U3O8 CORP.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED

DECEMBER 31, 2015 AND 2014

(EXPRESSED IN CANADIAN DOLLARS)

The Uranium Discovery Company

U3O8 CORP

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
U308 Corp.

We have audited the accompanying consolidated financial statements of U308 Corp., which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the year then ended, and 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 audit. We conducted our audit 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 the auditors' 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, the auditor considers 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 audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of U308 Corp. as at December 31, 2015 and its financial performance and its cash flows for the year 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 conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about U308 Corp.'s ability to continue as a going concern.

Other Matters

The consolidated financial statements of U308 Corp. for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on March 25, 2015.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

March 30, 2016

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

	As at December 31, 2015	As at December 31, 2014
ASSETS		
Current assets		
Cash (note 7)	**$ 205,703**	$ 136,611
Amounts receivable and other assets (note 9)	**73,079**	96,429
Total current assets	**278,782**	233,040
Non-current assets		
Property and equipment (note 6)	**420,460**	802,139
South American property interests (note 22)	**10,474,652**	10,474,652
Restricted cash (note 7(a))	**-**	168,208
Equity accounted investment (note 17)	**-**	513,932
Total non-current assets	**10,895,112**	11,958,931
Total assets	**$ 11,173,894**	$ 12,191,971
EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (note 10)	**$ 1,480,763**	$ 1,338,474
	1,480,763	1,338,474
Non-current liabilities		
Other payable (note 23)	**176,000**	176,000
	1,656,763	1,514,474
Equity		
Share capital (note 8)	**91,995,659**	90,225,565
Reserves	**7,424,765**	7,185,094
Deficit	**(89,903,293)**	(86,733,162)
Total equity	**9,517,131**	10,677,497
Total equity and liabilities	**$ 11,173,894**	$ 12,191,971

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

Going concern (note 2)
Commitments (note 21)
Subsequent events (note 24)

Approved by the Board of Directors:

"David Franklin" 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,	**2015**	**2014**
Expenses		
Exploration and evaluation expenditures (note 15)	**$ 1,940,591**	$ 2,904,729
General and administrative (note 16)	**1,114,379**	2,012,914
Operating loss before the following items	**(3,054,970)**	(4,917,643)
Interest income	**5,273**	25,743
Foreign exchange income	**1,889**	305,169
Share of losses from equity accounted investment (note 17)	**(43,932)**	(246,068)
Impairment of South American Silica Corp. (note 17(a))	**(470,000)**	-
Debt forgiveness (note 19)	**396,451**	-
Gain on sale of property (note 17)	**-**	760,000
Write-off and recovery of loan from South American Silica Corp. (note 17(a))	**(69,822)**	16,725
Write-off of receivable from Minexco Minerals Corp. (note 15(a))	**-**	(92,892)
Impairment of Minexco Minerals Corp. (note 15(a))	**-**	(1,928,571)
Loss and comprehensive loss before taxes	**(3,235,111)**	(6,077,537)
Deferred income tax recovery (note 11)	**64,980**	316,363
Loss and comprehensive loss	**$ (3,170,131)**	$ (5,761,174)
Basic and Diluted loss per common share (note 14)	**$ (0.01)**	$ (0.03)
Weighted average number of common shares outstanding	**231,784,088**	188,830,409

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

U3O8 Corp.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Years ended December 31,	2015	2014
Operating activities		
Net loss	**$ (3,170,131)**	$ (5,761,174)
Adjustment for:		
Amortization	**381,679**	276,408
Share-based payments (note 13)	**190,866**	174,048
Foreign exchange income	**(1,889)**	(305,169)
Interest income	**(5,273)**	(25,743)
Share of losses from equity accounted investment (note 17)	**43,932**	246,068
Write-off of equity accounted investment (note 17)	**470,000**	-
Settlement of services for common shares (note 8(b)(7)(21))	**334,094**	87,009
Debt forgiveness	**(396,451)**	-
Gain on sale of property (note 17)	**-**	(760,000)
Gain on disposal of equipment	**(104,326)**	(16,832)
Write-off of equipment	**-**	1,749
Write-off of amounts receivable from Minexco Minerals Corp. (note 15(a))	**-**	92,892
Impairment of investment in Minexco Minerals Corp. (note 15(a))	**-**	1,928,571
Deferred income tax recovery	**(64,980)**	(316,363)
Non-cash working capital items:		
Amounts receivable and other assets	**23,350**	108,572
Amounts payable and other liabilities	**538,740**	(7,422)
Net cash used in operating activities	**(1,760,389)**	(4,277,386)
Financing activities		
Issue of securities, net of transaction costs	**1,549,785**	3,739,152
Loan payable (note 11)	**179,905**	-
Repayment of loan payable (note 11)	**(198,885)**	-
Net cash provided by financing activities	**1,530,805**	3,739,152
Investing activities		
Additions to property and equipment	**-**	(3,072)
Proceeds on disposal of equipment	**104,326**	41,666
Interest income	**5,273**	25,743
Redemption of restricted cash	**168,208**	144,844
Restricted cash purchase	**-**	(168,208)
Net cash provided by investing activities	**277,807**	40,973
Effect of exchange rate changes on cash held in foreign currencies	**20,869**	305,169
Net change in cash	**69,092**	(192,092)
Cash, beginning of year	**136,611**	328,703
Cash, end of year	**$ 205,703**	$ 136,611
Cash paid for interest	**$ 6,661**	$ -
Cash paid for taxes	**$ -**	$ -

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

The Uranium Discovery Company

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

	Share capital	Share-based payments reserve	Warrants	Deficit	Total
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 8(b)[(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)(13)])	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 13)	-	174,048	-	-	174,048
Loss for the year	-	-	-	(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**
Issue of securities, net of transaction costs (note 8(b)[(14)(15)(16)(17)(18)(19)(20)(22)(23)])	945,589	-	604,196	-	1,549,785
Settlement of services for common shares (note 8(b)[(21)])	334,094	-	-	-	334,094
Warrants expiry	490,411	-	(490,411)	-	-
Tax effect on expiry of warrants	-	(64,980)	-	-	(64,980)
Share-based payments (note 13)	-	190,866	-	-	190,866
Loss for the year	-	-	-	(3,170,131)	(3,170,131)
Balance, December 31, 2015	**$ 91,995,659**	**$ 5,326,035**	**$ 2,098,730**	**$ (89,903,293)**	**$ 9,517,131**

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 uranium and related minerals in South America; on the definition of resources and advancing these deposits toward production. The Company 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 UWECL. The Company maintains a registered and records office at 401 Bay Street, Suite 2702, Toronto, Ontario, M5H 2Y4, 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 through the sale of equities. The Company has incurred a loss in the current and prior periods, with a net loss for the year ended December 31, 2015 of $3,170,131 (2014 - $5,761,174) and has an accumulated deficit of $89,903,293. In addition, the Company had a working capital deficit balance of $1,201,981 at December 31, 2015 (2014 - $1,105,434). Included in the working capital deficit is cash of $205,703 and accounts payable and other liabilities of $1,480,763. Current liabilities include approximately $610,000 related to certain one-time Colombian taxes. During the year ended December 31, 2015, $132,000 in director fees and $264,451 of salary owed to management were waived for a reduction of $396,451. No further cash fees will be paid to directors until financial conditions improve and the Chief Executive Officer’s salary has been reduced 45% effective retroactively to January 1, 2015. 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 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 International Financial Reporting Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the year ended December 31, 2015. The policies set out below are based on IFRS issued and effective as of March 28, 2016, 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-valuation 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.

<u>(i) Subsidiaries</u>

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

Company	Registered	Principal 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 Columbia, 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.

<u>(ii) Equity investment in South American Silica Corp.</u>

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) Financial instruments

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

Financial assets:	Classification:
Cash	Loans and receivables
Loan receivable from SAS	Loans and receivables
Sales 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) Financial instruments (continued)

Fair Value Through Profit and Loss ("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 in raising funds to advance the assets at an ideal pace; 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) Financial instruments (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, 2015 and 2014, none of the Company's financial instruments are recorded at fair value on the consolidated statements of financial position.

Categories of financial instruments:

	As at December 31, 2015	As at December 31, 2014
Financial assets:		
Loans and receivables		
Cash	$ 205,703	$ 136,611
Amounts receivable and other assets	73,079	96,429
Restricted cash	-	168,208
Financial liabilities:		
Other financial liabilities		
Amounts payable and other liabilities	1,480,763	1,338,474

As of December 31, 2015 and 2014, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature. In addition, the fair value of restricted cash at December 31, 2014 approximated its carrying value as management determined the amount to be the same.

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 that those assets are impaired. Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGUs"). The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

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 and 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 and equipment

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

The cost of an item of PE 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 PE, 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 and equipment (continued)

An item of PE 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 PE consists of major components with different useful lives, the components are accounted for as separate items of PE. Expenditures incurred to replace a component of an item of PE 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, 2015 and December 31, 2014.

(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.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods and services received.

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. 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 obligations 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 amounts 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 at December 31, 2015 is that the Argentina, Colombia and Guyana properties have market values in excess of their carrying values;
- 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;
- the inputs used in accounting for share-based payment transactions, including warrants; and
- the valuation of the Company's investment in and loan receivable from SAS was deemed impaired in 2015 due to low oil prices which reduces the demand for frac sand in oil exploration. The carrying value of the investment and loan receivable were deemed impaired and a full allowance was taken since timing of recovery and ability to raise capital are difficult for small companies such as SAS resulting in uncertainty of the recoverability of the carrying values of the Company's investment and loan receivable.

Critical accounting judgments

- management assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to advance the mineral properties;
- management applied judgment in determining the functional currency of the Company as Canadian Dollars and the functional currency of its subsidiaries, based on the facts and circumstances that existed during the period;

3. Significant accounting policies (continued)

(p) Significant accounting judgments and estimates (continued)

Critical accounting judgments (continued)

- 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.

(q) New accounting policies

IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015. As at January 1, 2015, the Company adopted this pronouncement and there was no material impact on the Company's financial position.

(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, 2015, totalled $9,517,131 (December 31, 2014 - $10,677,497).

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, 2015 and 2014. 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, 2015, 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.

4. Capital risk management (continued)

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 amounts receivable. Cash is held with major Canadian chartered banks, from which management believes the risk of loss to be minimal.

Financial instruments included in amounts receivable consist of sales tax receivable from government authorities in Canada and deposits held with service providers. Amounts receivable are in good standing as of December 31, 2015. 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, 2015, the Company had a cash balance of $205,703 (December 31, 2014 - $136,611) to settle current liabilities of $1,480,763 (December 31, 2014 - $1,338,474). 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, 2015, 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. The Company's investment in Minexco was determined to be impaired during the year ended December 31, 2014 and as such, the carrying value is $nil as at December 31, 2015 and December 31, 2014.

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 $2,700.

(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 $121,000.

(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
Disposals	(81,714)	-	-	-	(81,714)
Balance, December 31, 2015	$ 1,539,717	$ 1,841,916	$ -	$ 148,180	$ 3,529,813

ACCUMULATED DEPRECIATION

	Mobile and drilling equipment	Field equipment	Vehicles	Furniture and fixtures	Total
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
Depreciation for the year	115,389	253,972	-	12,318	381,679
Disposals	(81,714)	-	-	-	(81,714)
Balance, December 31, 2015	$ 1,468,867	$ 1,507,553	$ -	$ 132,933	$ 3,109,353

CARRYING AMOUNTS

	Mobile and drilling equipment	Field equipment	Vehicles	Furniture and fixtures	Total
At December 31, 2014	$ 186,239	$ 588,335	$ -	$ 27,565	$ 802,139
At December 31, 2015	$ 70,850	$ 334,363	$ -	$ 15,247	$ 420,460

(Expressed in Canadian Dollars)

7. Cash position

	As at December 31, 2015	As at December 31, 2014
Cash	$ 205,703	$ 136,611
Restricted cash (a)	-	168,208
Total Cash position	$ 205,703	$ 304,819

(a) As at December 31, 2015, the Company had entered into several letters of guarantee in the amount of $nil (December 31, 2014 - $168,208) with respect to regulations for all Prospecting Licences issued to the Company in Guyana. The letters of guarantee were no longer required as there will be limited exploration activities in Guyana.

8. Share capital

a) Authorized share capital

At December 31, 2015 and 2014, 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.

b) Common shares issued

At December 31, 2015, the issued share capital amounted to $91,995,659. The change in issued share capital for the periods was as follows:

	Number of common shares	Amount
Balance, December 31, 2013	165,927,990	$ 85,230,813
Issue of securities, net of transaction costs (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)(13)	44,129,787	2,459,363
Warrants expired	-	2,535,389
Balance, December 31, 2014	210,057,777	90,225,565
Issue of securities, net of transaction costs (14)(15)(16)(17)(18)(19)(20)(22)(23)	53,625,000	945,589
Warrants expired	-	490,411
Shares for debt (21)	8,352,350	334,094
Balance, December 31, 2015	272,035,127	$ 91,995,659

A summary of cash raised through private placements of equity in 2014 and 2015, and associated warrants valuations, using the Black Scholes option pricing model, is tabulated below:

(Expressed in Canadian Dollars)

8. Share capital (continued)

b) Common shares issued (continued)

Fiscal 2014

Date	Note	Value ($)	Costs ($)	Net Value ($)	Number of shares	Number of warrants	Common share amount ($)	Warrant amount ($)
January 23, 2014	(1)	400,000	36,010	363,990	3,333,333	3,513,333	204,448	159,542
February 14, 2014	(2)	396,000	51,170	344,830	3,600,000	3,816,000	179,563	165,267
February 24, 2014	(3)	840,200	75,459	764,741	6,463,070	6,790,901	576,500	188,241
March 13, 2014	(4)	309,840	-	309,840	2,383,384	2,414,307	212,127	97,713
April 25, 2014	(5)	371,000	22,260	348,740	2,650,000	2,809,000	242,560	106,180
May 29, 2014	(6)	270,000	16,200	253,800	3,000,000	3,180,000	136,210	117,590
June 18, 2014	(7)	288,000	17,280	270,720	3,600,000	3,816,000	163,854	106,866
September 5, 2014	(8)	200,000	12,000	188,000	2,500,000	2,650,000	113,066	74,934
September 8, 2014	(9)	200,000	12,000	188,000	2,500,000	2,650,000	113,741	74,259
October 3, 2014	(10)	200,000	9,000	191,000	2,500,000	2,612,500	140,614	50,386
October 22, 20114	(11)	195,000	11,700	183,300	3,000,000	3,180,000	120,829	62,471
November 14, 2014	(12)	250,000	-	250,000	5,000,000	5,000,000	150,000	100,000
December 2, 2014	(13)	180,000	10,800	169,200	3,600,000	3,816,000	105,851	63,349
		4,100,040	273,879	3,826,161	44,129,787	46,248,041	2,459,363	1,366,798

Fiscal 2015

Date	Note	Value ($)	Costs ($)	Net Value ($)	Number of shares	Number of warrants	Common share amount ($)	Warrant amount ($)	
February 18, 2015	(14)	301,800	7,975	293,825	7,545,000	7,660,200	218,765	75,060	
February 23, 2015	(15)	19,000	-	19,000	475,000	532,000	13,252	5,748	
March 6, 2015	(16)	87,500	7,691	79,809	2,500,000	2,650,000	43,977	35,832	
March 27, 2015	(17)	105,000	9,229	95,771	3,000,000	3,180,000	52,916	42,855	
May 8, 2015	(18)	162,000	9,720	152,280	3,600,000	3,816,000	83,434	68,846	
July 13, 2015	(19)	75,000	4,500	70,500	2,500,000	2,650,000	38,181	32,319	
September 3, 2015	(20)	90,000	5,400	84,600	3,000,000	3,180,000	46,271	38,329	
September 27, 2015	(21)	334,094	-	334,094	8,352,350	-	334,094	-	(non-cash)
November 3, 2015	(22)	622,625	11,975	610,650	24,905,000	24,905,000	366,390	244,260	
December 29, 2015	(23)	152,500	9,150	143,350	6,100,000	6,466,000	82,403	60,947	
		1,949,519	65,640	1,883,879	61,977,350	55,039,200	1,279,683	604,196	

Of the total share issue costs of $65,640 (2014 - $273,879), $45,384 (2014 - $206,865) was allocated to common shares and $20,256 (2014 - $67,014) was allocated to warrants.

The Uranium Discovery Company

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(Expressed in Canadian Dollars)

8. Share capital (continued)

b) Common shares issued (continued)

Fiscal 2014 Warrant Value

Note	Number of warrants	Strike price ($)	Term (years)	Total black-scholes ("BS") value ($)	BS value to common shares($)	BS value to warrants ($)	Dividend yield (%)	Volatility (%)	Risk free rate (%)	Average Expected Life (years)	
(1)	3,333,333	0.12	5	166,667	-	166,667	-	96	1.35	5	
	180,000	0.12	2	13,507	7,879	5,628	-	81	0.98	2	
(2)	3,600,000	0.18	5	180,000	-	180,000	-	96	1.41	5	
	216,000	0.145	2	15,631	8,526	7,105	-	83	1.04	2	
(3)	6,463,070	0.18	2	193,892	-	193,892	-	83	1.04	2	
	327,831	0.14	2	17,134	13,180	3,954	-	83	1.04	2	
(4)	2,383,384	0.18	2	95,335	-	95,335	-	86	1.03	2	
	30,923	0.14	2	3,435	2,378	1,057	-	86	1.03	2	
(5)	2,650,000	0.22	2	106,000	-	106,000	-	87	1.05	2	(**)
(5)	159,000	0.17	2	9,156	6,540	2,616	-	87	1.05	2	
(6)	3,000,000	0.14	5	120,000	-	120,000	-	93	1.33	5	
	180,000	0.11	2	8,622	4,790	3,832	-	87	1.03	2	
(7)	3,600,000	0.13	3	108,000	-	108,000	-	91	1.18	3	
	216,000	0.10	2	8,554	5,346	3,208	-	87	1.10	2	
(8)	2,500,000	0.12	3	75,000	-	75,000	-	87	1.14	3	
	150,000	0.10	2	7,095	4,434	2,661	-	88	1.11	2	
(9)	2,500,000	0.12	3	75,000	-	75,000	-	87	1.14	3	
	150,000	0.10	2	6,015	3,759	2,256	-	88	1.12	2	
(10)	2,500,000	0.11	3	50,000	-	50,000	-	87	1.11	3	
	112,500	0.08	2	3,515	2,636	879	-	90	1.11	2	
(11)	3,000,000	0.08	3	63,000	-	63,000	-	88	1.00	3	
	180,000	0.07	2	4,802	3,251	1,551	-	91	1.00	2	
(12)	5,000,000	0.07	2	100,000	-	100,000	-	102	1.03	2	
(13)	3,600,000	0.07	4	64,800	-	64,800	-	98	1.30	4	
	216,000	0.06	2	3,808	2,437	1,371	-	104	1.00	2	
	46,248,041			1,498,968	65,156	1,433,812					

(**) Of the total units issued in the February 24 and March 13 private placements, 769,300 units were settled for services provided in the aggregate amount of $100,009 Of this amount, $13,000 was allocated to costs.

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(Expressed in Canadian Dollars)

8. Share capital (continued)

b) Common shares issued (continued)

Fiscal 2015 Warrant Value

Note	Number of warrants	Strike price ($)	Term (years)	Total black-scholes ("BS") value ($)	BS value to common shares($)	BS value to warrants ($)	Dividend yield (%)	Volatility (%)	Risk free rate (%)	Average Expected Life (years)
(14)	7,545,000	0.06	2	75,450	-	75,450	-	111	0.42	2
	115,200	0.04	2	2,168	1,626	542	-	111	0.42	2
(15)	475,000	0.06	2	4,750	-	4,750	-	110	0.38	2
	57,000	0.04	2	1,293	970	323	-	110	0.38	2
(16)	2,500,000	0.05	5	37,500	-	37,500	-	101	0.79	5
	150,000	0.04	2	2,850	1,629	1,221	-	111	0.61	2
(17)	3,000,000	0.05	5	45,000	-	45,000	-	103	0.63	5
	180,000	0.05	2	3,168	1,810	1,358	-	114	0.52	2
(18)	3,600,000	0.065	5	68,400	-	68,400	-	106	0.82	5
	216,000	0.06	2	7,875	4,550	3,325	-	120	0.66	2
(19)	2,500,000	0.05	5	32,500	-	32,500	-	108	0.64	5
	150,000	0.04	2	3,121	1,769	1,352	-	124	0.46	2
(20)	3,000,000	0.05	5	39,000	-	39,000	-	110	0.69	5
	180,000	0.05	2	2,945	1,669	1,276	-	131	0.52	2
(22)	24,905,000	0.035	3	249,050	-	249,050	-	119	0.59	3
(23)	6,100,000	0.03	2	61,000	-	61,000	-	142	0.49	2
	366,000	0.03	2	6,012	3,607	2,405	-	142	0.49	2
	55,039,200			642,082	17,630	624,452				

(Expressed in Canadian Dollars)

9. Amounts receivable and other assets

		As at December 31, 2015		As at December 31, 2014
Sales tax receivable - (Canada)	$	31,174	$	25,650
Loan receivable from South American Silica Corp.		-		22,312
Deposits with service providers		41,905		48,467
	$	73,079	$	96,429

10. Amounts payable and other liabilities

		As at December 31, 2015		As at December 31, 2014
Falling due within the year	$	1,480,763	$	1,338,474

11. Loan payable

On June 2, 2015, the Company entered into an unsecured promissory note with Bambazonke Holdings Ltd. (“Bambazonke”), pursuant to which Bambazonke agreed to lend the Company US$150,000 to fund working capital. Amounts outstanding under the promissory note will incur interest at a rate of 7.50% per annum and the principal and interest payable thereon will be repaid on a best efforts basis. Bambazonke is a company controlled by a director of the Company.

On November 12, 2015 the loan was settled in full. Total interest paid amounted to $6,661.

12. Income taxes

Income tax expense

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

Years ended December 31,	2015	2014
Loss before Income Tax	$ (3,235,111)	$ (6,077,537)
Income tax at statutory rate of 26.50% (2014 - 26.50%)	(857,000)	(1,610,547)
Impact of foreign income tax rate differential	(589,000)	452,586
Non-deductible stock based compensation	51,000	46,123
Share issue costs	(17,000)	(73,000)
Expiration of warrants [(1)]	(64,980)	(316,363)
Other permanent differences	73,000	303,198
Change in unrecognized temporary differences	1,339,000	881,640
	$ (64,980)	$ (316,363)

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(Expressed in Canadian Dollars)

12. Income taxes (continued)

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

Years ended December 31,	2015	2014
Current tax expense	$ -	$ -
Deferred tax expense	(64,980)	(316,363)
	$ (64,980)	$ (316,363)

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.

	2015	2014	Expiry
Property and equipment	$ 2,889,000	$ 2,996,015	N/A
Loss carry-forward	32,107,000	31,389,525	See below
Equity accounted investment	3,807,000	3,292,621	N/A
Share issue costs	397,000	1,037,537	2035 - 2038
Deferred mining expenditures	48,636,000	47,294,604	N/A
	$ 87,836,000	**$ 86,010,302**	

(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	$ 14,424,000	2016 to 2035
Barbados	7,772,000	2016 to 2025
Argentina	9,206,000	2016 to 2020
Colombia	705,000	indefinite

(Expressed in Canadian Dollars)

13. Stock options

U3O8 Corp's stock option plan (the "Plan") was approved by the shareholders of the Company on June 30, 2009 and subsequent amendments approved on June 27, 2012 and July 29, 2015, 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. Vesting terms are 25% immediately and 25% every 6 months thereafter, fully vested by 18 months or other period as the Board deems appropriate.

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.

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 years ended December 31, 2015 and 2014:

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2013	12,081,000	0.33
Granted (a)(b)	800,000	0.12
Expired	(1,676,000)	0.37
Cancelled	(914,000)	0.37
Balance, December 31, 2014	10,291,000	0.30
Granted (c)(d)	7,575,000	0.04
Expired	(1,500,000)	0.40
Cancelled	(1,776,000)	0.26
Balance, December 31, 2015	14,590,000	0.14

(a) 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, 2015. 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, 2015, the impact on expenses was $10,894 (2014 - $47,207) (cumulative to December 31, 2015 - $58,101).

13. Stock options (continued)

(b) 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, 2015. 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, 2015, the impact on expenses was $7,222 (2014 - $2,408) (cumulative to December 31, 2015 - $9,630).

(c) On February 18, 2015, the Company granted 375,000 stock options to consultants pursuant to the Company's stock option plan. Of the options granted, 375,000 remained outstanding at December 31, 2015. The stock options were issued at an exercise price of $0.04, and fully vest on June 19, 2015 and will expire on February 18, 2017. For the purposes of the 375,000 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 111% using the historical price history of the Company; risk free interest rate of 0.42%; and an expected average life of two years. The estimated value of $7,447 will be recorded as a cost to salaries and benefits with a corresponding increase to share-based payments reserve as the options vest. For the year ended December 31, 2015, the impact on expenses was $7,447 (2014 - $nil) (cumulative to December 31, 2015 - $7,447).

(d) On March 30, 2015, the Company granted 7,200,000 stock options to directors, officers, employees and consultants pursuant to the Company's stock option plan. Of the options granted, 6,970,000 remained outstanding at December 31, 2015. The stock options were issued at an exercise price of $0.035, vest over 18 months and will expire on March 30, 2020. For the purposes of the 7,200,000 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 103% using the historical price history of the Company; risk free interest rate of 0.62%; and an expected average life of five years. The estimated value of $190,057 will be recorded as a cost to salaries and benefits with a corresponding increase to share-based payments reserve as the options vest. The options vest as to 25% immediately, 25% on September 30, 2015, 25% on March 30, 2016 and 25% on September 30, 2016. For the year ended December 31, 2015, the impact on expenses was $158,913 (2014 - $nil) (cumulative to December 31, 2015 - $158,913).

(e) During the year ended December 31, 2015, $6,390 in share-based payments (2014 - $124,433) related to stock options granted in prior years and vesting during the years ended December 31, 2015 and 2014.

(Expressed in Canadian Dollars)

13. 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, 2015 and 2014, which have been reflected in the consolidated statements of comprehensive loss are as follows:

Years ended December 31,	2015	2014
Canada		
Salaries and benefits	$ 117,500	$ 167,431
Guyana, South America		
Salaries and benefits	2,320	1,110
Colombia, South America		
Salaries and benefits	37,850	5,275
Argentina, South America		
Salaries and benefits	33,196	232
Total	$ 190,866	$ 174,048

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.

The following table reflects the actual stock options issued and outstanding as of December 31, 2015:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
May 9, 2016	0.50	0.36	1,185,000	1,185,000	-
May 25, 2016	0.45	0.40	200,000	200,000	-
August 24, 2016	0.26	0.65	370,000	370,000	-
November 14, 2016	0.06	0.87	300,000	300,000	-
February 18, 2017	0.04	1.14	375,000	375,000	-
April 13, 2017	0.38	1.28	80,000	80,000	-
May 23, 2017	0.42	1.39	1,905,000	1,905,000	-
January 11, 2018	0.28	2.03	55,000	55,000	-
May 29, 2018	0.16	2.41	850,000	850,000	-
September 10, 2018	0.12	2.70	1,800,000	1,800,000	-
April 21, 2019	0.16	3.31	500,000	500,000	-
March 30, 2020	0.035	4.25	6,970,000	3,485,000	3,485,000
		2.91	14,590,000	11,105,000	3,485,000

(Expressed in Canadian Dollars)

14. Loss per common share

The calculation of basic and diluted loss per common share for the year ended December 31, 2015 was based on the loss after tax attributable to common shareholders of $3,170,131 (year ended December 31, 2014 – $5,761,174) and the weighted average number of common shares outstanding of 231,784,088 (year ended December 31, 2014 – 188,830,409). Diluted loss per share did not include the effect of 14,590,000 share purchase options and 104,787,241 warrants as they are anti-dilutive.

15. 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, 2015	Years ended December 31, 2014
Guyana, South America (a)		
Exploration activities	$ 153,046	$ 162,234
Gain on disposal of equipment	(104,326)	(16,832)
Salaries and benefits	33,520	114,174
Amortization	216,993	108,655
	$ 299,233	$ 368,231
Colombia, South America (b)		
Exploration activities	$ 567,228	$ 632,959
Write-off of equipment	-	1,749
Salaries and benefits	197,229	388,731
Amortization	107,701	89,374
	$ 872,158	$ 1,112,813
Argentina, South America (c)		
Exploration activities	$ 378,849	$ 1,125,463
Salaries and benefits	333,366	230,232
Amortization	56,985	67,990
	$ 769,200	$ 1,423,685
	$ 1,940,591	$ 2,904,729

(a) Total cumulative exploration activities incurred in Guyana, South America to December 31, 2015 amounted to $35,486,183 (December 31, 2014 - $35,186,950).

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)

15. Exploration expenditures (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 per 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 for reimbursement of exploration work carried out by the Company. The Company determined that this balance was 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 due to Minexco's inability to raise funds.

(b) Total cumulative exploration activities incurred in Colombia, South America to December 31, 2015 amounted to $23,052,773 (December 31, 2014 - $22,180,615).

(c) Total cumulative exploration activities incurred in Argentina, South America to December 31, 2015 amounted to $13,511,660 (December 31, 2014 - $12,742,460).

16. General and administrative

	Years ended December 31, 2015	Years ended December 31, 2014
Salaries and benefits	$ 506,544	$ 792,963
Administrative and general	128,310	213,440
Professional fees	214,194	455,176
Business development	89,427	380,453
Reporting issuer costs	175,904	160,493
Amortization	-	10,389
	$ 1,114,379	$ 2,012,914

17. Equity accounted investment

As at December 31, 2015, the Company had a 38.9% equity interest in SAS (as defined in note 3(c)(ii)), which is a private company (December 31, 2014 – 38.9%). 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)

17. 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, 2013	$ -
Property assignment - Carina concession	760,000
Share of losses of SAS	(246,068)
Balance December 31, 2014	513,932
Share of losses of SAS	(43,932)
Write-off of SAS [1]	(470,000)
Balance December 31, 2015	$ -

[1] During the year ended December 31, 2015, the Company determined the recoverable amount of the Company's investment in SAS was $nil and recognized an impairment of $470,000. The valuation of SAS was deemed impaired in 2015 due to low oil prices which reduces the demand for frac sand in oil exploration and SAS's inability to raise capital, resulting in uncertainty of the recoverability of the Company's investment.

(a) The SAS balance owing of $69,822 at December 31, 2015 was written-off in the period (note 9).

18. Warrants

	Number of warrants	Grant date fair value ($)
Balance, December 31, 2013	22,614,764	3,153,536
Issued (note 8(b)[1][2][3][4][5][6][7][8][9][10][11][12][13])	46,248,041	1,366,798
Expired	(12,629,764)	(2,535,389)
Balance, December 31, 2014	56,233,041	1,984,945
Issued (note 8(b)[14][15][16][17][18][19][20][22][23])	55,039,200	604,196
Expired	(6,485,000)	(490,411)
Balance, December 31, 2015	104,787,241	2,098,730

The following table reflects the actual warrants issued and outstanding as of December 31, 2015:

(Expressed in Canadian Dollars)

18. Warrants (continued)

Expiry date	Exercise price ($)	Warrants outstanding
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
February 18, 2017	0.06	7,545,000
February 18, 2017	0.04	115,200
February 23, 2017	0.06	475,000
February 23, 2017	0.04	57,000
March 6, 2017	0.04	150,000
March 27, 2017	0.05	180,000
May 8, 2017	0.06	216,000
June 18, 2017	0.13	3,600,000
July 13, 2017	0.04	150,000
September 5, 2017	0.12	2,500,000
September 8, 2017	0.12	2,500,000
September 23, 2017	0.05	180,000
October 3, 2017	0.11	2,500,000
October 22, 2017	0.08	3,000,000
December 29, 2017	0.03	6,100,000
December 29, 2017	0.03	366,000
November 3, 2018	0.035	24,905,000
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
March 6, 2020	0.05	2,500,000
March 27, 2020	0.05	3,000,000
May 8, 2020	0.065	3,600,000
July 13, 2020	0.05	2,500,000
September 23, 2020	0.05	3,000,000
		104,787,241

(Expressed in Canadian Dollars)

19. 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.

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

	Years ended December 31, 2015	Years ended December 31, 2014
John C. Ross Consulting Inc. (i)	$ 30,000	$ 60,000

(i) Chief Financial Officer ("CFO") fees expensed to a company controlled by the current CFO of the Company. At December 31, 2015, $16,950 is included in amounts payable and other liabilities (December 31, 2014 - $5,650).

(b) The Company defines its key management personnel as its Board of Directors, Chief Executive Officer ("CEO"), and CFO. Remuneration of Directors and key management personnel of the Company was as follows:

	Years ended December 31, 2015	Years ended December 31, 2014
Salaries and benefits (*)	$ 223,473	$ 339,737
Share based payments	62,039	143,222
	$ 285,512	$ 482,959

(*) 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, 2015, directors of the Company were owed $nil (December 31, 2014 - $88,000). In addition, the CEO of the Company was owed $65,418 (December 31, 2014 - $170,174). During the third quarter of 2015, $132,000 in director fees and $217,225 of salary owed to the Chief Executive Officer were waived. No further cash fees will be paid to directors until financial conditions improve and the Chief Executive Officer's salary has been reduced 45% effective retroactively to January 1, 2015.

(c) 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, 2015, SAS owed $nil (December 31, 2014 - $22,312) to the Company and this amount was included in amounts receivable and other assets. As of December 31, 2015, the Company and SAS have suspended the agreement until further notice.

(Expressed in Canadian Dollars)

19. Related party balances and transactions (continued)

(d) 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 Capital Ltd., 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 Capital Ltd. portfolio.

At December 31, 2015, 26,645,037 common shares of the Company (2014 - 16,925,037) (approximately 10% of shares outstanding) (2014 - 8.1%) were held by Keith Barron, a director of the Company. The remaining 90% (2014 - 91.9%) of the outstanding shares of the Company were widely held, except for 2,310,750 shares (2014 - 2,056,656) held by the other directors and officers of the Company. These holdings can change at any time at the discretion of the owner.

(e) During the year ended December 31, 2015, in order to preserve cash further, a portion of the reduced salaries owing to officers were paid through the issuance of 3,275,000 common shares pursuant to the Company's share compensation plan at $0.04 per share to settle an aggregate total of $131,000. These amounts were included in the shares for debt transaction completed on September 27, 2015 (note 8(b)).

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.

20. 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, 2015

	Canada	Guyana	Barbados	Colombia	Argentina	Total
Current assets	$ 253,781	$ -	$ -	$ 25,001	$ -	$ 278,782
Non-current assets	-	-	-	7,873,402	3,021,710	10,895,112
	$ 253,781	$ -	$ -	$ 7,898,403	$ 3,021,710	$ 11,173,894

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

(Expressed in Canadian Dollars)

21. Commitments

The following table summarizes the Company's material contractual obligations, which relate to office lease agreements in Canada, Colombia and Argentina expiring at various periods up to June 2018.

Period		Amount
2017	$	124,585
2018		70,563
	$	195,148

22. South American property interests

		Acquisition Costs
Balance December 31, 2013, December 31, 2014 and December 31, 2015	**$**	**10,474,652**

The Company controls various exploration and mining concessions in Argentina, which includes three mineral properties acquired from Pacific Bay Minerals Ltd. to expand the Company's strategic land position. The various concessions were valued at $2,736,660 (2014 - same). On May 14, 2013, the Company completed the acquisition of Calypso Uranium Corp. which strengthened the Company's concession holding around two of Argentina's past-producing uranium mines, Sierra Pintada and Cerro Solo. These concessions were valued at $71,000 (2014 - same).

In Colombia, the Company holds 5 exploration concessions that constitute its Berlin Project. These concessions were valued at $7,666,992 (2014 - same).

In Guyana, the Company holds 10 contiguous prospecting licence claims which were acquired by application. All exploration expenses in Guyana have been expensed to date.

The Company's South American property interests were reviewed for impairment and no allowance was required at this time due to the strong economic results reported in the preliminary economic assessment and the plan to continue exploration on the property in an effort to increase the size of the resource.

23. Other payable

In fiscal 2011, the Company vended an exploration concession for a share interest in a new entity. The other payable of $176,000 represents an allowance for a potential tax exposure from this transaction.

(Expressed in Canadian Dollars)

24. Subsequent events

(a) The following warrants expired unexercised:

Expiry date	Exercise price ($)	Warrants outstanding
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
		9,601,208

(b) On March 2, 2016, the Company closed a non-brokered private placement for gross proceeds of $75,000 from the sale of 3,000,000 units ("Units") at $0.025 per Unit (the "Offering:"). Each Unit consists of one common share of the Company and one Share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one Share at an exercise price of $0.03 for a period of 24 months from the closing date. The Company also issued 180,000 broker warrants with an exercise price of $0.03 for a period of 24 months from the closing date. The securities issued and issuable pursuant to the Offering will be subject to a statutory 4-month hold period from the date of issuance.