Condensed Consolidated Interim Financial Statements

June 30, 2016 and 2015

Notice of no auditor review of Interim financial statements

Under National Instrument 51-102, Part 4, subsection 4.3 (3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indication that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by, and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements.

Purepoint Uranium Group Inc.

Condensed Consolidated Statements of Financial Position

As at June 30, 2016

(Expressed in Canadian Dollars)

(Unaudited)

	June 30, 2016	December 31, 2015
	$	$
Assets		
Current assets		
Cash	605,647	356,026
Short-term investments	1,250,699	-
Accounts receivable	66,157	40,600
Receivable from projects *(note 7)*	432,484	57,809
Prepaid expenses	22,545	22,175
Deposits	13,624	34,624
	2,391,156	511,234
Property and equipment *(note 5)*	5,181	26,880
	2,396,337	538,114
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	170,118	143,463
Shareholders' equity		
Share capital *(note 9)*	33,171,426	31,410,173
Contributed surplus	6,420,293	5,674,863
Deficit	(37,365,500)	(36,690,385)
	2,226,219	394,651
	2,396,337	538,114

The accompanying notes are an integral part of these condensed consolidated financial statements.

Purepoint Uranium Group Inc.

Condensed Consolidated Statements of Loss and Comprehensive Loss

For the three- and six-month periods ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)
(Unaudited)

	For the three month period ended June 30,		For the six month period ended June 30,	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Expenses				
Depreciation	46	99	96	198
Exploration and evaluation *(note 6)*	76,858	109,078	655,106	673,668
Exploration salaries and benefits	104,841	86,972	242,862	261,560
Insurance	13,190	7,115	20,367	13,836
Investor relations	22,811	13,282	28,242	18,015
Office and administration	8,035	9,254	31,936	36,222
Professional fees	12,150	37,058	27,725	45,308
Salaries, compensations and benefits	43,332	35,849	77,921	69,669
Share-based payments *(note 10)*	-	300,935	-	300,935
Transfer agent and regulatory fees	19,273	9,208	27,081	16,924
Travel	1,196	3,124	7,914	6,111
Operator fees	(73,167)	(119,542)	(443,434)	(512,658)
Interest income	(701)	-	(701)	-
Net loss and comprehensive loss for the period	(227,864)	(492,432)	(675,115)	(929,788)
Deficit, beginning of the period	(37,137,636)	(35,814,966)	(36,690,385)	(35,377,610)
Deficit, end of the period	(37,365,500)	(36,307,398)	(37,365,500)	(36,307,398)
Basic and diluted loss per common share *(note 12)*	(0.00)	(0.00)	(0.01)	(0.01)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Purepoint Uranium Group Inc.

Condensed Consolidated Statements of Changes in Equity

As at June 30, 2016 and 2015

(Expressed in Canadian Dollars)
(Unaudited)

	Capital stock				
	Number of shares	**Amount**	**Contributed surplus**	**Deficit**	**Equity total**
		$	**$**	**$**	**$**
Balance at January 1, 2016	149,226,271	31,410,173	5,674,863	(36,690,385)	394,651
Issuance of common shares from private placement *(note 9)*	25,964,592	1,995,750	-	-	1,995,750
Fair value of issued warrants from private placement	-	(856,394)	856,394	-	-
Fair value of finders fee compensation warrants	-	(42,829)	42,829	-	-
Exercise of warrants	8,456,794	586,587	-	-	586,587
Fair value of exercised warrants	-	153,793	(153,793)	-	-
Expenses of the private placement	-	(75,654)	-	-	(75,654)
Net loss	-	-	-	(675,115)	(675,115)
Balance at June 30, 2016	183,647,657	33,171,426	6,420,293	(37,365,500)	2,226,219
Balance at January 1, 2015	142,425,171	31,308,331	5,295,429	(35,377,610)	1,226,150
Exercise of warrants	100	10	-	-	10
Refund of expenses from Rights offering	-	3,600	-	-	3,600
Share-based payment	-	-	300,935	-	300,935
Net loss	-	-	-	(929,788)	(929,788)
Balance at June 30, 2015	142,425,271	31,311,941	5,596,364	(36,307,398)	600,907

The accompanying notes are an integral part of these condensed consolidated financial statements.

Purepoint Uranium Group Inc.

Condensed Consolidated Statements of Cash Flows

For the six month period ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)
(Unaudited)

	For the six month period ended June 30,	
	2016	**2015**
	$	**$**
Cash flow from operating activities		
Net loss for the period	(675,115)	(929,788)
Items not affecting cash:		
Depreciation	96	3,580
Share based payments	-	300,935
Gain on sale of assets	(285)	-
	(675,304)	(625,273)
Changes in non-cash items relating to operating activities:		
Accounts receivable	(25,557)	(9,161)
Prepaid expenses	(370)	(11,145)
Deposits	21,000	33,440
Accounts payable and accrued liabilities	26,594	(16,786)
Advances from (disbursements on behalf of) joint venturers, net	(374,675)	108,809
	(1,028,312)	(520,116)
Cash flow from investing activities		
Short-term investments	(1,250,000)	-
Proceeds of sale of property and equipment	21,250	-
	(1,228,750)	-
Cash flow from financing activities		
Proceeds from private placement - net of expenses	1,920,096	-
Proceeds from exercise of warrants	586,587	10
Proceeds from rights offering from November - refund of expenses	-	3,600
	2,506,683	3,610
Net increase (decrease) in cash	249,621	(516,506)
Cash - Beginning of the period	356,026	1,002,074
Cash - End of the period	605,647	485,568

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. General Information

Purepoint Uranium Group Inc. ("the Company") is a Canadian resource company engaged in the acquisition, exploration and development of properties for the purpose of producing uranium. The Company’s principal assets are mineral properties located in Saskatchewan. The ability of the Company to realize the costs it has incurred to date on these and other properties is dependent upon the discovery of economically recoverable reserves, the preservation of the Company's interest in the underlying mining claims, the ability to continue to raise adequate financing and to commence profitable operations in the future, or alternatively, upon the disposal of properties, or the Company's interests therein, on an advantageous basis.

The Company’s head office is located at 55 York Street, Suite 402, Toronto, Ontario M5J 1R7, Canada.

2. Basis of Presentation and Going Concern

These condensed consolidated interim financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the successful completion of the actions taken or planned. In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. These circumstances may cast significant doubt as to the Company's ability to continue as a going concern and ultimately the appropriateness of the use of accounting principles to a going concern.

These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these condensed consolidated interim financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses, and the condensed consolidated interim statement of financial position classifications used.

3. Significant Accounting Policies

(a) Statement of compliance

The accounting policies applied by the Company in these unaudited condensed consolidated interim financial statements are the same as those applied by the Company in its audited consolidated annual financial statements as at and for the year ended December 31, 2015. These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended December 31, 2015.

3. Significant Accounting Policies - continued

(a) Statement of compliance - continued

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of August 22, 2016, the date the Board of Directors approved the condensed consolidated interim financial statements.

(b) IFRS 11, *Joint Arrangements*:

In May 2011, the IASB issued IFRS 11, which provides guidance on accounting for joint arrangements. If an arrangement has joint control, IFRS 11 classifies joint arrangements as either joint operations or joint ventures, depending on the rights and obligations of the parties involved.

A joint operation is an arrangement where the jointly controlling parties have rights to the assets and obligations in respect of the liabilities relating to the arrangement. An entity accounts for a joint operation by recognizing its portion of the assets, liabilities, revenues and expenses. A joint venture is an arrangement where the jointly controlling parties have rights to the net assets of the arrangement. This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. Adoption of IFRS 11 has had no impact on the Company.

(c) Basis of preparation

The condensed consolidated interim financial statements are presented in Canadian dollars. The condensed consolidated interim financial statements are prepared on the historical cost basis.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary William River Exploration Corp. Subsidiaries are entities over which the Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible, are taken into account in the assessment of whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases.

All intercompany accounts and transactions have been eliminated.

3. Significant Accounting Policies - continued

(d) Accounting standards issued but not yet effective

IFRS 9 Financial Instruments ("IFRS 9") was initially issued by the IASB in November 2009 and issued in its completed version in July 2014, and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.The Company intends to adopt the standard on its effective date and has not yet assessed its impact on the consolidated financial statements.

(e) Reclassifications

Certain prior period balances have been reclassified to conform to the current period presentation.

4. Significant Accounting Judgments and Estimates

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could have an effect on the amounts recognized in the condensed consolidated interim financial statements relate to, but are not limited to, the following:

Share-based payments

The Company grants options to certain individuals. Fair value is measured at the date of grant using the Black-Scholes option pricing mechanism. Management is required to make certain estimates when determining the fair value of stock option awards. These estimates affect the amount recognized as share-based payment expense in the condensed consolidated interim statements of loss.

(Expressed in Canadian Dollars)
(Unaudited)

5. Property and Equipment

Cost	**January 1, 2015**	**Additions in 2015**	**December 31, 2015**	**Additions and Deductions in 2016**	**June 30, 2016**
Exploration property and equipment					
Field property and equipment	$ 144,196	$ -	$ 144,196	$ (138,846)	$ 5,350
Furniture and equipment	28,373	-	28,373	-	28,373
Office property and equipment					
Computer equipment	13,299	-	13,299	-	13,299
Furniture and fixtures	1,977	-	1,977	-	1,977
Leasehold improvements	19,536	-	19,536	-	19,536
	$ 207,381	$ -	$ 207,381	$ (138,846)	$ 68,535

Accumulated depreciation	**January 1, 2015**	**Depreciation in 2015**	**December 31, 2015**	**Depreciation and Deductions in 2016**	**June 30, 2016**
Exploration property and equipment					
Field property and equipment	$ 114,433	$ 5,953	$ 120,386	$ (117,602)	$ 2,784
Furniture and equipment	24,407	991	25,398	360	25,758
Office property and equipment		-		-	
Computer equipment	13,299	-	13,299	-	13,299
Furniture and fixtures	1,484	398	1,882	95	1,977
Leasehold improvements	19,536	-	19,536	-	19,536
	$ 173,159	$ 7,342	$ 180,501	$ (117,147)	$ 63,354

(Expressed in Canadian Dollars)

5. Property and Equipment - continued

Net book value	**June 30, 2016**	**December 31, 2015**	**January 1, 2015**
Exploration property and equipment			
Field property and equipment	$ 2,566	$ 23,810	$ 29,763
Furniture and equipment	2,615	2,975	3,966
Office property and equipment			
Computer equipment	-	-	-
Furniture and fixtures	-	95	493
Leasehold improvements	-	-	-
	$ 5,181	$ 26,880	$ 34,222

In the three- and six-month periods ended June 30, 2016, $Nil and $360 (2015 - $1,646 and $3,382) of depreciation expense was included in exploration and evaluation expenditures on the condensed consolidated interim statements of loss and comprehensive loss.

Field equipment were sold for proceeds of $21,250, resulting in net gain of $285.

(Expressed in Canadian Dollars)

6. Exploration and Evaluation

The Company's properties are all located at the Athabasca Basin, Northern Saskatchewan. The Company currently maintains seven properties. The Company entered into joint venture agreements and operates one of these projects with Cameco Corporation and AREVA Resources Canada Inc., one of these projects with Cameco Corporation, while the other five projects remain 100% owned. Exploration and evaluation expenditures on the Company's properties during the three- and six-month periods ended June 30, 2016 and 2015 are as follows:

	For the three month period ended June 30,		For the six month period ended June 30,	
	2016	**2015**	**2016**	**2015**
Red Willow Property	$ -	$ -	$ -	$ -
Hook Lake Property	70,407	109,078	648,655	673,668
Smart Lake Property	6,451	-	6,451	-
Turnor Lake Property	-	-	-	-
Umfreville Lake Property	-	-	-	-
Henday Lake Property	-	-	-	-
McArthur East Property	-	-	-	-
	$ 76,858	$ 109,078	$ 655,106	$ 673,668

7. Advances and Receivables on Projects

Joint Venture with Cameco and Areva

On October 31, 2012, the Company entered into a definitive joint venture agreement with Cameco Corporation ("Cameco") and Areva Resources Canada Inc. ("Areva") for the ongoing exploration of Hook Lake uranium project in the Athabasca Basin (the "Project") and pursuant to the option agreement with Cameco from 2007. The Company holds a 21% interest in the Project. The remaining 79% is owned equally by Cameco and Areva. The Company acts as the Project operator for the Joint Venture and charges an administration fee of 10% of the invoiced Project costs incurred. In 2015, Cameco and Areva advanced to the Company $1,327,158 (2014 - $734,182) each for a total amount of $2,654,315 (2014 - $1,468,364). In the six-month period ended June 30, 2016 Cameco and Areva advanced further $947,269 (2015 - $1,145,125) each for a total amount of $1,894,538 (2015 - $2,290,250). At June 30, 2016 there was a receivable balance of $412,789 (December 31, 2015 - $57,809). The advances and receivables are unsecured and non-interest bearing.

The administration fees are included in operator fees in the consolidated statements of loss and comprehensive loss.

Joint Venture with Cameco

On January 1, 2010, the Company entered into a definitive joint venture agreement with Cameco Corporation ("Cameco") for the ongoing exploration of the Smart Lake uranium project in the Athabasca Basin (the "Smart Lake Project"). The Company holds a 23% interest in the Smart Lake Project. The remaining 77% is owned by Cameco. The Company acts as the Project operator for the Joint Venture. At June 30, 2016 there was a receivable balance of $19,695 (December 31, 2015 - $Nil) from Cameco. The receivable is unsecured and non-interest bearing.

8. Deferred Premium on Flow-Through Shares

The premium paid for flow-through shares in excess of the market value of the shares without the flow-through features is initially recognized as a liability. The liability is reduced and the reduction of premium liability is recorded in other income on a pro-rata basis based on the corresponding eligible expenditures that have been incurred. It is the Company's intention to file the appropriate renunciation forms with the Canadian taxation authorities. In connection with the flow-through financing completed on May 5, 2016 and December 31, 2015, the values assigned to flow-through shares were less than market values of the Company's shares at the same dates, therefore there were no premiums on flow-through shares.

9. Shareholders' Equity

(a) Share Capital

Authorized, issued and outstanding common shares

Authorized – unlimited number of common shares without par value.

Issued – 183,647,657 common shares at June 30, 2016 and 149,226,271 at December 31, 2015.

On May 5, 2016, the Company closed its non-brokered private placement for gross proceeds of $1,995,750. The financing was transacted in three tranches with the first two tranches closing April 15, 2016 and April 28, 2016 respectively.

The Company issued 21,124,000 common share units at a price of $0.075 per unit and 4,840,592 flow-through units at a price of $0.085 per unit. Each common share unit consists of one common share in the capital of the Company and one common share purchase warrant. Each flow-through unit consists of one common share in the capital of the Company issued on a "flow-through" basis pursuant to the Income Tax Act (Canada) and one common share purchase warrant. Each warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of $0.10 per share for a period of 36 months from the date of issuance. In connection with the closing of the final tranche of the private placement, the Company paid finders' fees consisting of $45,455 in cash and 591,080 non-transferable compensation warrants. Each compensation warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of $0.10 per share for a period of 36 months after the closing date.

All securities issued in connection with the private placement are subject to a four-month hold period pursuant to the applicable securities laws with an expiry date of September 6, 2016.

The Company incurred cash costs of $75,654 and non-cash compensation warrants valued at $42,829.

The proceeds have been prorated to common shares and warrants based on the relative fair value of each component, with $856,394 being allocated to warrants. The Black-Scholes option pricing model was used to determine the fair value of the warrants and the compensation warrants using the following assumptions: expected dividend yield – nil; expected volatility – 153%; risk free interest rate – 0.06%; and an expected life of 3 years.

On December 31, 2015 the Company completed the private placement where the Company issued 6,801,000 flow-through units at a price of $0.03 per unit for gross proceeds of $204,030. Each flow-through unit consists of one common share in the capital of the Company issued on a "flow through" basis pursuant to the Income Tax Act (Canada) and one common share purchase warrant. Each warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of $0.05 per share for a period of 24 months from the date of issuance. In connection with the closing of the private placement, the Company paid finder's fees consisting of $13,862 (plus applicable taxes) in cash and issued 366,060 non-transferable compensation warrants to certain finder. Each compensation warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of $0.05 per share for a period of 24 months after the closing date.

(Expressed in Canadian Dollars)

9. Shareholders' Equity - continued

(a) Share Capital - continued

Authorized, issued and outstanding common shares

All securities issued in connection with the private placement are subject to a four-month hold period pursuant to the applicable securities laws with an expiry date of May 1, 2016.

The Company incurred cash costs of $27,299 and non-cash compensation warrants valued at $8,419.

The proceeds have been prorated to common shares and warrants based on the relative fair value of each component, with $70,080 being allocated to warrants. The Black-Scholes option pricing model was used to determine the fair value of the warrants and the compensation warrants using the following assumptions: expected dividend yield – nil; expected volatility – 149%; risk free interest rate – 1.10%; and an expected life of 2 years.

(b) Share purchase warrants

The following common share purchase warrants were outstanding at June 30, 2016:

	Number of warrants	Exercise price	Expiry date
Common share purchase warrants	1,312,999	$ 0.10	November 25, 2016
Common share purchase warrants	3,635,000	$ 0.08	December 16, 2016
Common share purchase warrants	3,801,000	$ 0.05	December 31, 2017
Common share purchase warrants	8,100,981	$ 0.10	April 15, 2019
Common share purchase warrants	14,701,650	$ 0.10	April 29, 2019
Common share purchase warrants	3,161,961	$ 0.10	May 6, 2019
	34,713,591		

(Expressed in Canadian Dollars)

9. Shareholders' Equity - continued

(b) Share purchase warrants - continued

A summary of warrants outstanding as at June 30, 2016 and December 31, 2015 and changes during periods ending on these dates are presented below:

	For the six month period ended June 30, 2016			For the year ended December 31, 2015		
	Number of warrants	Weighted average exercise price	Fair value	Number of warrants	Weighted average exercise price	Fair value
Balance, beginning of the period	17,205,793	$ 0.07	$ 282,944	33,264,082	$ 0.09	$ 512,826
Granted	25,964,592	0.10	856,394	6,801,000	0.05	70,080
Exercised	(8,456,794)	0.07	(153,793)	(100)	0.10	(1)
Expired	-	-	-	(22,859,189)	0.10	(299,961)
Balance, end of the period	34,713,591	$ 0.09	$ 985,545	17,205,793	$ 0.07	$ 282,944

(Expressed in Canadian Dollars)

9. Shareholders' Equity - continued

(c) Finder's Compensation Warrants

A summary of Compensation Warrants outstanding as at June 30, 2016 and December 31, 2015 and changes during periods ending on these dates are presented below:

	For the six month period ended June 30, 2016			For the year ended December 31, 2015		
	Number of warrants	**Weighted average exercise price**	**Fair value**	**Number of warrants**	**Weighted average exercise price**	**Fair value**
Balance, beginning of the period	947,660	$ 0.07	$ 22,767	1,671,757	$ 0.09	$ 32,130
Granted	591,080	0.10	42,829	366,060	0.05	8,419
Expired	-	-	-	(1,090,157)	0.10	(17,782)
Balance, end of the period	1,538,740	$ 0.08	$ 65,596	947,660	$ 0.07	$ 22,767

(d) Shareholder's Rights Plan

The shareholder's rights plan is intended to ensure, to the extent possible, that all shareholders of the Company are treated equally and fairly in connection with any take-over bid for the Company, and was designed to discourage discriminatory or unfair bids and to provide management, if appropriate, with sufficient time to pursue alternatives to maximize shareholder value.

(Expressed in Canadian Dollars)

10. Share-based Payments – Employee Share Option Plan

The Company has a stock option plan (the "Plan"). Under the Plan, the Company can grant options to directors, officers, employees and consultants for up to 10% of the total number of issued and outstanding shares. The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. No option shall be exercisable for a period exceeding ten years from the date the option is granted and vesting limitations shall be determined by the Board at the time that such option is granted.

No stock options have been granted in the six-month period ended June 30, 2016. On April 27, 2015 the Company granted 5,910,000 stock options at an exercise price of $0.06 per option, vesting immediately. These options expire in 5 years.

Using the Black-Scholes pricing model, the weighted average fair value of options granted during the year ended December 31, 2015 was estimated at $300,935. This amount, net of estimated forfeitures, has been recognized as an expense in 2015 as the options vested immediately. The unvested, unamortized fair value balance of stock options granted at December 31, 2015 amounted to $Nil.

The following principal assumptions were used in applying the Black-Scholes option-pricing model for options granted in 2015:

Risk-free interest rate	1.37%
Dividend rate	0%
Expected volatility	127%
Expected life	5 years

A summary of the status of the Plan as at June 30, 2016 and December 31, 2015, and changes during periods ending on these dates is presented below:

	For the six month period ended June 30, 2016		For the year ended December 31, 2015	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Balance, beginning of the period	11,960,000	$ 0.07	10,890,000	$ 0.09
Granted	-	-	5,910,000	0.06
Expired and cancelled	-	-	(4,840,000)	0.10
Balance, end of the period	11,960,000	$ 0.07	11,960,000	$ 0.07

(Expressed in Canadian Dollars)

10. Share-based Payments – Employee Share Option Plan - continued

As at June 30, 2016, the Company had stock options issued to directors, officers, employees and contractors of the Company outstanding and exercisable as follows:

Date of grant	Number of options	Number exercisable	Exercise price	Expiry date
April 27, 2012	2,690,000	2,690,000	$ 0.11	April 27, 2017
April 24, 2013	1,400,000	1,400,000	$ 0.07	April 24, 2018
January 30, 2014	1,960,000	1,960,000	$ 0.075	January 30, 2019
April 27, 2015	5,910,000	5,910,000	$ 0.06	April 27, 2020
	11,960,000	11,960,000		

11. Income Taxes

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amounts of assets and liabilities.

The Company's Canadian non-capital income tax losses expire as follows:

2026	$ 673,440
2027	1,071,110
2028	1,152,920
2029	1,297,210
2030	1,178,990
2031	667,130
2032	496,450
2033	366,450
2034	198,200
2035	312,815
	$ 7,414,715

(Expressed in Canadian Dollars)
(Unaudited)

12. Loss per Share

(a) Basic

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares issued during the period.

	For the three month period ended June 30, 2016	For the three month period ended June 30, 2015	For the six month period ended June 30, 2016	For the six month period ended June 30, 2015
Loss attributable to common shareholders	$ (227,864)	$ (492,432)	$ (675,115)	$ (929,788)
Weighted average common shares outstanding	167,083,045	142,425,271	160,939,376	142,425,237
Basic loss per common share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)

(b) Diluted

Diluted loss per common share has not been presented as this is anti-dilutive.

13. Commitments

(a) Minimum payments due under operating leases in respect of office space are set out below:

2016	$ 6,107
Thereafter	-
	$ 6,107

(b) Pursuant to the issuance of flow-through shares on December 31, 2015 as described in note 9(a), the Company is required to spend approximately $204,030 on Canadian exploration expenditures before the end of 2016. The Company has already spent in excess of that amount.

(c) Pursuant to the issuance of flow-through shares on May 5, 2016 as described in note 9(a), the Company is required to spend approximately $411,450 before the end of 2017.

14. Financial Instruments

The Company's financial instruments include cash, short-term investments, accounts receivable, receivable from projects and accounts payable and accrued liabilities and advances on project. The fair value of these financial instruments approximates their carrying value.

Fair Value Hierarchy

The fair value hierarchy establishes three levels to classify inputs to the valuation techniques used to measure fair value. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly, such as prices, or indirectly (derived from prices). Level 3 inputs are unobservable (supported by little or no market activity), such as non-corroborative indicative prices for a particular instrument provided by a third party.

At June 30, 2016 short-term investments have been measured using level 1 inputs.

15. Financial Risk Management

(a) Credit risk management

The Company's credit risk is primarily attributable to short-term investments with a maturity greater than three months but less than one year and accounts receivable. The Company has no significant concentration of credit risk arising from operations. Short-term investments consist of GIC’s, which have been invested with reputable Canadian financial institutions, from which management believes the risk of loss to be remote. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote being receivable on sales taxes from the Canadian taxation authority.

(b) Liquidity risk

The Company has in place a planning and budgeting process to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis and its capital, development and exploration expenditures. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

As of June 30, 2016, the Company had a cash balance of $1,856,346, (December 31, 2015 - $356,026), receivable from projects of $432,484 and receivable from government of $50,797. All these funds are sufficient to settle current accounts payable and accrued liabilities of $170,118 (December 31, 2015 - $143,463).

15. Financial Risk Management - continued

(c) 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. The risk of investing cash equivalents into fixed interest rate investments is mitigated by the short terms in which the investments mature. The Company has no interest bearing debt.

(d) Commodity price risk

The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The ability of the Company to develop its mining properties and the future profitability of the Company is directly related to the market price of uranium. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

(e) Fair value of financial assets and liabilities

The carrying values of the cash, short-term investments and receivable on projects approximate their respective fair values due to the short-term nature of these instruments.

For accounts receivable and accounts payable and accrued liabilities with a remaining life of less than one year, the carrying value amounts are equivalent to their fair values.

16. Capital Risk Management

The Company considers its capital structure to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its exploration, development and operations activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at June 30, 2016, the Company had no bank debt.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

17. Related Party Transactions and Balances

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

The remuneration of key management of the Company for the six-month periods ended June 30, 2016 and 2015 was as follows:

		2016		2015
Aggregate compensation	$	146,500	$	441,326
Share-based payments	$	Nil	$	292,788