UEX CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of UEX Corporation

Opinion

We have audited the consolidated financial statements of UEX Corporation ("the Entity"), which comprise:

- the consolidated balance sheets as at December 31, 2018 and December 31, 2017;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- notes to the consolidated statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

//s// KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Guy Elliott, CPA, CA.

Vancouver, Canada
March 20, 2019

UEX CORPORATION
Consolidated Balance Sheets

As at December 31, 2018 and 2017

	Notes	2018	2017
Assets			
Current assets			
Cash and cash equivalents	3	$ 10,258,858	$ 5,106,761
Amounts receivable	4	68,648	38,033
Prepaid expenses	5	126,578	171,049
		10,454,084	5,315,843
Non-current assets			
Deposits	6	61,578	52,867
Equipment	7	244,309	244,021
Mineral properties	8	10,864,172	10,247,505
Investments	9, 15	307,000	8,750
Total assets		$ 21,931,143	$ 15,868,986
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and other liabilities	10	$ 762,539	$ 359,111
Non- current liabilities			
Security deposits		10,432	20,864
Total liabilities		772,971	379,975
Shareholders' equity			
Share capital	12(b)	205,030,035	193,850,256
Share-based payments reserve	12(c)	2,259,558	2,544,760
Accumulated other comprehensive income	15	(100,000)	1,750
Deficit		(186,031,421)	(180,907,755)
		21,158,172	15,489,011
Total liabilities and shareholders' equity		$ 21,931,143	$ 15,868,986

Nature and continuance of operations	1
Commitments	12(d), 13
Subsequent events	21
Contingencies	22

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board and authorized for issue on March 20, 2019.

"signed" Director
Roger M. Lemaitre

"signed" Director
Emmet A. McGrath

UEX CORPORATION
Consolidated Statements of Operations and Comprehensive Loss

Years ended December 31, 2018 and 2017

	Notes		2018		2017
Revenue					
Interest income		$	133,976	$	66,539
Expenses					
Bank charges and interest			7,683		4,471
Depreciation			35,121		29,197
Exploration and evaluation expenditures	17		4,359,568		4,224,084
Filing fees and stock exchange			100,129		106,837
Legal and audit			174,045		125,760
Loss on disposal of equipment			3,796		12,347
Maintenance			41,148		8,419
Office expenses	18		163,640		333,913
Project investigation			-		4,782
Rent			78,836		143,338
Salaries, net of project management fees	19		495,728		556,830
Share-based compensation	12(c)		776,525		483,085
Travel and promotion			185,089		134,855
Unrealized fair value loss on financial assets - FVTPL			-		144
Write-down of mineral properties	8		-		900
			6,421,308		6,168,962
Loss before income taxes			(6,287,332)		(6,102,423)
Deferred income tax recovery	11		14,871		236,680
Loss for the year		$	(6,272,461)	$	(5,865,743)
Other comprehensive loss					
Fair value net change on financial assets - FVOCI	9, 15		(101,750)		(12,250)
Comprehensive loss for the year		$	(6,374,211)	$	(5,877,993)
Basic and diluted loss per share		$	(0.02)	$	(0.02)
Basic and diluted weighted-average number of shares outstanding			354,376,221		315,987,328

See accompanying notes to the consolidated financial statements.

UEX CORPORATION
Consolidated Statements of Changes in Equity

Years ended December 31, 2018 and 2017

	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 year	-	-	-	-	(5,865,743)	(5,865,743)
Issued pursuant to private placements	*28,259,994*	8,011,599	-	-	-	8,011,599
Share issuance costs	*389,200*	(765,205)	135,274	-	-	(629,931)
Other comprehensive income (loss)						
Fair value change in financial assets - FVOCI		-	-	(12,250)	-	(12,250)
Share-based payment transactions		-	567,012	-	-	567,012
Transfer to deficit on expiry of share purchase options		-	(1,388,764)	-	1,388,764	-
December 31, 2017	*325,188,073*	$ 193,850,256	$ 2,544,760	$ 1,750	$ (180,907,755)	$ 15,489,011
Loss for the year	-	-	-	-	(6,272,461)	(6,272,461)
Issued pursuant to private placements	*33,202,500*	6,972,525	-	-	-	6,972,525
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		(561,330)	-	-	-	(561,330)
Value attributed to flow-through share premium on issuance		(332,025)	-	-	-	(332,025)
Other comprehensive income (loss)						
Fair value change in financial assets - FVOCI		-	-	(101,750)	-	(101,750)
Share-based payment transactions		-	885,963	-	-	885,963
Transfer to deficit on expiry of share purchase options		-	(1,148,795)	-	1,148,795	-
December 31, 2018	*381,385,811*	$ 205,030,035	$ 2,259,558	$ (100,000)	$ (186,031,421)	$ 21,158,172

See accompanying notes to the consolidated financial statements.

UEX CORPORATION

Consolidated Statements of Cash Flows

Years ended December 31, 2018 and 2017

	Notes	2018	2017
Cash provided by (used for):			
Operating activities			
Loss for the year		$ (6,272,461)	$ (5,865,743)
Adjustments for:			
Depreciation		109,694	99,629
Deferred income tax recovery		(14,871)	(236,680)
Interest income		(133,976)	(66,539)
Loss on disposal of equipment		3,796	12,347
Share-based compensation		885,963	567,012
Unrealized fair value loss on held-for-trading financial assets		-	144
Write-down of mineral properties	8(i)	-	900
Changes in:			
Amounts receivable		(17,285)	25,793
Prepaid expenses and deposits		35,760	(37,182)
Accounts payable and other liabilities		86,274	62,816
Security deposit liability		(10,432)	20,864
		(5,327,538)	(5,416,639)
Investing activities			
Interest received		120,646	108,749
Investment in mineral properties		(1,016,667)	(1,014,840)
Purchase of equipment		(113,838)	(93,113)
Proceeds on sale of furniture or equipment		60	4,300
		(1,009,799)	(994,904)
Financing activities			
Proceeds from common shares issued	12(b)	12,050,764	8,011,599
Share issuance costs	12(b)	(561,330)	(629,931)
		11,489,434	7,381,668
Increase in cash and cash equivalents during the year		5,152,097	970,125
Cash and cash equivalents, beginning of year		5,106,761	4,136,636
Cash and cash equivalents, end of year		$ 10,258,858	$ 5,106,761
Supplementary information			
Non-cash transactions			
Increase in other liabilities due to flow-through premiums		$ 332,025	$ -
Decrease in other liabilities due to partial extinguishment of flow-through premiums on renouncements		(14,871)	(236,680)
Non-cash share-based compensation included in exploration and evaluation expenditures		109,438	83,927
Depreciation included in exploration and evaluation expenditures		74,573	70,431
Fair value of shares received 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" or "UEX") was incorporated under the Canada Business Corporations Act on October 2, 2001. The Company entered into an agreement with Pioneer Metals Corporation ("Pioneer") and Cameco Corporation ("Cameco") to establish the Company as a public uranium exploration company. On July 17, 2002, under a plan of arrangement with Pioneer, Pioneer transferred to the Company its uranium exploration properties and all related assets, including the Riou Lake and Black Lake projects. On the same date, Cameco transferred its Hidden Bay uranium exploration property and certain related assets, in exchange for shares of the Company.

The Company is currently engaged in the exploration and evaluation of its mineral properties located in the province of Saskatchewan. The Company's shares are listed on the Toronto Stock Exchange under the symbol UEX. The head office and principal address is located at 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 December 31, 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 from time to time and although it has been successful in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

2. Basis of preparation and significant accounting policies

(a) Statement of compliance

These consolidated financial statements, including comparative figures, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The consolidated financial statements of UEX Corporation were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 20, 2019.

(b) Functional and presentation currency

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

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

(i) Ongoing review for the support of the carrying value of mineral properties, including: consideration of ongoing and anticipated expenditures on the mineral properties; evaluation of the success of exploration to date and other general factors such as commodity prices and outlook; evaluation of UEX's market capitalization compared to the net assets of the Company (which are primarily mineral properties); and comparison to recent arm's length transactions for similar assets in order to evaluate the appropriateness of the carrying value presented in the consolidated financial statements (see Note 1 *Nature and continuance of operations*, Note 2(k) *Mineral properties* and Note 8 *Mineral properties*).

(ii) Review of equipment carrying values and impairment assessments for the Company considering whether circumstances have occurred which have impacted the estimated useful life of the assets such as damage or obsolescence, as well as the timing of impairments and the determination of recoverable amounts (see Note 2(j) *Equipment* and Note 7 *Equipment*).

(iii) Evaluating company-specific facts and circumstances to determine whether accruals or recognition of liabilities may be required with respect to asset retirement obligations or other circumstances (see Note 2(l) *Provisions*).

(iv) Interpretation of new accounting guidelines and assessing their potential impact on the Company's consolidated financial statements requires judgment with respect to company-specific facts and circumstances.

(v) Ongoing review of the Company's ability to continue to operate as a going concern. These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business.

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

(d) Use of estimates and judgments (continued)

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

(i) Estimates and/or assumptions used in determining the fair value of share-based compensation, including Black-Scholes valuation model inputs such as the expected forfeiture rate, volatility and life of share-purchase options (see Note 12(c) *Share-based compensation*).

(ii) Assumptions used to estimate the useful lives of property, plant and equipment for determining appropriate depreciation rates (see Note 2(j) *Equipment* and Note 7 *Equipment*).

(iii) Estimates that would be used, should the recording of a rehabilitation provision or asset retirement obligation be required in the consolidated financial statements in the future. Estimates would relate to the expected inflation rate, estimated mine life and the discount rates applied (see Note 2(l) *Provisions*).

(e) Joint arrangements

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

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

(ii) *Joint venture* – when the Company has rights only to the net assets of the arrangement, it accounts for its interest using the equity method.

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

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

(f) Cash and cash equivalents

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

(g) Financial assets

Commencing January 1, 2018, a financial asset is classified as measured at:

(i) Amortized cost;
(ii) Fair Value in Other Comprehensive Income ("FVOCI") – debt investment;
(iii) FVOCI – equity investment; and
(iv) Fair Value Through Profit or Loss ("FVTPL").

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

(g) Financial assets (continued)

The classification depends on the business model in which the 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 IFRS 9, Financial Instruments, are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification

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)

(g) Financial assets (continued)

Impairment of financial assets

Financial assets measured at amortized cost, contract assets, and debt investments in FVOCI, but not investments in equity instruments, are assessed for credit impairment under the expected credit loss ("ECL") model of impairment. This impairment model applies 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', and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

(h) Financial liabilities

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

Financial liabilities

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

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

De-recognition of financial liabilities

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

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

(i) Impairment of non-financial assets

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

(j) Equipment

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

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

Depreciation

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

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

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

(k) Mineral properties

Exploration and evaluation assets and expenses

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

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

(k) Mineral properties (continued)

The recovery of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete exploration and development of the properties and on future profitable production or proceeds of disposition. The underlying value of all properties is dependent on the existence and economic recovery of mineral resources in the future which includes acquiring the necessary permits and approvals. The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

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

Development properties

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

Reserve and resource estimates

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

(l) Provisions

General

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

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

(l) Provisions (continued)

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

(m) Income taxes

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

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

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

(n) Flow-through shares

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

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

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

(o) Share capital

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

(p) 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 value recorded in shareholders' equity under warrant reserve.

(q) Share-based payments

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

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

(r) Earnings (loss) per share

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

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

(s) Changes in significant accounting policies

In accordance with IASB pronouncements, the Company has made the following changes in accounting policies effective January 1, 2018:

IFRS 9 *Financial Instruments*

The Company adopted IFRS 9 *Financial Instruments* to replace 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. There were no adjustments on adoption of IFRS 9 on the carrying amounts of financial assets.

Financial Asset	Classification under IAS 39	New classification under IFRS 9	Carrying amount under IAS 39	New carrying amount under IFRS 9
Shares – Vanadian[1] (TSX-V: VEC)	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.

IFRS 15 *Revenue from Contracts with Customers*

The Company adopted IFRS 15 to replace existing revenue recognition guidance, including IAS 18 *Revenue,* IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programs.* The adoption did not have a significant impact to the consolidated financial statements as the Company is not currently generating revenue from its operations.

(t) Recent accounting announcements

IFRS 16 *Leases*

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 plans to adopt the new standard beginning January 1, 2019. The Company expects that the new standard will result in an increase in assets and liabilities of approximately $340,000. The Company also expects an increase in depreciation and interest expense and a decrease general and administrative expenses.

3. Cash and cash equivalents

		December 31 2018		December 31 2017
Cash	$	117,821	$	253,081
Short-term deposits		10,141,037		4,853,680
	$	10,258,858	$	5,106,761

4. Amounts receivable

		December 31 2018		December 31 2017
Interest receivable	$	38,480	$	15,605
Goods and services tax receivable		30,168		22,428
	$	68,648	$	38,033

Interest receivable reflects unpaid interest earned on short-term deposits.

5. Prepaid expenses

		December 31 2018		December 31 2017
Advances to vendors	$	50,000	$	109,976
Prepaid expenses		76,578		61,073
	$	126,578	$	171,049

6. Deposits

		December 31 2018		December 31 2017
Deposits	$	61,578	$	52,867

As at December 31, 2018, the Company had paid $21,500 of deficiency deposits in lieu of work expenditures to maintain certain mineral claims (2017 - $nil). Deposits will be refunded on filing of the assessment reports.

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	101,909	1,765	113,838
Disposals	(12,303)	-	(44,560)	(1,083)	(57,946)
Balance at December 31, 2018	$ 87,024	$ 488,484	$ 344,851	$ 91,908	$ 1,012,267
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 year	5,886	44,511	41,777	17,520	109,694
Disposals	(12,304)	-	(41,146)	(640)	(54,090)
Balance at December 31, 2018	$ 64,677	$ 418,950	$ 226,475	$ 57,856	$ 767,958
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 December 31, 2018	$ 22,347	$ 69,534	$ 118,376	$ 34,052	$ 244,309

8. Mineral properties

Exploration and evaluation assets – acquisition costs

	Hidden Bay (i)	Horseshoe-Raven (ii)	West Bear (iii)	Black Lake (vi)	Christie Lake (viii)	Other (iv)	Total
Balance at December 31, 2016	$ 3,689,484	$ 351,351	$ 433,345	$ 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	3,691,710	351,351	433,345	759,385	5,000,000	11,714	10,247,505
Additions	-	-	11,000	-	1,000,000	7,098	1,018,098
Property payment received / claim reimbursement	-	-	-	(400,000)	-	(1,431)	(401,431)
Balance at December 31, 2018	$ 3,691,710	$ 351,351	$ 444,345	$ 359,385	$ 6,000,000	$ 17,381	$ 10,864,172

8. Mineral properties (continued)

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

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

100% owned projects

(i) Hidden Bay Project

The Company's 100% owned Hidden Bay Project 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.

(iii) West Bear Project

The West Bear Project lands host the West Bear Cobalt-Nickel Deposit and are 100% owned by UEX, with the exception of Mineral Lease 5424 which is a joint arrangement between UEX (77.575%), Empresa Nacional Del Uranio S.A. (7.680%), Nordostschweizerische Kraftwerke A.G. (7.68%) and Encana (7.066%).

The Umpherville River mineral claims that are included as part of the West Bear Project are subject to a 2% net smelter return ("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.

On March 7, 2018, UEX purchased a single 890 ha claim from Denison Mines Corp. ("Denison") to which was incorporated into the West Bear Project. This claim is subject to a 1.5% NSR royalty to Denison which can be purchased anytime for a cash payment of $950,000.

8. Mineral properties (continued)

Exploration and evaluation assets (continued)

100% owned projects (continued)

(iv) Other Projects

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.

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.

The Laurie North Project claims cover the gap between the Laurie and Uchrich 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.

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.

Also included in these acquisition costs are nominal staking and re-staking fees for Riou Lake and Western Athabasca Projects.

Joint operations

UEX is party to the following joint arrangements:

	December 31, 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	60.0000	-	40.0000	-	100.0000	45.0000	-	55.0000	100.0000
Western Athabasca									
Alexandra	39.1957	60.8043	-	-	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	22.5388	77.4612	-	-	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

8. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(v) 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. Due to uranium market conditions, the Company allowed the Supplemental Option to lapse on December 31, 2018.

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 December 31, 2018 and 2017, except for:

- the Alexandra Project, where the Company has an approximate 39.2% interest as at December 31, 2018 and 49.1% interest as at December 31, 2017;
- the Laurie Project, where the Company has an approximate 33.0% interest as at December 31, 2018 and 33.0% interest as at December 31, 2017;
- the Mirror River Project, where the Company has an approximate 32.3% interest as at December 31, 2018 and 32.3% interest as at December 31, 2017;
- the Nikita Project where the Company has an approximate 22.5% interest as at December 31, 2018 and 42.0% interest as at December 31, 2017; and
- the Uchrich Project where the Company has an approximate 30.5% interest as at December 31, 2018 and 30.5% interest as at 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.

UEX did not participate in the 2018 exploration programs on Alexandra and Nikita Projects, and was diluted accordingly. This decision to not participate 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.

8. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(vi) 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 December 31, 2018.

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 Black Lake.

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.

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. ALX will be earning its interest in the Black Lake Project exclusively from UEX's interest in Black Lake, and as such, during the year ended December 31, 2018, UEX's interest was reduced to 50.92%. Orano has agreed to waive their first right of refusal on the transfer of any of UEX's ownership interest to ALX.

(vii) 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.

8. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(viii) Christie Lake Project

UEX is the operator of this project located in the eastern Athabasca Basin. Per the Christie Lake Option Agreement ("Option Agreement"), the Company earned a 60% interest in the Christie Lake Project by making $6 million in cash payments and completing $10,000,000 in exploration work, with JCU (Canada) Exploration Company Limited ("JCU") holding a 40% interest. On November 13, 2018 the Option Agreement was terminated and replaced with the Joint Venture Agreement, thus UEX is no longer eligible to increase its interest in the Christie Lake Project to 70% under the provisions of the prior Option Agreement. Under the terms of the Joint Venture Agreement, if JCU chooses to not participate in 2019 and future exploration programs, their ownership interest will be diluted accordingly.

9. Investments

The Company holds 87,500 and 5,000,000 common shares of Vanadian Energy Corp. (formerly known as Uracan Resources Ltd. ("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	December 31 2018	December 31 2017
Common shares held – Vanadian [1] (TSX.V: VEC) (see Note 15)	$ 7,000	$ 8,750
Common shares held – ALX [2] (TSX.V: AL) (see Note 15)	300,000	-
	$ 307,000	$ 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 date the shares were issued.

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

10. Accounts payable and other liabilities

		December 31 2018		December 31 2017
Trade payables	$	159,046	$	85,547
Other liabilities		286,339		273,564
Flow-through share premium		317,154		-
	$	762,539	$	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.

The flow-through share premium at December 31, 2018 represents the difference between the subscription price of $0.21 per flow-through share and the market price at issuance of $0.20 per common share related to the October 10, 2018 flow-through private placement of 33,202,500 shares ($332,025) (Note 12(b)). Flow-through premium of $14,871 relating to flow-through renunciation under the general rule was extinguished during the year ended December 31, 2018. The remaining flow-through premium will be extinguished once the flow-through funds are spent on qualifying exploration expenditures.

11. Income taxes

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

		2018		2017
Canadian statutory income tax rate		27.00%		26.75%
Loss before income taxes		(6,287,332)	$	(6,102,423)
Income tax recovery at statutory rate		1,697,580		1,632,398
Tax effect of:				
Permanent differences		(244,723)		(153,494)
Flow-through expenditures renounced and other		(1,922,759)		(1,769,020)
Valuation allowance		484,773		526,796
Income tax provision	$	14,871	$	236,680

The Company recognized a deferred income tax recovery of $14,871 for the year ended December 31, 2018 (2018 - $236,680) related to the proportional extinguishment of the flow-through premium related to flow-through shares renounced during the year ended December 31, 2018. Flow-through premiums related to the following placements as renounced resulted in deferred tax recoveries as follows:

	Year ended December 31			
		2018		2017
October 10, 2018 placement flow-through premium of $332,025	$	14,871	$	-
May 17, 2016 placement flow-through premium of $420,000		-		236,680
	$	14,871	$	236,680

11. Income taxes (continued)

At December 31, 2018, the Company has Canadian non-capital income tax losses carried forward of approximately $20.5 million which are available to offset future years' taxable income. These losses expire as follows:

		December 31 2018
2038	$	2,124,664
2037		1,705,918
2036		1,238,878
2035		2,157,909
2034		2,128,882
2033		1,870,696
2032		1,787,321
2031		1,684,498
2030		1,642,206
2029		2,666,670
2028		1,458,771
	$	20,466,413

The unrecognized deductible temporary differences at December 31, 2018 and 2017 are as follows:

	Year ended December 31			
		2018		2017
Non-capital loss carryforwards	$	20,466,413	$	18,543,874
Charitable donations		20,000		2,000
Equipment		1,036,771		923,160
Investments		101,750		30,820
Mineral resource expenditure pool		74,230,043		78,239,492
Share issuance costs		1,078,086		953,702
	$	96,933,063	$	98,693,048

12. Share capital

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of (no par value) preferred shares issuable in series, of which 1,000,000 preferred shares have been designated Series 1 Preferred Shares. As of December 31, 2018, no preferred shares have been issued.

12. Share capital (continued)

(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 private placement	33,202,500	6,972,525
Issued pursuant to option exercise	233,333	72,037
Issued pursuant to warrant exercises	22,761,905	5,028,572
Share issuance costs	-	(561,330)
Value attributed to flow-through premium on issuance (Note 10)	-	(332,025)
Balance, December 31, 2018	381,385,811	$ 205,030,035

On October 10, 2018, the Company completed a flow-through private placement of 33,202,500 common shares at a price of $0.21 per common share, for gross proceeds of $6,972,525. Share issue costs included the agent's commission of $418,351 and other issuance costs of $142,234. A flow-through premium of $332,025 related to the sale of the associated tax benefits has been recorded in share capital.

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 $65,137. 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.

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.

12. Share capital (continued)

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

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.

A summary of the status of the Company's share-based compensation plan as at December 31, 2018 and December 31, 2017 and changes during the years 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)	0.21
Cancelled	(66,667)	0.20
Expired	(3,205,000)	0.67
Outstanding, December 31, 2018	27,567,000	$ 0.47

The 27,567,000 options outstanding as of December 31, 2018 represent 7.2% of the Company's issued and outstanding common shares. The number of options available for grant as of December 31, 2018 is 10,571,581 representing 2.8% of the Company's issued and outstanding common shares.

12. Share capital (continued)

(c) Share-based compensation (continued)

Additional information regarding stock options outstanding as at December 31, 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	4.60	12,451,668	$ 0.24
0.34 – 0.99	4,632,000	0.65	2.36	4,281,999	0.67
1.00 – 1.45	4,000,000	1.33	0.81	4,000,000	1.33
	27,567,000	$ 0.47	3.67	20,733,667	$ 0.54

The share-based payments reserve values of $2,259,558 as at December 31, 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.

The estimated fair value expense of all share purchase options vested during the year ended December 31, 2018 is $885,963 (2017 - $567,012). The amount included in exploration and evaluation expenditures for the year ended December 31, 2018 is $109,438 (2017 - $83,927) and the remaining $776,525 (2017 - $483,085) was expensed to share-based compensation.

	December 31 2018	December 31 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	4.46 years
Weighted-average grant date fair value	$0.15	$0.10

(d) Flow-through shares

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

As at December 31, 2018, the Company spent all of the $2,010,000 flow-through monies raised in the February 27, 2017 placement and spent all 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 $10,006 in Part XII.6 tax on unspent amounts in the year ended December 31, 2018 (2017 - $4,249), which has been netted against interest income.

12. Share capital (continued)

(d) Flow-through shares (continued)

As at December 31, 2018, the Company had spent $312,282 of the $6,972,525 flow-through monies raised in the October 10, 2018 placement. The Company renounced the income tax benefit of the private placement to its subscribers effective December 31, 2018 and will begin incurring Part XII.6 tax on unspent amounts relating to this placement subsequent to December 31, 2018.

(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	*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, December 31, 2018	*16,903,394*	$ 0.42

As at December 31, 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, December 31, 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.

13. Commitments

The Company has obligations under operating leases for its office premises, which expire between November 2019 and February 29, 2024. The future minimum payments are as follows:

	December 31 2018
2019	$ 130,559
2020	107,805
2021	54,675
2022	54,675
2023 and beyond	64,125

14. Management of capital

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and evaluation programs on its mineral properties. The Company manages its capital structure, consisting of shareholders' equity, and makes adjustments to it, based on funds available to the Company, in order to support the exploration and evaluation of its mineral properties. Historically, the Company has relied exclusively on the issuance of common shares for its capital requirements. The Company has not changed its approach to capital management during the current period and is not subject to any external capital restrictions.

15. Management of financial risk

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

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

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents, 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 amounts receivable.

15. 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 – Vanadian (TSX-V: VEC)	$ 8,750	$ -	$ -	$ 8,750

Investments – as at December 31, 2018	Level 1	Level 2	Level 3	Total
Shares – Vanadian (TSX-V: VEC)	$ 7,000	$ -	$ -	$ 7,000
Shares – ALX (TSX-V: AL)	300,000	-	-	300,000
	$ 307,000	$ -	$ -	$ 307,000

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	*87,500*		$ 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	*87,500*		8,750
Shares acquired (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)	
Gains (losses) for the three months ended December 31, 2018		(51,750)	
Changes in fair value – total unrealized gain (loss) on financial assets at FVOCI (shares) – year ended December 31, 2018		$ (101,750)	(101,750)
Balance, December 31, 2018	*5,087,500*		$ 307,000

16. Segmented information

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

17. Exploration and evaluation expenditures

Project	Cumulative to December 31, 2016	2017 Expenditures in the period	2017 Cumulative to December 31, 2017	2018 Expenditures in the period	2018 Cumulative [1] to December 31, 2018
Beatty River	$ 873,069	$ 2,136	$ 875,205	$ 588	$ 875,793
Black Lake	14,508,909	(20,402)	14,488,507	-	14,488,507
Christie Lake	4,080,292	3,981,889	8,062,181	2,255,103	10,317,284
Hidden Bay [2]	33,069,216	200,905	33,270,121	62,572	33,332,693
Horseshoe-Raven	41,813,458	8,413	41,821,871	954	41,822,825
Riou Lake	-	-	-	614	614
West Bear Co-Ni	-	38,359	38,359	2,014,132	2,052,491
Western Athabasca					
Alexandra	1,205,251	1,457	1,206,708	2,103	1,208,811
Brander	1,353,363	-	1,353,363	-	1,353,363
Erica	2,253,085	-	2,253,085	-	2,253,085
Laurie	1,586,528	2,774	1,589,302	-	1,589,302
Mirror	1,987,612	2,774	1,990,386	-	1,990,386
Nikita	1,952,331	1,826	1,954,157	3,244	1,957,401
Shea Creek	54,199,179	3,289	54,202,468	20,258	54,222,726
Uchrich	543,091	664	543,755	-	543,755
All Projects Total	$ 159,425,384	$ 4,224,084	$ 163,649,468	$ 4,359,568	$ 168,009,036

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

[2] Includes the Hidden Bay exploration areas: Tent-Seal, Telephone-Shamus, Rabbit West, Wolf Lake, Rhino, and Dwyer-Mitchell.

Exploration and evaluation expenditures for the year ended December 31, 2018 and 2017 include the following non-cash expenditures:

	Year ended December 31 2018	2017
Depreciation	$ 74,573	$ 70,431
Share-based compensation	109,438	83,927
Project management fee	378,662	355,734
	$ 562,673	$ 510,092

18. Office expenses

	Year ended December 31 2018	2017
Insurance	$ 52,803	$ 51,587
Office supplies and consulting	257,106	268,331
Telephone	18,133	13,995
Utilities	13,953	-
Project surcharge	(178,355)	-
	$ 163,640	$ 333,913

19. Salaries, net of project management fees

		Year ended December 31 2018		2017
Gross salaries	$	874,390	$	912,564
Non-cash management fee offset:				
Christie Lake – 10%		(201,347)		(355,734)
West Bear – 10%		(177,315)		-
	$	495,728	$	556,830

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 Option Agreement with JCU.

20. Related party transactions

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

(a) Related party transactions

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

		Year ended December 31 2018		2017
Cameco Corporation [(1)]	$	441	$	1,324
Management advisory board share-based payments [(2)]		2,385		6,329
	$	2,826	$	7,653

(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 12(c).

20. Related party transactions (continued)

(b) Key management personnel compensation

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

	Year ended December 31 2018	2017
Salaries and short-term employee benefits (1)(2)	$ 611,364	$ 696,749
Share-based payments (3)	691,136	399,104
Other compensation (4)	118,325	15,750
	$ 1,420,825	$ 1,111,603

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

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

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

(4) Represents payments to Altastra Office Systems Inc., a company owned by Wylie Hui, and Evelyn Abbott for CFO services rendered to UEX.

21. Subsequent event

On January 15, 2019, 1,000,000 employee share purchase options with an exercise price of $0.41 per share expired unexercised. The fair value of these options on issuance was $217,311.

On February 27, 2019, 681,000 share purchase warrants with an exercise price of $0.30 per share expired unexercised. The fair value of these warrants on issuance was $105,755.

22. 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

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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

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