UEX CORPORATION

CONDENSED INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

JUNE 30, 2021

(Unaudited – Prepared by Management)

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UEX CORPORATION
Condensed Interim Consolidated Balance Sheets
As at June 30, 2021 and December 31, 2020
(Unaudited – Expressed in Canadian Dollars)

	Notes		June 30 2021		December 31 2020
Assets					
Current assets					
Cash and cash equivalents	3	$	5,465,523	$	7,213,551
Amounts receivable	4, 19		497,491		69,628
Prepaids and others			95,462		133,904
			6,058,476		7,417,083
Non-current assets					
Deposits			56,817		6,817
Equipment	5		217,012		234,808
Right-of-use asset	6		124,475		147,814
Mineral properties	7		10,875,960		10,874,382
Investments	8		432,000		404,375
Total assets		$	17,764,740	$	19,085,279
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and other liabilities	9	$	420,227	$	254,569
Lease liability - current	10		48,611		46,609
			468,838		301,178
Non- current liabilities					
Lease liability – long term	10		88,951		113,681
Total liabilities			557,789		414,859
Shareholders' equity					
Share capital	11(b)		215,097,093		213,689,932
Share-based payments reserve	11(c)		3,026,870		4,177,000
Accumulated other comprehensive income (loss)			25,000		(2,625)
Deficit			(200,942,012)		(199,193,887)
			17,206,951		18,670,420
Total liabilities and shareholders' equity		$	17,764,740	$	19,085,279

Nature and continuance of operations	1
Commitments	11(d)
Subsequent events	20
Contingencies	21

See accompanying notes to the condensed interim consolidated financial statements.

Approved on behalf of the Board and authorized for issue on August 9, 2021.

"signed" Director
Roger M. Lemaitre

"signed" Director
Emmet A. McGrath

UEX CORPORATION

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the three and six months ended June 30, 2021 and 2020
(Unaudited – Expressed in Canadian Dollars)

	Notes	Three-month period ended June 30 2021	Three-month period ended June 30 2020	Six-month period ended June 30 2021	Six-month period ended June 30 2020
Interest income		$ 4,322	$ 9,048	$ 13,279	$ 21,530
Gain on disposal of equipment		2,200	-	2,500	-
		6,522	9,048	15,779	21,530
Expenses					
Depreciation		16,399	19,850	32,935	39,843
Exploration and evaluation expenditures	15	337,043	243,612	1,610,710	1,191,295
Filing fees and stock exchange		23,273	42,585	70,300	82,253
Financing and interest		15,359	8,617	28,605	16,732
Legal and audit		269,221	44,826	363,746	89,828
Maintenance		7,313	8,549	16,217	17,415
Office expenses, net of project surcharges	16	111,140	60,729	169,311	128,826
Salaries, net of project management fees & CEWS	17, 19	30,363	17,117	105,598	138,314
Share-based compensation	11(c)	55,417	245,460	128,329	338,587
Travel and promotion		44,064	82,995	89,413	125,203
Write down of mineral property	7(iv)	-	-	-	2,505
		909,592	774,340	2,615,164	2,170,801
Loss before income taxes		(903,070)	(765,292)	(2,599,385)	(2,149,271)
Deferred income tax recovery		-	-	-	63,532
Loss for the period		(903,070)	(765,292)	(2,599,385)	(2,085,739)
Other comprehensive income (loss)					
Fair value net change on financial assets - FVOCI	8,13	437	27,625	27,625	(46,937)
Comprehensive loss for the period		$ (902,633)	$ (737,667)	$ (2,571,760)	$ (2,132,676)
Basic and diluted loss per share		(0.002)	(0.002)	(0.006)	(0.005)
Basic and diluted weighted-average number of shares outstanding		454,051,968	399,955,042	453,643,056	397,070,426

See accompanying notes to the condensed interim consolidated financial statements.

UEX CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity
For the six months ended June 30, 2021 and 2020
(Unaudited – Expressed in Canadian Dollars)

	Number of common shares	Share capital	Share-based payments reserve	Accumulated other comprehensive income (loss)	Deficit	Total
December 31, 2019	*394,185,811*	$ 206,534,898	$ 4,435,905	$ (181,125)	$ (196,554,406)	$ 14,235,272
Loss for the period	-	-	-	-	(2,085,739)	(2,085,739)
Issued pursuant to private placements	*12,500,000*	2,000,000	-	-	-	2,000,000
Share issuance costs	-	(134,966)	-	-	-	(134,966)
Fair value change in financial assets - FVOCI	-	-	-	(46,937)	-	(46,937)
Share-based payment transactions	-	-	378,909	-	-	378,909
Transfer to deficit on cancellation of share purchase options	-	-	(795,066)	-	795,066	-
June 30, 2020	*406,685,811*	208,399,932	4,019,748	(228,062)	(197,845,079)	14,346,539
Loss for the period	-	-	-	-	(1,544,891)	(1,544,891)
Issued pursuant to private placements	*45,499,809*	6,000,000	-	-	-	6,000,000
Share issuance costs	-	(710,000)	186,569	-	-	(523,431)
Fair value change in financial assets - FVOCI	-	-	-	225,437	-	225,437
Share-based payment transactions	-	-	166,766	-	-	166,766
Transfer to deficit on cancellation and expiry of share purchase options	-	-	(196,083)	-	196,083	-
December 31, 2020	*452,185,620*	213,689,932	4,177,000	(2,625)	(199,193,887)	18,670,420
Loss for the period	-	-	-	-	(2,599,385)	(2,599,385)
Share issuance costs	-	(3,579)	-	-	-	(3,579)
Stock option exercise	*3,960,000*	1,319,930	(439,180)	-	-	880,750
Warrant exercise	*504,500*	90,810	-	-	-	90,810
Fair value change in financial assets - FVOCI	-	-	-	27,625	-	27,625
Share-based payment transactions	-	-	140,310	-	-	140,310
Transfer to deficit on cancellation and expiry of share purchase options	-	-	(851,260)	-	851,260	-
June 30, 2021	*456,650,120*	$ 215,097,093	$ 3,026,870	$ 25,000	$ (200,942,012)	$ 17,206,951

See accompanying notes to the condensed interim consolidated financial statements.

UEX CORPORATION

Condensed Interim Consolidated Statements of Cash Flows
For the three and six months ended June 30, 2021 and 2020
(Unaudited – Expressed in Canadian Dollars)

	Notes	Three-month period ended June 30 2021	Three-month period ended June 30 2020	Six-month period ended June 30 2021	Six-month period ended June 30 2020
Cash provided by (used for):					
Operating activities					
Loss for the period		$ (903,070)	$ (765,292)	$ (2,599,385)	$ (2,085,739)
Adjustments for:					
Depreciation		29,462	31,309	59,295	64,868
Deferred income tax recovery		-	-	-	(63,532)
Gain on sale of equipment		(2,200)	-	(2,500)	-
Interest income		(4,322)	(9,048)	(13,279)	(21,530)
Interest on lease liabilities	10	2,543	3,845	5,285	8,137
Share-based compensation	11(c)	60,658	272,843	140,310	378,909
Write-off mineral properties	7(iv)	-	-	-	2,505
Changes in:					
Amounts receivable		(55,399)	(51,127)	(58,764)	(43,164)
Prepaid expenses and deposits		(20,467)	(46,640)	(11,558)	(10,327)
Accounts payable and other liabilities		(101,888)	(63,826)	165,658	(508,712)
		(994,683)	(627,936)	(2,314,938)	(2,278,585)
Investing activities					
Interest received		9,736	-	17,853	4,514
Lease receivable		-	15,939	-	31,878
Investment in mineral properties		-	(3,378)	(1,578)	(3,978)
Purchase of equipment		(9,083)	-	(18,160)	(5,555)
Proceeds from sale of equipment		2,200	-	2,500	-
		2,853	12,561	615	26,859
Financing activities					
Lease liability payments	10	(14,175)	(29,608)	(28,013)	(59,216)
Proceeds from private placement	11(b)	-	2,000,000	-	2,000,000
Proceeds from options exercise	11(c)	285,027	-	507,077	-
Proceeds from warrants exercise	11(e)	15,750	-	90,810	-
Share issuance costs	11	(1,336)	(134,966)	(3,579)	(134,966)
		285,266	1,835,426	566,295	1,805,818
Change in cash and cash equivalents during the period		(706,564)	1,220,051	(1,748,028)	(445,908)
Cash and cash equivalents, beginning of period		6,172,087	1,931,551	7,213,551	3,597,510
Cash and cash equivalents, end of period		$ 5,465,523	$ 3,151,602	$ 5,465,523	$ 3,151,602
Supplementary information					
Non-cash transactions					
Decrease in other liabilities due to extinguishment of flow-through premium on renouncement		-	-	-	(63,532)
Non-cash share-based compensation included in exploration and evaluation expenditures		5,241	27,383	11,981	40,322
Depreciation included in exploration and evaluation expenditures		13,064	11,460	26,361	25,025

See accompanying notes to the condensed interim 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 2465 Berton Place, North Vancouver, BC V7H 2W9, with the regional office 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 June 30, 2021 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. As at June 30, 2021, the Company had working capital of $5.6 million of which $2.4 million is committed to be spent on qualifying expenditures to satisfy flow-through share requirements, leaving $3.2 million to finance operating activities through the next twelve months and beyond. See subsequent event disclosure (Note 20).

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and capital markets are not known at this time.

2. 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 2020 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 August 9, 2021.

2. Significant accounting policies (continued)

(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.

(c) Basis of consolidation

These unaudited condensed interim 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 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, 2020.

(e) Significant accounting policies

The accounting policies applied by the Company in these unaudited condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended December 31, 2020.

There are no new standards not yet adopted that are expected to have a material impact on the Company's financial statements.

(f) Reclassification of Comparative Period Presentation

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

(Unaudited – Expressed in Canadian Dollars)

3. Cash and cash equivalents

		June 30 2021		December 31 2020
Cash	$	5,405,523	$	6,653,551
Short-term deposits		60,000		560,000
	$	5,465,523	$	7,213,551

At June 30, 2021, $2,393,818 (December 31, 2020 - $3,757,154) of the Company's cash and cash equivalents is to be spent on qualifying exploration expenditures to satisfy the Company's flow-through share commitments (Note 11(d)).

4. Amounts receivable

		June 30 2021		December 31 2020
Interest receivable	$	149	$	4,216
Goods and services tax receivable		22,768		47,714
CEWS receivable (Note 19)		100,901		17,698
Stock option exercise proceeds receivable		373,673		-
	$	497,491	$	69,628

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

5. Equipment

		Exploration camp		Exploration equipment		Computing equipment		Furniture and fixtures		Total
Cost										
Balance at December 31, 2019	$	87,819	$	490,128	$	336,169	$	91,908	$	1,006,024
Additions		162,844		-		573		-		163,417
Disposals		-		-		(59,411)		(4,308)		(63,719)
Balance at December 31, 2020		250,663		490,128		277,331		87,600		1,105,722
Additions		6,321		9,083		2,756		-		18,160
Disposals		-		(5,912)		(1,001)		-		(6,913)
Balance at June 30, 2021	$	256,984	$	493,299	$	279,086	$	87,600	$	1,116,969
Accumulated depreciation										
Balance at December 31, 2019	$	70,656	$	456,339	$	258,658	$	74,697	$	860,350
Depreciation		8,780		16,392		34,493		14,618		74,283
Disposals		-		-		(59,411)		(4,308)		(63,719)
Balance at December 31, 2020		79,436		472,731		233,740		85,007		870,914
Depreciation		17,347		5,188		11,965		1,456		35,956
Disposals		-		(5,912)		(1,001)		-		(6,913)
Balance at June 30, 2021	$	96,783	$	472,007	$	244,704	$	86,463	$	899,957
Net book value										
Balance at December 31, 2020	$	171,227	$	17,397	$	43,591	$	2,593	$	234,808
Balance at June 30, 2021	$	160,201	$	21,292	$	34,382	$	1,137	$	217,012

(Unaudited – Expressed in Canadian Dollars)

6. Right-of-use asset

		Offices
Balance at December 31, 2019	$	194,492
Depreciation		(46,678)
Balance at December 31, 2020		147,814
Depreciation		(23,339)
Balance at June 30, 2021	$	124,475

The Company leases property for its office in Saskatoon, which has been capitalized as a right-of-use asset under IFRS 16. See Note 10 for associated lease liability.

7. 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, 2019	$ 3,692,310	$ 351,351	$ 444,345	$ 359,385	$ 6,000,000	$ 25,518	$ 10,872,909
Additions	-	-	600	-	-	3,378	3,978
Impairment charge for the year	-	-	-	-	-	(2,505)	(2,505)
Balance at December 31, 2020	3,692,310	351,351	444,945	359,385	6,000,000	26,391	10,874,382
Additions	-	-	1,578	-	-	-	1,578
Balance at June 30, 2020	$ 3,692,310	$ 351,351	$ 446,523	$ 359,385	$ 6,000,000	$ 26,391	$ 10,875,960

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.

7. Mineral properties (continued)

Exploration and evaluation assets (continued)

100% owned projects (continued)

(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 (77.961%), Empresa Nacional Del Uranio S.A. (7.548%), Nordostschweizerische Kraftwerke A.G. (7.548%) and Encana (6.944%).

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.

In June 2020, UEX staked two claims immediately east of, and adjacent to, West Bear, which now have been incorporated into the project.

In February 2021, UEX staked one claim immediately south of, and adjacent to, West Bear which now has been incorporated into the project.

(iv) Other Projects

UEX acquired Christie West, Key West, Axis Lake and George Lake via staking, the costs of which have been capitalized.

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 (Canada) Exploration Company Limited ("JCU"), who elected not to participate in these two claims.

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

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

(Unaudited – Expressed in Canadian Dollars)

7. Mineral properties (continued)

Exploration and evaluation assets (continued)

100% owned projects (continued)

(iv) Other Projects (continued)

The George Lake property is located 45 kilometers east of the West Bear Project.

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. In April 2020 UEX decided to let four Riou Lake claims lapse and wrote off the cost of staking (2020 - $2,505). In June 2020, UEX re-staked some of the lands that expired in April 2020. A total of 8 claims were acquired.

Also included in these acquisition costs are nominal staking fees for claims that were incorporated into the Western Athabasca Projects.

Joint operations

UEX is party to the following joint arrangements:

	June 30, 2021 and December 31, 2020				
Ownership interest (%)	**UEX**	**Orano**	**JCU**	**ALX**	**Total**
Beatty River	22.0444	56.5303	21.4253	-	100.0000
Black Lake	51.4260	8.574	-	40.0000	100.0000
Christie Lake	65.5492	-	34.4508	-	100.0000
Western Athabasca					
Alexandra	21.0482	78.9518	-	-	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	12.7151	87.2849	-	-	100.0000
Shea Creek	49.0975	50.9025	-	-	100.0000
Uchrich	30.4799	69.5201	-	-	100.0000

7. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(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 June 30, 2021 and December 31, 2020, except for:

- the Alexandra Project, where the Company has an approximate 21.0% interest as at June 30, 2021 and December 31, 2020;
- the Laurie Project, where the Company has an approximate 33.0% interest as at June 30, 2021 and December 31, 2020;
- the Mirror River Project, where the Company has an approximate 32.3% interest as at June 30, 2021 and December 31, 2020;
- the Nikita Project where the Company has an approximate 12.7% interest as at June 30, 2021 and December 31, 2020; and
- the Uchrich Project where the Company has an approximate 30.5% interest as at June 30, 2021 and December 31, 2020.

In 2020, Orano completed exploration programs on the Alexandra and Nikita Projects; UEX chose not to participate in these programs and as a result, diluted our interest.

The 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.

The Company has expensed more than $65 million on the Western Athabasca Projects since 2004, including $54 million on Shea Creek, which contains significant mineral resources (see Note 15 *Exploration and evaluation expenditures*). Although acquisition costs associated with the Western Athabasca Projects were previously written off, UEX has no intention to abandon these projects.

7. 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 51.4% interest and Orano holding a 8.6% interest, and ALX Resources Corp. ("ALX") holding a 40% interest as at June 30, 2021 and December 31, 2020.

On September 5, 2017, ALX and UEX entered into an Option Agreement. On June 20, 2018, ALX fulfilled Stage 1 of the Option Agreement and earned a 40% interest in the project by completing $1.0 million in exploration work on the project and issuing to UEX 5,000,000 common shares of ALX.

Effective March 6, 2020, UEX informed ALX that the terms of the Option Agreement with respect to the Stage 2 requirements had not been met and as a result, UEX had elected to terminate the Option Agreement and replaced it with the Joint Venture Agreement. ALX is no longer eligible to increase its interest in the Black Lake Project to 75% under the provision of the prior Option Agreement. Under the terms of the Joint Venture Agreement, if ALX chooses to not participate in future exploration programs, their ownership interest will be diluted accordingly.

(vii) Beatty River Project

The Company has a 22.0% 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 earned a 60% interest in the Christie Lake Project by making $6.0 million in cash payments and completing $10.0 million in exploration work. 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.

UEX completed its exploration program for 2020, in which JCU chose not to participate. Per the Joint Venture Agreement, UEX's interest increased to 65.5% and JCU's interest diluted to 34.5%.

In 2021, UEX proposed a budget of $2.0 million, in which JCU has chosen not to participate. Per the Joint Venture Agreement, their interest will dilute accordingly (see Note 20 *Subsequent events*).

(Unaudited – Expressed in Canadian Dollars)

8. 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		**June 30 2021**		**December 31 2020**
Common shares held – Vanadian [1] (TSX.V: VEC) (see Note 13)	$	7,000	$	4,375
Common shares held – ALX [2] (TSX.V: AL) (see Note 13)		425,000		400,000
	$	432,000	$	404,375

(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 quoted market price at period end for these securities.

9. Accounts payable and other liabilities

		June 30 2021		**December 31 2020**
Trade payables	$	65,542	$	204,499
Other liabilities		354,685		50,070
	$	420,227	$	254,569

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

(Unaudited – Expressed in Canadian Dollars)

10. Lease liability

The Company has an obligation under lease for its Saskatoon office which expires in February 2024. The obligation for its Vancouver office expired in October 2020.

		June 30 2021		December 31 2020
Current	$	48,611	$	46,609
Non-current		88,951		113,681
	$	137,562	$	160,290

The following table presents the contractual undiscounted cash flows for lease obligations as at June 30, 2021:

		June 30 2021
2021	$	28,350
2022		56,700
2023 and beyond		66,150

Interest expense on lease obligations for the three-month period ended June 30, 2021 was $2,543 (2020 - $3,845). Total cash outflow for leases was $14,175 (2020 - $29,608), including $11,632 of principal payments on lease liabilities (2020 - $25,762).

Interest expense on lease obligations for the six-month period ended June 30, 2021 was $5,285 (2020 - $8,137). Total cash outflow for leases was $28,013 (2020 - $59,216), including $22,728 of principal payments on lease liabilities (2020 - $51,079).

11. Share capital

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of (no par value) preferred shares issuable in series, of which 1,000,000 preferred shares have been designated Series 1 Preferred Shares. As of June 30, 2021, no preferred shares have been issued.

(b) Issued and outstanding – common shares

	Number of shares		Value
Balance, December 31, 2019	394,185,811	$	206,534,898
Issued pursuant to private placement	57,999,809		8,000,000
Share issuance costs	-		(844,966)
Balance, December 31, 2020	452,185,620		213,689,932
Issued pursuant to option exercise	3,960,000		1,319,930
Issued pursuant to warrant exercise	504,500		90,810
Share issuance costs	-		(3,579)
Balance, June 30, 2021	456,650,120	$	215,097,093

11. Share capital (continued)

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

On December 2, 2020, the Company completed a private placement of 18,498,665 units at a price of $0.12 per unit and 27,001,144 flow-through common shares at a price of $0.14 per common share, for gross proceeds of $6,000,000. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of $0.18 until June 2, 2023.

Total share issuance costs of $706,319 included agents' cash commissions of $341,040 equal to approximately 6% of the gross proceeds of the financing, other issuance cost of $178,710 and the fair value of the broker warrants of $186,569. The agents received 2,581,631 broker warrants equal to approximately 6% of the total number of units and flow-through common shares sold. Each broker warrant is exercisable for a common share of the Company until June 2, 2023 at a price of $0.13 per common share. The weighted average assumptions used for the Black-Scholes valuation of the warrants were annualized volatility of 63.32%, risk-free interest rate of 0.29%, expected life of 2.5 years and a dividend rate of Nil.

No commission was paid nor brokers' warrants issued on a portion of the financing made to president's list subscribers. As the market price of the Company's common shares on the date of issuance exceeded the flow-through issuance price, no flow-through share premium liability was recorded in 2020.

On May 20, 2020, the Company completed a private placement of 12,500,000 units at a price of $0.16 per unit, for gross proceeds of $2,000,000. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of $0.21 until May 20, 2023. Share issuance costs totaled $138,647, inclusive of agent commissions of $67,140.

(c) Share-based compensation

Stock Option Plan

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

(Unaudited – Expressed in Canadian Dollars)

11. Share capital (continued)

(c) Share-based compensation (continued)

A summary of the status of the Company's share-based compensation plan as at June 30, 2021 and December 31, 2020 and changes during the periods ended on these dates is presented below:

	Number of share purchase options	Weighted-average exercise price
Outstanding, December 31, 2019	28,217,000	$ 0.30
Granted	6,600,000	0.13
Cancelled	(425,000)	0.22
Expired	(3,750,000)	0.45
Outstanding, December 31, 2020	30,642,000	0.25
Exercised	(3,960,000)	0.22
Expired	(1,407,000)	0.96
Outstanding, June 30, 2021	25,275,000	$ 0.21

For the six-month period ended June 30, 2021, 3,960,000 stock options were exercised regularly with a weighted average exercise price of $0.22 for gross proceeds of $880,750. As at June 30, 2021, $363,673 of the proceeds from the exercise of stock options were receivable and received after period end.

Additional information regarding stock options outstanding as at June 30, 2021 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
$ 0.125 – 0.395	23,975,000	$ 0.19	4.38	21,775,000	$ 0.20
0.40 – 0.60	1,300,000	0.60	0.93	1,300,000	0.60
	25,275,000	$ 0.21	4.20	23,075,000	$ 0.22

The estimated fair value expense of all share purchase options vested during the three-month period ended June 30, 2021 is $60,658 (2020 - $272,843). The amount included in exploration and evaluation expenditures for the three months ended June 30, 2021 is $5,241 (2020 - $27,383) and the remaining $55,417 (2020 - $245,460) was expensed to share-based compensation.

The estimated fair value expense of all share purchase options vested during the six-month period ended June 30, 2021 is $140,310 (2020 - $378,909). The amount included in exploration and evaluation expenditures for the six months ended June 30, 2021 is $11,981 (2020 - $40,322) and the remaining $128,329 (2020 - $338,587) was expensed to share-based compensation.

11. Share capital (continued)

(c) Share-based compensation (continued)

Restricted Share Unit Plan

During 2020 the Board of Directors approved a Restricted Share Unit ("RSU") Plan. Pursuant to the RSU Plan, the Board may grant to eligible participants awards under the RSU Plan, with each award granted entitling an eligible participant to receive one RSU. Each RSU represents the right of an eligible participant to receive one common share. The aggregate maximum number of common shares that may be issued pursuant to the RSU Plan is limited to 6,000,000 common shares. The RSU's shall vest at such time or times as may be determined by the Board of Directors.

In addition, the aggregate number of common shares that may be reserved for issuance under the RSU Plan on the grant of awards, together with any other securities based compensation arrangements of the Company in effect, including the Stock Option Plan, shall not exceed 10% of the issued and outstanding common shares of the Company. As at June 30, 2021 no awards have been granted under the RSU Plan. The 25,275,000 stock options outstanding as of June 30, 2021 represent 5.5% of the Company's issued and outstanding common shares. The aggregate number of stock options and RSU's available for grant as of June 30, 2021 is 20,390,012, representing 4.5% of the Company's issued and outstanding common shares.

(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 June 30, 2021, the Company had spent $1,386,342 of the $3,780,160 flow-through funds raised in the December 2, 2020 placement. The Company renounced the income tax benefit of the private placement to its subscribers effective December 31, 2020. The Company incurred $21,806 in Part XII.6 tax on unspent amounts for the six-month period ended June 30, 2021 (2020 - $6,618), which has been accounted for under financing and interest expense. The Company incurred $12,228 in Part XII.6 tax on unspent amounts for the three-month period ended June 30, 2021 (2020 - $3,587).

As at December 31, 2020, the Company had spent all of the $1,600,000 flow-through funds raised in the November 29, 2019 placement. The Company renounced the income tax benefit of the private placement to its subscribers effective December 31, 2019 and paid the Part XII.6 tax of $7,806 in the first quarter of 2021 relating to this placement.

(Unaudited – Expressed in Canadian Dollars)

11. Share capital (continued)

(e) Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2019	15,999,994	$ 0.42
Issued pursuant to private placements in 2020	18,080,963	0.18
Expired	(15,999,994)	0.42
Balance, December 31, 2020	18,080,963	0.18
Exercised	(504,500)	0.18
Balance, June 30, 2021	17,576,463	$ 0.18

For the six-month period ended June 30, 2021, 504,500 share purchase warrants were exercised with a weighted average exercise price of $0.18 for gross proceeds of $90,810.

As at June 30, 2021 the Company's outstanding share purchase warrants had expiry dates and exercise prices as follows:

Expiry Date for Warrants	Number of Warrants	Exercise Price
May 20, 2023	6,250,000	$ 0.21
June 2, 2023	8,744,832	0.18
June 2, 2023	2,581,631	0.13
Balance, June 30, 2021	17,576,463	$ 0.18

12. 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.

(Unaudited – Expressed in Canadian Dollars)

13. 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 12. 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, deposits, and accounts payable and other liabilities are a reasonable estimate of their fair values because of the short period to maturity of these instruments. These financial instruments are initially recorded at fair value and subsequently at amortized cost.

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

Investments – as at December 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Shares – Vanadian (TSX-V: VEC)	$ 4,375	$ -	$ -	$ 4,375
Shares – ALX (TSX-V: AL)	400,000	-	-	400,000
	$ 404,375	$ -	$ -	$ 404,375

Investments – as at June 30, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Shares – Vanadian (TSX-V: VEC)	$ 7,000	$ -	$ -	$ 7,000
Shares – ALX (TSX-V: AL)	425,000	-	-	425,000
	$ 432,000	$ -	$ -	$ 432,000

13. Management of financial risk (continued)

(Unaudited – Expressed in Canadian Dollars)

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, 2019	*5,087,500*		$ 225,875
Gains (losses) for the three months ended March 31, 2020		$ (74,562)	
Gains (losses) for the three months ended June 30, 2020		27,625	
Gains (losses) for the three months ended September 30, 2020		201,750	
Gains (losses) for the three months ended December 31, 2020		23,687	
Changes in fair value – total unrealized gain (loss) on financial assets at FVOCI (shares) – year ended December 31, 2020		$ 178,500	178,500
Balance, December 31, 2020	*5,087,500*		$ 404,375
Gains (losses) for the three months ended March 31, 2021		$ 27,188	
Gains (losses) for the three months ended June 30, 2021		437	
Changes in fair value – total unrealized gain (loss) on financial assets at FVOCI (shares) – period ended June 30, 2021		$ 27,625	27,625
Balance, June 30, 2021	*5,087,500*		$ 432,000

14. 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.

15. Exploration and evaluation expenditures

Exploration and evaluation expenditures for the three months ended June 30, 2021:

		2020			2021	
Project	Cumulative[1] to March 31, 2020	Expenditures in the period	Cumulative to June 30 2020	Cumulative to March 31, 2021	Expenditures in the period	Cumulative to June 30, 2021
Beatty River	$ 876,877	$ -	$ 876,877	$ 877,061	$ -	$ 877,061
Black Lake	14,490,256	-	14,490,256	14,498,484	-	14,498,484
Christie Lake	13,355,923	88,483	13,444,406	14,131,587	47,859	14,179,446
Hidden Bay	34,382,631	23,358	34,405,989	34,886,416	113,166	34,999,582
Horseshoe-Raven	41,826,371	-	41,826,371	41,827,119	49,310	41,876,429
Other projects [2]	23,067	18,077	41,144	51,074	2,003	53,077
West Bear Co-Ni	6,470,936	75,293	6,546,229	7,595,717	118,722	7,714,439
Western Athabasca						
Shea Creek	54,300,350	28,192	54,328,542	54,338,763	5,983	54,344,746
Other WAJV	10,913,183	10,209	10,923,392	10,929,302	-	10,929,302
All Projects Total	$ 176,639,594	$ 243,612	$ 176,883,206	$ 179,135,523	$ 337,043	$ 179,472,566

(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, and Riou Lake.

(Unaudited – Expressed in Canadian Dollars)

15. Exploration and evaluation expenditures (continued)

Exploration and evaluation expenditures for the six months ended June 30, 2021:

Project	Cumulative[1] to December 31, 2019	2020 Expenditures in the period	2020 Cumulative to June 30 2020	Cumulative to December 31, 2020	2021 Expenditures in the period	2021 Cumulative to June 30, 2021
Beatty River	$ 876,877	$ -	$ 876,877	$ 877,061	$ -	$ 877,061
Black Lake	14,490,256	-	14,490,256	14,498,484	-	14,498,484
Christie Lake	13,132,095	312,311	13,444,406	14,111,375	68,071	14,179,446
Hidden Bay	34,355,753	50,236	34,405,989	34,447,390	552,192	34,999,582
Horseshoe-Raven	41,825,417	954	41,826,371	41,826,371	50,058	41,876,429
Other projects [2]	13,960	27,185	41,145	48,843	4,234	53,077
West Bear Co-Ni	5,824,985	721,244	6,546,229	6,784,641	929,798	7,714,439
Western Athabasca						
Shea Creek	54,268,480	60,062	54,328,542	54,338,389	6,357	54,344,746
Other WAJV	10,904,088	19,303	10,923,391	10,929,302	-	10,929,302
All Projects Total	$ 175,691,911	$ 1,191,295	$ 176,883,206	$ 177,861,856	$ 1,610,710	$ 179,472,566

[3] Exploration and evaluation expenditures have been presented on a cumulative basis from July 17, 2002.
[4] Other projects include: Axis Lake, Christie West, Key West, and Riou Lake.

Exploration and evaluation expenditures for the period ended June 30, 2021 and 2020 include the following expenditures:

	Three months ended June 30 2021	Three months ended June 30 2020	Six months ended June 30 2021	Six months ended June 30 2020
Depreciation	$ 13,064	$ 11,460	$ 26,361	$ 25,025
Share-based compensation (Note 11 (c))	5,241	27,383	11,981	40,322
Project management fee (Note 17)	15,001	19,613	90,149	97,362
Project surcharge (Note 16)	25,900	24,530	63,325	54,955
	$ 59,206	$ 82,986	$ 191,816	$ 217,664

16. Office expenses

	Three months ended June 30 2021	Three months ended June 30 2020	Six months ended June 30 2021	Six months ended June 30 2020
Insurance	$ 16,931	$ 14,468	$ 32,541	$ 28,775
Office supplies and consulting	109,887	62,411	179,443	136,053
Rent	5,400	5,062	10,463	10,125
Telephone	1,542	844	2,935	2,911
Utilities	3,280	2,474	7,254	5,917
Project surcharge (Note 15)	(25,900)	(24,530)	(63,325)	(54,955)
	$ 111,140	$ 60,729	$ 169,311	$ 128,826

(Unaudited – Expressed in Canadian Dollars)

17. Salaries, net of project management fees

	Three months ended June 30 2021	Three months ended June 30 2020	Six months ended June 30 2021	Six months ended June 30 2020
Gross salaries	$ 174,116	$ 188,976	$ 356,769	$ 387,922
Canadian Emergency Wage Subsidy (Note 19)	(128,751)	(152,246)	(161,021)	(152,246)
Non-cash management fee offset (Note 15):				
Christie Lake – 10%	(4,351)	(7,685)	(6,165)	(27,870)
West Bear Project – 10%	(10,651)	(11,928)	(83,985)	(69,492)
	$ 30,363	$ 17,117	$ 105,598	$ 138,314

The Christie Lake project 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 July 15, 2016 Joint Venture Agreement with JCU.

18. 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 June 30 2021	Three months ended June 30 2020	Six months ended June 30 2021	Six months ended June 30 2020
Cameco group of companies (1)	$ -	$ -	$ 622	$ 1,055
Management advisory board share-based payments (2)	2,362	2,589	4,814	2,589
	$ 2,362	$ 2,589	$ 5,436	$ 3,644

(1) Payments related to fees paid 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 11(c).

(Unaudited – Expressed in Canadian Dollars)

18. Related party transactions (continued)

(b) Key management personnel compensation

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

	Three months ended June 30				Six months ended June 30			
		2021		**2020**		**2021**		**2020**
Salaries and short-term employee benefits (1)(2)(5)	$	169,181	$	109,082	$	282,834	$	222,326
Share-based payments (3)		47,825		206,203		110,834		294,568
Other compensation (1)(4)		51,817		56,877		105,269		112,146
	$	268,823	$	372,162	$	498,937	$	629,040

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

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

(4) Represents payments to Evelyn Abbott for CFO services rendered to the Company. In the event that Ms. Abbott's consulting agreement is terminated by the Company for any reason other than as a result of a change of control, death or termination for cause, the Company 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.

(5) Salaries and short-term employee benefits disclosed are gross amounts paid and does not include the reduction for the Canadian Emergency Wage Subsidy (Note 19).

19. Government Assistance

In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy program in April 2020 ("CEWS"). CEWS provides a wage subsidy on eligible remuneration to eligible employers based on certain criteria.

During the period ended June 30, 2021, the Company assessed its eligibility related to CEWS and determined it has qualified for this subsidy from the January 1, 2021 through to July 3, 2021. It has accordingly applied for and received $60,120 for the period ended April 10, 2021 (2020 - $78,086 for the period ended May 9, 2020), has applied for additional periods ending July 3, 2021, and has accrued a receivable of $100,901 for the period April 11, 2021 to June 30, 2021 (2020 - $74,160 for the period May 10, 2020 to June 30, 2020) (Note 4). This subsidy has been recorded as a reduction to the eligible remuneration expense incurred by the Company during this period. Government assistance related to an expense has been recognized as a reduction of related expense for which the grant is intended to compensate. The Company intends to apply for the CEWS in subsequent application periods, subject to continuing to meet the applicable qualification criteria.

Exploration and evaluation salaries for the period that have been compensated by the CEWS have been excluded as flow-through eligible expenditures.

20. Subsequent events

(a) On August 3, 2021, UEX and Denison Mines Corp ("Denison") entered into a three-month Term Loan for $40.95 million to facilitate UEX's purchase of 100% of the shares of JCU. The Term Loan is interest free for the first three months, and UEX may extend the Term Loan by an additional three months, in which case interest will be charge at a rate of 4% from the date of the initial advance under the Term Loan until maturity.

(b) On August 3, 2021, UEX acquired 100 % of the shares of JCU from Overseas Uranium Resources Development Co., Ltd. for $41 million, pursuant to a definitive purchase agreement signed on April 22, 2021 and further amended on June 14, 2021.

JCU is a private Canadian company engaged in the exploration and development of uranium assets in Canada. It has partnerships and interests in 12 uranium exploration and development projects in the Athabasca Basin and Nunavut, including ownership interests in Denison's Wheeler River Project (10.0000%), Cameco's Millennium Project (33.0990%), Orano's Kiggavik Project (33.8123%), and UEX's Christie Lake Project (34.4508%).

(c) On August 3, 2021 UEX sold 50% of the JCU shares to Denison for $20.5 million, pursuant to a binding agreement signed on June 13, 2021. Terms of the UEX-Denison transaction include:

- UEX and Denison have entered into a shareholders' agreement governing the management of JCU (the "Shareholders' Agreement"). UEX will be the manager of JCU as long as Denison does not own more than 50% of the shares of JCU.
- $20.5 million of the Term Loan was retired on UEX transferring 50% of the JCU shares to Denison at the close of the UEX-Denison transaction.
- All JCU shares owned by the Company are pledged as security as the sole recourse to Denison against the balance of the Term Loan until the Term Loan is repaid in full.

The Company will be required to raise additional funds within the next six months to pay off the remaining Term Loan amount of $20.45 million.

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
North Vancouver, British Columbia

Roger M. Lemaitre
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Warman, Saskatchewan

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