UEX CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017

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Independent Auditors' Report

To the Shareholders of UEX Corporation

We have audited the accompanying consolidated financial statements of UEX Corporation, which comprise the consolidated balance sheets as at December 31, 2017 and December 31, 2016, the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2017 and December 31, 2016, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of UEX Corporation as at December 31, 2017 and December 31, 2016 and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2017 and December 31, 2016 in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
March 19, 2018

UEX CORPORATION
Consolidated Balance Sheets

As at December 31, 2017 and 2016

	Notes		2017		2016
Assets					
Current assets					
Cash and cash equivalents	3	$	5,106,761	$	4,136,636
Amounts receivable	4		38,033		106,036
Prepaid expenses	5		171,049		142,357
Investments – current portion	15		-		144
			5,315,843		4,385,173
Non-current assets					
Deposits	6		52,867		44,377
Equipment	7		244,021		267,184
Mineral properties	8		10,247,505		9,233,565
Investments	9, 15		8,750		21,000
Total assets		$	15,868,986	$	13,951,299
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and other liabilities	10	$	359,111	$	532,975
Non- current liabilities					
Security deposits			20,864		-
Total liabilities			379,975		532,975
Shareholders' equity					
Share capital	12(b)		193,850,256		186,603,862
Share-based payments reserve	12(c)		2,544,760		3,231,238
Accumulated other comprehensive income	15		1,750		14,000
Deficit			(180,907,755)		(176,430,776)
			15,489,011		13,418,324
Total liabilities and shareholders' equity		$	15,868,986	$	13,951,299

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

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board and authorized for issue on March 19, 2018.

"signed" Director
Roger M. Lemaitre

"signed" Director
Emmet A. McGrath

UEX CORPORATION

Consolidated Statements of Operations and Comprehensive Loss

Years ended December 31, 2017 and 2016

	Notes		2017		2016
Revenue					
Interest income		$	66,539	$	91,839
Expenses					
Bank charges and interest			4,471		4,126
Depreciation			29,197		30,109
Exploration and evaluation expenditures	17		4,224,084		4,825,953
Filing fees and stock exchange			106,837		78,743
Gain on sale of mineral property			-		(17,184)
Legal and audit			125,760		140,181
Loss on disposal of equipment			12,347		278
Maintenance			8,419		13,679
Office expenses	18		333,913		189,035
Project investigation			4,782		-
Rent			143,338		139,259
Salaries, net of project management fees	19		556,830		513,933
Share-based compensation	12(c)		483,085		367,808
Travel and promotion			134,855		119,925
Unrealized fair value loss on held-for-trading financial assets	15		144		164
Write-down of mineral properties	8		900		1,500
			6,168,962		6,407,509
Loss before income taxes			(6,102,423)		(6,315,670)
Deferred income tax recovery	11		236,680		334,572
Loss for the year		$	(5,865,743)	$	(5,981,098)
Other comprehensive income (loss)					
Available-for-sale financial assets net change in fair value	9, 15		(12,250)		14,000
Comprehensive loss for the year		$	(5,877,993)	$	(5,967,098)
Basic and diluted loss per share		$	(0.02)	$	(0.02)
Basic and diluted weighted-average number of shares outstanding			315,987,328		284,020,404

See accompanying notes to the consolidated financial statements.

UEX CORPORATION

Consolidated Statements of Changes in Equity

Years ended December 31, 2017 and 2016

	Number of common shares	Share capital	Share-based payments reserve	Accumulated other comprehensive income	Deficit	Total
December 31, 2015	*246,015,069*	$ 178,279,744	$ 3,067,912	$ -	$ (170,692,913)	$ 10,654,743
Loss for the year	-	-	-	-	(5,981,098)	(5,981,098)
Issued pursuant to private placements	*50,523,810*	9,250,000	-	-	-	9,250,000
Share issuance costs	-	(505,882)	-	-	-	(505,882)
Value attributed to flow-through premium on issuance	-	(420,000)	-	-	-	(420,000)
Other comprehensive income (loss)						
Fair value change in AFS financial assets	-	-	-	14,000	-	14,000
Share-based payment transactions	-	-	406,561	-	-	406,561
Transfer to deficit on expiry of share purchase options	-	-	(243,235)	-	243,235	-
December 31, 2016	*296,538,879*	$ 186,603,862	$ 3,231,238	$ 14,000	$ (176,430,776)	$ 13,418,324
Loss for the year					(5,865,743)	(5,865,743)
Issued pursuant to private placements	*28,259,994*	8,011,599	-	-	-	8,011,599
Share issuance costs	*389,200*	(765,205)	135,274	-	-	(629,931)
Other comprehensive income (loss)						
Fair value change in AFS financial assets	-	-	-	(12,250)	-	(12,250)
Share-based payment transactions	-	-	567,012	-	-	567,012
Transfer to deficit on expiry of share purchase options	-	-	(1,388,764)	-	1,388,764	-
December 31, 2017	*325,188,073*	$ 193,850,256	$ 2,544,760	$ 1,750	$ (180,907,755)	$ 15,489,011

See accompanying notes to the consolidated financial statements.

UEX CORPORATION

Consolidated Statements of Cash Flows

Years ended December 31, 2017 and 2016

	Notes		2017		2016
Cash provided by (used for):					
Operating activities					
Loss for the year		$	(5,865,743)	$	(5,981,098)
Adjustments for:					
Depreciation			99,629		81,678
Deferred income tax recovery			(236,680)		(334,572)
Equipment charged to exploration on disposal			-		1,522
Interest income			(66,539)		(91,839)
Loss on disposal of equipment			12,347		278
Part XII.6 tax	12(d)		4,249		(2,043)
Share-based compensation			567,012		406,561
Unrealized fair value loss on held-for-trading financial assets			144		164
Write-down of mineral properties	8(i)		900		1,500
Changes in:					
Amounts receivable			21,544		(35,377)
Prepaid expenses and deposits			(37,182)		(41,853)
Accounts payable and other liabilities			62,816		(28,990)
Security deposit liability			20,864		-
			(5,416,639)		(6,024,069)
Investing activities					
Interest received			108,749		85,233
Investment in mineral properties			(1,014,840)		(3,750,000)
Purchase of equipment			(93,113)		(58,737)
Proceeds on sale of furniture or equipment			4,300		277
			(994,904)		(3,723,227)
Financing activities					
Proceeds from common shares issued	12(b)		8,011,599		9,250,000
Share issuance costs	12(b)		(629,931)		(505,882)
			7,381,668		8,744,118
Increase (decrease) in cash and cash equivalents during the year			970,125		(1,003,178)
Cash and cash equivalents, beginning of year			4,136,636		5,139,814
Cash and cash equivalents, end of year		$	5,106,761		4,136,636
Supplementary information					
Non-cash transactions					
Increase in other liabilities due to flow-through premiums		$	-		420,000
Decrease in other liabilities due to partial extinguishment of flow-through premiums on December 31, 2016 renouncements			-		(183,320)
Decrease in other liabilities due to partial extinguishment of flow-through premiums on December 31, 2017 and 2016 renouncements			(236,680)		(151,252)
Non-cash share-based compensation included in exploration and evaluation expenditures			83,927		38,753
Depreciation included in exploration and evaluation expenditures			70,431		53,092

See accompanying notes to the consolidated financial statements.

1. Nature and continuance of operations

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

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

The Company is exploring and evaluating its mineral properties and has not yet determined whether its mineral properties contain mineral resources that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral resources, the ability of the Company to obtain the necessary financing to complete exploration programs and development and upon future profitable production or proceeds from the disposition of its mineral properties. The Company performed an evaluation of impairment indicators under IFRS 6 for its mineral properties as at December 31, 2017 and has concluded that there are no indicators of impairment.

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

2. Basis of preparation and significant accounting policies

(a) Statement of compliance

These consolidated financial statements, including comparative figures have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The consolidated financial statements of UEX Corporation were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 19, 2018.

(b) Functional and presentation currency

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

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

(c) Basis of consolidation:

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

(d) Use of estimates and judgments

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

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

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

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

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

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

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

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

(d) Use of estimates and judgments (continued)

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

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

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

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

(e) Joint arrangements

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

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

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

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

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

(f) Cash and cash equivalents

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

(g) Financial assets

The Company classifies its financial assets in the following categories:

(i) Financial assets at fair value through profit or loss ("FVTPL");
(ii) Held-to-maturity investments;
(iii) Available-for-sale financial assets; and
(iv) Loans and receivables.

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

(g) Financial assets (continued)

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is held for trading or is designated as FVTPL. A financial asset is classified as held for trading when it is purchased and incurred with the intention of generating profits in the near term, part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or a derivative that is not designated as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Financial assets at FVTPL include warrants in other public companies (classified as held-for-trading) which are presented as non-current assets unless management intends to dispose of these assets within 12 months of the end of the reporting period.

Held-to-maturity investments

Investments are measured at amortized cost using the effective interest rate method. Transaction costs are added and amortized to the statement of operations over the life of the financial instrument on an effective yield basis. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale ("AFS") financial assets

Short-term investments are classified as available-for-sale and are carried at fair value (where determinable based on market prices of actively traded securities) with changes in fair value recorded in other comprehensive income ("OCI"). When financial assets classified as available-for-sale are sold or determined to be impaired, the cumulative fair value adjustments recognized in accumulated other comprehensive income are recognized in profit and loss. AFS assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Company's AFS assets include marketable securities that are not held for the purpose of trading.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current or non-current assets based on their maturity date and are measured initially at fair value and subsequently at amortized cost using the effective interest rate method. The Company has cash and cash equivalents, as well as trade and other amounts receivable and deposits classified as loans and receivables.

De-recognition of financial assets

A financial asset is de-recognized when the contractual right to the asset's cash flows expires or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

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

(g) Financial assets (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

(h) Financial liabilities

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

Financial liabilities

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

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

De-recognition of financial liabilities

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

(i) Impairment of non-financial assets

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

(j) Equipment

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

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

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

(j) Equipment (continued)

Depreciation

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

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

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

(k) Mineral properties

Exploration and evaluation assets and expenses

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

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

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

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

(k) Mineral properties (continued)

Development properties

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

Reserve and resource estimates

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

(l) Provisions

General

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

Environmental rehabilitation provision

The Company recognizes the fair value of a liability for environmental rehabilitation in the period in which the Company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation.

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

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

(m) Income taxes

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

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

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

(n) Flow-through shares

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

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

(o) Share capital

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

(p) Valuation of warrants

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

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

(q) Share-based payments

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

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

(r) Earnings (loss) per share

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

(s) Recent accounting announcements

The International Accounting Standards Board has issued IFRS 9 *Financial Instruments* ("IFRS 9") to replace IAS 39 *Financial Instruments*, which is intended to reduce the complexity in the measurement and classification of financial instruments. The current version of IFRS 9 has a mandatory effective date of January 1, 2018 and is available for early adoption. The Company does not expect IFRS 9 to have a material impact on the consolidated financial statements. The classification and measurement of the Company's financial assets is not expected to change under IFRS 9 because of the nature of the Company's operations and the types of financial assets that it holds.

In January of 2016, the IASB issued IFRS 16 *Leases* ("IFRS 16") which replaces the existing leasing standard, IAS 17 *Leases*. The new standard effectively eliminates the distinction between operating and finance leases for lessees, while lessor accounting remains largely unchanged with the distinction between operating and finance leases retained. IFRS 16 takes effect on January 1, 2019, with earlier application permitted. The Company has not yet evaluated the impact of adopting this standard and does not intend to early adopt.

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

(s) Recent accounting announcements (continued)

On May 28, 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue,* IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programs.* The effective date is for reporting periods beginning on or after January 1, 2018 with early application permitted. The Company does not expect this standard to have a significant impact to the consolidated financial statements.

(t) Reclassification of Comparative Period Presentation

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

3. Cash and cash equivalents

		December 31 2017		**December 31 2016**
Cash	$	253,081	$	290,603
Short-term deposits		4,853,680		3,846,033
	$	5,106,761	$	4,136,636

4. Amounts receivable

		December 31 2016		**December 31 2016**
Interest receivable	$	15,605	$	53,564
Other receivables		22,428		52,472
	$	38,033	$	106,036

Interest receivable reflects unpaid interest earned on short-term deposits. Other receivables include $22,428 of Goods and Services Tax (GST) receivable as at December 31, 2017 (December 31, 2016 - $51,826).

5. Prepaid expenses

		December 31 2017		**December 31 2016**
Advances to vendors	$	109,976	$	50,000
Prepaid expenses		61,073		92,357
	$	171,049	$	142,357

6. Deposits

		December 31 2017		December 31 2016
Deposits	$	52,867	$	44,377

The Company paid deposits in 2017 relating to new operating leases for its premises. The leases expire between July 31, 2018 and February 29, 2024 (see Note 13 *Commitments*).

7. Equipment

		Exploration camp		Exploration equipment		Computing equipment		Furniture and fixtures		Total
Cost										
Balance at December 31, 2015	$	99,327	$	394,864	$	302,631	$	95,332	$	892,154
Additions		-		31,358		12,754		14,625		58,737
Disposals		-		(3,811)		(1,311)		(7,422)		(12,544)
Balance at December 31, 2016		99,327		422,411		314,074		102,535		938,347
Additions		-		76,770		15,319		1,024		93,113
Disposals		-		(20,861)		(41,891)		(12,333)		(75,085)
Balance at December 31, 2017	$	99,327	$	478,320	$	287,502	$	91,226	$	956,375
Accumulated depreciation and Impairment										
Balance at December 31, 2015	$	55,994	$	326,950	$	203,836	$	13,172	$	599,952
Depreciation charge for the year		7,883		23,822		30,004		19,969		81,678
Disposals		-		(2,288)		(1,311)		(6,868)		(10,467)
Balance at December 31, 2016		63,877		348,484		232,529		26,273		671,163
Depreciation charge for the year		7,218		37,081		35,206		20,124		99,629
Disposals		-		(11,126)		(41,891)		(5,421)		(58,438)
Balance at December 31, 2017	$	71,095	$	374,439	$	225,844	$	40,976	$	712,354
Net book value										
Balance at December 31, 2015	$	43,333	$	67,914	$	98,795	$	82,160	$	292,202
Balance at December 31, 2016	$	35,450	$	73,927	$	81,545	$	76,262	$	267,184
Balance at December 31, 2017	$	28,232	$	103,881	$	61,658	$	50,250	$	244,021

8. Mineral properties

Exploration and evaluation assets – acquisition costs

	Hidden Bay (i) (ii) (iii)	Black Lake (vii)	Christie Lake (ix)	Other (iv)	Total
Balance at December 31, 2015	$ 4,475,680	$ 759,385	$ 250,000	$ -	$ 5,485,065
Additions	-	-	3,750,000	-	3,750,000
Impairment charge for the year	(1,500)	-	-	-	(1,500)
Balance at December 31, 2016	4,474,180	759,385	4,000,000	-	9,233,565
Additions	3,126	-	1,000,000	11,714	1,014,840
Impairment charge for the year	(900)	-	-	-	(900)
Balance at December 31, 2017	$ 4,476,406	$ 759,385	$ 5,000,000	$ 11,714	$ 10,247,505

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

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

100% owned projects

(i) Hidden Bay Project

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

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

(ii) Horseshoe-Raven Project

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

8. Mineral properties (continued)

Exploration and evaluation assets (continued)

100% owned projects (continued)

(iii) West Bear Co-Ni Prospect

The West Bear Co-Ni Prospect lands are 100% owned by UEX with the exception of Mineral Lease 5424 which is a joint venture between UEX (77.575%), Empresa Nacional Del Uranio S.A. (7.680%), Nordostschweizerische Kraftwerke A.G. (7.68%) and Encana (7.066%). West Bear was acquired from Cameco upon UEX's formation in 2001 as part of the Hidden Bay Project, which established Cameco's initial equity position in UEX. Acquisition costs for the West Bear Co-Ni Prospect are included in the Hidden Bay Project and evaluated as a group given their proximity to each other and the ability to spread assessment credits.

(iv) Other Projects

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

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

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

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

(v) Riou Lake Project

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

Joint operations

(vi) Western Athabasca Projects

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

8. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(vi) Western Athabasca Projects (continued)

The Projects, located in the western Athabasca Basin, which include the Kianna, Anne, Colette and 58B Deposits located at the Shea Creek Project, are eight joint ventures with the Company holding an approximate 49.1% interest and Orano holding an approximate 50.9% interest in all projects as at December 31, 2017 and 2016, except for:

- the Laurie Project, where the Company has an approximate 33.0% interest as at December 31, 2017 and 42.2% interest as at December 31, 2016;
- the Mirror River Project, where the Company has an approximate 32.3% interest as at December 31, 2017 and 41.9% interest as at December 31, 2016;
- the Nikita Project where the Company has an approximate 42.0% interest as at December 31, 2017 and 49.1% interest as at December 31, 2016; and
- the Uchrich Project where the Company has an approximate 30.5% interest as at December 31, 2017 and 49.1% interest as at December 31, 2016.

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

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

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

8. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(vii) Black Lake Project

The Black Lake Project ("Black Lake"), located in the northern Athabasca Basin, is a joint venture with the Company holding a 90.92% interest and Orano holding a 9.08% interest as at December 31, 2017 and December 31, 2016.

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

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

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

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

Upon signing of the LOI, ALX paid $25,000 to UEX and were permitted to conduct up to $100,000 in exploration work. ALX completed $87,000 of exploration work that will be credited towards the Stage 1 exploration work commitment. Upon vesting any interest, ALX will become a party to the Black Lake Joint Venture.

ALX will be earning its interest in the Black Lake Project exclusively from UEX's 90.92% interest in the Joint Venture. Orano has agreed to waive their first right of refusal on the transfer of any of UEX's ownership interest to ALX.

8. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(viii) Beatty River Project

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

(ix) Christie Lake Project

The Company has earned a 45% interest in the Christie Lake Project by making $5 million in cash payments and completing $8.0 million in exploration work. The Project is located in the eastern Athabasca Basin and JCU (Canada) Exploration Company Limited ("JCU") holds a 55% interest. UEX is the operator of this project and has an option to earn up to a 70% interest in the project by making a total of $7 million in cash payments and completing a total of $15 million in exploration on the property. A summary of cash payments and exploration expenditures made to date and commitments remaining is summarized in the table below.

Date	Cash Payments	Exploration Work	UEX Cumulative Interest Earned
Completed:			
As at December 31, 2017	$ 5,000,000	7,962,022 (1)(2)	45.00 %
To be completed:			
Before January 1, 2019	1,000,000	2,037,978 (2)	60.00 %
Before January 1, 2020	1,000,000	5,000,000	70.00 %
	$ 2,000,000	$ 7,037,978	
Total	$ 7,000,000	$ 15,000,000	70.00 %

(1) Cumulative exploration work completed does not include $100,159 of share based compensation relating to the Christie Lake Project, which is not an eligible earn-in expenditure.

(2) Exploration work completed in excess of the minimum yearly commitment is applied to future years' commitments. Exploration work commitments per the earn-in agreement are as follows:

- $2,500,000 before January 1, 2017 (completed)
- $2,500,000 before January 1, 2018 (completed),
- $5,000,000 before January 1, 2019 ($2,962,022 completed); and
- $5,000,000 before January 1, 2020.

8. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

UEX is party to the following joint arrangements:

	December 31, 2017				December 31, 2016			
Ownership interest (%)	**UEX**	**Orano**	**JCU**	**Total**	**UEX**	**Orano**	**JCU**	**Total**
Beatty River	25.0000	50.7020	24.2980	100.0000	25.0000	50.7020	24.2980	100.0000
Black Lake	90.9200	9.0800	-	100.0000	90.9200	9.0800	-	100.0000
Christie Lake	45.0000	-	55.0000	100.0000	30.0000	-	70.0000	100.0000
Western Athabasca								
Alexandra	49.0975	50.9025	-	100.0000	49.0975	50.9025	-	100.0000
Brander	49.0975	50.9025	-	100.0000	49.0975	50.9025	-	100.0000
Erica	49.0975	50.9025	-	100.0000	49.0975	50.9025	-	100.0000
Laurie	32.9876	67.0124	-	100.0000	42.1827	57.8173	-	100.0000
Mirror River	32.3354	67.6646	-	100.0000	41.9475	58.0525	-	100.0000
Nikita	42.0413	57.9587	-	100.0000	49.0975	50.9025	-	100.0000
Shea Creek	49.0975	50.9025	-	100.0000	49.0975	50.9025	-	100.0000
Uchrich	30.4799	69.5201	-	100.0000	49.0975	50.9025	-	100.0000

9. Investments

The Company holds 350,000 common shares of Uracan. In early 2013, UEX received 300,000 common shares and 150,000 common share purchase warrants from Uracan as partial consideration for the signing of an agreement which allows Uracan to earn a 60% interest in the Black Lake Project (see Note 8(vii)). On February 13, 2016, these warrants expired.

On June 23, 2014, UEX entered into an amendment to the earn-in agreement with Uracan which deferred $422,440 in exploration commitments from 2014 and added these to the 2015 exploration commitments. Upon execution of this agreement, UEX received from Uracan a further 50,000 common shares and 25,000 common share purchase warrants. On June 23, 2017, these warrants expired.

These common shares are being held for long-term investment purposes. The shares have been classified as *Available-for-sale* ("AFS") financial assets and are carried at fair value, with changes in fair value reflected in other comprehensive income.

Investments	**December 31 2017**	**December 31 2016**
Common shares held – Uracan [(1)] (TSX.V: URC) (see Note 15)	$ 8,750	$ 21,000

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

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

10. Accounts payable and other liabilities

		December 31 2016		December 31 2016
Trade payables	$	85,547	$	57,427
Other liabilities		273,564		238,868
Flow-through share premium		-		236,680
	$	359,111	$	532,975

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

The flow-through share premium at December 31, 2016 represents the difference between the subscription price of $0.25 per share and the market price at issuance of $0.23 per share related to the May 17, 2016 flow-through private placement of 21,000,000 shares ($420,000). Flow-through premium of $183,320 relating to flow-through renunciation under the general rule was extinguished during the year ended December 31, 2016. In February 2017, the flow-through share premium of $236,680 relating to unspent amounts of $2,958,500 at December 31, 2016 from the May 17, 2016 flow-through placement was extinguished as the funds were spent on qualifying expenditures during 2017.

11. Income taxes

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

	2017	2016
Canadian statutory income tax rate	26.75%	27.00%
Loss before income taxes	$ (6,102,423)	$ (6,315,670)
Income tax recovery at statutory rate	1,632,398	1,705,231
Tax effect of:		
Permanent differences	(153,494)	24,752
Flow-through expenditures renounced and other	(1,769,020)	(736,113)
Valuation allowance	526,796	(659,298)
Income tax provision	$ 236,680	$ 334,572

The Company recognized a deferred income tax recovery of $236,680 for the year ended December 31, 2017 (2016 - $334,572) related to the extinguishment of the flow-through premium related to flow-through shares renounced during the year ended December 31, 2017. Flow-through premiums related to the following placements as renounced resulted in deferred tax recoveries as follows:

		Year ended December 31 2017		2016
May 11, 2015 placement flow-through premium of $275,000	$	-	$	151,252
May 17, 2016 placement flow-through premium of $420,000		236,680		183,320
	$	236,680	$	334,572

11. Income taxes (continued)

At December 31, 2017, the Company has Canadian non-capital income tax losses carried forward of approximately $18.5 million which are available to offset future years' taxable income. These losses expire as follows:

		December 31 2017
2037	$	1,691,543
2036		1,455,378
2035		2,157,909
2034		2,128,882
2033		1,870,696
2032		1,787,321
2031		1,684,498
2030		1,642,206
2029		2,666,670
2028		1,458,771
	$	18,543,874

The unrecognized deductible temporary differences at December 31, 2017 and 2016 are as follows:

	Year ended December 31			
		2017		**2016**
Non-capital loss carryforwards	$	18,543,874	$	16,852,331
Charitable donations		2,000		9,000
Equipment		923,160		795,700
Investments		30,820		18,426
Mineral resource expenditure pool		78,239,492		82,509,540
Share issuance costs		953,702		669,446
	$	98,693,048	$	100,854,443

12. Share capital

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of (no par value) preferred shares issuable in series, of which 1,000,000 preferred shares have been designated Series 1 Preferred Shares. As of December 31, 2017, no preferred shares have been issued.

12. Share capital (continued)

(b) Issued and outstanding – common shares

	Number of shares	Value
Balance, December 31, 2015	246,015,069	$ 178,279,744
Issued pursuant to private placement in 2016	50,523,810	9,250,000
Share issuance costs		(505,882)
Value attributed to flow-through premium on issuance (Note 10)		(420,000)
Balance, December 31, 2016	296,538,879	$ 186,603,862
Issued pursuant to private placements in 2017	28,259,994	8,011,599
Share issuance costs	389,200	(765,205)
Balance, December 31, 2017	325,188,073	$ 193,850,256

On May 17, 2016, the Company completed a private placement consisting of 21,000,000 flow-through common shares at a price of $0.25 per share and 9,523,810 units at a price of $0.21 per unit for gross proceeds of $7,250,000 with issue costs of $463,138. Each unit consists of one common share and one half share purchase warrant exercisable at a price of $0.30 per share for a period of two years. A flow-through premium related to the sale of the associated tax benefits was determined to be $420,000.

On January 21, 2016, UEX completed a private placement of 20,000,000 units at a price of $0.10 per unit for gross proceeds of $2,000,000 with issue costs of $42,744. Each unit consisted of one common share and one full common share purchase warrant exercisable at $0.20 per share for a period of two years. The placement was fully subscribed by a former CEO of the Company, with no commission payable.

On February 27, 2017, the Company completed a private placement of 15,999,994 units at a price of $0.25 per unit and 6,700,000 flow-through common shares at a price of $0.30 per common share, for gross proceeds of $6,009,999. Share issue costs included a cash commission of $360,600, the fair value of brokers warrants of $105,755 and other issuance costs of approximately $204,938. Each unit consisted of one common share and one common share purchase warrant exercisable at a price of $0.42 per common share for a period of three years. The Company also issued 681,000 common share broker warrants as part of the placement. Each broker warrant is exercisable at a price of $0.30 per common share for a period of two years.

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

12. Share capital (continued)

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

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

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

(c) Share-based compensation

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

A summary of the status of the Company's share-based compensation plan as at December 31, 2017 and December 31, 2016 and changes during the years ended on these dates is presented below:

	Number of share purchase options	Weighted-average exercise price
Outstanding, December 31, 2015	17,316,000	$ 0.79
Granted	4,426,667	0.23
Cancelled	(838,667)	0.54
Outstanding, December 31, 2016	20,904,000	0.68
Granted	6,725,000	0.20
Cancelled	(2,107,000)	0.57
Expired	(1,425,000)	0.80
Outstanding, December 31, 2017	24,097,000	$ 0.55

The 24,097,000 options outstanding as of December 31, 2017 represent 7.4% of the Company's issued and outstanding common shares. The number of options available for grant as of December 31, 2017 is 8,421,807 representing 2.6% of the Company's issued and outstanding common shares.

12. Share capital (continued)

(c) Share-based compensation (continued)

Additional information regarding stock options outstanding as at December 31, 2017 is as follows:

	Outstanding			Exercisable	
Range of exercise prices	**Number of share purchase options**	**Weighted-average exercise price**	**Weighted-average remaining contractual life (years)**	**Number of share purchase options**	**Weighted-average exercise price**
$ 0.15 – 0.33	13,085,000	$ 0.23	4.54	7,398,332	$ 0.24
0.34 – 0.99	5,782,000	0.59	2.34	5,748,667	0.59
1.00 – 1.45	5,230,000	1.30	1.55	5,230,000	1.30
	24,097,000	$ 0.55	3.36	18,376,999	$ 0.65

The share-based payments reserve values of $2,684,872 as at December 31, 2017 and $3,321,238 as at December 31, 2016 on the balance sheet reflect the expensed fair value of vested share purchase options. If all options that are vested were exercised, the entire balance of the share-based payments reserve would be transferred to share capital.

The estimated fair value expense of all share purchase options vested during the year ended December 31, 2017 is $567,012 (2016 - $406,561). The amount included in exploration and evaluation expenditures for the year ended December 31, 2017 is $83,927 (2016 - $38,753) and the remaining $483,085 (2016 - $367,808) was expensed to share-based compensation.

	December 31 2017	**December 31 2016**
Number of options granted	6,725,000	4,426,667
Expected forfeiture rate	2.27%	1.69%
Weighted-average grant date share price	$0.20	$ 0.23
Expected volatility	65.15%	63.46%
Risk-free interest rate	1.06%	0.59%
Dividend yield	0.00%	0.00%
Expected life	4.46 years	4.21 years
Weighted-average grant date fair value	$0.10	$0.11

(d) Flow-through shares

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

As at December 31, 2017, the Company had spent, on qualified expenditures, all (December 31, 2016 - $2,291,500) of the $5,250,000 flow-through monies raised in the May 17, 2016 placement. The Company renounced the income tax benefit of this issue to its subscribers effective December 31, 2016. The Company incurred $4,249 in Part XII.6 tax on unspent flow-through monies in the year ended December 31, 2017 (2016 - $2,043), which has been netted against interest income.

12. Share capital (continued)

(d) Flow-through shares (continued)

As at December 31, 2017, the Company had spent $744,139 of the $2,010,000 flow-through monies raised in the February 27, 2017 placement and had yet to spend any of the $2,001,600 flow-through monies raised in the December 14, 2017 placement. The Company renounced the income tax benefit of both private placements to its subscribers effective December 31, 2017 and will begin incurring Part XII.6 tax on unspent amounts relating to this placement subsequent to December 31, 2017.

(e) Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2015	-	$ -
Issued pursuant to private placements in 2016	*24,761,905*	0.22
Balance, December 31, 2016	*24,761,905*	0.22
Issued pursuant to private placements in 2017	*16,903,394*	0.42
Balance, December 31, 2017	*41,665,299*	$ 0.30

As at December 31, 2017 the Company's outstanding share purchase warrants had expiry dates and exercise prices as follows:

Expiry Date for Warrants	Number of Warrants	Exercise Price
January 22, 2018 (2 year life)	*20,000,000*	$ 0.20
May 17, 2018 (2 year life)	*4,761,905*	0.30
February 27, 2019 (2 year life)	*681,000*	0.30
February 27, 2020 (3 year life)	*15,999,994*	0.42
December 14, 2019 (2 year life)	*222,400*	0.42
Balance, December 31, 2017	*41,665,299*	$ 0.30

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

13. Commitments

The Company has obligations under operating leases for its office premises, which expire between July 31, 2018 and February 29, 2024. The future minimum payments are as follows:

		December 31 2017
2018	$	134,907
2019		116,121
2020		107,805
2021		54,675
2022 and beyond		166,050

14. Management of capital

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

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

15. Management of financial risk

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

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

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

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

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

15. Management of financial risk (continued)

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

The carrying values of cash and cash equivalents, amounts receivable, and accounts payable and other liabilities are a reasonable estimate of their fair values because of the short period to maturity of these instruments.

Cash and cash equivalents are classified as loans and receivables and are initially recorded at fair value and subsequently at amortized cost with accrued interest recorded in accounts receivable.

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

Investments – as at December 31, 2016	Level 1	Level 2	Level 3	Total
Shares – Uracan (TSX-V: URC)	$ 21,000	$ -	$ -	$ 21,000
Warrants - Uracan (current portion)	-	-	144	144
	$ 21,000	$ -	$ 144	$ 21,144

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

15. Management of financial risk (continued)

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

	Number of Shares	Change in Fair Value	Fair Value
Balance, December 31, 2015	*350,000*		$ 7,000
Gains (losses) for the three months ended March 31, 2016		3,500	
Gains (losses) for the three months ended June 30, 2016		7,000	
Gains (losses) for the three months ended September 30, 2016		10,500	
Gains (losses) for the three months ended December 31, 2016		(7,000)	
Changes in fair value – total unrealized gain (loss) on financial assets at AFS (shares) – year ended December 31, 2016		14,000	14,000
Balance, December 31, 2016	*350,000*		$ 21,000
Gains (losses) for the three months ended March 31, 2017		(3,500)	
Gains (losses) for the three months ended June 30, 2017		(7,000)	
Gains (losses) for the three months ended September 30, 2017		3,500	
Gains (losses) for the three months ended December 31, 2017		(5,250)	
Changes in fair value – total unrealized gain (loss) on financial assets at AFS (shares) – year ended December 31, 2017		(12,250)	(12,250)
Balance, December 31, 2017	*350,000*		$ 8,750

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

16. Segmented information

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

17. Exploration and evaluation expenditures

Project	Cumulative [1] to December 31, 2015	2016 Expenditures in the period	2016 Cumulative to December 31, 2016	2017 Expenditures in the period	2017 Cumulative to December 31, 2017
Beatty River	$ 873,069	$ -	$ 873,069	$ 2,136	$ 875,205
Black Lake	14,508,893	16	14,508,909	(20,402)	14,488,507
Christie Lake	58,689	4,021,603	4,080,292	3,981,889	8,062,181
Hidden Bay [2]	33,026,660	42,556	33,069,216	200,905	33,270,121
Horseshoe-Raven	41,669,712	143,746	41,813,458	8,413	41,821,871
West Bear Co-Ni	-	-	-	38,359	38,359
Western Athabasca					
Alexandra	1,205,251	-	1,205,251	1,457	1,206,708
Brander	1,353,363	-	1,353,363	-	1,353,363
Erica	2,253,085	-	2,253,085	-	2,253,085
Laurie	1,586,528	-	1,586,528	2,774	1,589,302
Mirror	1,987,612	-	1,987,612	2,774	1,990,386
Nikita	1,952,331	-	1,952,331	1,826	1,954,157
Shea Creek	53,581,147	618,032	54,199,179	3,289	54,202,468
Uchrich	543,091	-	543,091	664	543,755
All Projects Total	$ 154,599,431	$ 4,825,953	$ 159,425,384	$ 4,224,084	$ 163,649,468

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

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

Exploration and evaluation expenditures for the year ended December 31, 2017 and 2016 include the following non-cash expenditures:

	Year ended December 31 2017	2016
Depreciation	$ 70,431	$ 53,092
Share-based compensation	83,927	38,753
Project management fee	355,734	367,860
	$ 510,092	$ 459,705

Western Athabasca Projects

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

Christie Lake Project

During the year ended December 31, 2017, the Company completed a $4.0 million exploration program at Christie Lake. The Company to date has completed $8.0 million of exploration work and will apply the excess expenditures to reduce future years' commitments to the ownership milestones. UEX is the project operator and is entitled to a 10% management fee, which is offset against salaries and is deemed to be an expenditure for the exploration work commitment portion of the project earn-in (see Note 19).

18. Office expenses

	Year ended December 31 2017	2016
Insurance	$ 51,587	$ 51,710
Office supplies and consulting	268,331	125,510
Telephone	13,995	11,815
	$ 333,913	$ 189,035

19. Salaries, net of project management fees

	Year ended December 31 2017	2016
Gross salaries	$ 912,564	$ 881,793
Non-cash management fee offset:		
Christie Lake – 10%	(355,734)	(367,841)
Black Lake – 10%	-	(19)
	$ 556,830	$ 513,933

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

20. Related party transactions

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

(a) Related party transactions

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

	Year ended December 31 2017	2016
Cameco Corporation [1]	$ 1,324	$ 1,323
Management advisory board share-based payments [2]	6,329	9,055
	$ 7,653	$ 10,378

[1] Payments related to fees paid for use of the Cameco airstrip at the McArthur River mine.
[2] Share-based compensation expense is the fair value of options granted which have been calculated using the Black-Scholes option-pricing model and the assumptions disclosed in Note 12(c).

20. Related party transactions (continued)

(b) Key management personnel compensation

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

	Year ended December 31			
		2017		**2016**
Salaries and short-term employee benefits (1)(2)	$	696,749	$	740,259
Share-based payments (3)		399,104		338,449
Other compensation (4)		15,750		-
	$	1,111,603	$	1,078,708

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

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

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

(4) Represents payments to Altastra Office Systems Inc., a company owned by Mr. Hui, for Interim CFO services rendered to UEX.

21. Subsequent event

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

On March 7, 2018, UEX entered into a purchase agreement with Denison Mines Corp. ("Denison") to acquire a single 890 hectare claim which was incorporated into the West Bear Project. In consideration to acquire 100% interest in the property UEX made a cash payment of $11,000 and granted a 1.5% net smelter return royalty to Denison which can be purchased anytime for a cash payment of $950,000.

22. Contingencies

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

Corporate Information

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Vancouver, British Columbia

Roger M. Lemaitre
President and CEO
Warman, Saskatchewan

Suraj P. Ahuja, Lead Director
Vancouver, British Columbia

Mark P. Eaton
Toronto, Ontario

Emmet A. McGrath
Vancouver, British Columbia

Catherine A. Stretch
Toronto, Ontario

Officers

Roger M. Lemaitre
President and CEO

Laurie Thomas
Vice President, Corporate Relations

Wylie Hui
Interim CFO

Bernard Poznanski
Corporate Secretary

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