



UEX CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

(Unaudited – Prepared by Management)

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UEX CORPORATION

Condensed Interim Consolidated Balance Sheets
As at June 30, 2022 and December 31, 2021
(Unaudited – Expressed in Canadian Dollars)



	Notes	June 30 2022	December 31 2021
Assets			
Current assets			
Cash and cash equivalents	3	\$ 8,200,840	\$ 7,261,801
Amounts receivable	4	150,932	79,134
Prepays and others		124,507	79,571
		8,476,279	7,420,506
Non-current assets			
Deposits		6,817	6,817
Equipment	5	297,134	222,563
Right-of-use asset	6	77,797	101,136
Mineral properties	7	10,875,050	10,875,960
Investment in equity-accounted investee	9	18,868,843	20,219,060
Investments	8	175,000	454,375
Total assets		\$ 38,776,920	\$ 39,300,417
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and other liabilities	10	\$ 2,265,567	\$ 452,150
Lease liability – current	11	52,125	50,337
Provision for remediation – current	12	60,000	-
		2,377,692	502,487
Non-current liabilities			
Lease liability – long term	11	36,827	63,344
Provision for remediation – long term	12	140,000	-
Total liabilities		2,554,519	565,831
Shareholders' equity			
Share capital	13(b)	242,679,017	237,444,465
Share-based payments reserve	13(c)	4,386,495	4,580,664
Accumulated other comprehensive income (loss)		(227,625)	47,375
Deficit		(210,615,486)	(203,337,918)
		36,222,401	38,734,586
Total liabilities and shareholders' equity		\$ 38,776,920	\$ 39,300,417
Nature and continuance of operations	1		
Commitments	13(d)		
Contingencies	22		
Arrangement agreement and subsequent events	23		

See accompanying notes to the condensed interim consolidated financial statements.

Approved on behalf of the Board and authorized for issue on August 12, 2022.

“signed”

Roger M. Lemaitre

Director

“signed”

Catherine Stretch

Director

UEX CORPORATION

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



	Notes	Three-month period ended June 30		Six-month period ended June 30	
		2022	2021	2022	2021
Interest income		\$ 10,222	\$ 4,322	\$ 16,411	\$ 13,279
Management fees	20	3,000	-	6,000	-
Gain on disposal of equipment		-	2,200	-	2,500
Other income		6,500	-	6,500	-
		19,722	6,522	28,911	15,779
Expenses					
Depreciation		15,559	16,399	31,118	32,935
Exploration and evaluation expenditures	17	686,004	337,043	3,400,251	1,610,710
Filing fees and stock exchange		62,406	23,273	106,563	70,300
Financing and interest		6,758	15,359	15,900	28,605
Legal and audit		508,066	269,221	603,374	363,746
(Gain) loss on foreign exchange		(302)	-	(1,171)	-
Loss on sale of investment		25	-	25	-
Maintenance		13,857	7,313	27,951	16,217
Office expenses, net of project surcharges	18	1,570,223	111,140	1,662,533	169,311
Salaries, net of project management fees & subsidies	19, 21	205,291	30,363	247,396	105,598
Share-based compensation	13(c)	163,517	55,417	328,906	128,329
Travel and promotion		53,667	44,064	53,184	89,413
Write down of mineral property	7(iv)	910	--	910	-
		3,285,981	909,592	6,476,940	2,615,164
Loss from operations		(3,266,259)	(903,070)	(6,448,029)	(2,599,385)
Share of loss from equity-accounted investee	9	(531,391)	-	(1,384,493)	-
Loss before income taxes		(3,797,650)	(903,070)	(7,832,522)	(2,599,385)
Deferred income tax recovery	10	22,819	-	73,340	-
Loss for the period		(3,774,831)	(903,070)	(7,759,182)	(2,599,385)
Other comprehensive income (loss)					
Fair value net change on financial assets - FVOCI	8,15	(174,125)	437	(275,000)	27,625
Comprehensive loss for the period		\$ (3,948,956)	\$ (902,633)	\$ (8,034,182)	\$ (2,571,760)
Basic and diluted loss per share	13(b)	(0.007)	(0.002)	(0.015)	(0.006)
Basic and diluted weighted-average number of shares outstanding		546,198,405	454,051,968	545,501,755	453,643,056

See accompanying notes to the condensed interim consolidated financial statements.

UEX CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity
For the six months Ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



	Number of common shares	Share capital	Share-based payments reserve	Accumulated other comprehensive income (loss)	Deficit	Total
December 31, 2020	452,185,620	\$ 213,689,932	\$ 4,177,000	\$ (2,625)	\$ (199,193,887)	\$ 18,670,420
Loss for the three months	-	-	-	-	(2,599,385)	(2,599,385)
Share issuance costs	-	(3,579)	-	-	-	(3,579)
Stock option exercise	3,960,000	1,319,930	(439,180)	-	-	880,750
Warrant exercise	504,500	90,810	-	-	-	90,810
Fair value change in financial assets - FVOCI	-	-	-	27,625	-	27,625
Share-based payment transactions	-	-	140,310	-	-	140,310
Transfer to deficit on cancellation and expiry of share purchase options	-	-	(851,260)	-	851,260	-
June 30, 2021	456,650,120	215,097,093	3,026,870	25,000	(200,942,012)	17,206,951
Loss for the period	-	-	-	-	(2,395,906)	(2,395,906)
Issued pursuant to private placements	79,364,103	23,657,000	-	-	-	23,657,000
Share issuance costs	-	(2,867,330)	1,286,345	-	-	(1,580,985)
Value attributed to flow- through share premium on issuance	-	(192,423)	-	-	-	(192,423)
Stock option exercise	1,450,000	342,162	(119,662)	-	-	222,500
Warrant Exercise	6,326,621	1,301,630	(130,599)	-	-	1,171,031
Restricted share unit	231,158	106,333	(106,333)	-	-	-
Fair value change in financial assets - FVOCI	-	-	-	22,375	-	22,375
Share-based payment transactions	-	-	624,043	-	-	624,043
December 31, 2021	544,022,002	237,444,465	4,580,664	47,375	(203,337,918)	38,734,586
Loss for the period	-	-	-	-	(7,759,182)	(7,759,182)
Issued pursuant to private placements	11,627,907	5,000,000	-	-	-	5,000,000
Share issuance costs	-	(16,894)	-	-	-	(16,894)
Stock option exercise	600,000	185,821	(62,821)	-	-	123,000
Warrant exercise	312,500	65,625	-	-	-	65,625
Fair value change in financial assets - FVOCI	-	-	-	(275,000)	-	(275,000)
Share-based payment transactions	-	-	350,266	-	-	350,266
Transfer to deficit on cancellation and expiry of share purchase options	-	-	(481,614)	-	481,614	-
June 30, 2022	556,562,409	\$ 242,679,017	\$ 4,386,495	\$ (227,625)	\$ (210,615,486)	\$ 36,222,401

See accompanying notes to the condensed interim consolidated financial statements.

UEX CORPORATION

Condensed Interim Consolidated Statements of Cash Flows
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



	Notes	Three-month period ended June 30		Six-month period ended June 30	
		2022	2021	2022	2021
Cash provided by (used for):					
Operating activities					
Loss for the period		\$ (3,774,831)	\$ (903,070)	\$ (7,759,182)	\$ (2,599,385)
Adjustments for:					
Depreciation		35,285	29,462	69,187	59,295
Deferred income tax recovery	10	(22,819)	-	(73,340)	-
Share of loss from equity-accounted investee		531,391	-	1,384,493	-
Gain on sale of equipment		-	(2,200)	-	(2,500)
Loss on sale of investments		25	-	25	-
Interest income		(10,222)	(4,322)	(16,411)	(13,279)
Interest on lease liabilities	11	1,703	2,543	3,621	5,285
Share-based compensation	13(c)	174,341	60,658	350,266	140,310
Write down of mineral property		910	-	910	-
Changes in:					
Amounts receivable		410,491	(55,399)	(64,021)	(58,764)
Prepaid expenses and deposits		12,914	(20,467)	(44,936)	(11,558)
Accounts payable and other liabilities		789,604	(101,888)	1,886,757	165,658
Provision		200,000	-	200,000	-
		(1,651,208)	(994,683)	(4,062,631)	(2,314,938)
Investing activities					
Interest income received		5,899	9,736	8,634	17,853
Investment in mineral properties		-	-	-	(1,578)
Investment in equity-accounted investee	9	363,657	-	(34,276)	-
Purchase of equipment		(11,095)	(9,083)	(120,419)	(18,160)
Proceeds from sale of equipment		-	2,200	-	2,500
Proceeds from sale of investment		4,350	-	4,350	-
		362,811	2,853	(141,711)	615
Financing activities					
Lease liability payments	11	(14,175)	(14,175)	(28,350)	(28,013)
Proceeds from options exercise	13(c)	-	285,027	123,000	507,077
Proceeds from warrants exercise	13(e)	-	15,750	65,625	90,810
Proceeds from share issuance	13(b)	5,000,000	-	5,000,000	-
Share issuance costs	13(b)	(15,685)	(1,336)	(16,894)	(3,579)
		4,970,140	285,266	5,143,381	566,295
Change in cash and cash equivalents during the period		3,681,743	(706,564)	939,039	(1,748,028)
Cash and cash equivalents, beginning of period		4,519,097	6,172,087	7,261,801	7,213,551
Cash and cash equivalents, end of period		\$ 8,200,840	\$ 5,465,523	\$ 8,200,840	\$ 5,465,523
Supplementary information					
<u>Non-cash transactions</u>					
Decrease in other liabilities due to extinguishment of flow-through premium on renouncement	10	(22,819)	-	(73,340)	-
Non-cash share-based compensation included in exploration and evaluation expenditures	17	10,824	5,241	21,360	11,981
Depreciation included in exploration and evaluation expenditures	17	19,726	13,064	38,070	26,361

See accompanying notes to the condensed interim consolidated financial statements.

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



1. Nature and continuance of operations

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

The Company is currently engaged in the exploration and evaluation of its mineral properties located in the province of Saskatchewan. The Company’s shares are listed on the Toronto Stock Exchange under the symbol UEX. The home office and principal address is located at 2465 Berton Place, North Vancouver, British Columbia, Canada V7H 2W9. The Company’s registered office is 885 West Georgia Street, 19th Floor, Vancouver, British Columbia, Canada V6C 3H4.

The Company is exploring and evaluating its mineral properties and has not yet determined whether its mineral properties contain mineral resources that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral resources, the ability of the Company to obtain the necessary financing to complete exploration programs and development and upon future profitable production or proceeds from the disposition of its mineral properties. The Company performed an evaluation of impairment indicators under IFRS 6 for its mineral properties as at June 30, 2022 and has concluded that there are no indicators of impairment.

The Company has sufficient financial resources for exploration, evaluation, and administrative costs for at least, but not limited to, twelve months from the end of the reporting period. The Company will require additional financing from time to time and although it has been successful in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. As at June 30, 2022, the Company had working capital of \$6.1 million of which \$1.5 million is committed to be spent on qualifying expenditures to satisfy flow-through share requirements, leaving \$4.6 million to finance operating and exploration activities through the next twelve months and beyond.

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

2. Significant accounting policies

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements, including comparative figures have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) and do not include all of the information required for full annual financial statements. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s annual 2021 audited consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These unaudited condensed interim consolidated financial statements of UEX Corporation were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 12, 2022.

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



2. Significant accounting policies (continued)

(b) Functional and presentation currency

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

(c) Basis of consolidation

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

(d) Use of estimates and judgments

The preparation of unaudited condensed interim consolidated financial statements requires management to make accounting estimates and assumptions requiring judgment in applying the Company's accounting policies. These estimates and assumptions may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of these unaudited condensed interim consolidated financial statements and the reported amounts of revenue and expenses during the reporting period.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual amounts may differ from such estimates. In preparing these unaudited condensed interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's financial statements as at and for the year ended December 31, 2021.

(e) Significant accounting policies

The accounting policies applied by the Company in these unaudited condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended December 31, 2021.

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

(f) Reclassification of Comparative Period Presentation

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

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



3. Cash and cash equivalents

		June 30 2022		December 31 2021
Cash	\$	8,140,840	\$	3,842,992
Short-term deposits		60,000		3,418,809
	\$	8,200,840	\$	7,261,801

At June 30, 2022, \$1,548,085 (December 31, 2021 - \$4,329,843) of the Company's cash and cash equivalents is to be spent on qualifying exploration expenditures to satisfy the Company's flow-through share commitments (Note 13(d)).

4. Amounts receivable

		June 30 2022		December 31 2021
Amounts receivable from a related party (Note 20)	\$	17,592	\$	22,685
Interest receivable		4,534		1,707
Goods and services tax receivable		122,306		18,810
Other receivable		6,500		35,932
	\$	150,932	\$	79,134

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

5. Equipment

		Exploration camp		Exploration equipment		Computing equipment		Furniture and fixtures		Total
Cost										
Balance at December 31, 2020	\$	250,663	\$	490,128	\$	277,331	\$	87,600	\$	1,105,722
Additions		34,342		9,825		19,639		-		63,806
Disposals		-		(23,486)		(73,255)		-		(96,741)
Balance at December 31, 2021		285,005		476,467		223,715		87,600		1,072,787
Additions		105,025		12,847		2,547		-		120,419
Disposals		-		(2,650)		-		-		(2,650)
Balance at June 30, 2022	\$	390,030	\$	486,664	\$	226,262	\$	87,600	\$	1,190,556
Accumulated depreciation										
Balance at December 31, 2020	\$	79,436	\$	472,731	\$	233,740	\$	85,007	\$	870,914
Depreciation		36,271		10,742		24,090		2,005		73,108
Disposals		-		(23,486)		(70,312)		-		(93,798)
Balance at December 31, 2021		115,707		459,987		187,518		87,012		850,224
Depreciation		28,122		5,826		11,754		146		45,848
Disposals		-		(2,650)		-		-		(2,650)
Balance at June 30, 2022	\$	143,829	\$	463,163	\$	199,272	\$	87,158	\$	893,422
Net book value										
Balance at December 31, 2021	\$	169,298	\$	16,480	\$	36,197	\$	588	\$	222,563
Balance at June 30, 2022	\$	246,201	\$	23,501	\$	26,990	\$	442	\$	297,134

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



6. Right-of-use asset

	Office
Balance at December 31, 2020	\$ 147,814
Depreciation	(46,678)
Balance at December 31, 2021	101,136
Depreciation	(23,339)
Balance at June 30, 2022	\$ 77,797

The Company leases property for its office in Saskatoon, which has been capitalized as a right-of-use asset under IFRS 16. See Note 11 for associated lease liability.

7. Mineral properties

Exploration and evaluation assets – acquisition costs

	Hidden Bay (i)	Horseshoe- Raven (ii)	West Bear (iii)	Black Lake (vi)	Christie Lake (viii)	Other (iv)	Total
Balance at December 31, 2020	\$ 3,692,310	\$ 351,351	\$ 444,945	\$ 359,385	\$ 6,000,000	\$ 26,391	\$ 10,874,382
Additions	-	-	1,578	-	-	-	1,578
Balance at December 31, 2021	3,692,310	351,351	446,523	359,385	6,000,000	26,391	10,875,960
Additions	-	-	-	-	-	-	-
Impairment charges for the period	-	-	-	-	-	(910)	(910)
Balance at June 30, 2022	\$ 3,692,310	\$ 351,351	\$ 446,523	\$ 359,385	\$ 6,000,000	\$ 25,481	\$ 10,875,050

Project ownership interest stated in this note reflects only the Company's direct ownership interest.

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.

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



7. Mineral properties (continued)

Exploration and evaluation assets (continued)

100% owned projects

(i) Hidden Bay Project

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

(ii) Horseshoe-Raven Project

The Company's 100% owned Horseshoe-Raven Project includes the Horseshoe and Raven Deposits and is located in the eastern Athabasca Basin of northern Saskatchewan, Canada.

(iii) West Bear Project

The West Bear Project lands host the West Bear Cobalt-Nickel Deposit and the West Bear Uranium Deposit and are 100% owned by UEX, with the exception of Mineral Lease 5424 which is a joint arrangement between UEX (77.961%), Empresa Nacional Del Uranio S.A. (7.548%), Nordostschweizerische Kraftwerke A.G. (7.548%) and Encana (6.944%).

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

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

(iv) Other Projects

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

The Christie West Project is comprised of two claims adjacent to the Christie Lake Project. An ownership position in these claims was offered to JCU (Canada) Exploration Company Limited ("JCU"), who elected not to participate in these two claims.

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

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

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



7. Mineral properties (continued)

Exploration and evaluation assets (continued)

100% owned projects (continued)

(iv) Other Projects (continued)

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

The Company holds a 100% interest in the Riou Lake Project located in the northern Athabasca Basin. Original mineral property acquisition costs associated with the Riou Lake Project were written off due to a lack of ongoing exploration activity. UEX continues to maintain several Riou Lake claims in good standing, with nominal re-staking fees for Riou Lake included in mineral property costs. On July 31, 2022, three Riou Lake claims lapsed; these were written off in Q2 2022.

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

Joint operations

UEX is party to the following joint arrangements:

<u>Ownership interest (%)</u>	June 30, 2022 and December 31, 2021				
	UEX	Orano	JCU ⁽¹⁾	ALX	Total
<i>Beatty River</i>	22.0444	56.5303	21.4253	-	100.0000
<i>Black Lake</i>	51.4260	8.574	-	40.0000	100.0000
<i>Christie Lake</i>	65.5492	-	34.4508	-	100.0000
<i>Western Athabasca</i>					
<i>Alexandra</i>	21.0482	78.9518	-	-	100.0000
<i>Brander</i>	49.0975	50.9025	-	-	100.0000
<i>Erica</i>	49.0975	50.9025	-	-	100.0000
<i>Laurie</i>	32.9876	67.0124	-	-	100.0000
<i>Mirror River</i>	32.3354	67.6646	-	-	100.0000
<i>Nikita</i>	12.7151	87.2849	-	-	100.0000
<i>Shea Creek</i>	49.0975	50.9025	-	-	100.0000
<i>Uchrich</i>	30.4799	69.5201	-	-	100.0000

⁽¹⁾ Effective August 3, 2021, the Company has a 50% interest in JCU. See Note 9.

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



7. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(v) Western Athabasca Projects

The Western Athabasca Projects located in the western Athabasca Basin consist of eight separate joint operations. The Shea Creek Project is host to the Kianna, Anne, Colette and 58B Deposits.

The Anne and Colette deposits are subject to a royalty of US\$0.212 per pound of U₃O₈ sold to a maximum royalty of US\$10,000,000.

The Company has expensed \$65 million on the Western Athabasca Projects since 2004, including \$54 million on Shea Creek, which contains significant mineral resources (see Note 17 *Exploration and evaluation expenditures*). Although acquisition costs associated with the Western Athabasca Projects were previously written off, UEX has no intention to abandon these projects.

No programs were proposed by Orano for 2022.

(vi) Black Lake Project

The Black Lake Project (“Black Lake”), located in the northern Athabasca Basin, is a joint operation with Orano and ALX Resources Corp (“ALX”), with the Company being the operator of this project.

Effective March 6, 2020, the Option Agreement was terminated and replaced with the Black Lake Joint Venture Agreement, thus ALX is no longer eligible to increase its interest in the Black Lake Project to 75% under the provision of the prior Option Agreement.

(vii) Beatty River Project

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

(viii) Christie Lake Project

UEX is the operator of this project located in the eastern Athabasca Basin. Per the Christie Lake Option Agreement (“Option Agreement”), the Company earned a 60% interest in the Christie Lake Project by making \$6.0 million in cash payments and completing \$10.0 million in exploration work.

UEX completed its exploration program for 2021, in which JCU chose to participate. Per the Joint Venture Agreement, UEX's and JCU's interest remained at 65.5% and 34.5%, respectively.

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



8. Investments

The Company holds 5,000,000 common shares of ALX Resource Corp. These common shares are being held for long-term investment purposes. The shares have been classified as equity instruments carried at fair value, with changes in fair value reflected in other comprehensive income (FVOCI).

Investments	June 30 2022	December 31 2021
Common shares held – Vanadian ⁽¹⁾⁽³⁾ (TSX.V: VEC) (see Note 15)	\$ -	\$ 4,375
Common shares held – ALX ⁽²⁾ (TSX.V: AL) (see Note 15)	175,000	450,000
	\$ 175,000	\$ 454,375

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

⁽²⁾ The initial fair value of the shares was \$400,000 based on the market closing price on June 14, 2018 (\$0.08 per share), the date the shares were issued.

⁽³⁾ 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 fair value of the Vanadian and ALX common shares are based on the quoted market price at period end for these securities.

9. Equity-accounted investee

On August 3, 2021, the Company acquired 100% of the shares of JCU from Overseas Uranium Resources Development Co., Ltd. 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 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.

JCU is a private Canadian company engaged in the exploration and development of uranium assets in Canada. It has partnerships and interests in 12 uranium exploration and development projects in the Athabasca Basin and Nunavut, including ownership interests in Denison's Wheeler River Project (10.0%), Cameco's Millennium Project (30.1%), Orano's Kiggavik Project (33.8%), and UEX's Christie Lake Project (34.5%).

The Company's 50% 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

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



9. Equity-accounted investee (continued)

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 – intercompany transactions	-	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		Six months ended	
	2022	June 30 2021	2022	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)	\$ -

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



10. Accounts payable and other liabilities

		June 30 2022		December 31 2021
Trade payables	\$	1,934,892	\$	146,646
Other liabilities		211,591		113,081
Flow-through share premium		119,084		192,423
	\$	2,265,567	\$	452,150

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

The flow-through share premium at December 31, 2021 represents the difference between the subscription price of \$0.39 per flow-through share and the market price at issuance of \$0.36 per common share related to the December 17, 2021 flow-through private placement of 6,414,103 shares (\$192,423) (Note 13(b)). No flow-through funds were spent under the general rule. For the six-month period ended June 30, 2022, \$73,340 of the \$192,423 flow-through share premium has been extinguished as eligible expenditures were incurred which is presented as a deferred income tax recovery in the statement of operations and comprehensive loss.

11. 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 \$3,621 (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).

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



12. Provision for remediation

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. The Horseshoe-Raven camp has been consistently utilized in drill programs since 2012 after being purchased from a drilling contractor. Expected remediation will also include the removal and modification of various unused or worn-out equipment, general maintenance of camp infrastructure such as core racks, removal of debris and unused and weathered drilling supplies, and updating some camp plumbing systems.

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

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



13. Share capital

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of (no par value) preferred shares issuable in series, of which 1,000,000 preferred shares have been designated Series 1 Preferred Shares. As of June 30, 2022, no preferred shares have been issued.

(b) Issued and outstanding – common shares

	Number of shares	Value
Balance, December 31, 2020	452,185,620	\$ 213,689,932
Issued pursuant to private placement	79,364,103	23,657,000
Issued pursuant to option exercise	5,410,000	1,662,092
Issued pursuant to RSU (vested)	231,158	106,333
Issued pursuant to warrant exercise	6,831,121	1,392,440
Share issuance costs	-	(2,870,909)
Value attributed to flow-through premium on issuance (Note 10)	-	(192,423)
Balance, December 31, 2021	544,022,002	237,444,465
Issued pursuant to private placement	11,627,907	5,000,000
Issued pursuant to option exercise	600,000	185,821
Issued pursuant to warrant exercise	312,500	65,625
Share issuance costs	-	(16,894)
Balance, June 30, 2022	556,562,409	\$ 242,679,017

The weighted average number of shares outstanding for the three months ended June 30, 2022 was 546,198,405 (2021 - 454,051,968) and for the six months ended June 30, 2022 was 545,501,755 (2021 - 453,643,056). For purposes of calculating diluted loss per share, the weighted average number of shares is adjusted for the effects of dilutive potential common shares, of which there were none in 2022 and 2021.

On June 21, 2022, the Company completed a private placement with Uranium Energy Corp. (“UEC”) of 11,627,907 common shares at a price of \$0.43 per common share, for gross proceeds of \$5,000,000. Share issuance costs totaled \$15,684.

Additional share issuance costs of \$1,209 were incurred in 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 costs totaled \$35,483 with no agent’s commissions being incurred. A flow-through share premium of \$192,423 related to the sale of the associated tax benefits has been recorded in accounts payable and other liabilities.

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.

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



13. Share capital (continued)

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

Total share issuance costs associated with the September 7, 2021 financing 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.

(c) Share-based compensation

Total share-based compensation related to share purchase options and RSUs vested during the six months ended June 30, 2022 was \$350,266 (2021 - \$140,310). The amount included in exploration and evaluation expenditures for the six-month period ended June 30, 2022 is \$21,360 (2021 - \$11,981), which relates to share purchase options vested, and the remaining \$328,906 (2021 - \$128,329) was expensed to share-based compensation, which comprises of the fair value expense of share purchased options vested of \$205,322 (2021 - \$128,329) and the fair value expense of RSUs vested of \$123,584 (2021 - \$nil).

Total share-based compensation related to share purchase options and RSUs vested during the three months ended June 30, 2022 was \$297,925 (2021 - \$60,658). The amount included in exploration and evaluation expenditures for the three months ended June 30, 2022 is \$10,824 (2021 - \$5,241), which relates to share purchase options vested, and the remaining \$163,517 (2021 - \$55,417) was expensed to share-based compensation, which comprises of the fair value expense of share purchase options vested of \$101,384 (2021 - \$55,417) and the fair value expense of RSUs vested of \$62,133 (2021 - \$nil).

Stock Option Plan

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

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



13. Share capital (continued)

(c) Share-based compensation (continued)

A summary of the status of the Company's share-based compensation plan as at June 30, 2022 and December 31, 2021 and changes during the periods ended on these dates is presented below:

	Number of share purchase options	Weighted- average exercise price
Outstanding, December 31, 2020	30,642,000	\$ 0.25
Granted	3,750,000	0.46
Exercised ⁽¹⁾	(5,410,000)	0.20
Expired	(1,407,000)	0.96
Outstanding, December 31, 2021	27,575,000	\$ 0.25
Exercised	(600,000)	0.21
Cancelled	(50,000)	0.46
Expired	(1,350,000)	0.59
Outstanding, June 30, 2022	25,575,000	\$ 0.23

⁽¹⁾ The weighted average share price at date of exercise was \$0.37.

For the six-month period ended June 30, 2022, 600,000 stock options were exercised with a weighted average exercise price of \$0.21 for gross proceeds of \$123,000.

Additional information regarding stock options outstanding as at June 30, 2022 is as follows:

Range of exercise prices	Outstanding			Exercisable	
	Number of share purchase options	Weighted- average exercise price	Weighted- average remaining contractual life (years)	Number of share purchase options	Weighted- average exercise price
\$ 0.125 – 0.33	21,875,000	\$ 0.19	3.46	21,691,667	\$ 0.19
0.34 – 0.60	3,700,000	0.46	4.20	1,233,333	0.46
	25,575,000	\$ 0.23	3.57	22,925,000	\$ 0.21

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



13. Share capital (continued)

(c) Share-based compensation (continued)

Restricted Share Unit Plan

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

A summary of the status of the Company’s RSUs as at June 30, 2022 and December 31, 2021 and changes during the period is presented below:

	Number of restricted share units	Weighted average fair value at grant date
Outstanding, December 31, 2020	-	\$ -
Granted	1,249,033	0.42
Vested	(231,158)	0.46
Outstanding, December 31, 2021 and June 30, 2022	1,017,875	\$ 0.41

The estimated fair value expense of RSUs vested for the six-month period ended June 30, 2022 was \$123,584 (2021 - \$nil) and was included in share-based compensation expense.

The aggregate number of common shares that may be reserved for issuance under the RSU Plan on the grant of awards, together with any other securities-based compensation arrangements of the Company in effect, including the Stock Option Plan, shall not exceed 10% of the issued and outstanding common shares of the Company. The 1,249,033 RSUs granted and 25,575,000 stock options outstanding as of June 30, 2022 represent 0.22% and 4.60%, respectively, of the Company’s issued and outstanding common shares, for a total of 4.82% of the Company’s issued and outstanding common shares. The aggregate number of stock options and RSUs available for grant as of June 30, 2022 is 28,832,208, representing 5.18% of the Company’s issued and outstanding common shares.

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



13. Share capital (continued)

(c) Share-based compensation (continued)

As at June 30, 2022 the share-based payments reserve values of \$4,386,495 (December 31, 2021 - \$4,580,664) on the balance sheet reflect the fair value of outstanding vested share purchase options of \$2,870,845 (December 31, 2021 - \$3,188,598) the fair value of outstanding RSUs of \$173,335 (December 31, 2021 - \$49,751) and the fair value of broker warrants outstanding of \$1,342,315 (December 31, 2021 - \$1,342,315). If all options and warrants were exercised, and RSUs vested, the entire balance of the share-based payments reserve would be transferred to share capital.

(d) Flow-through shares

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

As at June 30, 2022, the Company had spent \$953,415 of the \$2,501,500 flow-through funds raised in the December 17, 2021 placement. The Company renounced the income tax benefit of the private placement to its subscribers effective December 31, 2021. The Company incurred \$7,634 in Part XII.6 tax on unspent amounts for the six-month period ended June 30, 2022 (2021 - \$9,578), which has been accounted for under financing and interest expense.

As at June 30, 2022, the Company had spent all of the \$3,780,160 flow-through funds raised in the December 2, 2020 placement. The Company renounced the income tax benefit of the private placement to its subscribers effective December 31, 2020. The Company incurred no Part XII.6 tax on unspent amounts for the year ended December 31, 2021 as a result of Canada's COVID-19 Economic Response Plan, which has been accounted for under financing and interest expense. The qualifying expenditures incurred in 2021 will be deemed to have been incurred in January 2021, and since Part XII.6 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 earlier for purposes of determining the Part XII.6 tax liability. The Company incurred \$584 in Part XII.6 tax relating to this placement.

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.

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



13. Share capital (continued)

(e) Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2020	18,080,963	\$ 0.18
Issued pursuant to private placements in 2021	40,852,000	0.39
Exercised	(6,831,121)	0.18
Balance, December 31, 2021	52,101,842	0.34
Exercised	(312,500)	0.21
Balance, June 30, 2022	51,789,342	\$ 0.34

As at June 30, 2022 the Company's outstanding share purchase warrants had expiry dates and exercise prices as follows:

Expiry Date for Warrants	Number of Warrants	Exercise Price
May 20, 2023	1,933,437	\$ 0.21
June 2, 2023	8,240,666	0.18
June 2, 2023	774,489	0.13
September 7, 2024	36,463,750	0.40
September 7, 2024	4,377,000	0.29
Balance, June 30, 2022	51,789,342	\$ 0.34

For the six months 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.

14. Management of capital

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

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



15. Management of financial risk

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

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

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

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

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

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

The carrying values of cash and cash equivalents, amounts receivable, 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.

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

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

Investments – as at December 31, 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 (TSX-V: VEC)	\$ -	\$ -	\$ -	\$ -
Shares – ALX (TSX-V: AL)	175,000	-	-	175,000
	\$ 175,000	\$ -	\$ -	\$ 175,000

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



15. Management of financial risk (continued)

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

	Number of Shares	Change in Fair Value	Fair Value
Balance, December 31, 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		<u>(78,937)</u>	
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)	<u>(178,500)</u>	
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

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

Exploration and evaluation expenditures for the six months ended June 30, 2022:

Project	2021				2022	
	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
<u>Western Athabasca</u>						
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, Key West, and Riou Lake.

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



17. Exploration and evaluation expenditures (continued)

Exploration and evaluation expenditures for the three months ended June 30, 2022:

Project	2021			2022		
	Cumulative ⁽¹⁾ to March 31, 2021	Expenditures in the period	Cumulative to June 30, 2021	Cumulative to March 31, 2022	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	14,131,587	47,859	14,179,446	16,281,873	162,668	16,444,541
Hidden Bay	34,886,416	113,166	34,999,582	36,088,328	204,563	36,292,891
Horseshoe-Raven	41,827,119	49,310	41,876,429	41,980,650	204,518	42,185,168
Other projects ⁽²⁾	51,074	2,003	53,077	134,399	16,383	150,782
West Bear Co-Ni	7,595,717	118,722	7,714,439	7,798,507	93,880	7,892,387
<u>Western Athabasca</u>						
Shea Creek	54,338,389	6,357	54,366,785	54,345,456	3,992	54,370,777
Other WAJV	10,929,302	-	10,929,302	10,929,302	-	10,929,302
All Projects Total	\$ 179,135,523	\$ 337,043	\$ 179,472,566	\$ 182,955,389	\$ 686,004	\$ 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, Key West, and Riou Lake.

Exploration and evaluation expenditures for the period 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 (Note 13(c))	10,824	5,241	21,360	11,981
Project management fee (Note 19)	29,972	15,001	257,534	90,149
Project surcharge (Note 18)	32,475	25,900	88,600	63,325
	\$ 92,997	\$ 59,206	\$ 405,564	\$ 191,816

18. Office expenses

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Insurance	\$ 15,469	\$ 16,931	\$ 30,164	\$ 32,541
Office supplies and consulting	81,733	109,887	204,496	179,443
Strategic consulting (Note 23)	1,495,682	-	1,495,682	-
Rent	5,062	5,400	10,125	10,463
Telephone	1,073	1,542	2,664	2,935
Utilities	3,679	3,280	8,002	7,254
Project surcharge (Note 17)	(32,475)	(25,900)	(88,600)	(63,325)
	\$ 1,570,223	\$ 111,140	\$ 1,662,533	\$ 169,311

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



19. Salaries, net of project management fees

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Gross salaries	\$ 235,263	\$ 174,116	\$ 504,930	\$ 356,769
Canadian Emergency Wage Subsidy (Note 19)	-	(128,751)	-	(161,021)
Non-cash management fee offset (Note 15):				
Christie Lake – 10%	(21,611)	(4,351)	(248,103)	(6,165)
West Bear Project – 10%	(8,361)	(10,651)	(9,431)	(83,985)
	\$ 205,291	\$ 30,363	\$ 247,396	\$ 105,598

The Christie Lake project management fee offset above arises from the 10% management fee deemed to be an expenditure for the exploration work commitment portion of the project earn-in, as per the July 15, 2016 Joint Venture Agreement with JCU.

UEX employee time spent on managing JCU is recouped through monthly management fees billed to JCU, with excess time billed as needed.

20. Related party transactions

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

(a) Related party transactions

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

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	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).

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



20. Related party transactions (continued)

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

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	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 (December 31, 2021 - \$22,685) was included in amounts receivable.

(b) Key management personnel compensation

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

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	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 owing. 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) and the fair value of RSUs granted which have been calculated using the closing trading price of the Company's shares on grant date disclosed in Note 13 (c).

⁽⁵⁾ Represents payments to Evelyn Abbott for CFO services rendered to the Company. In the event that Ms. Abbott's consulting agreement is terminated by the Company for any reason other than as a result of a change of control, death or termination for cause, the Company will pay a termination amount equal to 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).

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



21. Government Assistance

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

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.

23. Arrangement agreement and subsequent events

On June 13, 2022, the Company entered into a definitive arrangement agreement among UEX, UEC and UEC 2022 Acquisition Corp., as amended on June 23, 2022 pursuant to which the purchaser, a wholly owned subsidiary of UEC agreed to acquire all of the issued and outstanding common shares of UEX in exchange for UEC common shares (the “UEC Arrangement Agreement”). Under the terms of the UEC Arrangement Agreement, each holder of a common share of the Company (a “UEX Share”) would receive 0.0831 of one UEC common share in exchange for each UEX Share.

On July 22, 2022, the Company received an unsolicited non-binding proposal from Denison for the acquisition of all the issued and outstanding common shares of the Company. The Board of Directors 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 (“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 common share for each UEX Share.

UEX CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)



23. Arrangement agreement and subsequent events (continued)

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. The Board of Directors 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. Under the terms of the Denison proposal, each holder of a common share of the Company would receive 0.32 of one Denison common share in exchange for each UEX Share. 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 offer 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 and reimburse UEC legal expenses up to a maximum of \$250,000 in accordance with the terms of the Amended UEC Arrangement Agreement.

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

If a transaction with UEC or Denison is approved by shareholders and is completed, certain senior management may elect to terminate their employment contracts on change of control and would be entitled to compensation as outline in Note 20(b).



Corporate Information

Board of Directors

Graham C. Thody, Chairman
North Vancouver, British Columbia

Roger M. Lemaitre
President and CEO
Warman, Saskatchewan

Suraj P. Ahuja
West Vancouver, British Columbia

Peter J. Netupsky
Toronto, Ontario

Emmet A. McGrath
Burnaby, British Columbia

Catherine A. Stretch
Toronto, Ontario

Officers

Roger M. Lemaitre
President and CEO

Evelyn Abbott
CFO

Bernard Poznanski
Corporate Secretary

Legal Counsel

Koffman Kalef LLP
19th Floor, 885 West Georgia Street
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Auditors

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