$ 6,537

(1) Payments related to fees paid for use of the Cameco airstrip at the McArthur River mine.
(2) Share-based compensation expense is the fair value of options granted which have been calculated using the Black-Scholes option-pricing model and the assumptions disclosed in Note 11(c).

(Unaudited – Expressed in Canadian Dollars)

19. Related party transactions (continued)

(b) Key management personnel compensation

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

	Three months ended September 30		Nine months ended September 30	
	2018	**2017**	**2018**	**2017**
Salaries and short-term employee benefits (1)(2)	$ 147,030	$ 98,515	$ 452,418	$ 578,242
Share-based payments (3)	127,785	66,393	550,091	345,816
Other compensation (4)	36,014	-	92,707	-
	$ 310,829	$ 164,908	$ 1,095,216	$ 924,058

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

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

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

(4) Represents payments to Altastra Office Systems Inc., a company owned by Mr. Wylie Hui, for Interim CFO services and to Ms. Evelyn Abbott, for CFO services rendered to September 30, 2018. Ms. Abbott was appointed CFO on June 11, 2018.

20. Subsequent event

On October 10, 2018, the Company completed a private placement of 33,202,500 flow-through common shares at a price of $0.21 per common share, for gross proceeds of $6,972,525. Share issue costs will be netted against these proceeds as they are received.

21. Contingencies

Due to the size, complexity, and nature of the Company's operations various legal matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. In the opinion of management, based on the information currently available, these matters will not have a material adverse effect on the consolidated financial statements of the Company.

Corporate Information

Board of Directors

Graham C. Thody, Chairman
Vancouver, British Columbia

Roger M. Lemaitre
President and CEO
Warman, Saskatchewan

Suraj P. Ahuja, Lead Director
Vancouver, British Columbia

Mark P. Eaton
Toronto, Ontario

Emmet A. McGrath
Vancouver, British Columbia

Catherine A. Stretch
Toronto, Ontario

Officers

Roger M. Lemaitre
President and CEO

Laurie Thomas
Vice President, Corporate Relations

Evelyn Abbott
CFO

Bernard Poznanski
Corporate Secretary

Legal Counsel

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

Auditors

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

Registrar and Transfer Agent

Computershare Investor Services Inc.
2nd Floor, 510 Burrard Street
Vancouver, British Columbia
Canada V6C 3B9

Home Office

Unit 200 – 3530 Millar Avenue
Saskatoon, SK
Canada S7P 0B6
Telephone: (306) 979-3849
Fax: (604) 669-1240
Email: uex@uex-corporation.com
Website: www.uex-corporation.com

Satellite Office

Unit 101 – 1093 West Broadway
Vancouver, BC
Canada V6H 1E2
Telephone: (604) 669-2349
Fax: (604) 669-1240