U3O8 CORP.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED

DECEMBER 31, 2014 AND 2013

(EXPRESSED IN CANADIAN DOLLARS)

The **Uranium** Discovery Company

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INDEPENDENT AUDITORS' REPORT

To the Shareholders U3O8 Corp.

We have audited the accompanying consolidated financial statements of U3O8 Corp. ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, the consolidated statements of loss and comprehensive loss, equity and cash flows for the years then ended, 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 audit 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 U3O8 Corp. as at December 31, 2013 and 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes that the U3O8 Corp. has prepared the consolidated financial statements on the basis applicable for a going concern. Matters as set forth in Note 2, indicate the existence of material uncertainties that may cast significant doubt about U3O8 Corp.'s ability to continue as a going concern.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
March 25, 2015
Toronto, Canada

U3O8 Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2014	As at December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents (note 7)	**$ 136,611**	$ 328,703
Amounts receivable and other assets (note 8)	**96,429**	297,893
Total current assets	**233,040**	626,596
Non-current assets		
Restricted cash (note 7(a))	**168,208**	144,844
Property and equipment (note 6)	**802,139**	1,102,058
Equity accounted investment (note 16)	**513,932**	-
Investment in Minexco Minerals Corp. (note 14(a))	**-**	1,928,571
South American property interests (note 21)	**10,474,652**	10,474,652
Total non-current assets	**11,958,931**	13,650,125
Total assets	**$ 12,191,971**	$ 14,276,721
EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (note 9)	**$ 1,338,474**	$ 1,345,896
	1,338,474	1,345,896
Non-current liabilities		
Other payable	**176,000**	176,000
	1,514,474	1,521,896
Capital and reserves		
Share capital (note 10)	**90,225,565**	85,230,813
Reserves	**7,185,094**	8,496,000
Deficit	**(86,733,162)**	(80,971,988)
Total equity	**10,677,497**	12,754,825
Total equity and liabilities	**$ 12,191,971**	$ 14,276,721

The notes to the consolidated audited financial statements are an integral part of these statements.

Going concern (note 2)
Commitments (note 20)
Subsequent events (note 24)

Approved by the Board of Directors:

"Richard Patricio" Director

"David Constable" Director

The **Uranium** Discovery Company
U3O8 CORP

U3O8 Corp.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Years ended December 31,	2014	2013
Expenses		
Exploration and evaluation expenditures (note 14)	**$ 2,904,729**	$ 4,634,998
General and administrative (note 15)	**2,012,914**	2,044,219
Operating loss before the following items	**(4,917,643)**	(6,679,217)
Interest income	**25,743**	28,299
Foreign exchange income	**305,169**	176,319
Share of losses from equity accounted investment (note 16)	**(246,068)**	(51,000)
Gain on sale of property (note 16)	**760,000**	-
Realized loss on sale of Pinetree Capital Ltd. investment (note 23)	**-**	(1,370,471)
Impairment of equity accounted investment (note 16)	**-**	(324,256)
Recovery of and write-off of loan from South American Silica Corp. (note 16(a))	**16,725**	(16,725)
Write-off of receivable from Minexco Minerals Corp. (note 14(a))	**(92,892)**	-
Impairment of Minexco Minerals Corp. (note 14(a))	**(1,928,571)**	-
Loss and comprehensive loss before taxes	**(6,077,537)**	(8,237,051)
Deferred income tax recovery (note 11)	**316,363**	804,077
Loss and comprehensive loss	**$ (5,761,174)**	$ (7,432,974)
Basic and Diluted loss per common share (note 13)	**$ (0.03)**	$ (0.05)
Weighted average number of common shares outstanding	**188,830,409**	152,851,037

The notes to the consolidated audited financial statements are an integral part of these statements.

The Uranium Discovery Company

U3O8 Corp.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Years ended December 31,	2014	2013
Operating activities		
Net loss	**$ (5,761,174)**	$ (7,432,974)
Adjustment for:		
Amortization	**276,408**	394,206
Share-based payments (note 12)	**174,048**	322,058
Foreign exchange income	**(305,169)**	(176,319)
Interest income	**(25,743)**	(28,299)
Settlement of debt (note 10(b)[(3)])	**-**	233,372
Share of losses from equity accounted investment (note 16)	**246,068**	51,000
Gain on sale of property	**(760,000)**	-
Gain on disposal of equipment	**(16,832)**	-
Write-off of equipment	**1,749**	-
Settlement of services for common shares (note 10(b)[(7)])	**87,009**	-
Realized loss on investment in Pinetree Capital Ltd.	**-**	1,370,471
Write-off of equity accounted investment (note 16)	**-**	324,256
Write-off of loan from South American Silica Corp. (note 16)	**-**	16,725
Write-off of amounts receivable from Minexco Minerals Corp. (note 14(a))	**92,892**	-
Impairment of investment in Minexco Minerals Corp. (note 14(a))	**1,928,571**	-
Deferred income tax recovery	**(316,363)**	(804,077)
Non-cash working capital items:		
Amounts receivable and other assets	**108,572**	448,644
Amounts payable and other liabilities	**(7,422)**	(769,472)
Loan receivable from South American Silica Corp. (note 16)	**-**	(4,532)
Net cash used in operating activities	**(4,277,386)**	(6,054,941)
Financing activities		
Issue of securities, net of transaction costs	**3,739,152**	843,115
Proceeds from sale of Pinetree Capital Ltd. shares (note 23)	**-**	829,529
Net cash provided by financing activities	**3,739,152**	1,672,644
Investing activities		
Cash acquired upon purchase of Calypso Uranium Corp. (note 22)	**-**	3,221,898
Additions to property and equipment	**(3,072)**	-
Proceeds on disposal of equipment	**41,666**	-
Interest income	**25,743**	28,299
Redemption of restricted cash	**144,844**	149,380
Restricted cash purchase	**(168,208)**	(144,844)
Net cash provided by investing activities	**40,973**	3,254,733
Effect of exchange rate changes on cash held in foreign currencies	**305,169**	176,319
Net change in cash and cash equivalents	**(192,092)**	(951,245)
Cash and cash equivalents, beginning of year	**328,703**	1,279,948
Cash and cash equivalents, end of year	**$ 136,611**	$ 328,703

The notes to the consolidated audited financial statements are an integral part of these statements.

The Uranium Discovery Company

U3O8 CORP

U3O8 Corp.
Consolidated Statements of Equity
(Expressed in Canadian Dollars)

	Share capital	Share-based payments reserve	Warrants	Deficit	Total
Balance, December 31, 2012	**$ 73,668,634**	**$ 5,809,723**	**$ 8,603,902**	**$ (73,539,014)**	**$ 14,543,245**
Warrants expired	6,068,513	-	(6,068,513)	-	-
Tax effect on expiry of warrants	-	(804,077)	-	-	(804,077)
Issue of securities, net of transaction costs (note 10(b)(1)(2)(4))	2,424,968	-	618,147	-	3,043,115
Acquisition of Calypso Uranium Corp. (note 22)	2,835,326	14,760	-	-	2,850,086
Share-based payments (note 12)	-	322,058	-	-	322,058
Issue of shares for debt (note 10(b)(3))	233,372	-	-	-	233,372
Loss and comprehensive loss for the year	-	-	-	(7,432,974)	(7,432,974)
Balance, December 31, 2013	**85,230,813**	**5,342,464**	**3,153,536**	**(80,971,988)**	**12,754,825**
Issue of securities, net of transaction costs (note 10(b)(5)(6)(7)(8)(9)(10)(11)(12)(13)(14)(15))	2,459,363	-	1,366,798	-	3,826,161
Warrants expiry	2,535,389	-	(2,535,389)	-	-
Tax effect on expiry of warrants	-	(316,363)	-	-	(316,363)
Share-based payments (note 12)	-	174,048	-	-	174,048
Loss and comprehensive loss for the period	-	-	-	(5,761,174)	(5,761,174)
Balance, December 31, 2014	**$ 90,225,565**	**$ 5,200,149**	**$ 1,984,945**	**$ (86,733,162)**	**$ 10,677,497**

The notes to the consolidated audited financial statements are an integral part of these statements.

The **Uranium** Discovery Company

U3O8 CORP

1. Nature of operations

U3O8 Corp. (the “Company”) is a Canadian exploration company focused on exploration for and resource expansion of, uranium and related minerals in South America. It was incorporated by articles of incorporation dated December 6, 2005 ("date of incorporation") under the Business Corporations Act (Ontario). The Company’s common shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol UWE, on the OTCQX International under the symbol UWEFF and on the senior market of the Santiago Stock Exchange in Chile, under the symbol UWE. The Company maintains a corporate office at 8 King Street East, Suite 710, Toronto, Ontario, M5C 1B5, Canada.

2. Basis of presentation and going concern

The Company is at an early stage of development and as is common with many exploration companies, it raises financing for its exploration and evaluation activities. The Company has incurred a loss in the current and prior periods, with a net loss for the year ended December 31, 2014 of $5,761,174 (2013 - $7,432,974) and has an accumulated deficit of $86,733,162. In addition, the Company had a working capital deficit balance of $1,105,434 at December 31, 2014 (2013 - $719,300). Included in the working capital deficit is cash of $136,611 and accounts payable and other liabilities of $1,338,474. Subsequent to year end, the Company has raised gross proceeds of $408,300 through various private placements (note 24). Additional financings will be required to develop the properties and continue operations. While there is no assurance these funds can be raised, the Company believes such financings will be available as required. Certain of the Company's discretionary exploration activities have scope for flexibility in terms of the amount and timing of exploration activities, and expenditures may be adjusted accordingly.

These financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The certainty of funding future exploration expenditures and availability of sources of additional financing in the future cannot be assured at this time and accordingly, these uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. The consolidated financial statements do not include adjustments to the carrying values and classifications of recorded assets and liabilities and related revenues and expenses that might be necessary should the Company be unable to continue as a going concern.

3. Significant accounting policies

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the year ended December 31, 2014. The policies set out below are based on IFRS issued and outstanding as of March 25, 2015, the date the Board of Directors approved the statements.

(b) Basis of presentation

These audited annual consolidated financial statements have been prepared on a historical cost basis except for the re-evaluation of certain financial instruments. In addition, these audited annual consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. Significant accounting policies (continued)

(b) Basis of presentation (continued)

In the preparation of these audited annual consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 3(p).

(c) Basis of consolidation

The audited annual consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(i) Subsidiaries

The following companies have been consolidated within the audited annual consolidated financial statements:

Company	Registered	Principle activity
U3O8 Corp.	Ontario, Canada	Parent company
Prometheus Resources (Barbados) Limited [1]	Barbados	Holding company
Prometheus Resources (Guyana) Inc.[1]	Guyana, South America	Exploration company
Gaia Energy Inc. [1]	Ontario, Canada	Holding company
Maple Minerals Exploration and Development Inc. [1]	Ontario, Canada	Exploration company
Gaia Energy Investments Ltd. (BVI) [1]	British Virgin Islands	Exploration company
0964104 B.C. Ltd. [1]	British Colombia, Canada	Holding company
Calypso Holdings Inc.[1]	Cayman Islands	Holding company
Energia Mineral Inc. [1]	Cayman Islands	Exploration company
Pampa Amarilla Inc. [1]	Cayman Islands	Exploration company

[1] 100% owned by ultimate shareholder - U3O8 Corp.

(ii) Equity investment in South American Silica Corp.

Since April 2011, the Company has significant influence in South American Silica Corp., ("SAS") (formerly South American Rare Earth Corp.), but does not have control; this investment is accounted for using the equity method. Under the equity method, the investment is initially recorded at cost and the carrying value is adjusted thereafter, to reflect the Company's pro-rata share of post acquisition income or loss. The amount of adjustment is included in the determination of net income or loss of the Company, and the investment account of the Company is also increased or decreased to reflect the Company's share of capital transactions and changes in accounting policies. The carrying values of equity investments are regularly reviewed to ensure there is no impairment. When there is objective evidence of impairment, the investment is written down to recognize the loss.

3. Significant accounting policies (continued)

(d) Foreign currencies

The functional currency, as determined by management, of U3O8 Corp. and each of its subsidiaries is the Canadian Dollar. For the purpose of the audited annual consolidated financial statements, the results and financial position are expressed in Canadian Dollars.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the audited annual consolidated statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(e) Business combinations

Acquisitions of a business are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given up, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the subsidiary. Acquisition-related costs are recognized in profit and loss as incurred.

(f) Fair Value Through Profit and Loss ("FVTPL")

The Company's financial instruments are comprised of the following:

Financial assets:	Classification:
Cash	Loans and receivables
Amounts receivable	Loans and receivables
Loan receivable from SAS	Loans and receivables
Value-added taxes receivable	Loans and receivables
Restricted cash	Loans and receivables

Financial liabilities:	Classification:
Amounts payable and other liabilities	Other financial liabilities

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 initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

3. Significant accounting policies (continued)

(f) Fair Value Through Profit and Loss ("FVTPL") (continued)

FVTPL:

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the consolidated statements of loss.

The Company does not currently hold any derivative instruments or apply hedge accounting.

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. 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 assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable and value-added taxes receivable, where the carrying amounts are reduced through the use of an allowance account. When accounts receivable and value-added taxes receivable are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(f) Fair Value Through Profit and Loss ("FVTPL") (continued)

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2014 and 2013, none of the Company's financial instruments are recorded at fair value on the consolidated statements of financial position as of December 31, 2013, except for Investment in Minexco Minerals Corp. ("Minexco") which is carried at fair market value and is considered Level 3.

Categories of financial instruments:

	As at December 31, 2014	As at December 31, 2013
Financial assets:		
Loans and receivables		
Cash and cash equivalents	$ 136,611	$ 328,703
Amounts receivable and other assets	96,429	297,893
Restricted cash	168,208	144,844
Investment in Minexco Minerals Corp.	-	1,928,571
Financial liabilities:		
Other financial liabilities		
Amounts payable and other liabilities	1,338,474	1,345,896

As of December 31, 2014 and 2013, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

3. Significant accounting policies (continued)

(g) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication of impairment. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

The Company has assessed the assets of all its operating entities and has determined that there is no impairment of its non-financial assets.

(h) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of exploration and evaluation assets, which are recognized at the fair value at the acquisition date.

Once a project has been established as commercially viable and technically feasible, related development expenditure is capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

(i) Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of PPE, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Percentage	Method
Vehicles	30%	Declining balance
Mobile and drilling equipment	30%	Declining balance
Furniture and fixtures	20% to 30%	Declining balance
Field equipment	20%	Declining balance

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

3. Significant accounting policies (continued)

(i) Property, plant and equipment (continued)

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of loss and comprehensive loss.

Where an item of PPE consists of major components with different useful lives, the components are accounted for as separate items of PPE. Expenditures incurred to replace a component of an item of PPE that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

(j) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts and guaranteed investment certificates which are available on demand by the Company for its programs.

(k) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions at December 31, 2014 and December 31, 2013.

(l) Share-based payment transactions

The fair value is measured at grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

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.

3. Significant accounting policies (continued)

(m) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, a deferred tax asset is not recognized.

(n) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflect the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

(o) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

3. Significant accounting policies (continued)

(p) Significant accounting judgments and estimates

The preparation of these audited annual consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These audited annual consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the audited annual consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates:

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

- the recoverability of accounts receivable and value-added taxes receivable which are included in the consolidated statements of financial position;
- the Company reviews its South American property interests for impairment based on results to date and when events and changes in circumstances indicate that the carrying value of the assets may not be recoverable. IFRS 6 - Exploration for and evaluation of mineral resources and IAS 36 – Impairment of assets requires the Company to make certain judgments in respect of such events and changes in circumstances, and in assessing their impact on the valuations of the affected assets. The Company’s assessment is that as at December 31, 2014, there are no indicators of impairment in the carrying value of its mineral properties;
- valuation of the Company's investment in Minexco;
- the estimated useful lives of Property and equipment which are included in the consolidated statement of financial position and the related depreciation included in loss; and
- the inputs used in accounting for share-based payment transactions, including warrants.

Critical accounting judgments

- management applied judgment in determining the functional currency of U3O8 Corp. as Canadian Dollars and the functional currency of its subsidiaries, based on the facts and circumstances that existed during the period;
- the determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management;
- management determination of no material restoration, rehabilitation and environmental exposure, based on the facts and circumstances that existed during the period; and
- management's determination of ability to exert significant influence over SAS.

3. Significant accounting policies (continued)

(q) New accounting policies

IAS 32 - Financial Instruments, Presentation ("IAS 32") is effective for annual periods beginning on or after January 1, 2014. IAS 32 was amended to clarify that the right of offset must be available on the current date and cannot be contingent on a future date. At January 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's consolidated financial statements.

(r) New standards not yet adopted and interpretations issued but not yet effective

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. The Company is in the process of assessing the impact of this pronouncement.

4. Capital risk management

The Company manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company’s defined exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at December 31, 2014, totalled $10,677,497 (December 31, 2013 - $12,754,825).

This capital management is achieved by the Board of Directors’ review and acceptance of exploration budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other fundraising.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2014 and 2013. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Section 710 of the TSX Company Manual which requires adequate working capital or financial resources such that, in the opinion of TSX, the listed issuer will be able to continue as a going concern. TSX will consider, among other things, the listed issuer's ability to meet its obligations as they come due, as well as its working capital position, quick asset position, total assets, capitalization, cash flow and earnings as well as accountants' or auditors' disclosures in financial statements regarding the listed issuer's ability to continue as a going concern. As of December 31, 2014, the Company may not be compliant with the requirements of the TSX. The impact of this violation is not known and is ultimately dependent on the discretion of the TSX.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

5. Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and uranium price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, accounts receivable, sales taxes receivable and restricted cash. Cash and cash equivalents and restricted cash are held with major Canadian chartered banks, from which management believes the risk of loss to be minimal.

Financial instruments included in accounts receivable consist of sales tax receivable from government authorities in Canada and deposits held with service providers. Accounts receivable is in good standing as of December 31, 2014. Management believes that the credit risk with respect to financial instruments included in accounts receivable is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2014, the Company had a cash and cash equivalents balance of $136,611 (December 31, 2013 - $328,703) to settle current liabilities of $1,338,474 (December 31, 2013 - $1,345,896). Current liabilities included approximately $355,000 accrued for partial salaries deferred by executives and fees owed to the Board in the Company's efforts to conserve cash, as well as approximately $220,000 related to certain one-time Colombian taxes. All of the Company's current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

The Company will need to secure additional financing to meet its ongoing obligations. However, there is no assurance that it will be able to do so (note 2).

5. Financial risk management (continued)

Market risk

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. As of December 31, 2014, the Company funds certain operations, exploration and administrative expenses in Guyana, Colombia and Argentina on a cash call basis using US Dollar currency converted from its Canadian Dollar bank accounts held in Canada. The Company maintains US Dollar bank accounts in Canada, Barbados, and Guyana, Guyanese Dollar bank accounts in Guyana, Colombian Peso accounts in Colombia and Argentina Peso accounts in Argentina. The Company is subject to gains and losses from fluctuations in the US Dollar and Guyanese Dollar and Colombian and Argentina Peso against the Canadian Dollar.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

The Company’s long-term investment in Minexco is subject to fair value fluctuations arising from changes in the equity and commodity markets.

Sensitivity analysis

The sensitivity analysis shown in the notes below may differ materially from actual results. Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period:

(i) Cash and cash equivalents are subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would have affected the reported loss and comprehensive loss by approximately $3,000.

(ii) The Company holds balances in foreign currencies which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rate against the Canadian Dollar would have affected the reported loss and comprehensive loss by approximately $15,000.

(Expressed in Canadian Dollars)

6. Property and equipment

COST

	Mobile and drilling equipment	Field equipment	Vehicles	Furniture and fixtures	Total
Balance, December 31, 2013	$ 1,626,526	$ 1,899,676	$ 62,695	$ 151,928	$ 3,740,825
Additions	-	3,072	-	-	3,072
Write-off	-	(4,329)	-	-	(4,329)
Disposals	(5,095)	(56,503)	(62,695)	(3,748)	(128,041)
Balance, December 31, 2014	$ 1,621,431	$ 1,841,916	$ -	$ 148,180	$ 3,611,527

ACCUMULATED DEPRECIATION

	Mobile and drilling equipment	Field equipment	Vehicles	Furniture and fixtures	Total
Balance, December 31, 2012	$ 1,217,792	$ 879,719	$ 55,190	$ 91,860	$ 2,244,561
Depreciation for the year	122,620	254,669	2,252	14,665	394,206
Balance, December 31, 2013	1,340,412	1,134,388	57,442	106,525	2,638,767
Depreciation for the year	98,979	155,459	5,253	16,717	276,408
Write-off	-	(2,580)	-	-	(2,580)
Disposals	(4,199)	(33,686)	(62,695)	(2,627)	(103,207)
Balance, December 31, 2014	$ 1,435,192	$ 1,253,581	$ -	$ 120,615	$ 2,809,388

CARRYING AMOUNTS

	Mobile and drilling equipment	Field equipment	Vehicles	Furniture and fixtures	Total
At December 31, 2013	$ 286,114	$ 765,288	$ 5,253	$ 45,403	$ 1,102,058
At December 31, 2014	$ 186,239	$ 588,335	$ -	$ 27,565	$ 802,139

(Expressed in Canadian Dollars)

7. Cash position

	As at December 31, 2014	As at December 31, 2013
Cash	$ 136,611	$ 328,703
Restricted cash (a)	168,208	144,844
Total Cash position	$ 304,819	$ 473,547

(a) As at December 31, 2014, the Company had entered into several letters of guarantee in the amount of $168,208 (December 31, 2013 - $139,544) with respect to regulations for all Prospecting Licences issued to the Company in Guyana.

In addition, the Company had a letter of guarantee totaling $nil (December 31, 2013 - $5,300) that is required by the Company for exploration activities in Guyana.

8. Amounts receivable and other assets

	As at December 31, 2014	As at December 31, 2013
Sales tax receivable - (Canada)	$ 25,650	$ 33,037
Due from Minexco Minerals Corp. (note 14(a))	-	95,794
Loan receivable from South American Silica Corp.	22,312	-
Deposits with service providers	48,467	169,062
	$ 96,429	$ 297,893

9. Amounts payable and other liabilities

	As at December 31, 2014	As at December 31, 2013
Falling due within the year	$ 1,338,474	$ 1,345,896

10. Share capital

a) Authorized share capital

At December 31, 2014 and 2013, the authorized share capital consisted of an unlimited number of common shares.

The common shares do not have a par value. All issued shares are fully paid.

(Expressed in Canadian Dollars)

10. Share capital (continued)

b) Common shares issued

At December 31, 2014, the issued share capital amounted to $90,225,565. The change in issued share capital for the periods was as follows:

	Number of common shares	Amount
Balance, December 31, 2012	127,830,495	$ 73,668,634
Issue of securities, net of transaction costs (1)(2)(4)	16,050,000	2,424,968
Warrants expired	-	6,068,513
Shares for debt (3)	1,795,168	233,372
Acquisition of Calypso Uranium Corp. (note 22)	20,252,327	2,835,326
Balance, December 31, 2013	165,927,990	85,230,813
Issue of securities, net of transaction costs (5)(6)(7)(8)(9)(10)(11)(12)(13)(14)(15)	44,129,787	2,459,363
Warrants expired	-	2,535,389
Balance, December 31, 2014	210,057,777	$ 90,225,565

(1) On January 11, 2013, the Company completed a non-brokered private placement for gross proceeds of $2,315,500 through the issuance of 10,525,000 units at $0.22 per unit. Of this total, 525,000 units were purchased for cash consideration, and 10,000,000 units were purchased in consideration of an aggregate of 2,528,736 common shares of Pinetree Capital Ltd. ("Pinetree") which were issued to the Company at closing (note 18(c)). On January 11, 2013, the value of the Pinetree common shares held by the Company was determined to be $2,200,000.

Sheldon Inwentash, a former director of the Company was the chairman, chief executive officer ("CEO") and director of Pinetree at the time of the placement.

Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at $0.30 per common share for a period of 24 months.

A value of $421,000 was estimated for the 5,262,500 warrants on the date of grant using a relative fair value method based on the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 94% using the historical price history of the Company; risk free interest rate of 1.19%; and an expected average life of two years.

Total share issue costs of $1,285 were charged and allocated $1,051 to share capital and $234 to warrants.

(2) On April 15, 2013, the Company closed a non-brokered private placement to raise gross proceeds of $405,000 through the issue of 2,025,000 units at $0.20 per Unit. Each unit consists of one common share of the Company and one half of a share purchase warrant. Each whole warrant entitles the holder to purchase one common share at $0.30 per share for a period of 24 months.

10. Share capital (continued)

b) Common shares issued (continued)

(2) (continued) A value of $60,750 was estimated for the 1,012,500 warrants on the date of grant using a relative fair value method based on the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 90% using the historical price history of the Company; risk free interest rate of 0.96%; and an expected average life of two years.

Total share issue costs of $5,100 were charged and allocated $4,335 to share capital and $765 to warrants.

(3) On October 1, 2013, 1,795,168 shares were issued at a deemed price of $0.13 in lieu of severance, salaries and termination costs for specific employees and consultants of the Company.

(4) On December 20, 2013, the Company closed a non-brokered private placement to raise gross proceeds of $350,000 through the issue of 3,500,000 units at $0.10 per unit. Each unit consists of one common share of the Company and one warrant. Each warrant entitles the holder to purchase one common share at $0.15 per share for a period of five years. 210,000 broker warrants with an exercise price of $0.12 and expire within two years were also granted. A value of $9,660 was assigned to these warrants.

A value of $140,000 was estimated for the 3,500,000 warrants on the date of grant using a relative fair value method based on the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 97% using the historical price history of the Company; risk free interest rate of 1.57%; and an expected average life of five years.

Total share issue costs of $21,000 were charged and allocated $12,600 to share capital and $8,400 to warrants.

(5) On January 23, 2014, the Company closed a non-brokered private placement to raise gross proceeds of $400,000 through the issuance of 3,333,333 units at $0.12 per unit. Each unit consists of one common share of the Company and one warrant. Each warrant entitles the holder to purchase one share at $0.21 per common share for a period of five years. 180,000 broker warrants with an exercise price of $0.12 and expiry date within two years were also granted. Of the total, Pinetree subscribed for 333,333 units.

A value of $166,667 was estimated for the 3,333,333 warrants on the date of grant using a relative fair value method based on the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 96% using the historical price history of the Company; risk free interest rate of 1.35%; and an expected average life of five years.

10. Share capital (continued)

b) Common shares issued (continued)

(5) (continued) A value of $13,507 was estimated for the 180,000 broker warrants on the date of grant using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 81% using the historical price history of the Company; risk free interest rate of 0.98%; and an expected average life of two years. This value charged $7,879 to share capital and $5,628 to warrants as transaction costs.

Total share issue costs of $36,010 were charged and allocated $21,006 to share capital and $15,004 to warrants.

(6) On February 14, 2014, $396,000 in gross proceeds were raised in a non-brokered private placement by the Company whereby 3,600,000 units at $0.11 per unit were issued. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.18 per share for a 5-year period. 216,000 broker warrants with an exercise price of $0.145 and expiry date within two years were also granted.

A value of $180,000 was estimated for the 3,600,000 warrants on the date of grant using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 96% using the historical price history of the Company; risk-free interest rate of 1.41%; and an expected average life of five years.

A value of $15,631 was estimated for the 216,000 broker warrants on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 83% using the historical price history of the Company; risk-free interest rate of 1.04%; and an expected average life of two years. This value charged $8,526 to share capital and $7,105 to warrants as transaction costs.

Total share issue costs of $51,170 were charged and allocated $27,911 to share capital and $23,259 to warrants.

(7) On February 24, 2014, gross proceeds of $840,200 were raised by the Company on the issue of 6,463,070 units at $0.13 per unit in a first tranche. A further 2,383,384 units at $0.13 per unit were issued on March 13, 2014 to raise $309,840 for an aggregate total of $1,150,040 in gross proceeds raised through the issuance of a total of 8,846,454 units. Each unit consists of one common share and one share purchase warrant, of which each warrant entitles the holder to purchase one additional share at $0.18 for a 2 year period. 358,754 broker warrants with an exercise price of $0.14 and expiry date within two years were also granted. Of the total, Pinetree subscribed for 576,924 units.

A value of $193,892 was estimated for the 6,463,070 warrants on the date of grant using a relative fair value method based on the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 83% using the historical price history of the Company; risk free interest rate of 1.04%; and an expected average life of two years.

10. Share capital (continued)

b) Common shares issued (continued)

(7) (continued) A value of $17,134 was estimated for the 327,831 broker warrants on the date of grant using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 83% using the historical price history of the Company; risk free interest rate of 1.04%; and an expected average life of two years. This value charged $13,180 to share capital and $3,954 to warrants as transaction costs.

A value of $95,335 was estimated for the 2,383,384 warrants on the date of grant using a relative fair value method based on the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 86% using the historical price history of the Company; risk free interest rate of 1.03%; and an expected average life of two years.

A value of $3,435 was estimated for the 30,923 broker warrants on the date of grant using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 86% using the historical price history of the Company; risk free interest rate of 1.03%; and an expected average life of two years. This value charged $2,378 to share capital and $1,057 to warrants as transaction costs.

Of the total units issued in the February 24 and March 13, 2014 non brokered private placements, 769,300 units were settled for services provided in the aggregate amount of $100,009.

Total share issue costs of $75,459 were charged and allocated $56,628 to share capital and $18,831 to warrants.

(8) On April 25, 2014, $371,000 in gross proceeds were raised in a non-brokered private placement by the Company whereby 2,650,000 units at $0.14 per unit were issued. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.22 per share for a 2-year period expiring April 25, 2016. 159,000 broker warrants with an exercise price of $0.17 and expiry date within two years were also granted.

A value of $106,000 was estimated for the 2,650,000 warrants on the date of grant using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 87% using the historical price history of the Company; risk-free interest rate of 1.05%; and an expected average life of two years.

A value of $9,156 was estimated for the 159,000 broker warrants on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 87% using the historical price history of the Company; risk-free interest rate of 1.05%; and an expected average life of two years. This value charged $6,540 to share capital and $2,616 to warrants as transaction costs.

Total share issue costs of $22,260 were charged and allocated $15,900 to share capital and $6,360 to warrants.

10. Share capital (continued)

b) Common shares issued (continued)

(9) On May 29, 2014, $270,000 in gross proceeds were raised in a non-brokered private placement by the Company whereby 3,000,000 units at $0.09 per unit were issued. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.14 per share for a 5 year period expiring May 29, 2019. 180,000 broker warrants with an exercise price of $0.11 and expiry date within two years were also granted.

A value of $120,000 was estimated for the 3,000,000 warrants on the date of grant using a relative fair value method based on the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 93% using the historical price history of the Company; risk free interest rate of 1.33%; and an expected average life of five years.

A value of $8,622 was estimated for the 180,000 broker warrants on the date of grant using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 87% using the historical price history of the Company; risk free interest rate of 1.03%; and an expected average life of two years. This value charged $4,790 to share capital and $3,832 to warrants as transaction costs.

Total share issue costs of $16,200 were charged and allocated $9,000 to share capital and $7,200 to warrants.

(10) On June 18, 2014, $288,000 in gross proceeds were raised in a non-brokered private placement by the Company whereby 3,600,000 units at $0.08 per unit were issued. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.13 per share for a 3-year period expiring June 18, 2017. 216,000 broker warrants with an exercise price of $0.10 and expiry date within two years were also granted.

A value of $108,000 was estimated for the 3,600,000 warrants on the date of grant using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 91% using the historical price history of the Company; risk-free interest rate of 1.18%; and an expected average life of three years.

A value of $8,554 was estimated for the 216,000 broker warrants on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 87% using the historical price history of the Company; risk-free interest rate of 1.10%; and an expected average life of two years. This value charged $5,346 to share capital and $3,208 to warrants as transaction costs.

Total share issue costs of $17,280 were charged and allocated $10,800 to share capital and $6,480 to warrants.

10. Share capital (continued)

b) Common shares issued (continued)

(11) On September 5, 2014, $200,000 in gross proceeds were raised in a non-brokered private placement by the Company whereby 2,500,000 units at $0.08 per unit were issued in a first tranche. A further 2,500,000 units at $0.08 per unit were issued on September 8, 2014 to raise $200,000 for an aggregate total of $400,000 in gross proceeds raised through the issuance of a total of 5,000,000 units. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.12 per share for a 3-year period expiring September 5, 2017. 300,000 broker warrants with an exercise price of $0.10 and expiry date within two years were also granted.

A value of $75,000 was estimated for the 2,500,000 September 5, 2014 warrant grant using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 87% using the historical price history of the Company; risk-free interest rate of 1.14%; and an expected average life of three years.

A value of $7,095 was estimated for the 150,000 September 5, 2014 broker warrant grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 88% using the historical price history of the Company; risk-free interest rate of 1.11%; and an expected average life of two years. This value charged $4,434 to share capital and $2,661 to warrants as transaction costs.

A value of $75,000 was estimated for the 2,500,000 September 8, 2014 warrant grant using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 87% using the historical price history of the Company; risk-free interest rate of 1.14%; and an expected average life of three years.

A value of $6,015 was estimated for the 150,000 September 8, 2014 broker warrant grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 88% using the historical price history of the Company; risk-free interest rate of 1.12%; and an expected average life of two years. This value charged $3,759 to share capital and $2,256 to warrants as transaction costs.

Total share issue costs of $24,000 were charged and allocated $15,000 to share capital and $9,000 to warrants.

(12) On October 3, 2014, $200,000 in gross proceeds were raised in a non-brokered private placement by the Company whereby 2,500,000 units at $0.08 per unit were issued. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.11 per share for a 3-year period expiring October 3, 2017. 112,500 broker warrants with an exercise price of $0.08 expiring October 3, 2016 were also granted.

A value of $50,000 was estimated for the 2,500,000 warrants on the date of grant using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 87% using the historical price history of the Company; risk-free interest rate of 1.11%; and an expected average life of three years.

10. Share capital (continued)

b) Common shares issued (continued)

(12) (continued) A value of $3,515 was estimated for the 112,500 broker warrants on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 90% using the historical price history of the Company; risk-free interest rate of 1.11%; and an expected average life of two years. This value charged $2,636 to share capital and $879 to warrants as transaction costs.

Total share issue costs of $9,000 were charged and allocated $6,750 to share capital and $2,250 to warrants.

(13) On October 22, 2014, $195,000 in gross proceeds were raised in a non-brokered private placement by the Company whereby 3,000,000 units at $0.065 per unit were issued. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.08 per share for a 3-year period expiring October 22, 2017. 180,000 broker warrants with an exercise price of $0.07 and expiring October 22, 2016 were also granted.

A value of $63,000 was estimated for the 3,000,000 warrants on the date of grant using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 88% using the historical price history of the Company; risk-free interest rate of 1.00%; and an expected average life of three years.

A value of $4,802 was estimated for the 180,000 broker warrants on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 91% using the historical price history of the Company; risk-free interest rate of 1.00%; and an expected average life of two years. This value charged $3,251 to share capital and $1,551 to warrants as transaction costs.

Total share issue costs of $11,700 were charged and allocated $7,920 to share capital and $3,780 to warrants.

(14) On November 14, 2014, $250,000 in gross proceeds were raised in a non-brokered private placement by the Company whereby 5,000,000 units at $0.05 per unit were issued. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.07 per share for a 2-year period expiring November 14, 2016.

A value of $100,000 was estimated for the 5,000,000 warrants on the date of grant using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 102% using the historical price history of the Company; risk-free interest rate of 1.03%; and an expected average life of two years.

(15) On December 2, 2014, $180,000 in gross proceeds were raised in a non-brokered private placement by the Company whereby 3,600,000 units at $0.05 per unit were issued. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.07 per share for a 4 year period expiring December 2, 2018. 216,000 broker warrants with an exercise price of $0.06 expiring December 2, 2016 were also granted, and a commission of $10,800 was paid.

(Expressed in Canadian Dollars)

10. Share capital (continued)

b) Common shares issued (continued)

[15] (continued) A value of $64,800 was estimated for the 3,600,000 warrants on the date of grant using a relative fair value method based on the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 98% using the historical price history of the Company; risk free interest rate of 1.30%; and an expected average life of four years.

A value of $3,808 was estimated for the 216,000 broker warrants on the date of grant using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 104% using the historical price history of the Company; risk free interest rate of 1.00%; and an expected average life of two years. This value charged $2,437 to share capital and $1,371 to warrants as transaction costs.

Total share issue costs of $10,800 were charged and allocated $6,912 to share capital and $3,888 to warrants.

11. Income taxes

Income tax expense
A reconciliation between income tax expense and the product of accounting profit multiplied by the Company's domestic tax rate is provided below:

Years ended December 31,	2014	%	2013	%
Profit (loss) before Income Tax	$ (6,077,537)	-	$ (8,237,051)	-
Income tax at statutory rate of 26.50% (2013 - 26.50%)	(1,610,547)	26.50	(2,182,818)	26.50
Impact of foreign income tax rate differential	452,586	(7.45)	(267,330)	3.25
Non-deductible stock based compensation	46,123	(0.76)	85,345	(1.04)
Expiration of warrants [1]	(316,363)	5.21	(804,077)	9.76
Other permanent differences	230,198	(3.79)	1,013,385	(12.30)
Tax benefit not recognized	881,640	(14.51)	1,351,418	(16.41)
	$ (316,363)	5.20	$ (804,077)	9.76

[1] Tax recovery on the expiration of share purchase warrants, whereas the deferred tax liability was charged to Reserves.

	2014	2013
Current tax expense	$ -	$ -
Deferred tax expense	(316,363)	(804,077)
	$ (316,363)	$ (804,077)

Deferred Tax Assets and Liabilities

(a) Unrecognized deferred tax assets

Deferred tax assets are recognized for the carry-forward or unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the unused tax losses/credits can be utilized. The following represent the deductible temporary differences which have not been recognized in the financial statements.

The Uranium Discovery Company

(Expressed in Canadian Dollars)

11. Income taxes (continued)

Deferred Tax Assets and Liabilities (continued)

(a) Unrecognized deferred tax assets (continued)

	2014	2013
Property and equipment	$ 2,996,015	$ 2,825,978
Loss carry-forward	31,389,525	25,763,919
Unrealized foreign exchange	2,055,623	4,162,268
Equity accounted investment	3,292,621	1,117,982
Capital losses - Canada	-	685,236
Share issue costs	1,037,537	1,537,653
Deferred mining expenditures	47,294,604	46,075,958
	$ 88,065,925	**$ 82,168,994**

(b) Non-capital losses

The following table summarizes the Company's non-capital losses that can be applied against future taxable profit:

Country	Amount	Expiry date
Canada	$ 13,629,365	2015 to 2034
Barbados	7,710,177	2015 to 2024
Argentina	9,606,272	2015 to 2019
Colombia	443,711	indefinite

12. Stock options

U3O8 Corp's stock option plan (the "Plan") was approved by the shareholders of the Company on June 30, 2009 for the purpose of attracting, retaining and motivating directors, officers, employees and other service providers by providing them with an opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth. The number of stock options which may be granted under the plan is limited to not more than 10% of the issued common shares of U3O8 Corp. at the time of the stock option grant. The exercise price of options granted under the Plan may not be lower than the market price of the common shares at the time the option is granted, as calculated based upon the prior trading day closing price of the common shares on any stock exchange on which the common shares are listed or dealing network where the common shares trade, where applicable. In the event that there is no such closing price or trade on the prior trading day, the market price shall be based upon the average of the daily high and low board lot trading prices of the common shares on any stock exchange on which the shares are listed or dealing network on which the common shares trade for the five immediately preceding trading days.

The Company records a charge to the statement of loss and comprehensive loss account using the Black-Scholes fair valuation option pricing model. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of stock volatility, together with an estimate of the level of forfeiture. The level of stock volatility is calculated with reference to the historic traded daily closing share price at the date of issue.

(Expressed in Canadian Dollars)

12. Stock options (continued)

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

The following table reflects the continuity of stock options for the period ended December 31, 2014:

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2012	9,986,250	0.44
Granted (a)(b)(c)(d)	5,324,000	0.20
Expired	(206,250)	0.77
Cancelled	(3,023,000)	0.45
Balance, December 31, 2013	12,081,000	0.33
Granted (e)(f)	800,000	0.12
Expired	(1,676,000)	0.37
Cancelled	(914,000)	0.37
Balance, December 31, 2014	10,291,000	0.30

(a) On January 11, 2013, the Company granted 298,000 stock options to employees pursuant to the Company’s stock option plan. The stock options were issued at an exercise price of $0.28, vest over 18 months and will expire on January 11, 2018. Of the options granted, 91,000 remained outstanding at December 31, 2014. For the purposes of the 298,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 93% using the historical price history of the Company; risk-free interest rate of 1.41%; and an expected average life of three years. The estimated value of $33,046 will be recorded as a cost to salaries and benefits with a corresponding increase to share-based payment reserve as the options vest. For the year ended December 31, 2014, the impact on expenses was $1,435 (comparative period - $31,611) (cumulative to December 31, 2014 - $33,046).

(b) In connection with the acquisition of Calypso Uranium Corp. (“Calypso”) (see note 22), 1,476,000 options were issued by the Company. Of the options granted, 80,000 remain outstanding as at December 31, 2014.

(c) On May 29, 2013, the Company granted 850,000 stock options to two officers pursuant to the Company’s stock option plan. Of the options granted, 850,000 remained outstanding at December 31, 2014. The stock options were issued at an exercise price of $0.16, vest over 18 months and will expire on May 29, 2018. For the purposes of the 850,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 105% using the historical price history of the Company; risk-free interest rate of 1.44%; and an expected average life of five years. The estimated value of $91,800 will be recorded as a cost to salaries and benefits with a corresponding increase to share-based payment reserve as the options vest. The options vest as to 25% immediately, 25% on November 29, 2013, 25% on May 29, 2014 and 25% on November 29, 2014. For the year ended December 31, 2014, the impact on expenses was $23,586 (comparative period - $68,214) (cumulative to December 31, 2014 - $91,800).

12. Stock options (continued)

(d) On September 10, 2013, the Company granted 2,700,000 stock options to directors, officers, employees and consultants pursuant to the Company's stock option plan. Of the options granted, 2,500,000 remained outstanding at December 31, 2014. The stock options were issued at an exercise price of $0.12, vest over 18 months and will expire on September 10, 2018. For the purposes of the 2,700,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 104% using the historical price history of the Company; risk-free interest rate of 1.97%; and an expected average life of five years. The estimated value of $248,400 will be recorded as a cost to salaries and benefits with a corresponding increase to share-based payment reserve as the options vest. The options vest as to 25% immediately, 25% on March 10, 2014, 25% on September 10, 2014 and 25% on March 10, 2015. For the year ended December 31, 2014, the impact on expenses was $99,411 (comparative period - $138,000) (cumulative to December 31, 2014 - $237,411).

(e) On April 21, 2014, the Company granted 500,000 stock options to a director pursuant to the Company's stock option plan. Of the options granted, 500,000 remained outstanding at December 31, 2014. The stock options were issued at an exercise price of $0.16, vest over 18 months and will expire on April, 21, 2019. For the purposes of the 500,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 96% using the historical price history of the Company; risk-free interest rate of 1.45%; and an expected average life of five years. The estimated value of $58,100 will be recorded as a debit to salaries and benefits and a credit to share-based payments reserve as the options vest. The options vest as to 25% immediately, 25% on October 21, 2014, 25% on April 21, 2015 and 25% on October 21, 2015. For the year ended December 31, 2014, the impact on expenses was $47,207 (comparative period - $nil) (cumulative to December 31, 2014 - $47,207).

(f) On November 14, 2014, the Company granted 300,000 stock options to a consultant pursuant to the Company's stock option plan. Of the options granted, 300,000 remained outstanding at December 31, 2014. The stock options were issued at an exercise price of $0.06, and fully vest on March 14, 2015 and will expire on November 14, 2016. For the purposes of the 300,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 102% using the historical price history of the Company; risk-free interest rate of 1.03%; and an expected average life of two years. The estimated value of $9,630 will be recorded as a cost to salaries and benefits with a corresponding increase to share-based payment reserve as the options vest. For the year ended December 31, 2014, the impact on expenses was $2,408 (comparative period - $nil) (cumulative to December 31, 2014 - $2,408).

Stock option volatility was based on historical volatility of the common shares, which is assumed to be an appropriate and approximate proxy for future volatility of a stock option instrument granted for the underlying common shares.

(Expressed in Canadian Dollars)

12. Stock options (continued)

The portion of the estimated fair value of options granted in the current and prior periods and vesting during the year ended December 31, 2014 and 2013, which have been reflected in the consolidated statements of comprehensive loss are as follows:

Years ended December 31,	2014	2013
Canada		
Salaries and benefits	$ 167,431	$ 245,312
Guyana, South America		
Salaries and benefits	1,110	8,377
Colombia, South America		
Salaries and benefits	5,275	50,938
Argentina, South America		
Salaries and benefits	232	17,431
Total	$ 174,048	$ 322,058

The following table reflects the actual stock options issued and outstanding as of December 31, 2014:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
May 4, 2015	0.41	0.34	1,620,000	1,620,000	-
June 4, 2015	0.24	0.42	150,000	150,000	-
November 25, 2015	0.73	0.90	30,000	30,000	-
May 9, 2016	0.50	1.36	1,395,000	1,395,000	-
May 25, 2016	0.45	1.40	200,000	200,000	-
August 24, 2016	0.26	1.65	370,000	370,000	-
November 14, 2016	0.06	1.87	300,000	-	300,000
April 13, 2017	0.38	2.28	80,000	80,000	-
May 23, 2017	0.42	2.39	2,205,000	2,205,000	-
January 11, 2018	0.28	3.03	91,000	91,000	-
May 29, 2018	0.16	3.41	850,000	850,000	-
September 10, 2018	0.12	3.70	2,500,000	1,875,000	625,000
April 21, 2019	0.16	4.31	500,000	125,000	375,000
		2.33	10,291,000	8,991,000	1,300,000

(Expressed in Canadian Dollars)

13. Loss per common share

The calculation of basic and diluted loss per common share for the year ended December 31, 2014 was based on the loss after tax attributable to common shareholders of $5,761,174 (year ended December 31, 2013 – $7,432,974) and the weighted average number of common shares outstanding of 188,830,409 (year ended December 31, 2013 – 152,851,037). Diluted loss per share did not include the effect of 10,291,000 share purchase options and 56,233,041 warrants as they are anti-dilutive.

14. Exploration expenditures

The Company enters into exploration agreements or permits with other companies or foreign governments pursuant to which it may explore, or earn interests in mineral properties by issuing common shares and/or making option or rental payments and/or incurring expenditures in varying amounts by varying dates. Failure by the Company to meet such requirements can result in a reduction or loss of the Company's ownership interests or entitlements under the agreements or permits.

The following is a detailed list of expenditures incurred on the Company's mineral properties:

	Years ended December 31, 2014	Years ended December 31, 2013
Guyana, South America (a)		
Exploration activities	$ 162,234	$ 503,604
Gain on disposal of equipment	(16,832)	-
Salaries and benefits	114,174	253,061
Amortization	108,655	135,837
	$ 368,231	$ 892,502
Colombia, South America (b)		
Exploration activities	$ 632,959	$ 978,924
Write-off of equipment	1,749	-
Salaries and benefits	388,731	1,065,875
Amortization	89,374	166,430
	$ 1,112,813	$ 2,211,229
Argentina, South America (c)		
Exploration activities	$ 1,125,463	$ 1,131,286
Salaries and benefits	230,232	313,073
Amortization	67,990	86,908
	$ 1,423,685	$ 1,531,267
	$ 2,904,729	$ 4,634,998

(a) Total cumulative exploration activities incurred in Guyana, South America to December 31, 2014 amounted to $35,186,950 (December 31, 2013 - $34,818,719).

On March 23, 2012, the Company entered into an agreement to sell seven grassroots concessions in Guyana to Minexco, a private company, in return for 9,000,000 shares of Minexco (approximately 13% of the then outstanding shares) ("Minexco Shares"). The transaction also gives the Company the right to participate in future financings under certain circumstances and the receipt of warrants in Minexco upon completion of 5,000 metres of drilling within the consolidated area.

(Expressed in Canadian Dollars)

14. Exploration expenditures (continued)

(a) (continued) On October 10, 2012, Minexco received approval of its applications for five grassroots concessions in Guyana. Final approval was obtained on November 21, 2012 and subsequently Minexco transferred 6,428,570 Minexco Shares to the Company valued at $0.30/each share for a total value of $1,928,571. The Company recorded an Investment in Minexco, accounted as a financial asset valued through profit and loss and a gain on sale of $1,928,571 for the year ended December 31, 2012. As at December 31, 2014 the remaining 2,571,430 Minexco Shares were not transferred as the approval for the two remaining grassroots concessions had not been obtained.

As of December 31, 2014, Minexco owed the Company $92,892 (December 31, 2013 - $95,794) for reimbursement of exploration work carried out by the Company. The Company has determined this balance is uncollectible at December 31, 2014 and as a result, this receivable has been written off.

During the year ended December 31, 2014, the Company determined the recoverable amount of its investment in Minexco was $nil and recognized an impairment of $1,928,571.

(b) Total cumulative exploration activities incurred in Colombia, South America to December 31, 2014 amounted to $22,180,615 (December 31, 2013 - $21,067,802).

(c) Total cumulative exploration activities incurred in Argentina, South America to December 31, 2014 amounted to $12,742,460 (December 31, 2013 - $11,318,775).

15. General and administrative

	Years ended December 31, 2014	Years ended December 31, 2013
Salaries and benefits	$ 792,963	$ 922,677
Administrative and general	213,440	278,932
Professional fees	455,176	352,143
Business development	380,453	305,898
Reporting issuer costs	160,493	179,538
Amortization	10,389	5,031
	$ 2,012,914	$ 2,044,219

16. Equity accounted investment

As at December 31, 2014, the Company had a 38.9% equity interest in SAS (as defined in note 3(c)(ii)), which is a private company (December 31, 2013 – 18.2%). Since inception, SAS has incurred losses and the Company is not required to fund any losses incurred by SAS beyond its initial equity investment. In Q1 2014, SAS completed a private placement where it raised $674,900 by issuing 13.5 million common shares, diluting the Company's equity position to 12.7%. In Q2 2014, the Company vended its 100% interest in the Carina property in Chubut Province, Argentina to SAS. The Carina concession was assigned a value of $760,000 based on the estimated fair value of the consideration received.

(Expressed in Canadian Dollars)

16. Equity accounted investment (continued)

SAS acquired the Carina property interest from the Company on the following terms:

1. On the land area of Carina, SAS receives a 7.5% gross royalty from the operator;
2. The Company receives a 7.5% net smelter royalty on any frac sand production from the whole of the Carina property including the joint venture block;
3. Issuance of 19 million shares of SAS, increasing the Company's ownership to 38.9% of SAS; and
4. The Company maintains a right to explore for uranium and vanadium on the Carina property and a right of first refusal on any uranium-vanadium mineralization otherwise encountered on the property.

A continuity of the Company's investment in SAS is as follows:

	SAS Investment
Balance December 31, 2012	$ 375,256
Share of losses of SAS	(51,000)
Write-off of SAS [1]	(324,256)
Balance December 31, 2013	-
Property assignment - Carina concession	760,000
Share of losses of SAS	(246,068)
Balance December 31, 2014	$ 513,932

[1] During the year ended December 31, 2013, the Company determined the recoverable amount of the Company's investment in SAS (related to the predecessor rare earth company) was $nil and recognized an impairment of $324,256.

(a) Non-interest bearing, due on demand and unsecured from SAS. Balance owing of $16,725 at December 31, 2013 was written-off in the period. This balance was recovered in 2014.

17. Warrants

	Number of warrants	**Grant date fair value ($)**
Balance, December 31, 2012	26,082,812	8,603,902
Granted (note 10(b)[(1)(2)(4)])	9,985,000	618,147
Expired	(13,453,048)	(6,068,513)
Balance, December 31, 2013	22,614,764	3,153,536
Issued (note 10(b)[(5)(6)(7)(8)(9)(10)(11)(12)(13)(14)(15)])	46,248,041	1,366,798
Expired	(12,629,764)	(2,535,389)
Balance, December 31, 2014	56,233,041	1,984,945

(Expressed in Canadian Dollars)

17. Warrants (continued)

The following table reflects the actual warrants issued and outstanding as of December 31, 2014:

Expiry date	Exercise price ($)	Warrants outstanding
January 11, 2015	0.30	5,262,500
April 16, 2015	0.30	1,012,500
December 20, 2015	0.12	210,000
January 23, 2016	0.12	180,000
February 14, 2016	0.145	216,000
February 24, 2016	0.18	6,463,070
February 24, 2016	0.14	318,600
March 13, 2016	0.18	2,383,384
March 13, 2016	0.14	40,154
April 25, 2016	0.22	2,650,000
April 25, 2016	0.17	159,000
May 29, 2016	0.11	180,000
June 18, 2016	0.10	216,000
September 5, 2016	0.10	150,000
September 8, 2016	0.10	150,000
October 3, 2016	0.08	112,500
October 22, 2016	0.07	180,000
November 14, 2016	0.07	5,000,000
December 2, 2016	0.06	216,000
June 18, 2017	0.13	3,600,000
September 5, 2017	0.12	2,500,000
September 8, 2017	0.12	2,500,000
October 3, 2017	0.11	2,500,000
October 22, 2017	0.08	3,000,000
December 2, 2018	0.07	3,600,000
December 20, 2018	0.15	3,500,000
January 23, 2019	0.21	3,333,333
February 14, 2019	0.11	3,600,000
May 29, 2019	0.14	3,000,000
		56,233,041

18. Related party balances and transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

(Expressed in Canadian Dollars)

18. Related party balances and transactions (continued)

(a) The Company entered into the following transactions with related parties:

	Years ended December 31, 2014	Years ended December 31, 2013
John C. Ross Consulting Inc. (i)	$ 60,000	$ 60,000

(i) CFO fees expensed to a company controlled by the current Chief Financial Officer of the Company. At December 31, 2014, $5,650 is included in accounts payable and accrued liabilities (December 31, 2013 - $11,300).

(b) Remuneration of Directors and key management personnel of the Company was as follows:

	Years ended December 31, 2014	Years ended December 31, 2013
Salaries and benefits (*)	$ 339,737	$ 339,737
Share based payments	143,222	199,084
	$ 482,959	$ 538,821

(*) Included in salaries and benefits are Director fees. The Board of Directors do not have employment or service contracts with the Company. They are entitled to director fees and stock options for their services. As of December 31, 2014, directors of the Company were owed $88,000 (December 31, 2013 - $44,000). In addition, the CEO of the Company was owed $170,174 (December 31, 2013 - $57,690).

(c) Sheldon Inwentash, a former director of the Company, was the chairman, CEO and director of Pinetree. On January 11, 2013, the Company raised gross proceeds of $2,315,500 in a private placement where 10,000,000 units were purchased in consideration of an aggregate of 2,528,736 common shares of Pinetree. (note 10(b)[(1)(5)(7)]).

(d) On March 1, 2014, the Company entered into a management services agreement with SAS where SAS will pay the Company a monthly fee of $7,000 for shared office facilities and employee costs. The Company owns 38.9% of SAS which makes SAS a related party. As of December 31, 2014, SAS owed $22,312 (December 31, 2013 - $nil) to the Company and this amount was included in amounts receivable and other assets.

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18. Related party balances and transactions (continued)

(e) In October 2014, Sheldon Inwentash sold his holdings of 4,974,131 shares in U3O8 Corp. (approximately 2% of shares outstanding as of that date) and resigned as a director of the Company on October 28, 2014. At that time, Mr. Inwentash had control or direction over Pinetree, which also divested 27,085,000 common shares in the Company (approximately 13% of shares outstanding as of that date) in a liquidation event that included the sale of a number of other uranium, gold and base metal companies in the Pinetree portfolio. At December 31, 2014, 16,925,037 common shares of U3O8 Corp. (8.1% of shares outstanding) were held by Keith Barron, a director of the Company. The remaining 91.9% of the outstanding shares of U3O8 Corp. were widely held, except for 2,056,656 shares held by the other directors and officers of the Company. These holdings can change at any time at the discretion of the owner.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

19. Segmented information

The Company primarily operates in one reportable operating segment, being the development of properties for production of uranium in South America. The Company has administrative offices in Toronto, Canada. Segmented information on a geographic basis is as follows:

December 31, 2014

	Canada	Guyana	Barbados	Colombia	Argentina	Total
Current assets	$ 137,909	$ (4,363)	$ 1,266	$ 85,612	$ 12,616	$ 233,040
Non-current assets	-	425,511	-	7,567,472	3,965,948	11,958,931
	$ 137,909	$ 421,148	$ 1,266	$ 7,653,084	$ 3,978,564	$ 12,191,971

December 31, 2013

	Canada	Guyana	Barbados	Colombia	Argentina	Total
Current assets	$ 358,091	$ 46,009	$ 12,404	$ 73,388	$ 136,704	$ 626,596
Non-current assets	9,480	536,605	1,928,571	7,655,523	3,519,946	13,650,125
	$ 367,571	$ 582,614	$ 1,940,975	$ 7,728,911	$ 3,656,650	$ 14,276,721

20. Commitments

The Company has commitments over the next two years for the rental of office space as outlined below:

Period	Amount
2016	$ 132,299
2017	$ 55,616

21. South American property interests

	Acquisition Costs
Balance December 31, 2012	**$ 10,403,652**
- Acquisition of Calypso Uranium Corp. (note 22)	**71,000**
Balance December 31, 2013 and December 31, 2014	**$ 10,474,652**

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22. Acquisition of Calypso Uranium Corp.

On May 14, 2013, the Company completed the acquisition (the "Acquisition") of Calypso. Under the terms of the Acquisition, U3O8 Corp. issued 20,252,327 common shares valued at $2,835,326 or $0.14 per share which was the market value of U3O8 Corp. shares on the date the shares were issued in exchange for all of the 50,630,819 issued and outstanding common shares of Calypso, on the basis of 0.40 of one U3O8 Corp. share for each whole Calypso share (the "Exchange Ratio"). Calypso stock options also vested and continue in accordance with the terms of the plan of arrangement, and are exercisable into U3O8 Corp. common shares, subject to adjustment in number and exercise price based on the Exchange Ratio. The total transaction costs of $353,001 have been accrued as part of the net assets acquired from Calypso. For the purposes of the stock options, the fair value of each option was estimated to be $0.01. Of the 1,476,000 options granted, 80,000 remain outstanding as at December 31, 2014.

This transaction has been accounted for as an acquisition of assets, rather than a business combination, as the net assets of Calypso do not meet the definition of a business in accordance with IFRS.

The following summarizes the consideration transferred and the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

		Amount
Consideration		
- Common shares	$	2,835,326
- Stock options		14,760
	$	2,850,086
Identified net assets acquired		
- Cash	$	3,221,898
- Amounts receivable and prepaid expenses		107,165
- South American property interests		71,000
- Transaction costs accrued		(353,001)
- Amounts payable and accrued liabilities		(196,976)
	$	2,850,086

23. Investment in Pinetree Capital Ltd.

	Number of shares		Cost		Proceeds		Loss
Balance, December 31, 2012	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Acquired (note 10(b)[(1)])	2,528,736		2,200,000		-		-
Disposed	(2,528,736)		(2,200,000)		829,529		(1,370,471)
Balance, December 31, 2013	**-**		**-**		**829,529**		**(1,370,471)**
Balance, December 31, 2014	**-**	**$**	**-**	**$**	**-**	**$**	**-**

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24. Subsequent events

(a) On February 18, 2015, $301,800 in gross proceeds were raised in a non-brokered private placement by the Company whereby 7,545,000 units at $0.04 per unit were issued. A further 475,000 units at $0.04 per unit were issued on February 23, 2015 to raise an additional $19,000 for an aggregate total of $320,800 in gross proceeds on the issuance of a total of 8,020,000 units. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.06 per share for a 2-year period from the date of grant.

Transaction costs of $1,608 were paid in connection with the closing and 172,200 broker warrants exercisable into common shares at $0.04 for 2 years were issued.

(b) On March 6, 2015, $87,500 in gross proceeds were raised in a non-brokered private placement by the Company whereby 2,500,000 units at $0.035 per unit were issued. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.05 per share for a 5-year period from the date of grant. A finder's fee of $5,250 was paid and 150,000 broker warrants exercisable into common shares at $0.04 for a 2-year period were issued.