Condensed Consolidated Interim Financial Statements of

GoviEx Uranium Inc.

For the three months ended March 31, 2016

(Unaudited – in U.S. Dollars)

GoviEx Uranium Inc.

Condensed consolidated interim financial statements
March 31, 2016

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NOTICE TO READER

The accompanying condensed consolidated interim financial statements of GoviEx Uranium Inc. (the **"Company**") have been prepared by and are the responsibility of the Company's management. The independent auditor of the Company has not performed a review of these condensed consolidated interim financial statements.

GoviEx Uranium Inc.

Condensed consolidated interim statements of financial position

(Unaudited - in thousands of U.S. dollars)

	Notes	**March 31, 2016**	December 31, 2015
		$	$
Assets			
Current assets			
Cash		**569**	1,039
Amounts receivable		**63**	93
Prepaid and deposit		**46**	90
		678	1,222
Non-current assets			
Long-term deposits		**300**	300
Plant and equipment	3	**55**	71
Mineral exploration rights	4	**57,147**	57,147
		57,502	57,518
Total assets		**58,180**	58,740
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		**385**	324
Uranium loan	5	**9,127**	10,511
Share purchase warrants liability	6	**168**	55
Total Liabilities		**9,680**	10,890
Equity			
Share capital		**218,743**	218,743
Capital contribution		**1,775**	1,775
Share-based payment reserve		**14,851**	14,761
Accumulated deficit		**(186,869)**	(187,429)
		48,500	47,850
Total equity and liabilities		**58,180**	58,740

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

Nature of operations and going concern (Note 1)

Approved and authorized for issue on behalf of the Board of Directors on May 24, 2016.

/s/ "Daniel Major"
Director

/s/ "Christopher Wallace"
Director

GoviEx Uranium Inc.

Condensed consolidated interim statements of income (loss) and comprehensive (loss)

(Unaudited - in thousands of U.S. dollars, except for shares and per share amounts)

		Three months ended March 31,	
	Notes	**2016**	2015
		$	$
Expenses			
Exploration and evaluation	8	**(378)**	(947)
General and administrative	9	**(272)**	(313)
		(650)	(1,260)
Other income and (expenses)			
Depreciation		**(16)**	(57)
(Loss) on derivative liability	6	**(113)**	-
Foreign exchange gain (loss)		**43**	(34)
Gain (loss) on uranium loan	5	**1,630**	(1,088)
Interest income		**2**	2
Interest on uranium loan	5	**(246)**	(297)
Share-based payment	7	**(90)**	(293)
		1,210	(1,767)
Income (loss) and comprehensive (loss) for the period		**560**	(3,027)
Income (loss) per share (basic and diluted)		**$ 0.00**	**$ (0.02)**
Weighted average number of common shares outstanding		**168,151,349**	146,216,053

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

GoviEx Uranium Inc.

Condensed consolidated interim statements of changes in equity

(Unaudited - in thousands of U.S. dollars)

	Note	Number of Shares	Share capital	Capital contribution	Share-based payment reserve	Accumulated deficit	Total
			$	$	$	$	$
Balance, December 31, 2014		146,216,053	217,625	1,775	14,020	(182,175)	51,245
Share-based payments					293		293
Loss and comprehensive loss for the period						(3,027)	(3,027)
Balance, March 31, 2015		146,216,053	217,625	1,775	14,313	(185,202)	48,511
Issuance of common shares		21,935,296	1,118				1,118
Share-based payments					448		448
Loss and comprehensive loss for the year						(2,227)	(2,227)
Balance, December 31, 2015		168,151,349	218,743	1,775	14,761	(187,429)	47,850
Share-based payments					90		90
Income for the period						560	560
Balance, March 31, 2016		168,151,349	218,743	1,775	14,851	(186,869)	48,500

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

GoviEx Uranium Inc.

Condensed consolidated interim statements of cash flows

(Unaudited - in thousands of U.S. dollars)

	Three months ended March 31,	
	2016	2015
	$	$
Operating activities		
Income (loss) for the period	**560**	(3,027)
Adjustments for non-cash items		
Depreciation	**16**	57
Loss on derivative liability	**113**	-
Interest expense	**246**	297
Share-based payment	**90**	293
Unrealized (gain) loss on uranium loan	**(1,630)**	1,088
Changes in non-cash operating working capital items		
Amounts receivable	**37**	18
Prepaid expenses and deposit	**34**	62
Accounts payable and accrued liabilities	**80**	(265)
Cash used in operating activities	**(454)**	(1,477)
Investing activities		
Cash provided by investing activities	**-**	-
Financing activities		
Cash provided by financing activities	**-**	-
Effect of foreign exchange on cash	**(16)**	13
Decrease in cash	**(470)**	**(1,464)**
Cash, beginning of period	**1,039**	3,653
Cash, end of period	**569**	2,189

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

1. NATURE OF OPERATIONS AND GOING CONCERN

GoviEx Uranium Inc. ("**GoviEx**" or the "**Company**") is a Canadian mineral resources company focused on the exploration and development of uranium properties located in Republic of Niger ("**Niger**"). The Company was originally incorporated in British Virgin Islands as a private investment company and continued under the *Business Corporation Act* (British Columbia) in Canada on March 1, 2011. The head office, principal address, registered and records office of the Company is located at 999 Canada Place, Suite 654, Vancouver, British Columbia, Canada, V6C 3E1.

The Company is an advanced exploration company conducting work on its uranium properties located in West Africa. The Company capitalizes acquisition costs and expenses all other exploration and development costs related to the projects on which it is conducting exploration. The underlying value and the recoverability of the amounts recorded as mineral exploration rights is dependent upon the Company's ability to demonstrate the existence of economically recoverable mineral reserves, obtain the mining permit and necessary finance to complete the development of the uranium asset. As a result the carrying value of the mineral rights may not reflect current or future values.

On March 30, 2016, the Company announced the execution of a Definitive Share Purchase Agreement with Denison Mines Corp. ("**Denison**") to acquire Denison's wholly owned subsidiary, Rockgate Capital Corp., which holds all Denison's Africa-based uranium interests (the "**Transaction**") in exchange for approximately 56.1 million common shares and 22.4 million share purchase warrants of the Company. The Transaction is subject to regulatory approval and successful completion of a minimum $2.0 million non-brokered private placement of GoviEx, of which Denison will provide up to $500,000.

The condensed consolidated interim financial statements have been prepared in on a going concern basis which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. At March 31, 2016, the Company has working capital of $0.3 million. Continuation of the Company as a going concern is dependent upon the confirmation of economically recoverable reserves and the ability of the Company to obtain further financing to develop its mineral properties. Management is raising funds through a private placement and may consider debt financing and/or joint venture arrangements. The lack of sufficient committed funding for the next 12 months cast a significant doubt upon the Company's ability to continue as a going concern. Although the Company has been successful in raising funds in the past, there can be no assurance that it will be able to do so in the future. The Company has no source of revenue, and significant cash requirements to maintain its mineral interests, meet its administrative overhead, and pay its liabilities.

Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on the statements of financial position. These interim financial statements do not reflect adjustments to the carrying value and classification of asset and liability that might be necessary in the event of going concern and such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These condensed financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* using the same accounting policies as detailed in the Company's audited consolidated financial statements for the year ended December 31, 2015.

These interim financial statements do not include all of the information required for complete annual consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") effective as at March 31, 2016, and therefore should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015 and the notes thereto.

(Unaudited - in U.S. dollars; tabular amounts in thousands except for shares)

Critical accounting estimates and judgments

The Company's management makes estimates and uses judgments when determining the assets, liabilities and expenses reported in these interim financial statements. These estimates and judgments are reviewed on an ongoing basis based on historical experience, current economic conditions, and include expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates. The critical estimates and judgments applied in the preparation of these interim financial statements are consistent with those applied and disclosed in Note 2 to the audited consolidated financial statements for the year ended December 31, 2015. The Company's interim results are not necessarily indicative of its results for a full year.

Basis of consolidation

These interim financial statements include accounts of the Company and its subsidiaries. All amounts are presented in United States dollars ("**US dollars**"), which is the functional currency of the Company and each of the Company's subsidiaries, except as otherwise noted. References to CAD$ are to Canadian dollars. All inter-company balances, transactions, and expenses have been eliminated.

3. PLANT AND EQUIPMENT

Plant and equipment is summarized as follows:

	Motor Vehicles	Plant and Equipment	Land and Buildings	Computer	Office Equipment	Total
	$	**$**	**$**	**$**	**$**	**$**
Cost						
At December 31, 2015	**311**	**869**	**301**	**696**	**182**	**2,359**
At March 31, 2016	**311**	**869**	**301**	**696**	**182**	**2,359**
Accumulated depreciation						
At December 31, 2015	**280**	**868**	**276**	**688**	**176**	**2,288**
Depreciation	6	1	-	3	6	16
At March 31, 2016	**286**	**869**	**276**	**691**	**182**	**2,304**
Carrying amount						
At December 31, 2015	**31**	**1**	**25**	**8**	**6**	**71**
At March 31, 2016	**25**	**-**	**25**	**5**	**-**	**55**

4. MINERAL EXPLORATION RIGHTS

The Company's primary asset is an advanced-stage exploration uranium property located in north central Niger. The Company acquired a 100% interest in five mineral tenements, Madaouela I, II, III, IV, and Anou Melle (the "**Madaouela Project**") for Euro 25 million ($34.6 million) cash payment and 10 million common shares for $22.5 million.

On February 1, 2016, the Company announced that the mining permit for the Company's Madaouela I project was granted by the Niger government. Under the terms of the 2007 Mining Convention with the Republic of Niger Ministry of Mines and Energy, the Company is required to make a one-time payment of Euro 7 million ($8 million) upon the publication of a decree awarding the first mining permit issued. The Company is in discussion with the Ministry to negotiate the terms of this payment.

Upon the grant of the mining permit, and the incorporation of a standalone Niger mining company to hold on the mining permit, the Niger government will receive a 10% interest in the Madaouela I project, and have the option to purchase an additional 30% equity interest at fair market value subject to certain conditions at the time the mining company is incorporated.

In addition, the exploration licenses application for Eralrar and the renewals for the Madaouela II, III, IV and Anou Melle were approved by Niger government.

5. TOSHIBA BOND FINANCING

In April 2012, the Company entered into a bond purchase agreement with Toshiba Corporation ("**Toshiba**") pursuant to which the Company issued the following to Toshiba (collectively, the "**Bond Financing**"):

a) a $30 million convertible debenture (the "**Bond A**") at an interest rate of 15% compounded annually and maturing April 19, 2019. On June 19, 2014, following the IPO, the Company redeemed the Bond A by issuing 28,395,466 common shares for a total value of $60.3 million including interest.

b) a uranium loan in the principal amount of 200,000 pounds of uranium concentrate U_3O_8 (the "**Bond B**" or "**Uranium Loan**") at an interest rate of 12% compounded annually and maturing April 19, 2020 subject to early redemption by Toshiba. The principal and interest are stated in pounds of U_3O_8, and at maturity date the Company will have to repay Toshiba a total of 495,193 pounds of U_3O_8 including interest accrued.

The Bond Financing is secured by a floating charge on all assets of the Company.

Toshiba has the right to demand repayment of the Uranium Loan and accrued interest if (i) the Company fails to deliver a definitive feasibility study relating to Madaouela Project prior to December 31, 2017, or (ii) the sum of the production and capital costs per pound of U_3O_8, as estimated in a feasibility study prepared in respect of the Madaouela Project, is not lower than $44 per pound. The equivalent figure, completed to a pre-feasibility level of confidence, reported in the technical report titled, *An Updated Integrated Development Plan for Madaouela Project, Niger* with an effective date of August 11, 2015 and revision date of August 20, 2015, is $36.44 per pound.

The spot U_3O_8 price, published by Ux Consulting Company, LLC on a weekly basis, was US$29.15 per pound on March 31, 2016 and US$34.5 per pound on December 31, 2015:

(Unaudited - in U.S. dollars; tabular amounts in thousands except for shares)

	U_3O_8	March 31, 2016	U_3O_8	December 31, 2015
	Pounds	**$**	Pounds	$
Balance, beginning of period	**304,682**	**10,511**	272,038	9,657
Unrealized (gain) loss	**-**	**(1,630)**	-	(332)
Net principal balance	**304,682**	**8,881**	272,038	9,325
Accrued interest	**8,430**	**246**	32,644	1,186
Balance, end of period	**313,112**	**9,127**	304,682	10,511

6. SHARE PURCHASE WARRANTS DERIVATIVE LIABILITY

Share purchase warrants issued with an exercise price denominated in a currency other than the Company's functional currency are considered derivative instruments. As such they are classified as financial liabilities measured at fair value and are re-measured each reporting period with all changes recorded as a component of net earnings (loss).

In connection with a non-brokered private placement closed in tranches on September 28 and November 3, 2015 as per Note 8, the Company issued 22.3 million warrants to the unit holders. Each warrant entitled the holder to purchase one common share of the Company at an exercise price of CAD$0.18 for a period of two years following the issuances.

The fair value was estimated to be $0.04 on the date of issue by using the Black-Scholes option pricing model assuming an expected volatility of 75%, a risk-free interest rate of 0.50%, a dividend yield of 0%, and an expected term of two years.

During the three months ended March 31, 2016, the Company recorded a derivative loss of $0.11 million. The following table provides detail of the movement of the warrant liability:

	Number of warrants	Amount
Balance as January 1, 2015		$
Warrants issued on September 28, 2015	16,228,177	645
Warrants issued on November 3, 2015	5,707,119	50
Change in fair value estimates	-	(640)
Balance as December 31, 2015	21,935,296	55
Change in fair value estimates	-	113
Balance as March 31, 2016	21,935,296	168

(Unaudited - in U.S. dollars; tabular amounts in thousands except for shares)

7. SHARE-BASED PAYMENTS

The Company has a share option plan in place authorizing the granting of stock options to qualified optionees to purchase a maximum of 10% of the then issued and outstanding common shares of the Company.

Stock option transactions and the number of stock options are summarized as follows:

	March 31, 2016		December 31, 2015	
	Number of options	Weighted average exercise price ($)	Number of options	Weighted average exercise price ($)
Outstanding, beginning of period	14,607,083	0.44	4,648,333	2.15
Options granted	-	-	12,800,000	0.12
Options expired	(550,000)	(2.15)	(2,178,750)	(2.10)
Options forfeited	-	-	(662,500)	(0.72)
Outstanding, end of period	14,057,083	0.38	14,607,083	0.44
Exercisable, end of period	4,269,166	0.70	4,165,416	0.97

The following table lists the stock options outstanding and exercisable at March 31, 2016 with a weighted average remaining life of 3.5 years and 3.3 years respectively:

Fair value	Exercise price	Expiry date	March 31, 2016 Outstanding	March 31, 2016 Exercisable	December 31, 2015 Outstanding	December 31, 2015 Exercisable
$ 1.34	$ 2.15	February 15, 2016	-	-	50,000	50,000
$ 1.34	$ 2.15	June 6, 2016	-	-	400,000	400,000
$ 1.34	$ 2.15	November 9, 2016	150,000	150,000	250,000	250,000
$ 1.34	$ 2.15	June 4, 2017	250,000	200,000	250,000	200,000
$ 1.34	$ 2.15	August 27, 2017	333,333	266,666	333,333	266,666
$ 1.34	$ 2.15	June 19, 2019	1,077,500	557,500	1,077,500	557,500
$ 0.12	$ 0.24	January 28, 2020	2,721,250	1,413,750	2,721,250	760,000
$ 0.02	$ 0.08	November 19, 2020	6,725,000	1,681,250	6,725,000	1,681,250
$ 0.01	$ 0.08	December 31, 2017	2,800,000	-	2,800,000	-
			14,057,083	4,269,166	14,607,083	4,165,416

The Company applies the fair value method of accounting for stock options. Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

(Unaudited - in U.S. dollars; tabular amounts in thousands except for shares)

8. EXPLORATION AND EVALUATION

Exploration and evaluation expenses for the Company were principally incurred in Niger and are summarized as follows (certain amounts in 2015 were reclassified to be in line with the current presentation):

	Three months ended March 31,	
	2016	2015
	$	$
Salaries	**115**	253
Consultants	**58**	508
Camp supplies & repairs	**45**	70
Office expenses	**95**	66
Permitting	**50**	-
Insurance	**14**	35
Travel	**1**	15
	378	947

9. ADMINISTRATIVE EXPENSES

Administrative expenses for the Company are summarized as follows (certain amounts in 2015 were reclassified to be in line with the current presentation):

	Three months ended March 31,	
	2016	2015
	$	$
Salaries	**149**	221
Investor relations	**9**	23
Insurance	**35**	43
Office expenses	**11**	15
Travel	**13**	3
Professional fees	**52**	3
Regulatory and transfer agent	**3**	5
	272	313

(Unaudited - in U.S. dollars; tabular amounts in thousands except for shares)

10. RELATED PARTY DISCLOSURES

Related parties include the board of directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Key management compensation

The Company has no compensation arrangements with its board of directors other than non-cash stock option grants. The Company has no post-employment benefits and other long-term benefits in place.

Key management includes the board of directors and the Company's Executive Chairman, Chief Executive Officer and Chief Financial Officer. Compensation awarded to key management is listed below:

	Three months ended March 31,	
	2016	2015
	$	$
Salaries	**131**	171
Bonus	**-**	30
Share-based payments	**62**	232
	193	433

In the event of change of control, the Chief Executive Officer is eligible to receive a one-time bonus equal to 0.5% of the net proceeds received by the Company at the closing of the transaction. The timing, structure and payment of the bonus would be in the sole discretion of the Board of the Company.

Global Mining Management Corporation ("GMM")

GMM is a private company, incorporated in British Columbia, Canada, owned equally by its seven shareholders one of which is the Company. GMM provides general administration, finance and accounting, and corporate services to the Company at a cost recovery basis.

The following fees were incurred in the normal course of operations including the Chief Financial Officer charges:

	Three months ended March 31,	
	2016	2015
Personnel	**30**	73
Corporate overhead	**4**	14
	34	87

As of March 31, 2016, $12,721 (March 31, 2015 – $33,504) was owed and included in the accounts payable and accrued liabilities.

11. FINANCIAL INSTRUMENTS

The Company has established a fair value hierarchy that reflects the significance of inputs of valuation techniques used in making fair value measurements as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable either directly or indirectly; and
Level 3 - inputs for the asset or liability that are not based upon observable market data.

As at March 31, 2016 and December 31, 2015, the recorded amounts for cash, amounts receivables, accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

The fair value of the Company's uranium loan is determined by reference to the closing uranium price on an open market at the reporting date and thus is a level 1 fair value measurement.

The derivative liability is measured at fair value and categorized in level 3.

12. SEGMENTED INFORMATION

The Company has one business segment, the exploration of mineral properties. All of the Company's assets and operations are located in Niger. The Company's corporate division only earns revenues that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment as defined in IFRS 8, *Operating Segments.*

13. COMMITMENTS AND CONTINGENCIES

Other than the required exploration expenditures to be incurred in the next three years as part of the exploration licenses renewal, and the dispute with one of its former employees regarding his termination, as all disclosed in the audited 2015 annual consolidated financial statements, the Company is not aware of any other commitments and contingencies which would have material impact on the Company's financial position or results operations.

Management's Discussion and Analysis ("MD&A")

- Quarterly Highlights

As of May 24, 2016

Introduction

GoviEx Uranium Inc. ("**GoviEx**" or the "**Company**") is a company focused on the acquisition, exploration and development of uranium projects in Africa. The Company is based in Vancouver, British Columbia, Canada; its common shares are listed on the Canadian Stock Exchange ("**CSE**") under the symbol "GXU" since June 19, 2014 following its initial public offering.

The interim MD&A provides a brief update on the Company's business activities, financial condition, financial performance and cash flow since December 31, 2015, and excludes information discussed in its most recent annual MD&A. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards ("**IFRS**") in U.S. dollars, unless otherwise indicated. References to C$ are to Canadian dollars.

The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3", and "Q4" respectively. Additional information related to GoviEx is available on the Company's website www.goviex.com or on SEDAR at www.sedar.com.

Forward Looking Statements and Risk Factors

This interim MD&A contains forward-looking statements that are related to the Company's activities and future financial results. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results for the current periods are not necessarily indicative of the results for any future period. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance as they are subject to significant risks and uncertainties that, disclosed in the end of this MD&A, may cause projected results of events to be differ materially from actual results or events.

For a detailed listing of the risk factors, please refer to the Company's annual MD&A for the year ended December 31, 2015.

Note to U.S. Readers

The Company uses Canadian Institute of Mining, Metallurgy and Petroleum definitions for the terms "measured resources", "indicated resources" and "inferred resources". The Company advises investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission do not recognize them. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.

GoviEx Uranium Inc.

Interim MD&A - Quarterly Highlights

For the three months ended March 31, 2016

Highlights

- On January 26, 2016, the Company was granted the Mining Permit for its Madaouela I tenement, and the Exploration license for the Eralrar tenement.
- On January 29, 2016, the Company was granted renewal approval of the Madaouela II, III, IV and Anou Melle exploration tenements.
- On March 30, 2016, the Company announced the execution of a Definitive Share Purchase Agreement (the "**Agreement**") with Denison Mines Corp. ("**Denison**") to combine their respective African uranium mineral interests (the "**Transaction**"). The Transaction is subject to regulatory approval and successful closure of a concurrent equity financing that is expected to be closed in early June 2016 (the "**Closing**").

Definitive Share Purchase Agreement

The objective of the Transaction with Denison is to create a leading Africa-focused uranium development company.

The combined asset portfolio will include two permitted uranium development projects: GoviEx's Madaouela project in Niger and Denison's Mutanga project in Zambia. It will also include Denison's Falea project, an advanced exploration-stage project in Mali, and the exploration-stage Dome project in Namibia. Following completion of the Transaction, GoviEx will own one of the largest uranium resource bases among publicly listed development companies.

Pursuant to the terms of the Agreement, GoviEx will acquire Denison's African interests by issuing 56,050,450 common shares and 22,420,180 share purchase warrants of GoviEx. Each warrant will be exercisable at $0.15 per share for one common share of GoviEx for a period of three years. The warrants will be subject to an acceleration clause which in the event the close price of GoviEx's common shares on the CSE is equal to or greater than C$0.24 per share for 15 consecutive trading days, the warrants will be exercisable at the original term within 30 days after a written notice is given; failing which the warrants will be exercisable at $0.18 per share expiring six months instead of the original expiry date.

At the time of Closing, Denison will provide a minimum working capital of US$700,000 for its three African projects.

For so long as Denison holds at least 5% of the issued and outstanding common shares of GoviEx, Denison will have the right to appoint one director to the GoviEx board of directors and will have the right to participate in future GoviEx equity financings in order to maintain its pro- rata ownership.

As part of the Transaction, GoviEx will undertake a concurrent equity financing through a non-brokered private placement (the "**Placement**") to raise a minimum gross proceed of $2,000,000, of which Denison will provide the lead order for 25% up to a maximum of $500,000. The Placement is expected to be completed prior to, or concurrently with, the Closing of the Transaction and is a condition of the Closing.

The Transaction is expected to close in early June 2016, subject to the receipt of required consents and approvals, as well as the satisfaction of other conditions customary for a transaction of this nature.

Results of Operations

For the three months ended March 31, 2016, the Company reported an income of $0.56 million compared to a net loss of $3.0 million in the same period 2015. Both periods are significantly affected by the non-cash fair value on the uranium loan that is adjusted based on uranium prices at each reporting date.

Since January 2016, the Company has aggressively reduced its operating and sustaining costs through targeted compensation adjustments, non-essential retrenchments, over-head cut-backs, and other cost-cutting measures where is possible.

No exploration activity was undertaken during the three months ended March 31, 2016. General and administration personnel were focused on the Denison Transaction.

Warrants denominated in a currency other than the Company's functional currency are deemed to be a derivative liability and must be valued at fair value on each reporting date. Any fair value changes are recognized in profit and loss. Due to the fluctuation of the Company's share price, a $0.11 million loss was recorded in the three months ended March 31, 2016 (2015 - $nil).

Summary of Quarterly Results

The following table sets forth a comparison of information for the previous eight quarters ending with March 31, 2016:

(in thousands of U.S. dollars except for per share)	Q1'16	Q4'15	Q3'15	Q2'15	Q1'15	Q4'14	Q3'14	Q2'14
Exploration and evaluation	378	575	577	943	1,032	1,356	1,142	768
General and administrative	272	205	186	265	228	359	330	33
Depreciation	16	59	51	55	57	62	65	66
Foreign exchange (gain) loss	(43)	59	8	(8)	34	3	18	3
Gain (loss) on derivative liability	113	(640)	-	-	-	-	-	-
Gain on disposal of plant and equipment	-	(21)	-	-	-	-	-	-
Interest Income	(2)	(3)	-	(1)	(2)	(3)	(2)	(2)
Interest Expense	246	280	307	302	297	237	668	21,727
(Gain) loss in uranium concentrate	-	-	-	-	-	181	(706)	575
(Gain) loss on uranium loan	(1,630)	(582)	-	(838)	1,088	80	1,412	(1,150)
Share-based payments (1)	90	161	106	181	293	212	245	906
Impairment of assets	-	-	-	-	-	-	-	-
(Income) loss for period	(560)	93	1,235	899	3,027	2,487	3,172	22,926
(Income) loss per share	-	-	0.01	0.01	0.02	0.02	0.02	0.19

The Company's results have been largely driven by the level of its exploration and evaluation activities other than those non-cash items. The Company has had no revenue from mining operations since its inception. Major variations in costs are summarized below:

- Interest expenses and uranium loan balance vary based on timing and fluctuations in uranium price.
- Significant increases and decreases quarter to quarter in the Company's stock price can have a significant impact on the value of the derivative liabilities issued by the Company in conjunction with debt and equity instruments.
- Exploration and evaluation expenditures can vary widely from quarter to quarter depending on the stages and priorities of the exploration program. Q1'16 costs were impacted by the costs associated with the renewal of the Company's exploration licenses.
- General and administration costs in Q1'16 were impacted by higher consulting costs related to the Denison Transaction.
- Share-based payments are fair valued through Black-Scholes pricing model when stock options are granted and vested. Any change in the assumptions used will impact the share-based expense recorded in the period.
- Foreign exchange gains and losses arise because the Company conducts certain of its activities and holds financial assets in U.S. Dollars, Canadian dollars and other currencies, and reports its financial results in U.S. Dollars.

Liquidity and Capital Resources

The Company is dependent on raising funds by the issuance of shares and debt arrangements in order to finance further development of its uranium properties and meet general and administrative expenses in the immediate and long term. As at May 24, 2016, the Company has cash on hand approximately $0.37 million.

Please refer to Note 1, Nature of Operations and Going Concern in the consolidated financial statements for the three months ended March 31, 2016 for details.

During the three months ended March 31, 2016, the Company spent $0.45 million in operating activities (2015 - $1.5 million). The ability of the Company to continue its exploration and development activities is dependent on the continuing success of its uranium project development coupled with its ability to secure additional funding through the equity, debt, joint venture or other means of financing.

Material increases or decreases in the Company's liquidity and capital resources will be determined by the success of the Company in renewing its mineral licenses, obtaining its mining permit and obtaining equity or other sources of financing.

Transactions with Related Party

The Company is a party to a shareholder's agreement with a private company, Global Mining Management Corp. ("**GMM**"), pursuant to which the Company shares furnished office premises and corporate administration and accounting and finance personnel on a cost recovery basis.

All transactions have occurred in the normal course of the Company's operations and have been measured at their fair value. The Company has utilized the GMM services since 2007.

Key management, consisting of personnel having authority and responsibility for planning, directing, and controlling the Company, includes board of directors, Executive Chairman, Chief Executive Officer and Chief Financial Officer.

Outstanding Share Capital

As of May 24, 2016, the Company has

a) 168.15 million common shares issued and outstanding;
b) 14.06 million stock options outstanding at a weighted average exercise price of $0.38 among which 4.3 million stock options exercisable at a weighted average price of $0.7.
c) 22.25 million share purchases warrants exercisable at C$0.18 of which 16.23 million expiring on September 28, 2017 and 6.0 million on November 3, 2017.

Off Balance Sheet Arrangements

The Company does not have any special purpose entities nor is it party to any arrangements that would be excluded from the balance sheet.

Proposed Transactions

As is typical of the mineral exploration and development industry, the Company periodically reviews potential acquisition, dispositions, investment, joint venture and other opportunities that could enhance shareholder value. Other than the Definitive Share Purchase Agreement with Denison as disclosed herein, there are no proposed transactions that would be considered by management to constitute a material change in the affairs of the Company as at the date hereof.

Changes in Accounting Policies and Critical Accounting Estimates

The Company has not made any changes to its significant accounting policies, as described within Note 2 during the year ended December 31, 2015. Certain requirements for annual years beginning on or after January 1, 2016 have not yet been early adopted and the Company is currently assessing the impact of adoption.

Critical accounting estimates remain the same as disclosed in the 2015 annual audited consolidated financial statements.

Financial Instruments

The Company's cash, amounts receivable, accounts payable and accrued liabilities, uranium loan and derivative liabilities are financial instruments.

The derivative liability is measured at fair value and categorized in Level 3 of the fair value hierarchy used to measure financial instruments. The fair value of the derivative liability is based on the Black-Scholes option pricing model as determined at the reporting date. The recorded amount for cash, amounts receivable, accounts payable and accrued liabilities and the uranium loans approximate their fair values.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments.