UEX CORPORATION

CONDENSED INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Unaudited – Prepared by Management)

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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, 2019 and December 31, 2018

(Unaudited – Expressed in Canadian Dollars)

	Notes	September 30 2019	December 31 2018 As adjusted (Note 13(c))
Assets			
Current assets			
Cash and cash equivalents	3	$ 4,097,723	$ 10,258,858
Amounts receivable	4	239,163	68,648
Prepaid expenses	5	137,897	126,578
		4,474,783	10,454,084
Non-current assets			
Deposits	6	38,640	61,578
Equipment	7	173,084	244,309
Right-of-use asset	8	206,162	-
Mineral properties	9	10,878,819	10,864,172
Investments	10,15	202,188	307,000
Total assets		$ 15,973,676	$ 21,931,143
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and other liabilities	11	$ 1,664,726	$ 762,539
Lease liability - current	2(f), 12	101,944	-
Non- current liabilities			
Security deposits		10,432	10,432
Lease liability – long term	2(f), 12	176,310	-
Total liabilities		1,953,412	772,971
Shareholders' equity			
Share capital	13(b)	205,031,650	205,030,035
Share-based payments reserve	13(c)	4,546,905	6,722,856
Accumulated other comprehensive income	15	(204,813)	(100,000)
Deficit		(195,353,478)	(190,494,719)
		14,020,264	21,158,172
Total liabilities and shareholders' equity		$ 15,973,676	$ 21,931,143

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

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board and authorized for issue on November 5, 2019.

"signed" Director
Roger M. Lemaitre

"signed" Director
Emmet A. McGrath

UEX CORPORATION

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the Nine Months Ended September 30, 2019 and 2018

(Unaudited – Expressed in Canadian Dollars)

	Notes	Three-month period ended September 30 2019	Three-month period ended September 30 2018	Nine-month period ended September 30 2019	Nine-month period ended September 30 2018
Revenue					
Interest income		$ 26,695	$ 28,920	$ 111,720	$ 92,533
Expenses					
Depreciation		20,299	9,163	61,048	26,260
Exploration and evaluation expenditures	17	2,022,939	885,136	6,715,469	3,864,935
Filing fees and stock exchange		9,996	22,582	73,363	98,200
Financing and interest		13,209	3,651	47,126	13,479
Legal and audit		42,705	71,948	104,710	136,848
Loss (gain) on disposal of equipment		-	1,202	-	3,630
Maintenance		9,127	13,737	30,156	31,728
Office expenses, net of project surcharges	18	56,345	72,520	140,090	184,070
Project investigation		1,018	-	11,412	-
Salaries, net of project management fees	19	138,788	122,623	206,937	315,071
Share-based compensation	13(c)	146,791	139,246	563,407	629,316
Travel and promotion		48,306	24,674	168,049	154,316
		2,509,523	1,366,482	8,121,767	5,457,853
Loss before income taxes		(2,482,828)	(1,337,562)	(8,010,047)	(5,365,320)
Deferred income tax recovery (expense)	11	-	-	317,154	-
Loss for the period		(2,482,828)	(1,337,562)	(7,692,893)	(5,365,320)
Other comprehensive income (loss)					
Fair value net change on financial assets - FVOCI	10,15	(101,313)	(50,000)	(104,813)	(50,000)
Comprehensive loss for the period		$ (2,584,141)	$ (1,387,562)	$ (7,797,706)	$ (5,415,320)
Basic and diluted loss per share		(0.007)	(0.004)	(0.020)	(0.016)
Basic and diluted weighted-average number of shares outstanding		381,385,811	348,142,731	381,385,811	346,368,677

See accompanying notes to the consolidated financial statements.

UEX CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity
For the Nine Months Ended September 30, 2019 and 2018

(Unaudited – Expressed in Canadian Dollars)

	Number of common shares	Share capital	Share-based payments reserve	Accumulated other comprehensive income	Deficit	Total
December 31, 2017 (as adjusted Note 13(c))	*325,188,073*	$ 193,850,256	$ 7,008,058	$ 1,750	$ (185,371,053)	$ 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)
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 (as adjusted Note 13 (c))	*348,183,311*	$ 198,950,120	$ 6,874,992	$ (48,250)	$ (189,906,157)	$ 15,870,705
Loss for the period	-	-	-	-	(907,141)	(907,141)
Issued pursuant to private placements	*33,202,500*	6,972,525				6,972,525
Share issuance costs		(560,585)				(560,585)
Value attributed to flow-through share premium on issuance		(332,025)				(332,025)
Fair value change in financial assets - FVOCI				(51,750)		(51,750)
Share-based payment transactions			166,443			166,443
Transfer to deficit on expiry of share purchase options			(318,579)		318,579	-
December 31, 2018 (as adjusted Note 13 (c))	*381,385,811*	$ 205,030,035	$ 6,722,856	$ (100,000)	$ (190,494,719)	$ 21,158,172
Loss for the period	-	-	-	-	(7,692,893)	(7,692,893)
Share issuance costs	-	1,615	-	-	-	1,615
Fair value change in financial assets - FVOCI	-	-	-	(104,813)	-	(104,813)
Share-based payment transactions	-	-	658,183	-	-	658,183
Transfer to deficit on expiry of share purchase options	-	-	(2,834,134)	-	2,834,134	-
September 30, 2019	*381,385,811*	$ 205,031,650	$ 4,546,905	$ (204,813)	$ (195,353,478)	$ 14,020,264

See accompanying notes to the consolidated financial statements.

UEX CORPORATION

Condensed Interim Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2019 and 2018

(Unaudited – Expressed in Canadian Dollars)

	Notes	Three-month period ended September 30 2019	2018	Nine-month period ended September 30 2019	2018
Cash provided by (used for):					
Operating activities					
Loss for the period		$ (2,482,828)	$ (1,337,562)	$ (7,692,893)	$ (5,365,320)
Adjustments for:					
Depreciation		36,949	27,782	114,912	81,847
Deferred income tax recovery		-	-	(317,154)	-
Interest income		(25,375)	(28,919)	(107,043)	(92,533)
Loss on disposal of equipment		-	1,202	-	3,629
Part XII.6 tax	13(d)	7,029	1,067	27,210	6,378
Share-based compensation		165,287	161,263	658,183	719,520
Changes in:					
Amounts receivable		(73,314)	21,481	(74,587)	(12,652)
Prepaid expenses and deposits		35,568	(62,237)	(11,319)	21,948
Accounts payable and other liabilities		575,983	(383,005)	1,208,798	473,376
Security deposit liability		4,598	-	22,938	(10,432)
		(1,756,103)	(832,918)	(6,170,955)	(4,174,239)
Investing activities					
Interest received		60,364	14,952	77,214	84,479
Lease receivable	4	15,246	-	41,061	-
Investment in mineral properties		(328)	(2,361)	(14,647)	(15,183)
Purchase of equipment		(2,051)	(952)	(8,679)	(103,547)
		73,231	69,528	94,949	(34,251)
Financing activities					
Lease liability payments	12	(29,326)	-	(86,744)	-
Proceeds from common shares issued	13(b)	-	49,667	-	5,078,239
Share issuance costs	13(b)	-	-	1,615	(745)
		(29,326)	49,667	(85,129)	5,077,494
Increase (decrease) in cash and/or cash equivalents during the period		(1,712,197)	(771,612)	(6,161,135)	869,004
Cash and cash equivalents, beginning of period		5,809,920	6,747,377	10,258,858	5,106,761
Cash and cash equivalents, end of period		$ 4,097,723	$ 5,975,765	$ 4,097,723	$ 5,975,765
Supplementary information					
Non-cash transactions					
Decrease in other liabilities due to extinguishment of flow-through premium on renouncement		-	-	(317,154)	-
Non-cash share-based compensation included in exploration and evaluation expenditures		18,496	22,018	94,776	90,204
Depreciation included in exploration and evaluation expenditures		16,650	18,620	53,865	55,587
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, 2019 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 interim consolidated 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 interim consolidated financial statements should be read in conjunction with the Company's annual 2018 audited consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These unaudited condensed interim consolidated financial statements of UEX Corporation were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 5, 2019.

(b) Functional and presentation currency

These unaudited condensed interim 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.

(Unaudited – Expressed in Canadian Dollars)

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

(c) Basis of consolidation:

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its 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 unaudited condensed interim 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 these unaudited condensed interim 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. In preparing these unaudited condensed interim consolidated 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, 2018.

(e) Changes in significant accounting policies

The accounting policies applied by the Company in these unaudited condensed interim consolidated 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, 2018 except as described below.

(f) IFRS 16 *Leases*

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and related interpretations. IFRS 16 sets out requirements for recognizing, measuring, presenting and disclosing leases.

On initial application, the Company has elected to record right-of-use assets based on the corresponding lease liability. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate ("IBR") at January 1, 2019. The weighted-average rate applied is 7%.

The Company has elected to apply the practical expedient of applying IFRS 16 only to contracts that were previously identified as leases under IAS 17. The Company also applied the recognition exemption to short-term leases with a lease term of less than 12 months.

The following reconciles the Company's lease obligations at December 31, 2018 as previously disclosed in the Company's consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 on January 1, 2019:

Lease commitments at December 31, 2018	$	411,839
Discounted using the IBR at January 1, 2019		(49,071)
Recognition exemption for short-term lease		(14,438)
Lease liabilities recognized January 1, 2019	$	348,330

(Unaudited – Expressed in Canadian Dollars)

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

(g) Reclassification of Comparative Period Presentation

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

3. Cash and cash equivalents

		September 30 2019		December 31 2018
Cash	$	469,750	$	117,821
Short-term deposits		3,627,973		10,141,037
	$	4,097,723	$	10,258,858

4. Amounts receivable

		September 30 2019		December 31 2018
Interest receivable	$	68,009	$	38,480
Goods and services tax receivable		105,055		30,168
Current lease receivable		66,099		-
	$	239,163	$	68,648

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

Finance income from the sublease for the nine months ended September 30, 2019 was $4,677 (2018 - $nil). Total cash inflow for the nine months ended September 30, 2019 was $45,738, including $41,061 of principal payments received from the receivable related to the sublease (2018 - $nil).

5. Prepaid expenses

		September 30 2019		December 31 2018
Advances to vendors	$	50,000	$	50,000
Prepaid expenses		87,897		76,578
	$	137,897	$	126,578

6. Deposits

		September 30 2019		December 31 2018
Deposits	$	38,640	$	61,578

As at September 30, 2019, the Company had $38,640 of security deposits on office space. Deficiency deposits in lieu of work expenditures to maintain certain mineral claims (December 31, 2018 - $21,500) were refunded upon review of work assessment reports.

(Unaudited – Expressed in Canadian Dollars)

7. Equipment

	Exploration camp	Exploration equipment	Computing equipment	Furniture and fixtures	Total
Cost					
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
Additions/Reclassification	795	1,644	6,240	-	8,679
Disposals	-	-	(6,093)	-	(6,093)
Balance at September 30, 2019	$ 87,819	$ 490,128	$ 344,998	$ 91,908	$ 1,014,853
Accumulated depreciation and Impairment					
Balance at December 31, 2017	$ 71,095	$ 374,439	$ 225,844	$ 40,976	$ 712,354
Depreciation	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
Depreciation	4,468	29,663	33,143	12,631	79,905
Disposals	-	-	(6,093)	-	(6,093)
Reclassification	-	(685)	685	-	-
Balance at September 30, 2019	$ 69,145	$ 447,928	$ 254,209	$ 70,487	$ 841,769
Net book value					
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
Balance at September 30, 2019	$ 18,674	$ 42,200	$ 90,789	$ 21,421	$ 173,084

8. Right-of-use asset

	Offices
Balance at January 1, 2019	$ 241,170
Additions	-
Depreciation	(35,008)
Balance at September 30, 2019	$ 206,162

The Company leases property for its office in Saskatoon, which has been capitalized as a right-of-use asset under IFRS 16. See Note 12 for associated lease liability.

(Unaudited – Expressed in Canadian Dollars)

9. 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, 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
Additions	628	-	-	-	-	14,019	14,647
Balance at September 30, 2019	$ 3,692,338	$ 351,351	$ 444,345	$ 359,385	$ 6,000,000	$ 31,400	$ 10,878,819

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, McClean South, Shamus, Rabbit West, Wolf Lake, Rhino, 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 the West Bear Uranium 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%).

9. Mineral properties (continued)

Exploration and evaluation assets (continued)

100% owned projects (continued)

(iii) West Bear Project (continued)

The Umpherville River mineral claims that are included as part of the West Bear Project are subject to a 2% net smelter return royalty ("NSR") 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 hectare claim from Denison Mines Corp. ("Denison") 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.

(iv) Other Projects

UEX acquired the Parry Lake, Laurie North, Christie West, Key West Project, and Axis Lake via staking, the costs of which have been capitalized.

An ownership position in both Parry Lake and Laurie North projects were offered to Orano as per area of interest provisions in the Western Athabasca Option Agreement. Orano elected not to exercise its rights to acquire an interest 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.

The Key West Project is comprised of three claims west of and adjacent to Cameco's Key Lake Uranium Operation.

The Company holds a 100% interest in the Riou Lake Project located in the northern Athabasca Basin. Original mineral property acquisition costs associated with the Riou Lake Project were written off due to a lack of ongoing exploration activity. UEX continues to maintain several Riou Lake claims in good standing, with nominal re-staking fees for Riou Lake included in mineral property costs.

The Axis Lake property is located just north of the Riou Lake and Black Lake Projects in the Northern Athabasca Basin.

Also included in these acquisition costs are nominal staking fees for Western Athabasca Projects.

(Unaudited – Expressed in Canadian Dollars)

9. Mineral properties (continued)

Joint operations

UEX is party to the following joint arrangements:

	September 30, 2019 and December 31, 2018				
Ownership interest (%)	**UEX**	**Orano**	**JCU**	**ALX**	**Total**
Beatty River	25.0000	50.7020	24.2980	-	100.0000
Black Lake	50.9200	9.0800	-	40.0000	100.0000
Christie Lake	60.0000	-	40.0000	-	100.0000
Western Athabasca					
Alexandra	39.1957	60.8043	-	-	100.0000
Brander	49.0975	50.9025	-	-	100.0000
Erica	49.0975	50.9025	-	-	100.0000
Laurie	32.9876	67.0124	-	-	100.0000
Mirror River	32.3354	67.6646	-	-	100.0000
Nikita	22.5388	77.4612	-	-	100.0000
Shea Creek	49.0975	50.9025	-	-	100.0000
Uchrich	30.4799	69.5201	-	-	100.0000

(v) Western Athabasca Projects

The Projects, located in the western Athabasca Basin, which include the Kianna, Anne, Colette and 58B Deposits located at the Shea Creek Project, are 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, 2019 and December 31, 2018, except for:

- the Alexandra Project, where the Company has an approximate 39.2% interest as at September 30, 2019 and December 31, 2018;
- the Laurie Project, where the Company has an approximate 33.0% interest as at September 30, 2019 and December 31, 2018;
- the Mirror River Project, where the Company has an approximate 32.3% interest as at September 30, 2019 and December 31, 2018;
- the Nikita Project where the Company has an approximate 22.5% interest as at September 30, 2019 and December 31, 2018; and
- the Uchrich Project where the Company has an approximate 30.5% interest as at September 30, 2019 and December 31, 2018.

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)

9. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(v) Western Athabasca Projects (continued)

The Company has expensed over $65 million on the Western Athabasca Projects since 2004, including over $54 million on Shea Creek, which contains significant resources (see Note 17 *Exploration and evaluation expenditures*). Although no significant acquisition costs have been recorded for the Western Athabasca Projects, UEX has no intention to abandon these projects.

In 2019, Orano proposed budgets of $0.80 million on Alexandra and $2.25 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.

	September 30, 2019 and December 31, 2018			Projected interest, December 31, 2019		
Ownership interest (%)	**UEX**	**Orano**	**Total**	**UEX**	**Orano**	**Total**
Alexandra	39.1957	60.8043	100.0000	29.3708	70.6292	100.0000
Nikita	22.5388	77.4612	100.0000	15.9617	84.0383	100.0000

(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 and Orano holding a 9.08% interest, and ALX Uranium Corp. ("ALX") holding a 40% interest as at September 30, 2019 and December 31, 2018.

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 $1,091,200 of exploration work on the project and issued UEX 5,000,000 common shares of ALX (See Note 10 *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 of September 30, 2019, 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.

(Unaudited – Expressed in Canadian Dollars)

9. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(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.

(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 has 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.

In 2019, UEX proposed a budget of $2.75 million, in which JCU has chosen not to participate. Per the Joint Venture Agreement, JCU's interest will dilute accordingly.

	September 30, 2019 and December 31, 2018			Projected interest, December 31, 2019		
Ownership interest (%)	**UEX**	**JCU**	**Total**	**UEX**	**JCU**	**Total**
Christie Lake	60.0000	40.0000	100.0000	64.2807	35.7193	100.0000

10. Investments

The Company holds 87,500 and 5,000,000 common shares of Vanadian Energy Corp. ("Vanadian") (formerly known as Uracan Resources Ltd.) 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 2019**	**December 31 2018**
Common shares held – Vanadian [(1)] (TSX.V: VEC) (see Note 15)	$ 2,188	$ 7,000
Common shares held – ALX [(2)] (TSX.V: AL) (see Note 15)	200,000	300,000
	$ 202,188	$ 307,000

(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.

(Unaudited – Expressed in Canadian Dollars)

11. Accounts payable and other liabilities

	September 30 2019	December 31 2018
Trade payables	$ 480,147	$ 159,046
Other liabilities	1,184,579	286,339
Flow-through share premium	-	317,154
	$ 1,664,726	$ 762,539

Other liabilities comprise of 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 13(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 of $317,154 was extinguished in the first quarter of 2019 on the filing and renouncement of the tax benefits to the subscribers of the placement effective December 31, 2018.

12. Lease liability

The Company has obligations under operating leases for its office premises, which expire between October 2020 and February 2024.

	September 30 2019	January 1 2019
Current	$ 101,944	$ 94,725
Non-current	176,310	253,605
	$ 278,254	$ 348,330

The following table presents the contractual undiscounted cash flows for lease obligations as at September 30, 2019:

	September 30 2019
2019	$ 29,377
2020	107,805
2021	56,363
2022	56,700
2023 and beyond	66,150

Interest expense on lease obligations for the nine months ended September 30, 2019 was $16,668. Total cash outflow for leases was $86,744, including $70,076 of principal payments on lease liabilities.

(Unaudited – Expressed in Canadian Dollars)

13. 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, 2019, no preferred shares have been issued.

(b) Issued and outstanding – common shares

	Number of shares	Value
Balance, December 31, 2017	325,188,073	$ 193,850,256
Issued pursuant to private placements	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 11)	-	(332,025)
Balance, December 31, 2018 and March 31, 2019	381,385,811	$ 205,030,035
Share issuance costs refund	-	1,615
Balance, September 30, 2019	381,385,811	$ 205,031,650

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 $140,619. A flow-through premium of $332,025 related to the sale of the associated tax benefits has been recorded in share capital.

(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)

13. 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, 2019 and December 31, 2018 and changes during the years ended on these dates is presented below:

	Number of share purchase options	Weighted-average exercise price
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
Granted	6,800,000	0.18
Cancelled	(325,000)	0.23
Expired	(4,250,000)	1.11
Outstanding, September 30, 2019	29,792,000	$ 0.31

The 29,792,000 options outstanding as of September 30, 2019 represent 7.8% of the Company's issued and outstanding common shares. The number of options available for grant as of September 30, 2019 is 8,346,581, representing 2.2% of the Company's issued and outstanding common shares.

Additional information regarding stock options outstanding as at September 30, 2019 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	25,160,000	$ 0.23	4.46	18,951,667	$ 0.23
0.34 – 1.12	4,632,000	0.85	1.65	4,632,000	0.85
	29,792,000	$ 0.31	4.00	23,583,667	$ 0.34

(Unaudited – Expressed in Canadian Dollars)

13. Share capital (continued)

(c) Share-based compensation (continued)

The share-based payments reserve values of $4,546,905 as at September 30, 2019 and $6,722,586 as at December 31, 2018 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 three-month period ended September 30, 2019 is $165,287 (2018 - $161,263). The amount included in exploration and evaluation expenditures for the quarter ended September 30, 2019 is $18,496 (2018 - $22,017) and the remaining $146,791 (2018 - $139,246) 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, 2019 is $658,183 (2018 - $719,520). The amount included in exploration and evaluation expenditures for the nine months ended September 30, 2019 is $94,776 (2018 - $90,204) and the remaining $563,407 (2018 - $629,316) 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 2019	September 30 2018
Number of options granted	6,800,000	6,975,000
Expected forfeiture rate	2.53%	2.41%
Weighted-average grant date share price	$0.18	$0.28
Expected volatility	67.09%	67.68%
Risk-free interest rate	1.34%	2.10%
Dividend yield	0.00%	0.00%
Expected life	4.60 years	4.54 years
Weighted-average grant date fair value	$0.10	$0.15

(Unaudited – Expressed in Canadian Dollars)

13. Share capital (continued)

(c) Share-based compensation (continued)

Adjustment of non-material error in prior period

During the quarter, the Company identified an immaterial error regarding the transfer of options to the deficit on expiry/cancellation that was made in 2010 in connection with the transition to IFRS. The value of options that was transferred to deficit included the value of certain options that had not yet vested as of the date of cancellation of the options. The difference identified solely relates to reclassification within shareholders' equity between share-based payment reserve and deficit and has no impact on total shareholders' equity for all periods previously presented. The Company has adjusted this error in the financial statements for the current period ending September 30, 2019 and adjusted prior period comparative information as follows:

		Share-based payment reserve		Deficit
Balance, December 31, 2017, as previously reported		2,544,760		(180,907,755)
Balance, September 30, 2018, as previously reported		2,411,694		(185,442,859)
Balance, December 31, 2018, as previously reported	$	2,259,558	$	(186,031,421)
Adjustment		**4,463,298**		**(4,463,298)**
Balance, December 31, 2017, as adjusted		7,008,058		(185,371,053)
Balance, September 30, 2018, as adjusted		6,874,992		(189,906,157)
Balance, December 31, 2018, as adjusted	$	6,722,856	$	(195,353,478)

(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, 2019, the Company had spent $6,138,897 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. The Company incurred $27,210 in Part XII.6 tax on unspent amounts in the nine months ended September 30, 2019 (2018 - $6,378), which has been accounted for under financing and interest expense.

(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, 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
Expired	*(681,000)*		0.30
Balance, September 30, 2019	*16,222,394*	$	0.42

(Unaudited – Expressed in Canadian Dollars)

13. Share capital (continued)

(e) Warrants (continued)

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.

On February 27, 2019, 681,000 warrants with an exercise price of $0.30 expired.

As at September 30, 2019 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, 2020 (3 year life)	*15,999,994*		0.42
December 14, 2019 (2 year life)	*222,400*		0.42
Balance, September 30, 2019	*16,222,394*	$	0.42

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 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:

(Unaudited – Expressed in Canadian Dollars)

15. Management of financial risk (continued)

- 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.

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

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

Investments – as at September 30, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Shares – Vanadian (TSX-V: VEC)	$ 2,187	$ -	$ -	$ 2,187
Shares – ALX (TSX-V: AL)	200,000	-	-	200,000
	$ 202,187	$ -	$ -	$ 202,187

(Unaudited – Expressed in Canadian Dollars)

15. Management of financial risk (continued)

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

	Number of Shares	Change in Fair Value	Fair Value
Balance, December 31, 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
Gains (losses) for the three months ended March 31, 2019		$ (27,188)	
Gains (losses) for the three months ended June 30, 2019		23,688	
Gains (losses) for the three months ended September 30, 2019		(101,313)	
Changes in fair value – total unrealized gain (loss) on financial assets at FVOCI (shares) – period ended September 30, 2019		$ (104,813)	(104,813)
Balance, September 30, 2019			$ 202,187

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.

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.

(Unaudited – Expressed in Canadian Dollars)

17. Exploration and evaluation expenditures

Exploration and evaluation expenditures for the three months ended September 30, 2019:

	2018			2019		
Project	Cumulative[1] to June 30, 2018	Expenditures in the period	Cumulative to September 30 2018	Cumulative to June 30, 2019	Expenditures in the period	Cumulative to September 30 2019
Beatty River	$ 875,205	$ -	$ 875,205	$ 876,849	$ 28	$ 876,877
Black Lake	14,488,507	-	14,488,507	14,490,410	(155)	14,490,256
Christie Lake	9,369,838	736,894	10,106,732	11,094,500	1,749,381	12,843,881
Hidden Bay	33,282,563	14,579	33,297,142	33,538,126	215,358	33,753,484
Horseshoe-Raven	41,822,825	-	41,822,825	41,825,695	(279)	41,825,417
Other projects [2]	-	615	615	9,364	3,587	12,950
West Bear Co-Ni	1,693,214	116,785	1,809,999	5,724,567	23,716	5,748,283
Western Athabasca						
Shea Creek	54,202,468	16,263	54,218,731	54,239,845	30,992	54,270,837
Other WAJV	10,894,647	-	10,894,647	10,902,210	311	10,902,521
All Projects Total	$ 166,629,267	$ 885,136	$ 167,514,403	$ 172,701,566	$ 2,022,939	$ 174,724,506

Exploration and evaluation expenditures for the nine months ended September 30, 2019:

	2018			2019		
Project	Cumulative[1] to December 31, 2017	Expenditures in the period	Cumulative to September 30 2018	Cumulative to December 31, 2018	Expenditures in the period	Cumulative to September 30 2019
Beatty River	$ 875,205	$ -	$ 875,205	$ 875,793	$ 1,084	$ 876,877
Black Lake	14,488,507	-	14,488,507	14,488,507	1,749	14,490,256
Christie Lake	8,062,181	2,044,551	10,106,732	10,317,284	2,526,597	12,843,881
Hidden Bay	33,270,121	27,021	33,297,142	33,332,693	420,791	33,753,484
Horseshoe-Raven	41,821,871	954	41,822,825	41,822,825	2,592	41,825,417
Other projects[2]	-	615	615	615	12,335	12,950
West Bear Co-Ni	38,359	1,771,639	1,809,998	2,052,491	3,695,792	5,748,283
Western Athabasca						
Shea Creek	54,202,468	16,264	54,218,732	54,222,726	48,111	54,270,837
Other WAJV	10,890,756	3,891	10,894,647	10,896,103	6,418	10,902,521
All Projects Total	$ 163,649,468	$ 3,864,935	$ 167,514,403	$ 168,009,037	$ 6,715,469	$ 174,724,506

(1) Exploration and evaluation expenditures have been presented on a cumulative basis from July 17, 2002.
(2) Other projects include: Axis Lake, Christie West, Key West, Laurie North, Parry Lake, and Riou Lake.

Exploration and evaluation expenditures for the period ended September 30, 2019 and 2018 include the following non-cash expenditures:

	Three months ended September 30 2019	Three months ended September 30 2018	Nine months ended September 30 2019	Nine months ended September 30 2018
Depreciation	$ 16,650	$ 18,620	$ 53,865	$ 55,587
Share-based compensation	18,496	22,017	94,776	90,204
Project management fee	160,176	80,040	558,610	338,960
	$ 195,322	$ 120,677	$ 707,251	$ 484,751

(Unaudited – Expressed in Canadian Dollars)

18. Office expenses

	Three months ended September 30		Nine months ended September 30	
	2019	**2018**	**2019**	**2018**
Insurance	$ 14,463	$ 14,325	$ 41,240	$ 39,217
Office supplies and consulting	82,100	71,506	212,252	210,271
Rent	4,303	22,094	19,472	57,408
Telephone	2,607	3,268	8,437	14,728
Utilities	2,839	2,414	9,992	10,021
Project surcharge	(49,967)	(41,088)	(151,303)	(147,575)
	$ 56,345	$ 72,520	$ 140,090	$ 184,070

19. Salaries, net of project management fees

	Three months ended September 30		Nine months ended September 30	
	2019	**2018**	**2019**	**2018**
Gross salaries	$ 298,964	$ 202,662	$ 765,547	$ 654,032
Management fee offset:				
Christie Lake – 10%	(158,156)	(65,966)	(228,441)	(182,881)
West Bear Project – 10%	(2,020)	(14,073)	(330,169)	(156,080)
	$ 138,788	$ 122,623	$ 206,937	$ 315,071

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

20. Related party transactions

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

(a) Related party transactions

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

	Three months ended September 30		Nine months ended September 30	
	2019	**2018**	**2019**	**2018**
Cameco group of companies (1)	$ 2,133	$ -	$ 3,162	$ 441
Management advisory board share-based payments (2)	-	231	423	2,151
	$ 2,133	$ 231	$ 3,585	$ 2,592

(1) Payments related to fees paid for use of the Cameco airstrip at the McArthur River mine and for equipment repairs.
(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 13(c).

(Unaudited – Expressed in Canadian Dollars)

20. 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	
	2019	2018	2019	2018
Salaries and short-term employee benefits [(1)(2)]	$ 228,085	$ 147,030	$ 532,911	$ 452,418
Share-based payments [(3)]	134,813	127,785	520,525	550,091
Other compensation [(1)(4)]	66,742	36,014	148,574	92,707
	$ 429,640	$ 310,829	$ 1,202,010	$ 1,095,216

(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 13(c).

(4) Represents payments to Altastra Office Systems Inc., a company owned by Wylie Hui, and Evelyn Abbott for CFO services rendered to UEX. In the event that Ms. Abbott's (UEX's CFO) consulting agreement 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 six months' base fee which will increase by one month base fee after every year of service up to a maximum of twelve months' base fee plus any bonus owing. Ms. Abbott may also terminate the consulting agreement upon two months' written notice to the Board.

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

Evelyn Abbott
CFO

Bernard Poznanski
Corporate Secretary

Legal Counsel

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