
U308 CORP.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2017
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of U308 Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

A **Green** Resource Company

U308 CORP

U308 Corp.

Condensed Interim Consolidated Statements of Financial Position (Expressed in Canadian Dollars) (Unaudited)

	As at September 30, 2017	As at December 31, 2016
ASSETS		
Current assets		
Cash	\$ 41,109	\$ 124,387
Amounts receivable and other assets (note 6)	14,339	56,252
Total current assets	55,448	180,639
Non-current assets		
Equipment (note 4)	49,682	58,449
South American property interests (note 15)	2,807,660	2,807,660
Total non-current assets	2,857,342	2,866,109
Total assets	\$ 2,912,790	\$ 3,046,748
EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (note 7)	\$ 1,200,353	\$ 1,029,711
	1,200,353	1,029,711
Non-current liabilities		
Other payable	176,000	176,000
	1,376,353	1,205,711
Equity		
Share capital (note 5)	94,534,775	93,274,023
Reserves	7,183,209	7,536,240
Deficit	(100,181,547)	(98,969,226)
Total equity	1,536,437	1,841,037
Total equity and liabilities	\$ 2,912,790	\$ 3,046,748

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Going concern (note 2)
Subsequent events (note 16)

Approved by the Board of Directors:

"David Franklin" _____ Director

"David Constable" _____ Director

A Green Resource Company

U308 CORP

U308 Corp.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Expenses				
Exploration and evaluation expenditures (note 10)	\$ 147,625	\$ 264,417	\$ 619,411	\$ 634,218
General and administrative (note 11)	102,556	134,201	543,916	488,580
	(250,181)	(398,618)	(1,163,327)	(1,122,798)
Other items				
Interest income	-	125	-	3,758
Foreign exchange loss	(9,021)	(63,009)	(10,910)	(30,422)
Recovery of loan from South American Silica Corp.	-	-	-	23,815
Gain on sale of fully depreciated field equipment	-	-	-	16,792
Loss and comprehensive loss	\$ (259,202)	\$ (461,502)	\$ (1,174,237)	\$ (1,108,855)
Basic and Diluted loss per common share (note 9)	\$ (0.01)	\$ (0.03)	\$ (0.07)	\$ (0.08)
Weighted average number of common shares outstanding	17,583,515	14,794,818	17,061,572	14,125,919

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U308 Corp.

Condensed Interim Consolidated Statements of Cash Flows (Expressed in Canadian Dollars) (Unaudited)

Nine Months Ended September 30,	2017	2016
Operating activities		
Net loss	\$ (1,174,237)	\$ (1,108,855)
Adjustment for:		
Amortization (note 4)	8,767	85,608
Share-based payments (note 8)	81,427	28,107
Foreign exchange loss	10,910	30,422
Interest income	-	(3,758)
Non-cash working capital items:		
Amounts receivable and other assets	41,913	56,157
Amounts payable and other liabilities	170,642	166,143
Net cash used in operating activities	(860,578)	(746,176)
Financing activities		
Issue of securities, net of transaction costs	921,272	1,082,620
Share consolidation costs	(133,062)	-
Net cash provided by financing activities	788,210	1,082,620
Investing activities		
Interest income	-	3,758
Net cash provided by investing activities	-	3,758
Effect of exchange rate changes on cash held in foreign currencies	(10,910)	(30,422)
Net change in cash	(83,278)	309,780
Cash, beginning of period	124,387	205,703
Cash, end of period	\$ 41,109	\$ 515,483

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

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U308 CORP

U308 Corp.**Condensed Interim Consolidated Statements of Equity
(Expressed in Canadian Dollars)
(Unaudited)**

	<u>Reserves</u>				
	Share capital	Share-based payments reserve	Warrants	Deficit	Total
Balance, December 31, 2015	\$ 91,995,659	\$ 5,326,035	\$ 2,098,730	\$(89,903,293)	\$ 9,517,131
Issue of securities, net of transaction costs (note 5(b) ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾)	601,542	-	481,078	-	1,082,620
Warrants expiry	451,558	-	(451,558)	-	-
Share-based payments (note 8)	-	28,107	-	-	28,107
Loss for the period	-	-	-	(1,108,855)	(1,108,855)
Balance, September 30, 2016	\$ 93,048,759	\$ 5,354,142	\$ 2,128,250	\$(91,012,148)	\$ 9,519,003
Balance, December 31, 2016	\$ 93,274,023	\$ 5,422,588	\$ 2,113,652	\$(98,969,226)	\$ 1,841,037
Issue of securities, net of transaction costs (note 5(b) ⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾)	355,392	-	260,155	-	615,547
Share consolidation costs	(133,062)	-	-	-	(133,062)
Warrant cancellation or expiry	633,770	-	(633,770)	-	-
Exercise of stock options	35,919	(15,444)	-	-	20,475
Exercise of warrants	368,733	-	(83,483)	-	285,250
Extension of warrants	-	-	38,084	(38,084)	-
Share-based payments (note 8)	-	81,427	-	-	81,427
Loss for the period	-	-	-	(1,174,237)	(1,174,237)
Balance, September 30, 2017	\$ 94,534,775	\$ 5,488,571	\$ 1,694,638	\$(100,181,547)	\$ 1,536,437

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

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U308 CORP

U308 Corp.

Notes to the Condensed Interim Consolidated Financial Statements Nine Months Ended September 30, 2017 (Expressed in Canadian Dollars) (Unaudited)

1. Nature of operations

U308 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 under the Business Corporations Act (Ontario). The Company's common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol UWE, and on the OTC QB International under the symbol UWEFF. In July 2017, the Company was delisted from the senior market of the Santiago Stock Exchange in Chile. 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 in the exploration and evaluation stage 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 nine months ended September 30, 2017 of \$1,174,237 (nine months ended September 30, 2016 - net loss of \$1,108,855) and has an accumulated deficit of \$100,181,547 (December 31, 2016 - \$98,969,226). In addition, the Company had a working capital deficit balance of \$1,144,905 at September 30, 2017 (December 31, 2016 - working capital deficit of \$849,072). Included in the working capital deficit is cash of \$41,109 (December 31, 2016 - \$124,387) and accounts payable and other liabilities of \$1,200,353 (December 31, 2016 - \$1,029,711). 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 unaudited condensed interim consolidated 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 unaudited condensed interim 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

Statement of Compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IASB. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements. The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of November 9, 2017, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2017 could result in restatement of these unaudited condensed interim consolidated financial statements.

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Notes to the Condensed Interim Consolidated Financial Statements
Nine Months Ended September 30, 2017
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3. Significant accounting policies (continued)

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.

On January 13, 2016, the IASB published a new standard, IFRS 16, Leases. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. The Company has not yet assessed the full impact of IFRS 16.

4. Equipment***COST***

	Field equipment
Balance, December 31, 2016 and September 30, 2017	\$ 1,657,716

ACCUMULATED DEPRECIATION

	Field equipment
Balance, December 31, 2016	\$ 1,599,267
Depreciation for the period	8,767
Balance, September 30, 2017	\$ 1,608,034

CARRYING AMOUNTS

	Field equipment
At December 31, 2016	\$ 58,449
At September 30, 2017	\$ 49,682

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Notes to the Condensed Interim Consolidated Financial Statements
Nine Months Ended September 30, 2017
(Expressed in Canadian Dollars)
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5. Share capital

a) Authorized share capital

At September 30, 2017, 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 September 30, 2017, the issued share capital amounted to \$94,534,775. The change in issued share capital for the periods was as follows:

	Number of common shares	Amount
Balance, December 31, 2015	13,601,756	\$ 91,995,659
Cancelled	(18)	(133,062)
Issue of securities, net of transaction costs ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	2,114,167	601,542
Warrants expired	-	451,558
Balance, September 30, 2016	15,715,905	\$ 92,915,697

	Number of common shares	Amount
Balance, December 31, 2016	16,146,738	\$ 93,274,023
Cancelled	(127,266)	(133,062)
Issue of securities, net of transaction costs ⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾	1,185,373	355,392
Exercise of stock options	29,250	35,919
Exercise of warrants	424,000	368,733
Warrants cancelled or expired	-	633,770
Balance, September 30, 2017	17,658,095	\$ 94,534,775

On September 11, 2017, the common shares of the Company, were consolidated for 20 old shares to one new share and all share, option and warrant and per share, option and warrant data have been retroactively adjusted to reflect the share consolidation as if it occurred at the beginning of the earliest period presented.

A summary of cash raised through private placements of equity in 2017 and 2016, and associated warrants valuations, using the Black Scholes option pricing model, is tabulated below:

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Nine Months Ended September 30, 2017
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5. Share capital (continued)

b) Common shares issued (continued)

Fiscal 2016

Date	Note	Value (\$)	Costs (\$)	Net Value (\$)	Number of shares	Number of warrants	Common share amount (\$)	Warrant amount (\$)
March 2, 2016	(1)	75,000	4,500	70,500	150,000	159,000	40,433	30,067
May 9, 2016	(2)	152,500	9,150	143,350	305,000	323,300	75,996	67,354
July 8, 2016	(3)	237,000	-	237,000	592,500	592,500	130,350	106,650
September 13, 2016	(4)	640,000	8,230	631,770	1,066,667	1,079,617	354,763	277,007
		1,104,500	21,880	1,082,620	2,114,167	2,154,417	601,542	481,078

Fiscal 2017

Date	Note	Value (\$)	Costs (\$)	Net Value (\$)	Number of shares	Number of warrants	Common share amount (\$)	Warrant amount (\$)
January 20, 2017	(5)	120,000	8,400	111,600	150,000	159,000	61,017	50,583
March 21, 2017	(6)	295,000	39,500	255,500	491,667	491,667	144,783	110,717
April 21, 2017	(7)	152,500	10,878	141,622	305,000	326,350	72,678	68,944
August 2, 2017	(8)	119,353	12,528	106,825	238,706	119,353	76,914	29,911
		686,853	71,306	615,547	1,185,373	1,096,370	355,392	260,155

Of the total share issue costs of \$71,306 (2016 - \$21,880), \$42,326 (2016 - \$14,790) was allocated to common shares and \$28,980 (2016 - \$7,090) was allocated to warrants.

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Notes to the Condensed Interim Consolidated Financial Statements
 Nine Months Ended September 30, 2017
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5. Share capital (continued)

b) Common shares issued (continued)

Fiscal 2016 Warrant Value

Note	Number of warrants	Strike price (\$)	Term (years)	Total BS value (\$)	BS value to common shares(\$)	BS value to warrants (\$)	Dividend yield (%)	Volatility (%)	Risk free rate (%)	Average Expected Life (years)
(1)	150,000	0.60	2	30,000	-	30,000	-	152	0.54	2
	9,000	0.60	2	3,112	1,867	1,245	-	152	0.54	2
(2)	305,000	0.80	3	67,100	-	67,100	-	142	0.52	3
	18,300	0.80	2	7,642	4,280	3,362	-	161	0.52	2
(3)	592,500	0.60	3	106,650	-	106,650	-	152	0.47	3
(4)	1,066,667	0.90	2	277,333	-	277,333	-	175	0.60	2
	12,950	0.90	2	5,718	3,240	2,478	-	175	0.60	2
	2,154,417			497,555	9,387	488,168				

Fiscal 2017 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)
(5)	150,000	1.10	2	51,000	-	51,000	-	179	0.73	2
	9,000	1.10	2	5,483	2,330	3,153	-	179	0.73	2
(6)	491,667	0.60	2.5	127,833	-	127,833	-	175	0.79	2.50
(7)	305,000	0.70	2	67,100	-	67,100	-	178	0.70	2
	21,350	0.70	2	11,839	5,209	6,630	-	178	0.70	2
(8)	119,353	1.00	2.5	29,911	-	29,911	-	178	1.24	2.50
	1,096,370			293,166	7,539	285,627				

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Notes to the Condensed Interim Consolidated Financial Statements
Nine Months Ended September 30, 2017
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6. Amounts receivable and other assets

	As at September 30, 2017	As at December 31, 2016
Sales tax receivable - (Canada)	\$ 7,175	\$ 16,723
Deposits with service providers	7,164	39,529
	\$ 14,339	\$ 56,252

7. Amounts payable and other liabilities

	As at September 30, 2017	As at December 31, 2016
Falling due within the year	\$ 1,200,353	\$ 1,029,711

8. Stock options

The following table reflects the continuity of stock options for the periods ended September 30, 2017 and 2016:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2015	729,500	2.80
Expired	(87,750)	8.80
Balance, September 30, 2016	641,750	2.00

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2016	998,750	1.60
Exercised	(29,250)	0.70
Expired	(111,500)	7.00
Cancelled	(85,750)	1.40
Balance, September 30, 2017	772,250	1.00

(a) On November 9, 2016, the Company granted 400,000 stock options to directors, officers, employees and consultants pursuant to the Company's stock option plan. Of the options granted, 371,250 remained outstanding at September 30, 2017. The stock options were issued at an exercise price of \$0.60 vest over 18 months and will expire on November 9, 2021. For the purposes of the 400,000 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 132% using the historical price history of the Company; risk free interest rate of 0.82%; and an expected average life of five years. The estimated value of \$169,935 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 May 9, 2017, 25% on November 9, 2017 and 25% on May 9, 2018. For the three and nine months ended September 30, 2017, the impact on expenses was \$17,702 and \$81,427, respectively (three and nine months ended September 30, 2016 - \$nil) (cumulative to September 30, 2017 - \$149,873).

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Notes to the Condensed Interim Consolidated Financial Statements
Nine Months Ended September 30, 2017
(Expressed in Canadian Dollars)
(Unaudited)

8. Stock options (continued)

The portion of the estimated fair value of options granted in the current and prior periods and vesting during the three and nine months ended September 30, 2017, which have been reflected in the unaudited condensed interim consolidated statements of comprehensive loss are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Canada				
Salaries and benefits	\$ 10,842	\$ 2,763	\$ 49,874	\$ 15,194
Guyana, South America				
Salaries and benefits	-	71	-	396
Colombia, South America				
Salaries and benefits	842	1,208	3,868	6,645
Argentina, South America				
Salaries and benefits	6,018	1,068	27,685	5,872
Total	\$ 17,702	\$ 5,110	\$ 81,427	\$ 28,107

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 September 30, 2017:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
May 29, 2018	3.20	0.66	37,500	37,500	-
September 10, 2018	2.40	0.95	61,000	61,000	-
April 21, 2019	3.20	1.56	25,000	25,000	-
March 30, 2020	0.70	2.50	277,500	277,500	-
November 9, 2021	0.60	4.11	371,250	92,813	278,437
		3.03	772,250	493,813	278,437

9. Loss per common share

The calculation of basic and diluted loss per common share for the three and nine months ended September 30, 2017 was based on the loss after tax attributable to common shareholders of \$259,202 and \$1,174,237, respectively (three and nine months ended September 30, 2016 – \$461,502 and \$1,108,855, respectively) and the weighted average number of common shares outstanding of 17,583,515 and 17,061,572, respectively (three and nine months ended September 30, 2016 – 14,794,818 and 14,125,919, respectively). Diluted loss per share did not include the effect of 772,250 (2016 - 641,750) share purchase options and 6,192,687 (2016 - 6,738,469) warrants as they are anti-dilutive.

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Notes to the Condensed Interim Consolidated Financial Statements
Nine Months Ended September 30, 2017
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10. 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Guyana, South America (a)				
Exploration activities	\$ 6,000	\$ 4,500	\$ 18,000	\$ 13,500
Salaries and benefits	-	6,071	-	18,396
	\$ 6,000	\$ 10,571	\$ 18,000	\$ 31,896
Colombia, South America (b)				
Exploration activities	\$ 2,381	\$ 29,136	\$ 111,983	\$ 114,254
Salaries and benefits	12,391	11,840	38,443	34,277
Amortization	-	1,082	-	50,590
	\$ 14,772	\$ 42,058	\$ 150,426	\$ 199,121
Argentina, South America (c)				
Exploration activities	\$ 69,411	\$ 147,380	\$ 269,028	\$ 256,611
Salaries and benefits	54,520	51,768	173,190	111,572
Amortization	2,922	12,640	8,767	35,018
	\$ 126,853	\$ 211,788	\$ 450,985	\$ 403,201
	\$ 147,625	\$ 264,417	\$ 619,411	\$ 634,218

(a) Total cumulative exploration activities incurred in Guyana, South America to September 30, 2017 amounted to \$35,520,787 (December 31, 2016 - \$35,502,787).

(b) Total cumulative exploration activities incurred in Colombia, South America to September 30, 2017 amounted to \$23,661,562 (December 31, 2016 - \$23,511,136).

(c) Total cumulative exploration activities incurred in Argentina, South America to September 30, 2017 amounted to \$14,498,727 (December 31, 2016 - \$14,047,742).

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Notes to the Condensed Interim Consolidated Financial Statements
Nine Months Ended September 30, 2017
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11. General and administrative

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Salaries and benefits	\$ 49,523	\$ 40,843	\$ 170,650	\$ 136,207
Administrative and general	2,299	24,727	46,271	72,616
Professional fees	20,956	26,507	116,451	104,111
Business development	18,322	21,295	67,548	38,595
Reporting issuer costs	11,456	20,829	142,996	137,051
	\$ 102,556	\$ 134,201	\$ 543,916	\$ 488,580

12. 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:

September 30, 2017

	Canada	Colombia	Argentina	Total
Current assets	\$ 37,255	\$ 15,480	\$ 2,713	\$ 55,448
Non-current assets	-	-	2,857,342	2,857,342
	\$ 37,255	\$ 15,480	\$ 2,860,055	\$ 2,912,790

December 31, 2016

	Canada	Colombia	Argentina	Total
Current assets	\$ 62,675	\$ 105,091	\$ 12,873	\$ 180,639
Non-current assets	-	-	2,866,109	2,866,109
	\$ 62,675	\$ 105,091	\$ 2,878,982	\$ 3,046,748

13. Warrants

	Number of warrants	Grant date fair value (\$)
Balance, December 31, 2015	5,239,362	2,098,730
Issued (note 5(b) ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾)	2,154,417	481,078
Expired	(655,310)	(451,558)
Balance, September 30, 2016	6,738,469	2,128,250

	Number of warrants	Grant date fair value (\$)
Balance, December 31, 2016	6,913,227	2,113,652
Issued (note 5(b) ⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾)	1,096,370	260,155
Expired or cancelled	(1,392,910)	(633,770)
Extension of warrants	-	38,084
Warrant exercised	(424,000)	(83,483)
Balance, September 30, 2017	6,192,687	1,694,638

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U308 Corp.**Notes to the Condensed Interim Consolidated Financial Statements
Nine Months Ended September 30, 2017
(Expressed in Canadian Dollars)
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13. Warrants (continued)

The following table reflects the actual warrants issued and outstanding as of September 30, 2017:

Expiry date	Exercise price (\$)		Warrants outstanding	Fair Value (\$)
December 29, 2017	0.44	(a)	125,000	98,404
December 29, 2017	0.44	(a)	9,000	4,530
December 29, 2017	0.44	(a)	125,000	53,210
December 29, 2017	0.60		305,000	54,935
December 29, 2017	0.60		18,300	6,012
March 2, 2018	0.60		9,000	3,112
May 9, 2018	0.80		18,300	7,642
September 13, 2018	0.90		12,950	5,718
September 13, 2018	0.90		1,066,667	271,276
October 12, 2018	0.90		65,833	16,680
October 12, 2018	0.90		1,050	378
November 3, 2018	0.70		987,750	193,750
December 16, 2018	0.60		365,000	71,770
December 16, 2018	0.60		18,300	8,711
December 20, 2018	3.00		175,000	127,736
January 20, 2019	1.10		150,000	45,100
January 20, 2019	1.10		9,000	5,483
January 23, 2019	4.20		166,667	146,035
April 21, 2019	0.70		21,350	11,840
April 21, 2019	0.70		305,000	57,104
May 9, 2019	0.80		305,000	59,712
July 8, 2019	0.60		592,500	106,650
September 21, 2019	1.00		491,667	110,717
February 2, 2020	1.00		119,353	29,911
March 6, 2020	1.00		125,000	32,982
March 27, 2020	1.00		150,000	39,687
May 8, 2020	1.30		180,000	60,971
July 13, 2020	1.00		125,000	29,198
September 23, 2020	1.00		150,000	35,384
			6,192,687	1,694,638

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Notes to the Condensed Interim Consolidated Financial Statements Nine Months Ended September 30, 2017 (Expressed in Canadian Dollars) (Unaudited)

13. Warrants (continued)

(a) On August 23, 2017, the following terms were changed for the following warrants:

- 125,000 warrants with an exercise price of \$2.60 per share (pre consolidation - 2,500,000 warrants at a price of \$0.13 per share) were issued on September 8, 2015 as part of a private placement, having an original expiry date of September 8, 2017. Each Warrant entitles the holder to purchase one common share of the Company. The expiry date of the warrants was extended to December 29, 2017 and the exercise price was repriced to \$0.44 per common share. The Company recorded the incremental difference of \$30,160 as a capital transaction based on the fair value of these warrants immediately prior to and after the modification. These warrants were valued immediately prior to the subsequent extension using the following Black-Scholes option pricing model parameters; a risk-free interest rate of 1.24%, a dividend yield of 0%, a volatility of 258.73%, and an expected life of 0.04 year. These warrants were valued subsequent to the subsequent extension using the following Black-Scholes option pricing model parameters; a risk-free interest rate of 1.24%, a dividend yield of 0%, a volatility of 200.05%, and an expected life of 0.35 year.
- 9,000 warrants with an exercise price of \$0.80 per share (pre consolidation - 180,000 broker warrants at a price of \$0.04 per share) issued on September 23, 2015 as part of a private placement, having an original expiry date of September 23, 2017. Each Warrant entitles the holder to purchase one common share of the Company. The expiry date of the warrants were extended to December 29, 2017 and the exercise price was repriced to \$0.44 per common share. The Company recorded the incremental difference of \$1,585 as a capital transaction based on the fair value of these warrants immediately prior to and after the modification. These warrants were valued immediately prior to the subsequent extension using the following Black-Scholes option pricing model parameters; a risk-free interest rate of 1.24%, a dividend yield of 0%, a volatility of 242.01%, and an expected life of 0.08 year. These warrants were valued subsequent to the subsequent extension using the following Black-Scholes option pricing model parameters; a risk-free interest rate of 1.24%, a dividend yield of 0%, a volatility of 200.05%, and an expected life of 0.35 year.
- 125,000 warrants with an exercise price of \$2.20 per share (pre consolidation - 2,500,000 warrants at a price of \$0.11 per share) issued on October 03, 2015 as part of a private placement, having an original expiry date of October 3, 2017. Each Warrant entitles the holder to purchase one common share of the Company. The expiry date of the warrants were extended to December 29, 2017 and the exercise price was repriced to \$0.44 per common share. The Company recorded the incremental difference of \$6,339 as a capital transaction based on the fair value of these warrants immediately prior to and after the modification. These warrants were valued immediately prior to the subsequent extension using the following Black-Scholes option pricing model parameters; a risk-free interest rate of 1.24%, a dividend yield of 0%, a volatility of 215.35%, and an expected life of 0.11 year. These warrants were valued subsequent to the subsequent extension using the following Black-Scholes option pricing model parameters; a risk-free interest rate of 1.24%, a dividend yield of 0%, a volatility of 200.05%, and an expected life of 0.35 year.

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14. 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
John C. Ross Consulting Inc. (i)	\$ 7,500	\$ 7,500	\$ 22,500	\$ 22,500

(i) Chief Financial Officer ("CFO") fees expensed to a company controlled by the current CFO of the Company. At September 30, 2017, \$38,900 is included in amounts payable and other liabilities (December 31, 2016 - \$61,075).

(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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Salaries and benefits (*)	\$ 34,250	\$ 34,250	\$ 102,750	\$ 102,750
Director fees	-	-	-	-
Share based payments	10,288	2,236	47,329	12,300
	\$ 44,538	\$ 36,486	\$ 150,079	\$ 115,050

(*) Members of the Board of Directors do not have employment or service contracts with the Company. They are entitled to director fees and are eligible for stock options for their services. However, the Board of Directors has opted to waive cash fees until the financial condition of the Company improves. As of September 30, 2017, directors of the Company were owed \$nil (December 31, 2016 - \$nil). During the third quarter of 2015, \$132,000 in director fees and \$217,225 of salary owed to the Chief Executive Officer were waived. The CEO of the Company was owed \$218,918 (December 31, 2016 - \$168,318).

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.

(c) On July 25, 2017, Dr. Keith Barron, a director of the Company, exercised 142,500 warrants with an exercise price of \$0.70 for cash of \$99,750.

(d) On August 31, 2017, Dr. Keith Barron, a director of the Company, exercised 115,000 warrants with an exercise price of \$0.70 for cash of \$80,500.

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Nine Months Ended September 30, 2017
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14. Related party balances and transactions (continued)

(e) On November 2, 2017, Dr. Keith Barron, director, offered the Company a \$1 million line of credit. As a director of the Company, Dr. Barron is an "insider", under applicable securities laws. The provision of an operating line of credit by an insider is considered a "related party transaction" as such term is defined under MI 61-101. The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements provided under MI 61-101 on the basis that the principal amount of the line of credit does not exceed 25% of the fair market value of the Company's market capitalization.

15. South American property interests

	Acquisition Costs
Balance December 31, 2015 and September 30, 2016	\$ 10,474,652
Balance, December 31, 2016 and September 30, 2017	\$ 2,807,660

16. Subsequent events

On November 2, 2017, the Company raised gross proceeds of \$517,000 through the issue of 2,068,000 units ("Unit"), with each Unit priced at \$0.25, consisting of a common share and one half of one common share purchase warrant. Each of the 1,034,000 warrants issued has a term of 30 months and a strike price of \$0.35 to acquire one common share. All securities issued and issuable pursuant to the private placement will be subject to a four-month statutory hold period.

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