



# NORTHERN URANIUM CORP

FINANCIAL STATEMENTS

Expressed in Canadian dollars

December 31, 2018

# Northern Uranium Corp.

December 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Northern Uranium Corp.

### *Opinion*

We have audited the accompanying financial statements of Northern Uranium Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

April 30, 2019

# Northern Uranium Corp.

## Statements of Financial Position

(Expressed in Canadian Dollars)

<b>As at</b>	<b>Note</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b>Assets</b>			
Current assets			
Cash		\$ 13,241	\$ 4,548
Receivables		720	486
Deposits and prepaid expenses		5,833	102,525
		19,794	107,559
Non-current assets			
Exploration and evaluation assets	4	-	1,037,500
<b>Total Assets</b>		<b>\$ 19,794</b>	<b>\$ 1,145,059</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	6	\$ 639,943	\$ 437,090
		639,943	437,090
<b>Shareholders' Equity (Deficiency)</b>			
Share capital	7	11,533,080	11,493,080
Reserves	7	523,449	563,449
Deficit		(12,676,678)	(11,348,560)
		(620,149)	707,969
<b>Total Liabilities and Shareholders' Equity (Deficiency)</b>		<b>\$ 19,794</b>	<b>\$ 1,145,059</b>

Nature and continuance of operations (Note 1)

Subsequent Events (Note 8)

Approved by the Board of Directors:

*"Jennifer Irons"*

Jennifer Irons

*"Vernon Frolick"*

Vernon Frolick

*See accompanying notes to the financial statements.*

## Northern Uranium Corp.

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

		Years Ended	
	Note	December 31, 2018	December 31, 2017
<b>Expenses</b>			
Consulting		\$ 283	\$ 3,990
Exploration property acquisition costs expensed	4	1,037,500	-
Exploration expenditures (recovery)	5	192,482	21,294
Office and administrative		44,627	48,497
Professional fees		35,623	27,597
Transfer agent and filings fees		17,603	21,351
		<u>1,328,118</u>	<u>122,729</u>
		-	-
<b>Loss and comprehensive loss for the year</b>		<b>\$ 1,328,118</b>	<b>\$ 122,729</b>
		-	-
<b>Basic and diluted loss per share</b>		<b>\$ 0.01</b>	<b>\$ 0.00</b>
		-	-
<b>Weighted average number of shares outstanding</b>		<b>162,361,514</b>	<b>162,361,514</b>

*See accompanying notes to the financial statements.*

## Northern Uranium Corp.

Statements of Changes in Shareholders' Equity (Deficiency)  
(Expressed in Canadian Dollars)

	Number of Common Shares	Share capital	Reserves	Deficit	Total
<b>Balance as at December 31, 2016</b>	162,361,514	\$ 11,493,080	\$ 563,449	\$ (11,225,831)	\$ 830,698
Loss for the year	-	-	-	(122,729)	(122,729)
<b>Balance as at December 31, 2017</b>	162,361,514	\$ 11,493,080	\$ 563,449	\$ (11,348,560)	\$ 707,969
Reserves transferred on expired warrants	-	40,000	(40,000)	-	-
Loss for the year	-	-	-	(1,328,118)	(1,328,118)
<b>Balance as at December 31, 2018</b>	162,361,514	\$ 11,533,080	\$ 523,449	\$ (12,676,678)	\$ (620,149)

*See accompanying notes to the financial statements.*

# Northern Uranium Corp.

## Statements of Cash Flows

(Expressed in Canadian Dollars)

	Years Ended	
	December 31, 2018	December 31, 2017
<b>Operating activities</b>		
Loss for the year	\$ (1,328,118)	\$ (122,729)
Net changes in non-cash working capital items:		
Write off of property acquisition costs	1,037,500	-
Decrease (increase) in receivables	(234)	518
Decrease (increase) in prepaid expenses	96,692	(28,484)
Increase (decrease) in accounts payable and accrued liabilities	152,853	30,444
Net cash used for operating activities	(41,307)	(120,251)
Net cash used for investing activities	-	-
<b>Financing activities</b>		
Advance from related party	50,000	-
Net cash provided by financing activities	50,000	-
<b>Net increase (decrease) in cash</b>	<b>8,693</b>	<b>(120,251)</b>
<b>Cash, beginning of the year</b>	<b>4,548</b>	<b>124,799</b>
<b>Cash, end of the year</b>	<b>\$ 13,241</b>	<b>\$ 4,548</b>
<b>Cash paid for interest during the year</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash paid for taxes during the year</b>	<b>\$ -</b>	<b>\$ -</b>

Supplemental disclosure with respect to cash flows (Note 11)

See accompanying notes to the financial statements.



## **Northern Uranium Corp.**

Notes to the Condensed Interim Financial Statements

December 31, 2018

(Expressed in Canadian Dollars)

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### **1. Nature and Continuance of Operations**

Northern Uranium Corp. (the “Company”) was incorporated on July 19, 2005 under the Canada Business Corporations Act and is considered to be in the exploration stage with respect to its mineral properties. To date, the Company has not generated significant revenues from operations and has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The Company’s common shares are listed on the TSX Venture Exchange under the trading symbol “UNO”.

The Company’s head office and location of books and records is 203-1634 Harvey Avenue, Kelowna, British Columbia, Canada, V1Y 6G2. The Company’s registered office is at Royal Centre, 1055 W. Georgia Street, Suite 1500, Vancouver, British Columbia, Canada, V6E 4N7.

The recoverability of the amounts comprised in mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Continued operations of the Company are dependent on its ability to develop its mineral properties, receive continued financial support, complete equity financings, or generate profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

### **2. Basis of Presentation**

#### *a. Statement of Compliance*

These financial statements (the “Financial Statements”), including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These Financial Statements were approved for issue by the Board of Directors on April 30, 2019.

#### *b. Basis of Presentation*

These Financial Statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

## Northern Uranium Corp.

Notes to the Condensed Interim Financial Statements

December 31, 2018

(Expressed in Canadian Dollars)

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### 2. Basis of Presentation (continued)

#### *c. Use of Estimates*

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ materially and adversely from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- ii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

### 3. Significant Accounting Policies

#### *a. Financial Instruments*

##### Financial assets

The Company classifies its financial assets into one of the following categories as follows:

*Fair value through profit or loss* - This category comprises derivatives, held for trading and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in loss and comprehensive loss. This category includes cash.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. This category includes receivables.

## Northern Uranium Corp.

Notes to the Condensed Interim Financial Statements

December 31, 2018

(Expressed in Canadian Dollars)

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### 3. Significant Accounting Policies (continued)

#### a. Financial Instruments (continued)

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

#### Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

*Fair value through profit or loss* - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

*Other financial liabilities* - This category consists of liabilities carried at amortized cost using the effective interest method and includes accounts payables and accrued liabilities.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – 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; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### b. Foreign Exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 - The Effects of Changes in Foreign Exchange Rates.

## Northern Uranium Corp.

Notes to the Condensed Interim Financial Statements

December 31, 2018

(Expressed in Canadian Dollars)

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### 3. Significant Accounting Policies (continued)

#### *b. Foreign Exchange (continued)*

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

#### *c. Exploration and Evaluation*

Exploration and development costs are expensed until such time as reserves are proven and financing to complete development has been obtained. Acquisition costs of mineral properties and tangible development costs incurred thereon, are deferred until the property to which they relate is placed into production, sold or abandoned. The carrying values of mineral properties are, where necessary, written down to fair value if carrying value is not recoverable. Costs relating to properties abandoned are written off when the decision to abandon is made.

#### *d. Asset Retirement Obligations*

The Company accounts for the recognition and measurement of liabilities for statutory, contractual or legal obligations associated with the retirement of equipment, and mineral properties when those obligations result from the acquisition, construction, development or normal operations of the assets. When determinable, a liability for future site reclamation costs, or other obligations, would be recorded at net present value and the corresponding increase in the assets carrying value would then be amortized over the remaining useful life of the asset.

Management has reviewed the Company's mineral properties for known obligations under contract, common practices or laws and regulations in effect or anticipated. The Company has determined that there are no known or quantifiable significant assets retirement obligations and accordingly, these financial statements do not include any provision related to future asset retirement.

#### *e. Loss per Share*

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

## Northern Uranium Corp.

Notes to the Condensed Interim Financial Statements

December 31, 2018

(Expressed in Canadian Dollars)

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### 3. Significant Accounting Policies (continued)

#### *f. Share-Based Compensation*

The Company operates an employee stock option plan whereby it is authorized to grant stock options to directors, officers, employees and consultants. Share-based compensation to employees or those that provide similar services as employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves.

The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. When the options are exercised, the applicable amounts of option reserves are transferred to share capital.

*Cash settled plans* - The Company has a deferred share unit plan whereby directors can receive compensation in the form of a deferred share unit. Upon leaving the Board, directors, at their discretion, can elect to receive either cash or shares for the deferred compensation. Accordingly under IFRS, these units are classified as compound financial instruments consisting of a debt (cash) component and an equity component. The fair value of the deferred share units is measured on the grant date as the sum of the cash value (debt component) and the equity component valued using the Black-Scholes option pricing model and is revalued at each period end. There was no equity component as at December 31, 2018 and 2017.

#### *g. Impairment of Non-financial Assets*

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

## Northern Uranium Corp.

Notes to the Condensed Interim Financial Statements

December 31, 2018

(Expressed in Canadian Dollars)

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### 3. Significant Accounting Policies (continued)

#### *g. Impairment of Non-financial Assets (continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit ("CGU") is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in comprehensive loss.

#### *h. Flow-through Shares*

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and ii) share capital. Upon expenses being incurred, the Company derecognizes the flow-through premium liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used for only Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the "Look-back" Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

#### *i. Income Taxes*

Income tax expense 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. Current tax expense is the expected tax payable on 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 recorded 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. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss 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 statement of financial position date.

## Northern Uranium Corp.

Notes to the Condensed Interim Financial Statements

December 31, 2018

(Expressed in Canadian Dollars)

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### 3. Significant Accounting Policies (continued)

#### *i. Income Taxes (continued)*

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 utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### *j. Warrants*

As part of its exploration agreement, the Company has issued warrants. Any warrants that expire or are exercised during the year are transferred back to share capital, if originally determined to have a value.

#### *k. New Standards Adopted*

IFRS 9 “Financial Instruments” 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. The adoption had no impact on these financial statements.

#### *l. New Standards Not Yet Adopted*

IFRS 16 “Leases” is a new standard that will be applicable to fiscal years beginning on or after January 1, 2019. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets 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 has no leases, other than an informal arrangement with a related party for shared office space. As such, the Company does not expect any impact to the financial statements from the adoption of this standard.

## **Northern Uranium Corp.**

Notes to the Condensed Interim Financial Statements

December 31, 2018

(Expressed in Canadian Dollars)

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### **4. Exploration and Evaluation Assets**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties is in good standing. However, while the Company still maintains that there is value in the property, at this point, it does not have the ability to move it forward. As such, the carrying value of the Company's exploration and evaluation assets as at December 31, 2018 has been reduced to \$nil (December 31, 2017 – \$1,037,500).

#### ***Northern Manitoba Project***

The Company has entered into an agreement with CanAlaska Uranium Ltd ("CanAlaska") to acquire up to 80% of its Northwest Manitoba Property by carrying out a three-stage \$11.6 million exploration program. As at December 31, 2016, the Company had spent the required funds on the project and had met the 70% earn-in agreement. The Company formalized a joint venture agreement at the 70/30% level in September 2018.

In the course of reaching the 70% earn-in milestone, the Company has made total cash payments of \$85,000 and issued 12,000,000 shares (issued at prices ranging from \$0.02 per share to \$0.12 per share) and 6,000,000 purchase warrants (issued at exercise prices ranging from \$0.05 per share to \$0.15 per share). All of the issued purchase warrants, expired unexercised.

During the current year end, the Company announced that it does not intend to pursue the development of the North West Manitoba property and instead intends to seek buyers for its interest in the property.



## Northern Uranium Corp.

Notes to the Condensed Interim Financial Statements

December 31, 2018

(Expressed in Canadian Dollars)

### 5. Exploration Expenditures

	Northern Manitoba	
<b>Cumulative expenditures, December 31, 2016</b>	\$	7,413,869
Additions		
Camp and field supplies		87
Equipment rental		3,714
Labour		14,853
Telephone and communication		807
Travel and accomodation		1,833
Net exploration expenditures during the period		21,294
<b>Cumulative expenditures, December 31, 2017</b>	\$	7,435,163
Additions		
Camp and field supplies		5,423
Drill supplies and repairs		179
Equipment rental		17,730
Licenses, rent and other		97,569
Labour		81,856
Shipping and freight		4,334
Telephone and communication		1,155
Travel and accomodation		13,754
Total exploration expenditures		222,000
Cost recoveries		(29,518)
Net exploration expenditures during the period		192,482
<b>Cumulative expenditures, December 31, 2018</b>	\$	7,627,645

### 6. Accounts Payable and Accrued Liabilities

The Company's accounts payable and accrued liabilities are as follows:

	December 31, 2018		December 31, 2017	
Trade payables	\$	1,605	\$	1,355
Accrued liabilities		10,050		14,000
Related party payables (Note 9)		628,288		421,735
<b>Total</b>	\$	639,943	\$	437,090

## Northern Uranium Corp.

Notes to the Condensed Interim Financial Statements

December 31, 2018

(Expressed in Canadian Dollars)

### 7. Share Capital and Reserves

#### a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

The holders of the common shares are entitled to one vote per share. The holders of the common shares are entitled to dividends, when and if declared by the directors of the Company, and to the distribution of the residual assets of the Company in the event of the liquidation, dissolution or winding-up of the Company. No dividends have ever been declared or paid as at December 31, 2018.

#### b) Stock options and warrants

The Company, in accordance with its shareholder approved stock option plan, is authorized to grant options to directors, officers, employees and consultants, to acquire up to 10% of the issued and outstanding common shares. The exercise price of the options issued under the plan is determined by the Board of Directors at the time the options are granted. The options vest immediately upon grant, unless otherwise determined by the Board of Directors, and are exercisable for up to a period of ten years from the date of grant.

Stock options and share purchase warrant transactions are summarized as follows:

	Stock Options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2016	2,500,000	\$ 0.15	15,876,249	\$ 0.08
Expired	-	\$ -	(13,376,249)	\$ 0.09
Outstanding, December 31, 2017	2,500,000	\$ 0.15	2,500,000	\$ 0.05
Expired	-	-	(2,500,000)	0.05
Outstanding, December 31, 2018	2,500,000	\$ 0.15	-	\$ -
Number currently exercisable	2,500,000	\$ 0.15	-	\$ 0.05

The Company's outstanding stock options as at December 31, 2018 have an exercise price of \$0.15 and expire May 13, 2024.

## **Northern Uranium Corp.**

Notes to the Condensed Interim Financial Statements

December 31, 2018

(Expressed in Canadian Dollars)

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### **8. Subsequent Event**

On January 3, 2019, management announced that it was proceeding with a change of control for the Company, which would include a 15 for 1 consolidation of its outstanding share capital, followed by a private placement. This agreement has not been finalized to date.

### **9. Related Party Disclosures**

During the years ended December 31, 2018 and 2017, the Company had related party transactions with the following companies related by way of common directors or shareholders:

- Element 29 Ventures Ltd. (“Element 29”) – a private company owned by the Company’s CEO. Element 29 provides geological consulting services to the Company.
- Kel-Ex Development Ltd. (“Kel-Ex”) – a private company owned by a significant shareholder. A director of the Company is the CFO of Kel-Ex. Kel-Ex provides administration, payroll and office services to the Company.
- Metalex Ventures Ltd. (“Metalex”) – a publicly listed company with common directors and management. Metalex shares office space with the Company and thus have certain shared expenditures which get re-billed on a cost-recovery basis.
- Cantex Mine Development Corp. (“Cantex”) – a publicly listed company with common directors and management. Cantex shares office space with the Company and thus have certain shared expenditures which get re-billed on a cost-recovery basis.
- McMillan LLP (“McMillan”) – a business law firm; a partner of the Vancouver office became a director of the Company during the current year. McMillan provides legal services to the Company.

## Northern Uranium Corp.

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### 9. Related Party Disclosures (continued)

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

	Years ended December 31,	
	2018	2017
Geological consulting fees	\$ 51,292	\$ 18,707
Legal fees	23,069	7,126
Shared field expenditures	73,606	5,647
Shared office and administrative costs	34,412	40,321
	<b>\$ 182,379</b>	<b>\$ 71,801</b>

	Years ended December 31,	
	2018	2017
Cantex Mine Development Corp.	\$ 766	\$ -
Element 29 Ventures Ltd.	71,665	19,000
Kel-Ex Development Ltd.	86,617	42,293
McMillan LLP	23,069	7,126
Metalex Ventures Ltd.	262	3,382
	<b>\$ 182,379</b>	<b>\$ 71,801</b>

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

	December 31,	December 31,
	2018	2017
Element 29 Ventures Ltd.	\$ 60,412	\$ 7,296
Kel-Ex Development Ltd.	553,891	412,944
McMillan LLP	13,985	1,495
	<b>\$ 628,288</b>	<b>\$ 421,735</b>

As at December 31, 2018, the Company had \$nil due from related parties (December 31, 2017 – \$62 due from Kelex Development Ltd.) and had no related party recoveries during the period.

The key management personnel of the Company are the Directors, Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. The remuneration of directors and officers for the year ended December 31, 2018 was Wages and benefits<sup>(1)</sup> of \$66,216 (year ended December 31, 2017 – Wages and benefits of \$34,828).

(1) 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.

**Northern Uranium Corp.**

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December 31, 2018

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**10. Income Taxes**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	<b>2018</b>	<b>2017</b>
Loss for the year	\$ (1,328,118)	\$ (122,729)
Expected income tax (recovery)	\$ (359,000)	\$ (32,000)
Change in statutory rates and other	13,000	2,000
Adjustment to prior year provision	(64,000)	(54,000)
Expiry of non-capital losses	-	-
Change in unrecognized deferred tax assets	410,000	84,000
Total income tax recovery	\$ -	\$ -

The significant components of the Company's unrecorded deferred tax assets are as follows:

	<b>2018</b>	<b>2017</b>
Deferred Tax Assets (Liabilities)		
Exploration and evaluation assets	\$ 681,000	\$ 329,000
Share issue costs	12,000	38,000
Allowable capital losses	5,000	5,000
Non-capital losses available for future period	907,000	823,000
	1,605,000	1,195,000
Unrecognized deferred tax assets	(1,605,000)	(1,195,000)
Net deferred tax assets	\$ -	\$ -

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	<b>2018</b>	<b>Expiry dates</b>	<b>2017</b>	<b>Expiry dates</b>
<b>Temporary Differences</b>				
Exploration and evaluation assets	\$ 2,494,000	No expiry	\$ 1,264,000	No expiry
Allowable capital losses	19,000	No expiry	19,000	No expiry
Share issue costs	44,000	2038 to 2041	146,000	2037 to 2040
Non-capital losses available for future period	3,361,000	2026 to 2038	3,164,000	2026 to 2037

Tax attributes are subject to review, and potential adjustment, by tax authorities.

## Northern Uranium Corp.

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### 11. Financial Instruments and Risk Management

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

The Company is exposed to a variety of financial risks by virtue of its activities including credit, interest rate, liquidity and commodity price risk.

*Credit risk* - Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is in large Canadian financial institutions and it does not have any asset-backed commercial paper. The Company's receivables consist mainly of GST receivable due from the Federal Government of Canada, as well as some related party receivables (Note 9).

The Company considers the risk associated with these receivables to be remote.

*Interest rate risk* - Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is a very limited interest rate risk as the Company holds no material interest bearing financial obligations.

*Liquidity risk* - Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Note 10.

*Price risk* - The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of uranium and other minerals. The Company's input costs are also affected by the price of fuel. Management monitors uranium and fuel prices to determine the appropriate course of action to be taken by the Company.

### 12. Capital Risk Management

The Company includes equity (comprised of issued common shares, reserves, deficit) in the definition of capital.

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

## **Northern Uranium Corp.**

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December 31, 2018

(Expressed in Canadian Dollars)

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### **12. Capital Risk Management (continued)**

The Company expects its current capital resources will be sufficient to complete its currently budgeted exploration programs and operations through its current operating period. The Company is currently not subject to externally imposed capital requirements. The Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in secure deposits in large Canadian financial institutions.

The Company's primary objective with respect to capital management is to ensure adequate liquid capital resources are in place to fund the exploration and development of its mineral properties while maintaining its ongoing operations. To secure the additional capital to pursue these plans, the Company may attempt to raise additional funds through the issuance of debt and or equity.

### **13. Supplemental Disclosure with Respect to Cash Flows**

Significant non-cash transactions for the year ended December 31, 2018 included the expiration of 2,500,000 warrants at a value of \$40,000 through reserves and share capital and the devaluation of the Northwest Manitoba Property acquisition costs valued at \$1,037,500.

There were no significant non-cash transactions for the year ended December 31, 2017.