# UEX Corporation

**Management's Discussion and Analysis**
**For the three and six-month periods ended**
**June 30, 2022**

**Growing towards production with a substantial and sustainable stake in Canada's uranium pipeline**

**Leading the discovery of ethically sourced cobalt in Canada**

**TSX: UEX**

**OTCQB: UEXCF**

**www.uexcorp.com**

## *Message to Shareholders*

It is very exciting that the increased understanding of nuclear power as a key component of clean energy, the new level of visibility of uranium equities amongst general investors, as well as the emergence the Sprott Physical Uranium Fund, has brought our industry into the mainstream investing environment, something we have been moving towards for many years.

After reaching a peak of US$63.75/lb U3O8 in April, spot uranium prices dropped then leveled out over most of the quarter, trading in a range between US$45.00/lb and US$49.00/lb. Despite the drop in the spot price, the long-term uranium price has risen to US$53.00/lb. Leading uranium price indicator, the long-term SWU enrichment price, has skyrocketed this past quarter from US$70/SWU to US$135/SWU. In the face of global political pressures, utilities are scrambling to find western conversion and enrichment services to meet their needs and delink themselves from the Russian nuclear fuel supply chain. However, utilities are more patient when it comes to uranium procurement despite their rapidly growing uncovered requirements. Utilities are awaiting to observe how the trends in customer sentiment and government sanctions play out on potential sources of uranium supply prior to committing to long-term uranium contracts. Industry experts have noted that utilities are seeking to lock-in today's uranium prices as protection from inevitable future price increases and to ease their security of supply concerns. However, there are limited options as suppliers are unwilling to sell at current market values.

While geopolitical events, inflationary fears, and uranium prices continue to impact our industry through the second quarter, UEX has been following-up on the positive momentum of our exploration results from this winter. Summer drilling programs are underway at Christie Lake targeting down dip the Ken Pen and Ōrora Deposits. Additional holes are planned along the A and B Trend targets after the discovery of nearby anomalous uranium high up in the sandstone. The Waterfound River JV operator has commenced drilling to expand the Alligator West high-grade uranium zone discovered this winter. UEX has an interest in the Waterfound River Project through our ownership in JCU.

Despite the uneasiness in stock markets today, the patience of UEX shareholders is starting to pay off. The spotlight is now shining on the true value of the Company's assets. While almost all uranium equities experienced sharp corrections this past quarter, the UEX share price has been rising, outperforming all of our peers, as two of our larger peers, significant players in the North American uranium sector, are vying with each other to acquire the Company.

UEX's assets are located in Saskatchewan, in the safe, secure, and geologically robust Athabasca Basin of northern Saskatchewan. The Company has ownership of one of the largest uranium resource bases in the junior uranium sector. UEX is a unique and valuable equity option and will be an even more valuable addition to the assets of whichever suitor prevails. Post-transaction, in either case, UEX investors will be exposed to one of the industry's top portfolios of production-ready uranium projects, boasting a long and multi-sourced production pipeline, and possessing an enhanced ability to grow through exploration discovery that will be underpinned by a solid balance sheet and enhanced access to capital. Even more important, whichever company succeeds in purchasing UEX will be a go-to name in the uranium investment industry, be focussed in the best jurisdictions in the west, and be well positioned to take advantage of the emerging and favorable uranium industry fundamentals to create even more value for shareholders than UEX can do exclusively on its own.

The next few weeks promise to be exciting for UEX shareholders, and I look forward to updating you on developments as they occur.

*Roger Lemaitre*
*President & CEO*

# UEX CORPORATION

Management's Discussion and Analysis
For the six-month periods ended June 30, 2022 and 2021
(Expressed in Canadian dollars, unless otherwise noted)

*This Management's Discussion and Analysis ("MD&A") of UEX Corporation ("UEX" or the "Company") for the three and six-month periods ended June 30, 2022 is intended to provide a detailed analysis of the Company's business and compares its financial results with those of previous periods. This MD&A is dated August 12, 2022 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three and six-month periods ended June 30, 2022. The unaudited condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and do not include all of the information required for full financial statements. This MD&A should also be read in conjunction with the audited annual consolidated financial statements for the years ended December 31, 2021 and 2020, prepared in accordance with International Financial Reporting Standards ("IFRS"), and the 2021 annual MD&A. Unless specified otherwise, all dollar amounts are in Canadian dollars.*

*Other disclosure documents of the Company, including its Annual Information Form, filed with the applicable securities regulatory authorities in Canada are available on SEDAR at [www.sedar.com](http://www.sedar.com).*

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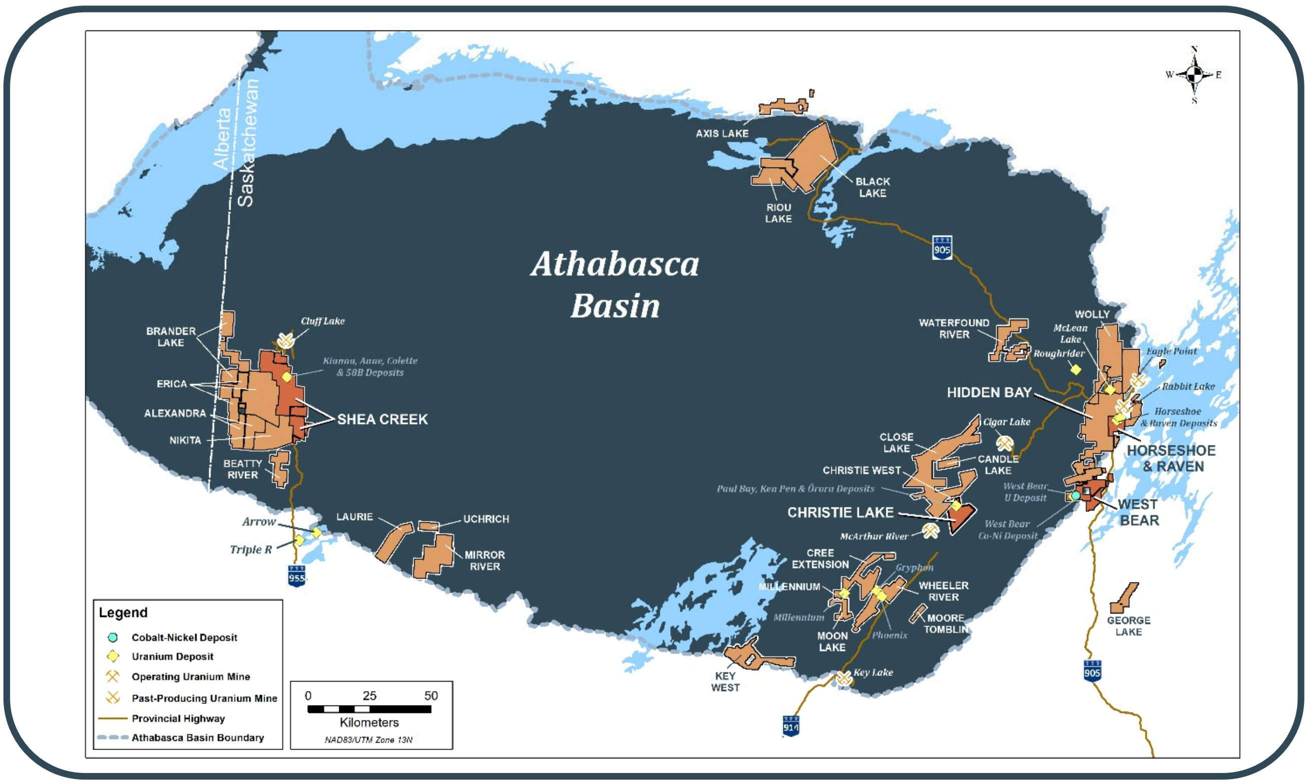
# 1. Introduction

## Overview

UEX is growing towards becoming a sustainable uranium developer with potential for multi-source low-cost production underpinned by a solid pipeline of lower risk growth opportunities. The Company also leads the discovery of ethically sourced cobalt in Canada.

Since being listed on the Toronto Stock Exchange in 2002, UEX has pursued exploration on a diversified portfolio of prospective uranium and cobalt projects in three areas within the Athabasca Basin in Saskatchewan, Canada. UEX has an ownership stake in several of Canada's key future uranium development projects, backstopped by development-stage projects at Horseshoe-Raven and Shea Creek. The Company's development pipeline is supported by an enviable and highly prospective portfolio of resource, mid-stage and grassroots projects including Christie Lake, Hidden Bay and West Bear which will help sustain UEX well into the future.



## The Arrangement

On June 13, 2022, the Company entered into a definitive arrangement agreement among the Company, Uranium Energy Corp. ("UEC") and UEC 2022 Acquisition Corp. (the "Purchaser"), as amended on June 23, 2022 (the "UEC Arrangement Agreement"), pursuant to which the Purchaser, a wholly owned subsidiary of UEC, agreed to acquire all of the issued and outstanding common shares of the Company ("Common Shares") by way of a plan of arrangement (the "Arrangement") in exchange for common shares of UEC ("UEC Shares"). Under the terms of the UEC Arrangement Agreement, each holder of a Common Share would receive 0.0831 of one UEC Share for each Common Share (the "Exchange Ratio").

The Arrangement is subject to the approval of (i) 66 2/3% of votes cast by the Company's shareholders; and (ii) 66 2/3% of votes cast by the Company's shareholders together with the holders of options to purchase Common Shares and the holders of restricted share units of UEX, voting together as a single class (collectively, the "Voting Securityholders") at a special meeting of the Voting Securityholders which was scheduled to be held on August 9, 2022. The Arrangement is also subject to the receipt of certain regulatory and court approvals, and other closing conditions customary in transactions of this nature.

On July 22, 2022, the Company received an unsolicited non-binding proposal from Denison Mines Corp. ("Denison") for the acquisition of all the issued and outstanding Common Shares of the Company (the "Denison Offer"). The Board of Directors of the Company (the "Board") unanimously determined, after consultation with its financial and legal advisors, that the Denison Offer constituted a "Superior Proposal" under the UEC Arrangement Agreement.

In accordance with the UEC Arrangement Agreement, the Company notified UEC on July 28, 2022 that it considered the Denison Offer to be a Superior Proposal. UEC had the right, for a period of five business days from receipt of UEX's notice, to offer to amend the terms of the UEC Arrangement Agreement to match the Superior Proposal.

On August 5, 2022, the Company entered into an amended UEC Arrangement Agreement (the "Amended UEC Arrangement Agreement") in response to the July 22, 2022 Denison proposal pursuant to which the consideration to be paid by UEC was increased to 0.089 of one UEC Share for each Common Share.

The Amended UEC Arrangement Agreement provides for, among other things, customary Board support and non-solicitation covenants, with a "fiduciary out" that allows UEX to accept a superior proposal, subject to a "right to match" period in favor of UEC. The Amended UEC Arrangement Agreement also provides for (i) a termination fee of US$8.8 million, payable by the Company to UEC in certain specified circumstances, (ii) the reimbursement of UEC's and the Purchaser's expenses up to a maximum of $250,000 if the Amended UEC Arrangement Agreement is terminated in certain other specified circumstances, and (iii) a covenant for UEC to provide UEX with interim financing by way of a $5 million private placement of Common Shares at a price per Common Share of $0.43 (the "Interim Financing"), such Interim Financing having closed on June 21, 2022.

As part of the Amended UEC Arrangement: (i) each UEX option outstanding (whether vested or unvested) will be exchanged for an option to purchase from UEC that number of Common Shares in accordance with the Exchange Ratio; and (ii) each UEX restricted share unit ("RSUs") outstanding will immediately and unconditionally vest and be deemed to have been settled for the number of Common Shares issuable under each RSU. Immediately following the effective time of the Arrangement, any UEX common share purchase warrants outstanding will be adjusted in accordance with their respective contractual terms to account for the Arrangement.

On August 8, 2022, the Company received a second unsolicited non-binding proposal from Denison for the acquisition of all the issued and outstanding Common Shares of the Company. Under the terms of the Denison proposal, each holder of a Common Shares would receive 0.32 of one Denison common share in exchange for each Common Share. The Board again unanimously determined, after consultation with its financial and legal advisors, that the August 8, 2022 Denison proposal constituted a "Superior Proposal" under the Amended UEC Arrangement Agreement. The Company informed UEC on August 9, 2022 that it considered the August 8, 2022 Denison proposal to be a Superior Proposal. UEC has the right, for a period of five business days from receipt of

UEX's notice, to offer to amend the terms of the Amended UEC Arrangement Agreement to match the Superior Offer.

At this time, there is no assurance that the Denison proposal will lead to a termination of the Amended UEC Arrangement Agreement. In the event UEC does not offer to further amend the Amended UEC Arrangement Agreement, or if the proposed Denison offer continues to be Superior Proposal, the Company may terminate the Amended UEC Arrangement Agreement and pay UEC a termination fee of US$8,800,000, in accordance with the terms of the Amended UEC Arrangement Agreement.

There can be no guarantee that the Arrangement will close. As the Arrangement is subject to various approvals including regulatory approval and securityholder approval, failure to obtain these approvals could result in the Arrangement being abandoned or amended in some manner.

## UEX Directly-Owned Projects

UEX is involved in a number of directly-owned uranium projects located in the Athabasca Basin, the world's richest uranium district. The Company's directly-owned uranium projects include:

- Five projects 100% owned and operated by UEX: Horseshoe-Raven, Hidden Bay, Riou Lake, Christie West, and Key West,
- Christie Lake, a joint venture project (the "Christie Lake Joint Venture") with JCU (Canada) Exploration Company Ltd. ("JCU"), which UEX has an 82.775% interest, which includes a 65.5492% direct interest and 17.2254% indirect interest through JCU,
- Black Lake, a joint venture with Orano Canada Inc. ("Orano") and ALX Resources Corp ("ALX"), 51.426% owned and operated by UEX,
- Eight projects joint-ventured with and operated by Orano, under Western Athabasca Joint Venture ("WAJV") which includes the Shea Creek, Erica, Brander Lake, Alexandra, Nikita, Mirror River, Laurie and Uchrich projects,
- Beatty River, a joint-venture with Orano and JCU that is operated by Orano.

UEX is directly involved in three 100% owned cobalt-nickel exploration projects located in the Athabasca Basin of northern Saskatchewan. The flagship cobalt-nickel project is West Bear, which was formerly part of UEX's Hidden Bay Project and contains the West Bear Cobalt-Nickel Deposit and the West Bear Uranium Deposit. The other cobalt-nickel projects are the Axis Lake and Key West Projects.

Since inception, UEX has been successfully discovering and advancing uranium resources in the Athabasca Basin. The Company has three 100% owned uranium deposits in the eastern Athabasca Basin (Horseshoe, Raven, and West Bear), three 65.55% directly owned uranium deposits joint-ventured with JCU (Ken Pen, Paul Bay, and Ōrora, which are part of the Christie Lake Project), and a 49.1% interest in four uranium deposits within the Shea Creek Project joint-ventured with Orano in the western Athabasca Basin.

(Expressed in Canadian dollars, unless otherwise noted)

UEX's directly owned projects:

| Project | UEX share (%) | Partners (%) * Operator | |
|---|---|---|---|
| **Horseshoe-Raven** | 100.0000 | | |
| **West Bear** | 100.0000 | | |
| **Hidden Bay** | 100.0000 | | |
| **Western Athabasca** | | | |
| Shea Creek | 49.0975 | Orano Canada Inc.* | 50.9025 |
| Alexandra | 21.0482 | Orano Canada Inc.* | 78.9518 |
| Brander Lake | 49.0975 | Orano Canada Inc.* | 50.9025 |
| Erica | 49.0975 | Orano Canada Inc.* | 50.9025 |
| Laurie | 32.9876 | Orano Canada Inc.* | 67.0124 |
| Mirror River | 32.3354 | Orano Canada Inc.* | 67.6646 |
| Nikita | 12.7151 | Orano Canada Inc.* | 87.2849 |
| Uchrich | 30.4799 | Orano Canada Inc.* | 69.5201 |
| **Black Lake** | 51.4260* | ALX | 40.0000 |
| | | Orano Canada Inc. | 8.5740 |
| **Riou Lake** | 100.000 | | |
| **Beatty River** | 22.0444 | Orano Canada Inc.* | 56.5303 |
| | | JCU | 21.4253 |
| **Christie Lake** | 65.5492* | JCU | 34.4508 |
| **Christie Lake West** | 100.0000 | | |
| **Key West** | 100.0000 | | |
| **Axis Lake** | 100.0000 | | |
| **George Lake** | 50.0000 | Searchlight Resources | 50.0000 |

For more detailed information regarding UEX's exploration projects, please refer to UEX's current Annual Information Form, available at *www.sedar.com* or at *www.uexcorp.com*.

(Expressed in Canadian dollars, unless otherwise noted)

## UEX Indirectly-Owned Projects through JCU

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

On August 3, 2021 UEX sold 50% of the JCU shares to Denison for $20.5 million, and entered into a shareholders' agreement with Denison governing the management of JCU (the "Shareholders' Agreement"). UEX is the manager of JCU as long as Denison does not own more than 50% of the shares of JCU.

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, Saskatchewan and in the Thelon Basin, 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%).

UEX is indirectly involved in eleven uranium projects located in the Athabasca Basin, and one project in the Thelon Basin of the Nunavut Territory through its 50% ownership of JCU. JCU owns:

| Project | JCU share (%)[1] | Partners (%) * Operator | |
|---|---|---|---|
| **Millennium** | 30.0990 | Cameco Corporation* | 69.9010 |
| **Kiggavik** | 33.8118 | Orano Canada Inc.* | 24.0034 |
| | | Urangesellschaft Canada Ltd. | 42.1848 |
| **Wheeler River** | 10.0000 | Denison Mines Corp.* | 90.0000 |
| **Christie Lake** | 34.4508 | UEX Corporation* | 65.5492 |
| **Wolly** | 12.7644 | Orano Canada Inc.* | 65.9164 |
| | | Denison Mines Corp. | 21.3192 |
| **Close Lake** | 10.3128 | Orano Canada Inc.* | 75.1279 |
| | | Cameco Corporation | 14.5593 |
| **Candle Lake** | 25.0000 | Denison Mines Corp.* | 44.9400 |
| | | Uranium One | 30.0600 |
| **Beatty River** | 21.4253 | Orano Canada Inc.* | 56.5303 |
| | | UEX Corporation | 22.0444 |
| **Waterfound River** | 25.8010 | Orano Canada Inc.* | 62.4223 |
| | | Denison Mines Corp. | 11.7767 |
| **Cree Extension** | 30.0990 | Cameco Corporation* | 41.9645 |
| | | Orano Canada Inc. | 27.9365 |
| **Moon Lake** | 20.1494 | Cameco Corporation* | 56.6816 |
| | | Orano Canada Inc. | 23.1690 |
| **Moore Tomblin** | 13.5947 | Orano Canada Inc.* | 66.6194 |
| | | Cameco Corporation | 19.7859 |

[1] As 50% owner of JCU, UEX has an indirect 50% interest in the JCU Projects

## Growth Strategy – UEX

- To plan and execute the exploration and evaluation work required to delineate and develop economic uranium resources at Christie Lake and our 100%-owned Hidden Bay Project.
- To grow resources through brownfield exploration as well as advancing the evaluation/development activities at Shea Creek.
- To contribute to the advancement of the Wheeler River to production through our 50% ownership in JCU.
- To advance the Millennium, Horseshoe-Raven and Kiggavik uranium deposits to a production decision once uranium prices have demonstrated a sustained recovery from current spot and long-term prices.
- To extract value for UEX shareholders from our cobalt assets using our unique knowledge and understanding of the Athabasca cobalt deposits to take advantage of the rapid increase in the demand for cobalt due to the anticipated growth in electric vehicle manufacturing.
- To evaluate and make timely acquisitions of uranium and cobalt projects in favorable, low-cost jurisdictions.

## Qualified Person

The disclosure of technical information regarding UEX's properties in this MD&A has been reviewed and approved by Roger Lemaitre, P.Eng., P.Geo., UEX's President and CEO, who is a Qualified Person as defined by NI 43-101 and is non-independent of UEX.

(Expressed in Canadian dollars, unless otherwise noted)

## 2. Financial Update

### Selected Financial Information

The following is selected financial data from the audited consolidated financial statements of UEX for the last three completed fiscal years. The data should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2021, 2020 and 2019 and the notes thereto. Certain comparative period amounts have been reclassified to conform with the current year's presentation.

**Summary of Annual Financial Results**

| | December 31, 2021 | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Interest income | $ 21,153 | $ 42,398 | $ 126,975 |
| Management fees | 21,250 | - | - |
| Net loss for the year | (4,995,291) | (3,630,630) | (9,123,734) |
| Write-off of mineral property acquisition costs | - | (2,505) | (9,151) |
| Basic and diluted loss per share | (0.010) | (0.009) | (0.023) |
| Exploration and evaluation expense | 2,379,286 | 2,169,945 | 7,682,875 |
| Capitalized acquisition costs | 1,578 | 3,978 | 17,888 |
| Investment in equity-accounted investee | 20,219,060 | - | - |
| Total assets | 39,300,417 | 19,085,279 | 15,295,954 |
| Total non-current liabilities | $ 63,344 | $ 113,681 | $ 170,722 |

The following quarterly financial data is derived from the unaudited condensed interim consolidated financial statements of UEX as at and for the three-month periods indicated below.

**Summary of Quarterly Financial Results (Unaudited)**

| | 2022 Quarter 2 | 2022 Quarter 1 | 2021 Quarter 4 | 2021 Quarter 3 | 2021 Quarter 2 | 2021 Quarter 1 | 2020 Quarter 4 | 2020 Quarter 3 |
|---|---|---|---|---|---|---|---|---|
| Interest income | $ 10,222 | $ 6,189 | $ 4,073 | $ 3,801 | $ 4,322 | $ 8,957 | $ 10,831 | $ 10,037 |
| Management fees | 3,000 | 3,000 | 11,750 | 9,500 | - | - | - | - |
| Other income | 6,500 | - | - | - | - | - | - | - |
| Net loss for the period | (3,774,831) | (3,984,351) | (1,207,236) | (1,188,670) | (903,070) | (1,696,315) | (673,907) | (870,984) |
| Write-off of mineral property acquisition costs | 910 | - | - | - | - | - | - | - |
| Basic and diluted loss per share | (0.007) | (0.007) | (0.002) | (0.002) | (0.002) | (0.004) | (0.002) | (0.002) |
| Exploration and evaluation expense | 686,004 | 2,714,247 | 197,674 | 570,902 | 337,043 | 1,273,667 | 354,950 | 623,700 |
| Capitalized mineral property acquisition costs | - | - | - | - | - | 1,578 | - | - |
| Investment in equity-accounted investee | 18,868,843 | 19,763,891 | 20,219,060 | 21,001,685 | - | - | - | - |
| Total assets | 38,776,920 | 36,612,907 | 39,300,417 | 37,766,603 | 17,764,740 | 18,047,121 | 19,085,279 | 14,094,035 |
| Total non-current liabilities | 176,827 | 50,201 | 63,344 | 76,259 | 88,951 | 101,424 | 113,681 | 125,726 |

UEX's business is not affected by seasonality as the Company is able to perform exploration and evaluation work year-round. Variations in exploration and evaluation expenditures from quarter to quarter and year to year are affected by the timing and size of the exploration and evaluation programs in the periods. In 2022, UEX is focusing its exploration efforts on the Christie Lake and Hidden Bay Projects.

## Results of Operations for the Three-Month Period Ended June 30, 2022

For the three-month period ended June 30, 2022, the Company earned interest income on short-term deposits of $10,222 (2021 - $4,322). The increase in interest income was primarily due to an increase in interest rates over the period. In the second quarter of 2022, the Company had an average cash balance invested of approximately $4.5 million versus $6.2 million in the comparative period. The Company also received management fees of $3,000 (2021 - $nil) from JCU, and other income of $6,500 (2021 - $nil).

For the three-month period ended June 30, 2022, the Company incurred expenses of $3,285,981 (2021 - $909,592) with significant changes from the comparative period identified as follows:

- Exploration and evaluation expenditures of $686,004 (Q2 2021 - $337,043) were higher in the current period. During Q2 2022, the Company completed the last 3 holes of a 19-hole drill program at Hidden Bay and was preparing for the Christie Lake summer drill program. The Company also estimated a provision of $200,000 for environmental remediation work to be performed over the next year. During Q2 2021, the Company completed a 6-hole drill program and core mapping program at Hidden Bay, began updating the West Bear and Raven Horseshoe Technical Report, and was preparing for the Christie Lake summer drill program.
- Office expenses of $1,570,223 (Q2 2021 - $111,140) were higher in the current period due increase in financial advisory services related to the Arrangement. During Q2 2021, financial advisory services were incurred related to the JCU acquisition.
- Gross salaries of $235,263 (Q2 2021 - $174,116) were higher in the current period due to an employee returning from leave and the promotion of Chief Geologist to Vice President of Exploration. Salaries, net of project management fees and Canadian Wage Subsidy program ("CEWS") of $205,291 (Q2 2021 - $30,363), were higher in the current period due to no CEWS being available in Q2 2022 as the CEWS program was discontinued on October 23, 2021.
- Legal and audit expense of $508,066 (Q2 2021 - $269,221) increased due to fees related to the UEC transaction compared to Q2 2021, where fees related to the JCU acquisition.
- The vesting of share purchase options during the three-month period ended June 30, 2022, resulted in share-based compensation of $297,925 (Q2 2021 - $60,658), of which $10,824 was allocated to exploration and evaluation expenditures (Q2 2021 - $5,241) and the remaining $163,517 was expensed to share-based compensation (Q2 2021 - $55,417). Share-based compensation expense also includes the estimated fair value expense of RSUs of $62,133 (Q2 2021 - $nil). The higher share-based compensation expense is due to fluctuations in share price at grant date, interest rate, share price volatility and life of options, and the number of options and RSU's vesting in the period.
- Share of loss from equity-accounted investee of $531,391 (Q2 2021 - $nil) increased due to the acquisition of JCU on August 3, 2021, and how UEX accounts for the Company's 50% share of loss from JCU upon consolidation.

## Results of Operations for the Six-Month Period Ended June 30, 2022

For the six-month period ended June 30, 2022, the Company earned interest income on short-term deposits of $16,411 (2021 - $13,279). The increase in interest income was primarily due to an increase in interest rates. In the first half of 2022, the Company had an average cash balance invested of approximately $5.5 million versus $6.2 million in the comparative period. The Company also received management fees of $6,000 (2021 - $nil) from JCU and other income of $6,500 (2021 - $nil).

For the six-month period ended June 30, 2022, the Company incurred expenses of $6,476,940 (Q2 2021 - $2,615,164) with significant changes from the comparative period identified as follows:

- Exploration and evaluation expenditures of $3,400,251 (2021 - $1,610,710) were higher in the current period. The winter programs at Christie Lake and Hidden Bay in 2022 were 10 drill holes for 5,653 m and 19 drill holes for 3,072 m, respectively. The Company also estimated a provision for environmental remediation work. In 2021, the Company completed a 19-hole drill program at West Bear, a geophysics program, a 6-hole drill program and core mapping program at Hidden Bay and was preparing for the Christie Lake summer drill program.
- Legal and accounting expenses of $603,374 (2021 - $363,746) increased due to additional fees related to the UEC transaction. In 2021, legal and accounting fees primarily related to the JCU acquisition.
- Office expenses, net of project surcharges, of $1,662,533 (2020 - $169,311) were higher than the comparative period due to an increase in advisory services expenses related to the UEC transaction.
- Gross salaries of $504,930 (2021 - $356,769) increased due to an employee returning from leave and the promotion of Chief Geologist to Vice President of Exploration. Salaries, net of project management fees and Canadian Emergency Wage Subsidy program ("CEWS"), of $247,396 (2021 - $105,598) increased due to no CEWS being available in 2022, whereas in 2021 CEWS was claimed.
- The vesting of share purchase options during the six-month period ended June 30, 2022, resulted in share-based compensation of $473,850 (2021 - $140,310), of which $21,360 was allocated to exploration and evaluation expenditures (2021 - $11,981) and the remaining $328,906 was expensed to share-based compensation (2021 - $128,329). Share-based compensation expense also includes the estimated fair value expense of RSUs of $123,584 (2021 - $nil). The higher share-based compensation expense is due to fluctuations in share price at grant date, interest rate, share price volatility and life of options, and the number of options and RSU's vesting in the period.
- Share of loss from equity-accounted investee of $1,384,493 (2021 - $nil) increased due to the acquisition of JCU on August 3, 2021, and how UEX accounts for the Company's 50% share of loss from JCU upon consolidation.

## Exploration and Evaluation Update

### Christie Lake Project

### 2021 Exploration Program

The Company budgeted $2 million for the approved 2021 exploration program, which was to focus on the summer drilling of multiple targets along the Yalowega conductive trend and following-up drill results from the 2020 program. Contractor availability impacted the program and limited the scope of the program to three drill holes before forcing demobilization of the drill program in the fall. The total 2021 exploration expenditures at Christie Lake totaled approximately $0.80 million, with UEX's share being approximately $0.53 million.

Per the Christie Lake Joint Venture Agreement, JCU changed its decision to participate in the 2021 program and contributed its share of the 2021 expenditures for the program. The total amount recovered from JCU was $0.27 million.

### 2022 Exploration Program

In December 2021, the Christie Lake Joint Venture approved the 2022 exploration program and budget totaling $6.1 million, in which JCU has chosen to participate. UEX's share would be approximately $4.0 million.

Winter exploration drilling at Christie Lake totaled 5,653 m in 10 drill holes that focused on the evaluation of the three target areas on the property: the A trend, the B trend, and down plunge of the three known deposits along the Yalowega C trend. Seven of the ten completed holes tested the area between Orora and Paul Bay deposits. The best result from the winter program was in drill hole CB-164 that tested for basement mineralization between the Paul Bay and Ken Pen Deposits which intersected uranium mineralization in faulted rocks just below the unconformity that averaged 0.11% $eU_3O_8$ over 1.0 m at 471.9 m. Two other holes, CB-160 and CB-162 drilled to test the basement rocks along the C trend, also encountered a permissive fault structure with associated hydrothermal alteration that extends below the existing uranium deposits. Additional drill tests are planned for this area in the summer.

Two drill holes tested the DC Resistivity low adjacent to the B Conductor Trend. Drill hole CB-163 encountered elevated radioactivity in the sandstone column approximately 180 m above the unconformity coincident with fracture controlled sooty grey alteration and secondary hematite alteration. This interval has uranium mineralization that grades 0.05% U3O8 over 1.5 m from 298.6 to 300.2 m. Follow-up drilling near hole CB-163 along the A and B conductor trends represents high priority drill targets for the Christie Lake summer drill program.

Hole CB-161, UEX's initial test of the A Conductor trend, encountered alteration of the basement rocks that overprinted the regional background paleoweathering. The bleaching of the basement rocks persists to 528 m, some 70 m below the unconformity. As an initial prospectivity evaluation of an area, this is a success and indicates that the entire 3 km strike length of the A-Trend is prospective and warrants further evaluation during the summer drill program.

In June SRK Consulting (Canada) completed a Technical Report for Christie Lake, including an updated resource estimate for the Project. The report dated June 7, 2022 by Glen Cole of SRK Consulting (Canada) was filed on SEDAR on July 8, 2022.

The total exploration expenditures at Christie Lake for the six months ended June 30, 2022 totaled approximately $2.7 million, of which UEX's direct share was $1.8 million and JCU's direct share was $0.9 million. UEX's 50% indirect share of JCU was approximately $0.5 million. UEX initiated the summer drill program at the Christie Lake Project in early July, this activity is ongoing at the time of this report.

## West Bear Project

### 2021 Exploration Program

In January to March of 2021, UEX completed a $1.0 million field program that included the HLEM geophysical surveys on the Michael Lake and Huggins Lake grids, which was initiated in the fall of 2020, and drilled 19 holes totaling 2,690 m in the Michael Lake target area. The drill program was successful at locating a new zone of cobalt-nickel mineralization on the Michael Lake Grid. Discovery hole MIC-004 returned an average grade of 0.50% Co and 1.01% Ni over 23.5 m from 44.0 to 67.5 m. Several follow up drill holes also encountered cobalt-nickel mineralization.

Due to the successful drill program at Michael Lake, the planned drill testing of the Huggins Lake target was deferred until a future date.

### 2022 Exploration Program

UEX considers the Michael Lake target to be one of the most prospective in its current portfolio of exploration assets and worthy of substantial future exploration investment. However, the Company has elected not to conduct a follow-up Co-Ni exploration program on the West Bear project in 2022 in order to focus on its uranium exploration portfolio. The Company will re-evaluate its cobalt exploration portfolio and may propose a program on the West Bear Project in 2023.

In August 2022, UEX announced an updated West Bear Technical Report that replaced the 2019 Technical Report and cobalt-nickel resource estimate.

## Horseshoe and Raven Project

### 2021 Exploration Program

In August and September 2021, UEX initiated a geological review of the Horseshoe and Raven Deposits and completed an updated mineral resource estimate of the two deposits for a total cost of approximately $0.14 million.

In June 2022, the Company announced an updated Raven Horseshoe Technical Report that replaced the 2021 Technical Report and Mineral resource estimates.

## Hidden Bay Project

### 2021 Exploration Program

The 2021 winter exploration program included HLEM geophysical survey and diamond drilling in two target areas on the property. HLEM surveys totaling 73.1 line km were completed at the Dwyer Lake target and 22.4 line km in the Uranium-Nickel Sands area. Six drill holes totalling 753 m were completed at Uranium-Nickel Sands which identified visible hydrothermal alteration bleaching and clay alteration typically found in close proximity to uranium mineralization. The total 2021 exploration expenditures at Hidden Bay totaled approximately $0.61 million.

The early onset of spring conditions precluded any drill evaluation of the Dwyer Lake targets to follow up the results of the winter HLEM program. Drill testing of the Dwyer Lake area will be a priority in future drill programs.

### 2022 Exploration Program

Winter drilling at the Hidden Bay Project consisted of 3,072 m drilling in 19 drill holes to test two parallel conductive trends along 1,800 m of strike length within the Uranium-Nickel Sands target area that is adjacent to Cameco's Rabbit Lake Mine. The 2022 drilling program successfully extended the structure and alteration from the 2021 program and identified similar structure and alteration features to those observed near the Horseshoe and Raven Deposits that are located approximately 2.5 km south of the Uranium-Nickel Sands area. Drilling in 2022 extended the Uranium-Nikcel Sands alteration system to 1,800 m in length. UEX is waiting on the geochemistry results from the program to perform a full assessment of this target area. The total 2022 exploration expenditures at Hidden Bay to the end of Q2 totaled approximately $1.23 million.

Drilling in the Dwyer Lake area was postponed due to issues with drill contractor availability.

## Western Athabasca Projects

### 2021 and 2022 Exploration Programs

Orano notified UEX in October 2020 that Orano, as the operator, will not be proposing exploration programs and budgets in 2021 or 2022 for any of the WAJV projects, but acknowledged that discussions regarding Shea Creek remain ongoing at this time.

Orano did not propose a program or budget for the Shea Creek Project in 2020, 2021 or 2022 despite UEX indicating an interest for exploration activities to restart. UEX completed a detailed technical review of the Shea Creek Deposits in 2020 with the objective of identifying opportunities to expand the footprint of the known deposits and to prioritize targets for drill testing in the immediate vicinity. This review led UEX to determine that several drill targets exist within the footprint of the current known deposits that have the potential to increase uranium resources significantly. This potential occurs dominantly within east-west trending basement-hosted structures beneath all four existing unconformity deposits, which is the same geological environment that hosts the Kianna Deposit. Basement-hosted mineralization at Kianna is higher-grade than most of the known Shea Creek Deposits and hosts over 50% of the known resources to date. Drill testing for discovery of additional high-grade basement-hosted uranium targets that host the Kianna Deposit have not been properly tested by the operator. Furthermore, there are existing drill holes in these target areas that encountered basement-hosted uranium that have not been tested in the down-dip direction. The UEX review also suggested that the SHEA-2 area, located approximately 2 km south and along strike of the Shea Creek Deposits, remains a very high-priority drilling target.

In June of 2022 UEX released an updated Technical Report for the Shea Creek Project. Mineral resource estimates in the updated Technical Report were consistent with the previous technical report.

(Expressed in Canadian dollars, unless otherwise noted)

The following table outlines cumulative exploration and evaluation expenditures on projects, cumulatively as at and for the six-month period ended June 30, 2022 and 2021.

| | 2021 | | | 2022 | | |
|---|---|---|---|---|---|---|
| **Project** | Cumulative[1] to December 31, 2020 | Expenditures in the period | Cumulative to June 30, 2021 | Cumulative to December 31, 2021 | Expenditures in the period | Cumulative to June 30, 2022 |
| Beatty River | $ 877,061 | $ - | $ 877,061 | $ 877,061 | $ - | $ 877,061 |
| Black Lake | 14,498,484 | - | 14,498,484 | 14,498,484 | - | 14,498,484 |
| Christie Lake | 14,111,375 | 68,071 | 14,179,446 | 14,642,753 | 1,801,788 | 16,444,541 |
| Hidden Bay | 34,447,390 | 552,192 | 34,999,582 | 35,061,891 | 1,231,000 | 36,292,891 |
| Horseshoe-Raven | 41,826,371 | 50,058 | 41,876,429 | 41,966,891 | 218,277 | 42,185,168 |
| Other projects[2] | 48,843 | 4,234 | 53,077 | 133,524 | 17,258 | 150,782 |
| West Bear Co-Ni | 6,784,641 | 929,798 | 7,714,439 | 7,785,780 | 106,607 | 7,892,387 |
| Western Athabasca | | | | | | |
| Shea Creek | 54,338,389 | 6,357 | 54,344,746 | 54,345,456 | 25,321 | 54,370,777 |
| Other WAJV | 10,929,302 | - | 10,929,302 | 10,929,302 | - | 10,929,302 |
| **All Projects Total** | $ 177,861,856 | $ 1,610,710 | $ 179,472,566 | $ 180,241,142 | $ 3,400,251 | $ 183,641,393 |

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

Exploration and evaluation expenditures for the six-month periods ended June 30, 2022 and 2021 include the following expenditures:

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Depreciation | $ 19,726 | $ 13,064 | $ 38,070 | $ 26,361 |
| Share-based compensation | 10,824 | 5,241 | 21,360 | 11,981 |
| Project management fee | 29,972 | 15,001 | 257,534 | 90,149 |
| Project surcharge | 32,475 | 25,900 | 88,600 | 63,325 |
| | $ 92,997 | $ 59,206 | $ 405,564 | $ 191,816 |

The Company has an interest in several joint operations relating to the exploration and evaluation of various properties in the western, eastern and northern Athabasca Basin. These interests are governed by contractual arrangements but have not been organized into separate legal entities or vehicles. The joint arrangements that the Company is party to in some cases entitle the Company, or its joint venture partner, to a right of first refusal on the projects should one of the partners choose to sell their interest. The joint arrangements are governed by management committees which set the annual exploration budgets for these projects. Should the Company be unable to, or choose not to, fund its required contributions as outlined in the agreements, there is a risk that the Company's ownership interest could be diluted. As a result of decisions to fund exploration programs for the joint arrangements, the Company may choose to complete further equity issuances or fund these amounts through the Company's general working capital. For further information on joint operations and ownership interests, please refer to the *Introduction* section.

## Share Capital

The Company is authorized to issue an unlimited number of Common Shares of the Company without par value, and an unlimited number of preferred shares (no par value) issuable in series of which 1,000,000 preferred shares have been designated Series 1 Preferred Shares, none of which are issued and outstanding.

- 556,562,409 and 556,567,409 Common Shares were issued and outstanding as at June 30, 2022 and August 12, 2022, respectively;
- 25,575,000 Common Shares related to director, employee and consultant share purchase options were reserved by the Company as at June 30, 2022 and August 12, 2022. As at June 30, 2022, the share purchase options are exercisable into Common Shares at exercise prices ranging from $0.125 per share to $0.60 per Common Share.
- 1,017,875 RSUs were outstanding as at June 30, 2022 and at August 12, 2022.
- As the number of share purchase options outstanding and RSUs granted at August 12, 2022 is 25,575,000 and 1,249,033 respectively, (representing 4.60% and 0.22% respectively, of the Company's current issued and outstanding Common Shares, for a total of 4.82% of the Company's issued and outstanding common shares), the number of share purchase options and RSUs available for grant as of August 12, 2022 is 28,832,708 (representing 5.18% of the Company's current issued and outstanding Common Shares).
- For the six-month period ended June 30, 2022, 600,000 share purchase options were exercised regularly with a weighted average exercise price of $0.21 for gross proceeds of $123,000.
- For the six-month period ended June 30, 2022, 312,500 warrants were exercised regularly with a weighted average exercise price of $0.21 for gross proceeds of $65,625.
- 51,789,342 and 51,784,342 share purchase warrants were outstanding as at June 30, 2022 and August 12, 2022, respectively.

*Renunciation of tax benefits:*

- Approximately $2.50 million of flow-through expenditure from the December 2021 private placement were renounced to eligible shareholders in February 2022 effective December 31, 2021. No flow-through expenditures from this private placement were incurred in 2021. Approximately $2.50 million of flow-through expenditures are expected to be incurred during 2022 of which $0.95 million had been incurred to June 30, 2022.
- Approximately $3.78 million of flow-through expenditure from the December 2020 private placement were renounced to eligible shareholders in February 2021 effective December 31, 2020. Approximately $23,006 of flow-through expenditures were incurred by December 31, 2020, and $1,928,811 of flow-through expenditures were incurred during the year ended December 31, 2021, for a total of $1,951,817. The remaining $1,828,343 of flow-through expenditures were incurred in the first quarter of 2022.

(Expressed in Canadian dollars, unless otherwise noted)

## Financing Activities

As UEX has not begun production on any of its mineral properties, the Company does not generate cash from operations and has historically funded its operations through monies raised in the public equity markets:

- On June 21, 2022, the Company completed a private placement of 11,627,907 Common Shares at a price of $0.43 per Common Share, for gross proceeds of $5,000,000 with UEC. Share issuance cost totaled $15,684. Approximately $520,000 will be used to fund the Christie Lake summer program, and the reminder for general and administration costs and JCU cash calls.

- Additional share issuance cost of $1,209 were incurred for the six months ended June 30, 2022 (2021 - $3,579) with respect to warrant and stock option exercises, RSUs and other financing matters.

- On December 17, 2021, the Company completed a flow-through private placement of 6,414,103 Common Shares at a price of $0.39 per Common Share, for gross proceeds of $2,501,500. Share issuance cost totaled $35,483 with no agent's commissions being incurred. A flow-through premium of $192,423 related to the sale of the associated tax benefits was deducted from share capital and recorded in other liabilities.

  The proposed use of proceeds from the December 17, 2021 flow-through private placement is presented in the table below:

| | PROPOSED USE OF PROCEEDS | ACTUAL USE OF PROCEEDS | |
|---|---|---|---|
| | Flow-through Private Placement | Use of Proceeds | Remaining to be Spent |
| Christie Lake Project | $ 2,101,500 | $ 401,589 | $ 1,699,911 |
| West Bear Project | - | 7,496 | (7,496) |
| Hidden Bay Project | 400,000 | 530,276 | (130,276) |
| Western Athabasca | - | - | - |
| Other Projects | - | 14,054 | (14,054) |
| **TOTAL** | **$ 2,501,500** | **$ 953,415** | **$ 1,548,085** |

  The Company renounced the income tax benefits of the December 17, 2021 private placement to its subscribers effective December 31, 2021 and will incur Part XII.6 tax at a rate of Nil% for January 2022 and 1% from February to December 2022 on unspent amounts. For the six-month period ended June 30, 2022, the Company incurred $7,634 of Part XII.6 tax (2021 - $21,806).

- On September 7, 2021, the Company completed a private placement of 72,950,000 units at a price of $0.29 per unit, for gross proceeds of $21,155,500. 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 $0.40 until September 7, 2024. Total share issuance costs of $2,809,819 included agents' cash commissions of $1,269,330 equal to 6% of the gross proceeds of the financing, other issuance costs of $254,144 and the fair value of the broker warrants of $1,286,345. The agents received 4,377,000 broker warrants equal to 6% of the total number of units sold. Each broker warrant is exercisable for a Common Share of the Company until September 7, 2024 at a price of $0.29 per Common Share. The weighted average assumptions used for the Black-Scholes valuation of the warrants were annualized volatility of 72.35%, risk-free interest rate of 0.49%, expected life of 3.0 years and a dividend rate of Nil. Net proceeds from the September 7, 2021 private placement were used to retire the Denison Term Loan (as defined herein).

(Expressed in Canadian dollars, unless otherwise noted)

- 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 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 6% of the total number of units and flow-through shares sold. Each broker warrant is exercisable for a Common Share 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 Common Shares on the date of issuance exceeded the flow-through issuance price, no flow-through share premium liability was recorded in 2020.

  The proposed use of proceeds from the December 2, 2020 flow-through private placement is presented in the table below:

| | PROPOSED USE OF PROCEEDS | ACTUAL USE OF PROCEEDS | |
|---|---|---|---|
| | Flow-through Private Placement | Use of Proceeds | Remaining to be Spent |
| Christie Lake Project | $ 2,000,000 | $ 1,578,728 | $ 421,272 |
| West Bear Project | 580,160 | 862,110 | (281,950) |
| Hidden Bay Project | 1,200,000 | 1,200,000 | - |
| Western Athabasca | - | - | - |
| Other Projects | - | 139,322 | (139,322) |
| **TOTAL** | **$ 3,780,160** | **$ 3,780,160** | **$ -** |

  The Company renounced the income tax benefits of the December 2, 2020 private placement to its subscribers effective December 31, 2020 and incurred no Part XII.6 tax on unspent amounts in 2021 as a result of Canada's COVID-19 Economic Response Plan. The qualifying expenditures incurred in 2021 will be deemed to have been incurred in January 2021, and as Part XII.6 tax does not apply to amounts expended in January of the normal look-back year, the amounts expended in the normal look-back year are exempted from Part XII.6 tax. The qualifying expenses to be incurred in 2022 will be deemed to be incurred 12 months early for purposes of determining the Part XII.6 tax liability. The Company will incur Part X.II tax at a rate of Nil% for January 2022 (deemed January 2021) and 1% from February to December 2022 (deemed February to December 2021) on unspent funds. The Company incurred $584 of Part XII.6 tax relating to this placement.

- The remaining non-flow-through funds at June 30, 2022 of $6,652,755 will be used for general and administrative expenses for 2022 and beyond.

## Liquidity and Capital Resources

Working capital as at June 30, 2022 was $6,098,587 compared to working capital of $6,918,019 as at December 31, 2021 and includes the following:

- Current assets as at June 30, 2022 and December 31, 2021 were $8,476,279 and $7,420,506 respectively, including:
    - Cash and cash equivalents of $8,200,840 at June 30, 2022 and $7,261,801 at December 31, 2021. The Company's cash balances are invested in highly liquid term deposits redeemable within 90 days or less and savings accounts.
- Current liabilities as at June 30, 2022 and December 31, 2021 were $2,377,692 and $502,487, respectively, including:
    - Accounts payable and other liabilities of $2,265,567 at June 30, 2022 and $452,150 at December 31, 2021.

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

As of August 12, 2022, the Company has spent $120,419 on exploration related capital assets for 2022. There are no further commitments to major capital expenditures for the remainder of 2022.

The Company has sufficient financial resources for exploration, evaluation, and administrative costs for the next twelve months. The Company may 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. The Company's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions and the price of uranium and cobalt as well as its business performance. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to it or at all. If the Company raises additional financing through the issuance of shares from its treasury, control of the Company may change and existing shareholders will suffer additional dilution. See "*Risks and Uncertainties*" below.

(Expressed in Canadian dollars, unless otherwise noted)

## Contractual Obligations

*Lease Liability*

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

| | June 30 2022 | December 31 2021 |
|---|---|---|
| Current | $ 52,125 | $ 50,337 |
| Non-current | 36,827 | 63,344 |
| | $ 88,952 | $ 113,681 |

The following table presents the contractual undiscounted cash flows for lease obligations as at June 30, 2022:

| | June 30 2022 |
|---|---|
| 2022 | $ 42,525 |
| 2023 | 56,700 |
| 2024 | 9,450 |

Interest expense on lease obligations for the three-month period ended June 30, 2022 was $1,703 (2021 - $2,543). Total cash outflow for leases was $14,175 (2021 - $14,175), including $12,472 of principal payments on lease liabilities (2021 - $11,632).

Interest expense on lease obligations for the six-month period ended June 30, 2022 was $3,261(2021 - $5,285). Total cash outflow for leases was $28,350 (2021 - $28,013), including $24,729 of principal payments on lease liabilities (2021 - $22,728).

## Provision

The Company has recorded a provision for environmental remediation at the Horseshoe-Raven Camp.

| | Environmental remediation |
|---|---|
| **Balance, December 31, 2021** | $ - |
| Provisions made | 200,000 |
| Provisions used | - |
| **Balance, June 30, 2022** | $ 200,000 |

The provision represents the estimated cost of environmental remediation of the Horseshoe-Raven camp, which is expected to be incurred before the end of 2023. Expected environmental remediation includes clean-up of mineralized core and other non-combustible material (soil, core samples, drill cuttings). Additionally, the Horseshoe-Raven camp has been consistently utilized in drill programs since 2012 after being purchased from a drilling contractor. Permitting and regulations for various aspects of camp have been expanded upon over the recent years, resulting in parts of the camp utilizing systems that are no longer industry best practice. Expected remediation will also include the removal and modification of various camp systems in order to be in compliance with industry best practices.

(Expressed in Canadian dollars, unless otherwise noted)

The Company expects to incur approximately $200,000 on remediation before the end of 2023. No discount rate was used in the calculation of the present value of the provision as at June 30, 2022, as the impact of time value of money is negligible.

| | **Environmental remediation** |
|---|---|
| Current | $ 60,000 |
| Non-current | 140,000 |
| | $ 200,000 |

## Equity-Accounted Investee

On August 3, 2021, the Company acquired 100% of the shares of JCU from OURD for $41.0 million. On August 3, 2021, the Company sold 50% of the JCU shares to Denison for $20.5 million. Prior to the transaction, on August 3, 2021, the Company and Denison entered into a three-month, interest-free, term loan for $40.95 million (the "Denison Term Loan") to facilitate the Company's purchase of 100% of the shares of JCU, $20.5 million of which was retired upon the Company transferring 50% of the JCU shares to Denison. The remaining $20.45 million of the Term Loan was repaid on September 17, 2021.

The Company's participation in JCU is a joint venture, therefore the Company accounts for the joint venture on an equity basis.

The consideration for the asset acquisition of JCU on August 3, 2021 (100% basis) was allocated to the assets and liabilities as follows:

| | |
|---|---|
| Cash and cash equivalents | $ 5,823,808 |
| Other current assets | 1,619 |
| Non-current assets | 35,355,252 |
| Current liabilities | (180,679) |
| Non-current liabilities | - |
| | $ 41,000,000 |

(Expressed in Canadian dollars, unless otherwise noted)

The following tables summarize the financial information of JCU and reconciles the summarized financial information to the carrying amount of UEX's interest in JCU:

| | June 30 2022 (100% basis) | UEX's non-ownership interest (50%) | Consolidating adjustments [1] | Carrying amount in the statement of financial position |
|---|---|---|---|---|
| Cash and cash equivalents | $ 2,750,624 | $ (1,375,312) | $ - | $ 1,375,312 |
| Other current assets | 6,831 | (3,416) | - | 3,415 |
| Non-current assets | 25,039,713 | (12,519,857) | 5,486,633 | 18,006,489 |
| Current liabilities | (1,032,746) | 516,373 | - | (516,373) |
| Non-current liabilities | (35,493,758) | 17,746,879 | 17,746,879 | - |
| Total | $ (8,729,336) | $ 4,364,667 | $ 23,233,512 | $ 18,868,843 |

[1] The Company records certain consolidating adjustments to allocate the purchase price and acquisition costs, eliminate unrealized profit, and align accounting treatment of mineral property exploration and evaluation costs.

A summary of the investment in JCU is as follows:

| | Number of shares | Value |
|---|---|---|
| **Balance, December 31, 2020** | - | $ - |
| Purchase of 100% of JCU shares | 69,663 | 41,000,000 |
| Sale of 50% of JCU shares | (34,831) | (20,500,000) |
| Acquisition costs | - | 293,153 |
| Share of equity loss | - | (575,527) |
| Consolidating adjustments | - | 1,434 |
| **Balance, December 31, 2021** | 34,832 | 20,219,060 |
| Share of equity loss | - | (1,384,493) |
| Consolidating adjustments | - | 34,276 |
| **Balance, June 30, 2022** | 34,832 | $ 18,868,843 |

A summary of UEX's share of loss from JCU is as follows:

| | Three months ended June 30 2022 | Three months ended June 30 2021 | Six months ended June 30 2022 | Six months ended June 30 2021 |
|---|---|---|---|---|
| Interest income | $ 5,579 | $ - | $ 11,153 | $ - |
| Total expense | (21,553) | - | (28,086) | - |
| Consolidating adjustments – alignment of accounting policies [1] | (1,046,808) | - | (2,752,053) | - |
| | (1,062,782) | - | (2,768,986) | - |
| UEX's 50% share of net loss | $ (531,391) | $ - | $ (1,384,493) | $ - |

## Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

## Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, deposits, investments and accounts payable and other liabilities. Interest income is recorded in the statement of operations and comprehensive loss. Cash and cash equivalents, as well as amounts receivable and deposits, are classified as financial assets at amortized cost, and accounts payable and other liabilities are classified as financial liabilities recorded at amortized cost using the effective interest rate method. The investments also include shares which have been classified as *financial assets at Fair Value in Other Comprehensive Income* ("FVOCI") and are carried at fair value with changes in fair value recognized in other comprehensive income.

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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development programs on its mineral properties. The Company manages its capital structure, consisting of shareholders' equity, and makes adjustments to it, based on funds available to the Company, in order to support the exploration and development of its mineral properties. Historically, the Company has relied exclusively on the issuance of Common Shares for its capital requirements. Accounts payable and other liabilities are due within the current operating period.

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents, amounts receivable, and deposits. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The maximum exposure to credit risk is equal to the carrying value of cash and cash equivalents, 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.

(Expressed in Canadian dollars, unless otherwise noted)

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

| **Investments – as at December 31, 2021** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Shares – Vanadian (TSX-V: VEC) | $ 4,375 | $ - | $ - | $ 4,375 |
| Shares – ALX (TSX-V: AL) | 450,000 | - | - | 450,000 |
| | $ 454,375 | $ - | $ - | $ 454,375 |

| **Investments – as at June 30, 2022** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Shares – Vanadian [(1)] (TSX-V: VEC) | $ - | $ - | $ - | $ - |
| Shares – ALX (TSX-V: AL) | 175,000 | - | - | 175,000 |
| | $ 175,000 | $ - | $ - | $ 175,000 |

(1) On April 20, 2022, the Company disposed of all the Vanadian shares for gross proceeds of $4,350 and recognized a loss of $25.

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, 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 | |
| Gains (losses) for the three months ended September 30, 2021 | | 101,312 | |
| Gains (losses) for the three months ended December 31, 2021 | | (78,937) | |
| Changes in fair value – total unrealized gain (loss) on financial assets at FVOCI (shares) – year ended December 31, 2021 | | $ 50,000 | 50,000 |
| **Balance, December 31, 2021** | *5,087,500* | | $ 454,375 |
| Gains (losses) for the three months ended March 31, 2022 | | $ (100,875) | |
| Gains (losses) for the three months ended June 30, 2022 | *(87,500)* | (178,500) | |
| Changes in fair value – total unrealized gain (loss) on financial assets at FVOCI (shares) – six months ended June 30, 2022 | | $ (279,375) | (279,375) |
| **Balance, June 30, 2022** | *5,000,000* | | $175,000 |

(Expressed in Canadian dollars, unless otherwise noted)

## Related Party Transactions

The Company was involved in the following related party transactions for the six-month period ended June 30, 2022 and 2021. Related party transactions include the following payments which were made to related parties other than key management personnel:

| | Three months ended June 30 2022 | Three months ended June 30 2021 | Six months ended June 30 2022 | Six months ended June 30 2021 |
|---|---|---|---|---|
| Cameco group of companies [1] | $ - | $ - | $ - | $ 622 |
| Management advisory board share-based payments [2] | 7,388 | 2,362 | 14,762 | 4,814 |
| | $ 7,388 | $ 2,362 | $ 14,762 | $ 5,436 |

(1) Payments related to fees paid for equipment repairs. Effective March 8, 2021, Cameco group of companies ceased to be a related party as their shareholding of UEX dropped below 10% which terminated certain rights and obligation under the agreement dated October 23, 2001 between Cameco, Pioneer Metals and UEX.
(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) of the financial statements.

Related party transactions include the following recoveries of expenditures which were received from parties other than key management personnel:

| | Three months ended June 30 2022 | Three months ended June 30 2021 | Six months ended June 30 2022 | Six months ended June 30 2021 |
|---|---|---|---|---|
| JCU (Canada) Exploration Company Ltd [3] | | | | |
| Management fees | $ 3,000 | $ - | $ 6,000 | $ - |
| Exploration recoveries | 429,156 | - | 470,103 | - |
| | $ 432,156 | $ - | $ 476,103 | $ - |

(3) JCU is 50% owned by UEX; related party receipts and receivables reflect the UEX owned portion of recoveries. Recoveries of expenditures relate to JCU's participation in the Christie Lake Joint Venture, recovery of administrative costs associated with acquisition of JCU, and fees related to the management of JCU. As at June 30, 2022, $17,592 was included in amounts receivable.

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

| | Three months ended June 30 2022 | Three months ended June 30 2021 | Six months ended June 30 2022 | Six months ended June 30 2021 |
|---|---|---|---|---|
| Salaries and short-term employee benefits [1][2][3][6] | $ 171,729 | $ 169,181 | $ 353,806 | $ 282,834 |
| Share-based payments [4] | 134,201 | 47,825 | 269,887 | 110,834 |
| Other compensation [1][5] | 59,898 | 51,817 | 119,698 | 105,269 |
| | $ 365,828 | $ 268,823 | $ 743,391 | $ 498,937 |

(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) In the event that Mr. Hamel's (UEX's Vice President, Exploration) 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 six months' base salary which will increase by one month salary after every year of service up to a maximum of twelve months' base salary plus any bonus owning. Mr. Hamel may also terminate the employment agreement upon two months' written notice to the Board and receive a lump sum payment equal to his base salary plus benefits for two months.

(4) 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) of the financial statements and the fair value of RSUs which have been calculated using the closing trading price of the Company's shares on grant date disclosed in Note 13(c) of the financial statements.

(5) Represents payments to Evelyn Abbott for CFO services rendered to UEX. 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 one year's base fee plus any bonus owing. Ms. Abbott may also terminate the consulting agreement upon two months' written notice to the Board.

(6) Salaries and short-term employee benefits disclosed are gross amounts paid and does not include the reduction for the Canadian Emergency Wage Subsidy (Note 21 of the financial statements).

## Government Assistance

In response to the negative economic impact of COVID-19, the Government of Canada announced the CEWS program in April 2020. CEWS provides a wage subsidy on eligible remuneration to eligible employers based on certain criteria from March 15, 2020 to October 23, 2021.

During the six months ended June 30, 2022, no subsidy was applied for as the program was discontinued on October 23, 2021. During the six months ended June 30, 2021, the Company applied for and received $60,120 for the period ended April 10, 2021, and applied for additional periods ended July 3, 2021 and recorded a receivable of $100,901 for the period April 11, 2021 through to June 30, 2021, for a total of $161,021 (Note 21). This subsidy was recorded as a reduction to the eligible remuneration expense incurred by the Company during this period. Government assistance related to an expense was recognized as a reduction of related expense for which the grant is intended to compensate.

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

On June 29, 2021, Bill C-30, Budget Implementation Act, 2021, No.1 received Royal Assent. Bill C-30 includes extension of the timeline to incur qualified expenditures by 12 months under the look-back rule for flow-through share agreements that were entered in 2019 and 2020. As a result of the extension, the Company will have until December 31, 2021 (versus December 31, 2020) for the flow-through share agreement entered in 2019 and renounced by December 31, 2019. Similarly, the Company will have until December 31, 2022 (versus December 31, 2021) for the flow-through share agreement entered in 2020 and renounced by December 31, 2020. For Part XII.6 tax, new deeming provisions will apply such that the qualifying expenditures are treated as incurred up to one year earlier than the date they are actually incurred. The provisions will also provide a reduction to the Part XII.6 tax that would otherwise be payable.

## Government Mineral Industry Relief

On June 5, 2020, the Government of Saskatchewan announced amendments to *The Mineral Tenure Registry Regulations* that granted relief to mining companies in response to the COVID-19 pandemic. The objective to the amendments were to provide mining exploration companies more time to raise necessary capital and allow companies time to provide COVID-safe access to their exploration projects while protecting stakeholders and exploration employees. The amendments provide a waiver for exploration expenditure requirements for two 12-month periods beginning March 18, 2020 when the Province declared a State of Emergency and again on

March 18, 2021. The waiver changes mineral claim lapsing dates by a minimum of 24 months without any additional exploration expenditures. This provides companies with essentially a 24-month exploration work holiday without the risk of mineral claims expiring.

## Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations and may require management to make judgments or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing consolidated financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

## Joint Arrangements

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

(i) *Joint operation* – is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated financial statements of the Company would include its share of the assets and liabilities in such joint operations, as well as its share of the revenues and expenses arising from those joint operations, measured in accordance with the terms of each arrangement.

(ii) *Joint venture* – is a joint arrangement whereby the parties have joint control over the arrangement and have rights to the net assets of the arrangement. Interests in joint ventures are accounted for using the equity method of accounting. They are initially recorded at cost, which incudes transaction costs. Subsequent to initial recognition, the Company's proportionate interest in the assets, liabilities, revenues, and expenses of jointly controlled entities are recognized on a single line in the consolidated statements of financial position and earnings. The share of joint venture results is recognized in the Company's consolidated financial statements from the date that joint control commenced until the date at which it ceases.

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

"Joint operations" as defined by IFRS are commonly referred to as "joint ventures" by UEX, its operating partners and the general mining industry, and use of the term "joint venture" by UEX in its disclosures for the purposes of describing its operating results is considered consistent with these statements.

The Company has classified its shareholders' agreement in JCU as a joint venture and accounts for its interest using the equity method.

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

## Critical Accounting Estimates

The Company prepares its consolidated financial statements in accordance with IFRS, which require management to estimate various matters that are inherently uncertain as of the date of the consolidated financial statements. Accounting estimates are deemed critical when a different estimate could have reasonably been used or where changes in the estimate are reasonably likely to occur from period to period and would materially impact the Company's consolidated financial statements. The Company's significant accounting policies are discussed in the consolidated financial statements. Critical estimates inherent in these accounting policies are discussed below.

### *Environmental Rehabilitation Provision*

The Company recognizes the fair value of a liability for environmental rehabilitation in the period in which the Company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The environmental rehabilitation obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. The environmental rehabilitation cost is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgements and estimates are involved in forming expectations of the amounts and timing of environmental rehabilitation cash flows. The Company has assessed each of its mineral projects and determined that no material environmental rehabilitations exist as the disturbance to date is minimal, with the exception of the environmental remediation at the Horseshoe-Raven camp.

### *Share-based Payments*

For equity settled plans, the fair value is estimated using the Black-Scholes option-pricing model at the grant date and amortized over the vesting periods. Upon exercise, consideration received on the exercise of share purchase options is recorded as share capital and the related share-based payments reserve is reclassified into share capital. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. Awards issued under these plans that are forfeited before vesting are reversed from share-based payments reserve. For those that expire or are forfeited after vesting, the amount previously recorded in share-based payments reserve is transferred to deficit.

For cash settled plans, the fair value is based on the Company's stock price on the date of grant. The fair value of the amount payable is recognized as stock-based compensation expense, with a corresponding increase in accrued liabilities over the vesting period. The liability is re-measured at each reporting date and at settlement date. Any changes in fair value of the liability are recognized as stock-based compensation expense.

A RSU Plan was established for officers, directors, employees, and others providing services to the Company. The RSUs vest in three equal tranches and are settled in cash or Common Shares of the Company, at the holder's option. For cash settled RSUs, Company recognizes compensation expense equal to the market value of the Common Shares at the date of grant based on the number of RSUs expected to vest, recognized over the term of the vesting period using the graded vesting method, with a corresponding credit to accrued liabilities. The liability is re-measured at each reporting date and at settlement date. Any changes in fair value of the liability are recognized as stock-based compensation expense. If the unit holder elects settlement in Common Shares, the liability is transferred directly to equity. For equity settled RSUs, the Company recognizes compensation expense equal to the market value of the Common Shares at the date of grant based on the number of RSUs expected to vest, recognized over the term of the vesting period using the graded vesting method, with a corresponding credit to share-based payment reserve. On vest date, the amount recognized in share-based payment reserved is reclassified into share capital.

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received.

### *Valuation of Warrants*

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as part of units. The residual value method first allocates value to Common Shares issued in the private placements at their fair value, as determined by the closing quoted bid price on the announcement date or the price protection date, if applicable. The balance remaining, if any, is allocated to the warrants with the fair value recorded in shareholders' equity under warrant reserve.

### *Equipment*

The Company uses assumptions to estimate the useful lives of property, plant and equipment for determining appropriate depreciation rates.

## New Standards not yet adopted

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

## 3. Risks and Uncertainties

The following factors are those which are the most applicable to the Company. The discussion which follows is not inclusive of all potential risks. There are other risks and uncertainties that have affected the Company's financial statement or that my affect them in the future. See "*Risk Factors*" in the Company's Annual Financial Information Form for other general risks affecting the Company.

Risk management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all risks inherent to the mining business, the Company strives to manage these risks, to the greatest extent possible, to ensure that its assets are protected.

### *Activities of the Company may be impacted by the spread of COVID-19*

The Company's business could be significantly adversely affected by the effects of a widespread global outbreak of contagious disease, including the recent outbreak of respiratory illness caused by a novel coronavirus ("COVID-19"). The Company cannot accurately predict the impact COVID-19 will have on third parties' ability to meet their obligations with the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries (including those in which the Company operates), resulting in an economic downturn that could negatively impact the Company's operating results and ability to raise capital.

### *Risks of exploration programs not resulting in profitable commercial mining operations*

The successful exploration and development of mineral properties is speculative. Such activities are subject to a number of uncertainties, which even a combination of careful evaluation, experience and knowledge may not eliminate. Most exploration projects do not result in the discovery of commercially mineable deposits. There is no certainty that the expenditures made or to be made by UEX in the exploration and development of its mineral properties or properties in which it has an interest will result in the discovery of uranium, cobalt or other mineralized materials in commercial quantities. While discovery of a uranium or cobalt deposit may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. There is no assurance that the current exploration programs of UEX will result in profitable commercial uranium or cobalt mining operations. UEX may abandon an exploration project because of poor results or because UEX feels that it cannot economically mine the mineralization.

### *Uranium price fluctuations*

The market price of uranium is the most significant market risk for companies exploring for and producing uranium. The marketability of uranium is subject to numerous factors beyond the control of UEX. The price of uranium has recently experienced and may continue to experience volatile and significant price movements over short periods of time. Factors impacting price include demand for nuclear power, political and economic conditions in uranium producing and consuming countries, natural disasters such as those that struck Japan in March 2011, reprocessing of spent fuel and the re-enrichment of depleted uranium tails or waste, sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants, production levels and costs of production in regions such as Kazakhstan, Russia, Africa and Australia, and potential for changes to uranium markets due to government policies such as uranium import quotas or tariffs.

### *Cobalt price fluctuations*

The market price of cobalt is the most significant market risk for companies exploring for and producing cobalt. The marketability of cobalt is subject to numerous factors beyond the control of UEX. The price of cobalt has recently experienced and may continue to experience volatile and significant price movements over short periods of time. Factors impacting price include demand for electrical vehicles, political and economic conditions in cobalt producing (particularly the Democratic Republic of Congo) and consuming countries, various government programs incentivizing electrical vehicle sales and government legislation governing carbon emissions particularly with respect to the automobile industry.

### *Requirement for financing*

There are no revenues from operations and no assurances that sufficient funding will be available to conduct further exploration and development of its projects or to fund exploration expenditures under the terms of any joint-venture or option agreements after that time. If the Company's exploration and development programs are successful, additional funds will be required for development of one or more projects. Failure to obtain additional funding could result in the delay or indefinite postponement of further exploration and development or the possible loss of the Company's properties or a reduction of interest in other joint venture projects. It is intended that such funding will be obtained primarily from future equity issues. If additional funds are raised from the issuance of equity or equity-linked securities, the percentage ownership of the current shareholders of UEX will be reduced, and the newly issued securities may have rights, preferences or privileges senior to or equal to those of the existing holders of Common Shares. The ability of UEX to raise the additional capital and the cost of such capital will depend upon market conditions from time to time. There can be no assurances that such funds will be available at reasonable cost or at all. Failure to obtain additional financing on a timely basis could cause UEX to reduce or render it unable to earn interests in its properties.

### *Internal controls*

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

### *No Mineral Production*

The Company does not have an interest in a producing mineral property. There is no assurance that commercial quantities of minerals will be discovered at any Company property, nor is there any assurance that any future exploration programs of the Company on any of its properties will yield any positive results. Even where potentially commercial quantities of minerals are discovered, there can be no assurance that any property of the Company will ever be brought to a stage where mineral reserves can be profitably produced thereon. Factors which may limit the ability of the Company to produce mineral resources from its properties include, but are not limited to, the price of mineral resources, availability of additional capital and financing and the nature of any mineral deposits.

### *International Conflict*

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes, and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global energy, supply chain and financial markets. Russia's recent invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices, supply chain and global economies more broadly. Volatility in commodity prices and supply chain disruptions may adversely affect the company's business and financial condition, and results of exploration operations.

The extent and duration of the current Russian-Ukrainian conflict and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified in this MD&A, including those relating to commodity price volatility and global financial conditions. The situation is rapidly changing and unforeseeable impacts, including on the Company's shareholders and counterparties on which the Company relies and transacts with, may materialize, and may have an adverse effect on the Company's business, results of operation and financial condition.

## 4. Disclosure Controls and Procedures

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related unaudited consolidated interim financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee.

The Company's certifying officers conducted or caused to be conducted under their supervision an evaluation of the disclosure controls and procedures as required under applicable Canadian securities laws as at December 31, 2021. Based on the evaluation, the Company's certifying officers concluded that the disclosure controls and procedures were effective to provide a reasonable level of assurance that information required to be disclosed by the Company in its annual filings and other reports that it files or submits under applicable Canadian securities laws is recorded, processed, summarized and reported within the time period specified and that such information is accumulated and communicated to the Company's management, including the certifying officers, as appropriate to allow for timely decisions regarding required disclosure.

It should be noted that while the Company's certifying officers believe that the Company's disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

## 5. Internal Controls over Financial Reporting

The Company's certifying officers acknowledge that they are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Based upon the 2013 COSO Framework, the Company's certifying officers evaluated or caused to be evaluated under their supervision the effectiveness of the Company's internal controls over financial reporting. Based upon this assessment, management concluded that as at December 31, 2021 the Company's internal control over financial reporting was effective to provide reasonable assurance regarding the preparation of the Company's financial statements in accordance with IFRS.

The internal controls over financial reporting were designed to ensure that testing and reliance could be achieved. Management and the Board of Directors work to mitigate the risk of material misstatement in financial reporting; however, there can be no assurance that this risk can be reduced to less than a remote likelihood of material misstatement.

There were no changes in these controls during the most recent interim period ending June 30, 2022 that materially affected, or are reasonably likely to materially affect, such controls.

## 6. Cautionary Statement Regarding Forward-Looking Information

This MD&A contains "forward-looking statements" within the meaning of applicable Canadian securities legislation. Such forward-looking statements include statements regarding the outlook for the Company's future operations, plans and timing for the commencement or advancement of exploration activities on the Company's properties, UEX's growth strategy, joint arrangements and option earn in arrangements, UEX's 50% ownership of JCU, statements about future market conditions, supply and demand conditions, forecasts of future costs and expenditures, the ability of UEX to satisfy the conditions to, and to complete the Arrangement and other expectations, intention and plans that are not historical fact. These forward-looking statements are based on certain factors and assumptions, including expected economic conditions, uranium prices, results of operations, performance and business prospects and opportunities.

Statements concerning mineral reserve and mineral resource estimates may also constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed and, in the case of mineral reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

- UEX's exploration activities may not result in profitable commercial mining operations;
- risks associated with UEX's participation in joint ventures and ability to earn into joint venture and option arrangements;
- risks related to UEX's reliance on other companies as operators;
- risks relating to the current Russia-Ukraine military conflict;
- risks related to uranium, cobalt, and nickel price fluctuations;
- risks associated with competition for mineral properties from mining companies which have greater financial resources and more technical staff;
- risks related to mineral reserve and mineral resource figures being estimates based on interpretations and assumptions which may prove to be unreliable;
- uncertainty in UEX's ability to raise financing and fund the exploration and development of its mineral properties which could cause UEX to reduce or be unable to earn interests in properties;
- uncertainty in competition from other energy sources and public acceptance of nuclear energy;
- risks related to dependence on key management employees;
- risks related to compliance with environmental laws and regulations which may increase costs of doing business and restrict our operations;
- risks related to officers and directors becoming associated with other natural resource companies which may give rise to conflicts of interests;
- risks related to accounting policies requiring UEX management to make estimates and assumptions that affect reported amounts of financial items;
- risks related to UEX's internal control systems providing reasonable, but not absolute, assurance on the reliability of its financial reporting;
- risks related to UEX's ability to access its exploration projects or disruptions to its business due to internal or government guidelines, legislation or other restrictions due to the COVID-19 pandemic;
- risks related to UEX's 50% ownership in JCU, including the reliability of historic resource estimates on JCU's mineral properties;
- risks related to the synergies expected from the Arrangement not being realized;
- risks related to the failure to comply with the terms of the Amended UEC Arrangement Agreement, including the payment of the termination fee to UEC in connection thereto;
- risks related to the market price of UEX's and UEC's shares; and
- potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage.

This list is not exhaustive of the factors that may affect our forward-looking statements. Reference should also be made to factors described under "Risk Factors" in UEX's latest Annual Information Form filed on *www.sedar.com*. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. UEX's forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.