NORTHERN URANIUM CORP

# Management's Discussion and Analysis of Financial Position and Results of Operations ("MD&A")

The following Management's Discussion and Analysis of the results of operations and financial position, prepared as of August 8, 2017 should be read in conjunction with the unaudited condensed interim financial statements of Northern Uranium Corp. for the six month period ended June 30, 2017, as well as the audited financial statements for the year ended December 31, 2016 and the related management's discussion and analysis (the "annual MD&A"). The unaudited condensed interim financial statements for the six months ended June 30, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

The Company was incorporated on July 19, 2005 under the Canada Business Corporations Act, and changed its name from MPVC Inc. to Northern Uranium Corp. as of June 27, 2014. The Company trades on the TSX Venture Exchange under the ticker symbol UNO.

Additional information related to the Company, including its final prospectus is available for viewing on SEDAR at www.sedar.com.

### *Going Concern of Operations*

The Company does not generate revenue from operations. As the Company has no revenues, its ability to continue as a going concern is dependent on obtaining additional financing.

### *Forward-Looking Statements*

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

***Overview of the Company***

After the sale of its business assets in late 2008, the Company transferred its stock listing to the NEX and began looking for a transaction to meet Exchange listing requirements. During fiscal 2013, the Company commenced the process of acquiring a Uranium exploration project in Manitoba and during the first quarter of fiscal 2014 completed a significant financing that allowed it to begin work on the project. The Company graduated to the TSX Venture during the first quarter of fiscal 2014.

***Overall Performance***

As at June 30, 2017, the Company has incurred cumulative losses of $11,296,772 (December 31, 2016 - $11,225,831) and has working capital deficit of $277,743 (December 31, 2016 – $206,802). Operating activities during the six month period ended June 30, 2017 produced a negative cash flow of $103,491 (six month period ended June 30, 2016 – $175,722).

The key performance driver for the Company is the acquisition and development of prospective mineral properties. By acquiring and exploring projects of superior technical merit, the Company increases its chance of finding and developing an economic deposit.

At present, the Company's project has not yet reached the producing stage; therefore, the Company is not anticipating profit or positive cash flow from operations. Until such time as the Company is able to realize profits from the production and sale of commodities from its mineral interests, the Company will report an annual loss and will rely on its ability to obtain equity or debt financing to fund ongoing operations.

***Selected Annual Information***

The following table provides a brief summary of the Company's financial data for the three most recent fiscal years (year ends where the Company has had activity). For more detailed information, refer to the Financial Statements.

| | Year Ended December 31, 2016 | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|---|---|---|---|
| Total revenues | $ - | $ - | $ - |
| Loss before other items | 85,837 | 4,343,803 | 3,851,912 |
| Loss for the year | 84,879 | 4,339,235 | 3,850,179 |
| Basic and diluted loss per share | - | 0.03 | 0.09 |
| Total assets | 1,237,344 | 1,388,728 | 1,805,506 |

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

***Results of Operations***

**For the six month period ended June 30, 2017**

During the six month period ended June 30, 2017, the Company incurred a net operating loss of $70,941 or $0.00 per share (sixmonth period ended June 30, 2016 – loss of $133,115 or $0.00 per share). The smaller loss reflects the decline in activity in the Company over the comparative periods. Significant expenses for the period are as follows:

- The Company expensed $3,990 in consulting fees during the current period (2016 period – $283) relating to expenditures incurred in examining other potential projects.
- The Company had incurred $14,095 in exploration expenditures for the Northern Manitoba project (2016 period – $56,957). In both periods, the Northern Manitoba project was shut down; however, in the prior fiscal year, the Company had some additional consulting fees relating to the project management, as well as the final invoice for drill repairs.
- The Company spent $26,430 in office and administrative expenses (2016 – $38,113), $8,212 in professional fees (2016 – $8,379) and $18,214 in transfer agent and filing fees (2016 – $20,027). In the current fiscal year, the Company's share of office and administrative costs has decreased and the group of companies in general incurred less general office costs. The Company has had comparable professional fees and transfer agent and filings fees in the 2017 and 2016 period ends.
- In the prior year, the Company accrued $10,000 (2017 – $nil) in management fees under the deferred share unit plan; under the deferred share unit plan, directors will earn compensation quarterly ($5,000 initial value per quarter per director) at which time the number of deferred share units will be determined based on the Company's share price at the end of the quarter. Upon leaving the Board, directors, at their discretion, will receive shares for the deferred compensation. In the three months ended June 30, 2017, the Company no longer had any directors under this plan; one director received his quarterly allotment in the prior period end.

**Summary of Quarterly Results**

| | Three Months Ended June 30, 2017 | Three Months Ended March 31, 2017 | Three Months Ended December 31, 2016 | Three Months Ended September 30, 2016 |
|---|---|---|---|---|
| Total revenues | $ - | $ - | $ - | $ - |
| (Income) Loss before other items | 30,175 | 40,766 | 49,083 | (97,005) |
| (Income) Loss for the period | 30,175 | 40,766 | 48,864 | (97,100) |
| Basic and diluted (income) loss per share | 0.00 | 0.00 | 0.00 | (0.00) |

| | Three Months Ended June 30, 2016 | Three Months Ended March 31, 2016 | Three Months Ended December 31, 2015 | Three Months Ended September 30, 2015 |
|---|---|---|---|---|
| Total revenues | $ - | $ - | $ - | $ - |
| Loss before other items | 57,453 | 76,306 | 261,460 | 1,413,390 |
| Loss for the period | 57,182 | 75,933 | 260,753 | 1,412,843 |
| Basic and diluted loss per share | 0.00 | 0.00 | 0.00 | 0.01 |

For the three month period ended September 30, 2016, the Company had a net recovery of exploration expenditures, which resulted in net income for the period. There was a significant decline in the Company's loss for the quarters ended December 31, 2015 to June 30, 2016 as compared to the period ended September 30,

2015. This is due to the Northern Manitoba project being shut down for the season at the beginning of October 2015.

The three month periods ended December 31, 2016, March 31, 2017 and June 30, 2017 reflect the overall slow-down of activity in the Company. While the Company is in on-going discussions with CanAlaska in regards to four remaining targets on the Northern Manitoba property, the Company is incurring only general activity costs.

***Financing Activities***

*Shares issued as part of earn-in agreement*

As part of the earn-in agreement with CanAlaska Uranium Ltd., the Company issued 4,500,000 shares and 2,250,000 warrants. The shares were issued in two separate issuances: on March 19, 2014, the first 2,250,000 shares were issued at $0.12 per share, as well as the 2,250,000 warrants; the remaining 2,250,000 shares were issued at $0.11 per share on May 30, 2014. These warrants expired unexercised during the fiscal year ended December 31, 2016.

Prior to the end of 2014, the Company reached the 50% earn-in mark for the Northern Manitoba project. As per the agreement, CanAlaska was then issued another 2,500,000 shares and 1,250,000 warrants in fiscal 2014. The shares were issued at $0.04 per share; the warrants expired unexercised during the fiscal year ended December 31, 2016.

In September 2015, the Company announced that it had met the 70% earn-in mark of the Northern Manitoba project, and issued 5,000,000 shares and 2,500,000 warrants to CanAlaska. The shares were issued at $0.02 per share, and the warrants have an exercise price of $0.05 with a term of three years.

***Liquidity and Capital Resources***

As at June 30, 2017, the Company had cash and cash equivalents of $21,308.

*Off-balance sheet arrangements*

The Company has not entered into any off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

*Financial instruments*

The Company's financial instruments consist of cash and cash equivalents, receivables, and accounts payable and accrued liabilities. Cash and cash equivalents consists of cash. The Company has no asset backed commercial paper. Cash and cash equivalents, receivables and accounts payable and accrued liabilities are measured at their amortized cost which approximates their fair value due to their short-term nature. The Company classifies fair values of financial instruments within a three-level hierarchy that prioritizes the inputs to fair value measurement and reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. As at June 30, 2017, the Company had no financial instruments measured at fair value and requiring classification in the hierarchy.

*Changes in accounting policies including initial adoption*

Certain pronouncements were issued by the International Accounting Standards Board (the "IASB") or the IFRS Interpretations Committee that are mandatory for accounting periods on or after January 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following standards have not yet been adopted and are being evaluated to determine their impact on the Company.

> IFRS 9 – *Financial Instruments* ("IFRS 9") is a new standard that is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". 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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Its commencement date is currently unknown.
>
> IFRS 16 – *Leases* is a new standard that will be applicable to fiscal years beginning on January 1, 2019. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize asset and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. At present, the Company's sole lease is for office space. As such, the Company is evaluating the impact of this standard.

*Critical accounting estimates*

The accounting estimate considered to be significant to the Company is the computation of stock based compensation expense. The Company uses the fair-value method of accounting for stock based payments related to incentive stock options awards granted, modified or settled. Under this method, compensation cost attributable to options granted is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. In determining the fair value, the Company makes estimates of the expected volatility of the stock as well as an estimated discount rate. Changes to these estimates could result in the fair value of the stock based compensation being less than or greater than the amount recorded.

*Transactions with related parties*

As at June 30, 2017, the Company had no subsidiaries.

The Company's related parties consist of directors and officers or companies associated with them. Other then as outlined below the Company incurred no transactions with related parties during the period ended June 30, 2017.

The Company's related party expenses consist of the following:

| | Three months ended, June 30, 2017 | Three months ended, June 30, 2016 | Six months ended, June 30, 2017 | Six months ended, June 30, 2016 |
|---|---|---|---|---|
| Geological consulting fees | **$ 687** | $ 11,730 | **$ 13,198** | $ 26,260 |
| Legal fees | **1,346** | - | **2,287** | - |
| Shared field expenditures | **1,929** | 3,857 | **4,207** | 30,639 |
| Shared office and administrative costs | **11,529** | 16,031 | **22,747** | 33,182 |
| | **$ 15,491** | $ 31,618 | **$ 42,439** | $ 90,081 |

| | Three months ended, June 30, 2017 | Three months ended, June 30, 2016 | Six months ended, June 30, 2017 | Six months ended, June 30, 2016 |
|---|---|---|---|---|
| Element 29 Ventures Ltd. | **$ 2,353** | $ 8,957 | **$ 12,051** | $ 19,004 |
| Kel-Ex Development Ltd. | **10,097** | 20,798 | **23,415** | 41,627 |
| McMillan LLP | **1,346** | - | **2,287** | - |
| Metalex Ventures Ltd. | **1,695** | 1,863 | **4,686** | 29,450 |
| | **$ 15,491** | $ 31,618 | **$ 42,439** | $ 90,081 |

Included in accounts payable and accrued liabilities of the Company are the following amounts due to related parties:

| | June 30, 2017 | December 31, 2016 |
|---|---|---|
| Element 29 Ventures Ltd. | **$ 1,385** | $ 148 |
| Kel-Ex Development Ltd. | **393,122** | 383,831 |
| McMillan LLP | **502** | 5,814 |
| Metalex Ventures Ltd. | **1,368** | 1,442 |
| | **$ 396,377** | $ 391,235 |

As at June 30, 2017, the Company had $nil due from related parties (December 31, 2016 – $33 due from Cantex Mine Development Corp.) and had no related party recoveries during the period.

The remuneration of directors and officers is as follows:

| | Three months ended June 30, 2017 | Three months ended June 30, 2016 | Three months ended June 30, 2017 | Three months ended June 30, 2016 |
|---|---|---|---|---|
| Director fees(1) | **$ -** | $ 5,000 | **$ -** | $ 10,000 |
| Wages and benefits(2) | **7,598** | 15,911 | **22,147** | 32,231 |
| | **$ 7,598** | $ 20,911 | **$ 22,147** | $ 42,231 |

(1) Director fees are amounts accrued under the Company's deferred share unit plan as described in Note 7(d).
(2) Wages and benefits includes amounts paid or accrued for geological consulting fees, management consulting fees and payroll costs to related parties and former related parties.

*Outstanding share data*

As at June 30, 2017, the Company had 162,361,514 common shares issued and outstanding, and 8,749,999 common share purchase warrants allowing for the purchase of 6,249,999 common shares at $0.07 per share and 2,500,000 common shares at $0.05 per share.

As at August 8, 2017, the Company has 162,361,514 outstanding common shares and 8,749,999 common shares purchase warrants.

There are 2,500,000 outstanding stock options, with an exercise price of $0.15 as at March 31, 2017. These were issued to management and members of the board and expire May 13, 2024.

*Risks and uncertainties*

The business of mineral exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. Operations, the status of mineral property rights, title to the properties and the recoverability of amounts shown for mineral properties in emerging nations can be affected by changing economic, regulatory and political situations. Other risks facing the Company include competition, environmental and insurance risks, fluctuations in metal prices, share price volatility and uncertainty of additional financing.

*Mineral Exploration Property*

During the 2013 fiscal year, the Company entered into an agreement, with amendments subsequent to the year end, with CanAlaska Uranium Ltd ("CanAlaska") to acquire up to an 80% of its Northwest Manitoba Property which covers 143,603 hectares and is comprised of 3 licences (MEL-236B, MEL-166B, and MEL-247B).

Under the terms of the option agreement, the Company can earn up to an 80% interest in the Property by carrying out a three-stage $11.6 million exploration program. The first stage allows the Company to obtain a 50% interest by making a non-refundable cash deposit of $35,000 (paid) and by issuing 2,250,000 common shares (issued) valued at $0.12 per share, 1,000,000 common share purchase warrants with an exercise price of $0.10 for a term of two years (granted) and 1,250,000 common share purchase warrants with an exercise price of $0.15 for a term of two years (granted), on or before March 21, 2014. An additional $50,000 payment was incurred to extend the terms of the initial agreement. The Company incurred $600,000 in exploration expenditures on or before March 31, 2014 and issued an additional 2,250,000 common shares, valued at $0.11 per share, on or before June 1, 2014. A further $2,600,000 in exploration expenditures was incurred by the Company before December 31, 2014.

Upon the Company having earned the 50% interest, it has the right to a 70% option. In order to exercise the 70% option, the Company was required to incur a further $2.8 million in expenditures on the property within a two year period (incurred) and issue an additional 5,000,000 common shares (issued at a value of $0.02 per share) and 2,500,000 purchase warrants (granted), which shall be exercisable into common shares for a period of two years from the date of issue of the warrants at an exercise price per common share that is equal to the market price of the Company's shares on the date immediately preceding the date of issuance of such warrants ($0.05; these warrants expired unexercised during the year ended December 31, 2016). The Company may elect, prior to the end of the two year period, to pay CanAlaska a cash fee of $50,000 for each incremental year of such extension.

As at June 30, 2017, the Company has spent the required funds on the Northern Manitoba project and has met the 70% earn-in agreement milestone.

Upon the Company having earned the 70% interest, it has the right to an 80% option. In order to exercise the 80% option, the Company must incur a further $5.6 million in expenditures on the property within a two year period and issue an additional 5,000,000 common shares (issued at a value of $0.02 per share) and 2,500,000 purchase warrants (granted), which shall be exercisable into one common shares at an exercise price per common share that is equal to the market price of the Company's shares on the date immediately preceding the date of issuance of such warrants (market price was $0.02; subject to regulatory requirements, these warrants are exercisable at $0.05). These warrants expire September 15, 2018. The Company may elect, prior to the end of the two year period, to pay CanAlaska a cash fee of $50,000 for each incremental year of such extension.

The results from the AlphaTrack radon survey were announced on April 8, 2014. The radon survey was undertaken using 3,550 cups from AlphaTrack Services Ltd every 25m along lines spaced 200m apart covering a 3 x 10km area. This is one of 7 anomalous areas within the project previously outlined by CanAlaska. This radon survey has defined a number of distinct anomalies:

- Long linear trends, with strike lengths in some cases over 4km and approximately 100 to 200 meters wide. These anomalies appear to be conformable to the other geophysical anomalies, such as the VTEM and aeromagnetic data.
- Areas (approximately 400 by 800 meters) of significantly elevated radon flux (in excess of three times background). A number of these are coincident with known gravity lows and resistivity lows previously identified at Maguire Lake. The largest anomalous zone outlined is located on the southeast shore of Maguire lake in an area previously not known to be mineralized. Values in this new zone are typically 3 to 4 times background with a high of 1484 T/mm$^2$. (10 times background).
- Islands within Maguire Lake; one island in particular appears to exhibit noticeable elevated radon levels and this island has numerous mineralized boulders (up to 66% $U_3O_8$) on it as well as radioactive outcrops (up to 9.5% $U_3O_8$). Such mineralized outcrops are evident on two of the larger islands and both of these islands have elevated radon values.

On May 7, 2014 the preliminary results from the RadonEx lake water survey were announced, with the final results being made available on June 20, 2014. The survey comprised of 1,399 samples collected over the 10km length of Maguire Lake. Sample stations were located at 25m intervals along lines spaced at 200m.

The radon in water results are exceptionally high. At Maguire Lake the radon in water results ranged from -124 to 669 picocuries per litre (pCi/L). Of the 1,399 samples, 33 samples had results greater than 100 pCi/L, 13 samples had results greater than 200 pCi/L, 7 samples had results greater than 300pCi/L and 4 samples had results greater than 400pCi/L. RadonEx identified 7 priority one drill targets and 5 priority two targets. Significantly RadonEx state that the radon in water values at Maguire Lake approach closely the highest values received at Fission Uranium's Patterson Lake South discovery.

On May 14th, 2014 the Company announced the completion of a ground gravity survey which was designed to connect previous ground gravity blocks collected in 2012. With the lake ice rapidly thinning a brief drilling program was undertaken, with one hole completed to bedrock. Though significant uranium contents were not intersected prospective geology was encountered.

At the end of August 2014 another drill program commenced utilizing both a highly mobile rotary air blast (RAB) drill and a diamond drill rig. Twenty RAB holes were completed focusing on two land based targets and identified that one of the two targets exhibits an increase in Uranium 232, 234, 235, 238 as well as Lead 210 and Bismuth 214 isotopes at the till-bedrock contact. Uranium 234 and 238 as well as Lead 210 are mobile and therefore could have travelled up structural zones from a uranium source detected by the gravity low and elevated radon values in a favourable semi-pelite bedrock source.

Twenty five diamond drill holes have been completed to date, most of which focused on the testing of two anomalies.

The South Anomaly, consisting of a 800 by 400 metre gravity low with a coincident IP conductor lying under Maguire Lake, has returned the most prospective results to date. Drilling of this anomaly has discovered a large hydrothermal alteration zone measuring tens of metres wide. The best results to date were in holes MG15DD-0021 and MG15DD-0022 which had down hole gamma probe results of 2,529 and 2,462 counts per second respectively.

The East Anomaly, consisting of a combined resistivity and gravity low beneath Maguire Lake, has also returned interesting alteration zones of impressive widths. For instance hole MG15DD-0025, drilled at an inclination of -45 degrees to the northwest, intersected 55.3 metres of massive clay alteration. To date significant radiometric anomalies have not been intersected at this anomaly.

Natural gamma radiation was measured using a down hole GV500-501 scintillometer manufactured by GeoVista.

The technical information and results reported here have been reviewed by Chad Ulansky, PGeol, a qualified person under National Instrument 43-101, who is responsible for the technical content.