



# **Annual Financial Statements**

*December 31, 2012 and 2011  
(Audited)*

## Auditors' Report

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To the Shareholders of Uravan Minerals Inc.:

We have audited the accompanying financial statements of Uravan Minerals Inc., which comprise the statement of financial position as at December 31, 2012 and the statements of loss and comprehensive loss, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or misstatement. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of Uravan Minerals Inc. as at December 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### *Emphasis of Matter – Going Concern*

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty which may cast significant doubt about the ability of Uravan Minerals Inc. to continue as a going concern.

### *Other Matter*

The financial statements of Uravan Minerals Inc. for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified opinion on those statements on April 16, 2012.

Calgary, AB  
March 18, 2013

*MNP* LLP  
Chartered Accountants

**Uravan Minerals Inc.**  
**Statement of Loss and Comprehensive Loss**

	Note	2012	2011
<b>Revenue</b>			
Management fees	4	\$ 222,998	\$ -
		<u>222,998</u>	<u>-</u>
<b>Expenses</b>			
General and administrative	5	201,431	331,528
Share based compensation	18	103,600	371,925
Depreciation	10	10,739	11,258
Impairment of mineral properties	11	4,636,351	-
Exploration and evaluation expenses		-	24,858
		<u>4,952,121</u>	<u>739,569</u>
<b>Loss from operations</b>		<u>(4,729,123)</u>	<u>(739,569)</u>
Finance loss	6	(95,954)	(208,887)
Finance expenses	7	(4,641)	(14,259)
		<u>(100,595)</u>	<u>(223,146)</u>
<b>Loss before income taxes</b>		(4,829,718)	(962,715)
Income tax expense (recovery)	8	(507,607)	352,607
<b>Total comprehensive loss</b>		<u>\$ (4,322,111)</u>	<u>\$ (1,315,322)</u>
<b>Net loss per share</b>			
Basic and diluted	9	<u>\$ (0.114)</u>	<u>\$ (0.037)</u>

The accompanying notes are an integral part of the financial statements

**Uravan Minerals Inc.**  
**Statement of Financial Position**

	Note	December 31, 2012	December 31, 2011
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	10	\$ 7,490	\$ 18,229
Exploration and evaluation assets (Schedule 1)	11	7,132,401	11,467,628
		<u>7,139,891</u>	<u>11,485,857</u>
<b>Current assets</b>			
Prepays and deposits		22,610	22,610
Accounts receivable	12	68,417	38,362
Marketable securities	13	189,780	815,807
Cash and cash equivalents	13	1,052,453	775,286
		<u>1,333,260</u>	<u>1,652,065</u>
<b>Total assets</b>		<u>\$ 8,473,151</u>	<u>\$ 13,137,922</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	14	\$ 196,222	\$ 211,575
Deferred income taxes	16	-	507,607
<b>Total liabilities</b>		<u>196,222</u>	<u>719,182</u>
<b>Equity</b>			
Capital and reserves attributable to equity holders			
Share capital	17	18,489,069	18,404,582
Warrants	17c	32,986	311,563
Share based payments reserve	18	4,606,132	4,231,742
Deficit		<u>(14,851,258)</u>	<u>(10,529,147)</u>
<b>Total equity</b>		<u>8,276,929</u>	<u>12,418,740</u>
<b>Total liabilities and equity</b>		<u>\$ 8,473,151</u>	<u>\$ 13,137,922</u>

Going concern - Note 1

Commitments - Notes 11 and 21

The financial statements were approved by the Board of Directors on March 15, 2013 and signed on their behalf by:

*"Signed"*

Larry Lahusen

*"Signed"*

Torrie Chartier

The accompanying notes are an integral part of the financial statements

**Uravan Minerals Inc.**  
**Statements of Changes in Equity**

	Share Capital		Warrants		Share Based	Deficit	Total Equity
	Number of Shares	Amount	Number of Warrants	Amount	Payments Reserve		
<b>Balance at December 31, 2010</b>	34,240,947	\$ 18,094,409	3,766,667	\$ 278,577	\$ 3,852,611	\$ (9,213,825)	\$ 13,011,772
Total comprehensive loss	-	-	-	-	-	(1,315,322)	(1,315,322)
Share-based compensation	-	-	-	-	371,925	-	371,925
Shares issued for property	250,000	87,500	-	-	-	-	87,500
Exercise of options	8,333	1,915	-	-	(581)	-	1,334
Issue of share capital	3,100,066	269,709	3,100,066	40,301	-	-	310,010
Cost of share issue	-	(48,951)	-	(7,315)	7,787	-	(48,479)
<b>Balance at December 31, 2011</b>	37,599,346	18,404,582	6,866,733	311,563	4,231,742	(10,529,147)	12,418,740
Total comprehensive loss	-	-	-	-	-	(4,322,111)	(4,322,111)
Share-based compensation	-	-	-	-	103,600	-	103,600
Shares issued for property	250,000	47,500	-	-	-	-	47,500
Exercise of options	194,666	36,987	194,666	-	(7,787)	-	29,200
Reclassification on expiry	-	-	(3,766,667)	(278,577)	278,577	-	-
<b>Balance at December 31, 2012</b>	<u>38,044,012</u>	<u>\$ 18,489,069</u>	<u>3,294,732</u>	<u>\$ 32,986</u>	<u>\$ 4,606,132</u>	<u>\$ (14,851,258)</u>	<u>\$ 8,276,929</u>

The accompanying notes are an integral part of the financial statements

**Uravan Minerals Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31**

	2012	2011
<b>Operating activities</b>		
Net loss	\$ (4,322,111)	\$ (1,315,322)
Adjustments to net profit (loss) for non-cash items		
Impairment of mineral properties	4,636,351	-
Stock-based compensation	103,600	371,925
Finance (income) loss	95,954	208,887
Income taxes	(507,607)	352,607
Depreciation	10,739	11,258
Adjustments to net profit for cash items		
Investment income received	32,278	83,769
	49,204	(286,876)
Changes in non-cash working capital balances		
Accounts receivable	(30,055)	5,877
Accounts payable and accrued liabilities	(15,353)	(40,003)
Cash provided by (used in) operating activities	<u>3,796</u>	<u>(321,002)</u>
<b>Financing activities</b>		
Issuance of units	-	465,010
Exercise of options	29,200	1,334
Share issue costs	-	(48,479)
Cash provided by financing activities	<u>29,200</u>	<u>417,865</u>
<b>Investing activities</b>		
Purchases of marketable securities	(227,544)	(1,688,993)
Proceeds on disposal of marketable securities	725,339	4,302,698
Additions to exploration and evaluation assets	(253,624)	(2,944,290)
Cash provided by (used in) investing activities	<u>244,171</u>	<u>(330,585)</u>
Increase (decrease) in cash	277,167	(233,722)
Cash and cash equivalents, beginning of year	<u>775,286</u>	<u>1,009,008</u>
Cash and cash equivalents, end of year	<u>\$ 1,052,453</u>	<u>\$ 775,286</u>
Cash and cash equivalents consist of:		
Cash on deposit	\$ 110,119	\$ 67,105
Term deposits	942,334	708,181
	<u>\$ 1,052,453</u>	<u>\$ 775,286</u>

Interest paid during the year ended December 31, 2012 was \$267 (2011 - \$1,510)

Non-cash transactions:

    Issuance of shares for property in the amount of \$47,500 (2011 - \$87,500)

The accompanying notes are an integral part of the financial statements

**Uravan Minerals Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2012 and 2011**

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**1. PRESENTATION OF FINANCIAL STATEMENTS**

***Nature of entity and future operations***

Since inception, Uravan Minerals Inc. (the "Company") has been devoted to the acquisition and exploration of mineral properties in Canada. To date, the Company has not earned significant revenues and is considered to be in the development stage. It has not yet been determined whether these properties contain ore reserves that are economically recoverable. Accordingly, costs related to the exploration of minerals have been considered as costs related to the exploration stage. Once the Company completes preliminary testing and commences field activity, it will be considered to be in the commercial operations phase.

The Company was incorporated under the laws of the Province of Alberta on December 1, 1997 and its registered office is Suite 204, 2526 Battleford Avenue SE, Calgary, Alberta, Canada.

The Board of Directors approved the Company's financial statements on March 15, 2013.

***Statement of Compliance***

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") in effect for the fiscal year beginning January 1, 2012, as issued by the International Accounting Standards Board ("IASB").

***Basis of Presentation***

The financial statements are presented in Canadian dollars which is the Company's functional currency.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with IFRS, including IFRS 6 'Exploration for and Evaluation of Mineral Resources' except that the following assets and liabilities are stated at their fair value: financial instruments at fair value through profit or loss and financial instruments classified as available-for-sale.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

**Uravan Minerals Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2012 and 2011**

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The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

***Going Concern***

The operations of the Company are currently being financed from funds which the Company raised from past private and public placements of its shares. The Company has not yet earned operational revenue as it is still in the exploration phase of its business. The Company is reliant on the continuing support from its existing and future shareholders. The Board believes that the Company will have sufficient cash and other resources to fund its activities and to continue its operations for the foreseeable future and for the Company to continue to meet its liabilities as they fall due, and for at least the next twelve months from the date of approval of these financial statements. The financial statements have, therefore, been prepared on the going concern basis.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable mineral reserves, continued confirmation of the Company's interest in the underlying concessions, the ability of the Company to obtain necessary government approvals, financing to complete the development of the properties, and the generation of sufficient income through future production from or disposition or farm-out of existing mining interests.

***New IFRS Standards and Interpretations***

The following new standards and amendments or interpretations to existing standards have been published and are mandatory for future periods as noted below:

***IFRS 9 - Financial Instruments***

In November 2009, the IASB issued guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets will generally be measured initially at fair value plus particular transaction costs, and subsequently at either amortized cost or fair value. In October 2010, the IASB issued additions to IFRS 9 relating to accounting for financial liabilities. Under the new requirements, an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income ("OCI"), rather than within net income. In December 2011, the IASB issued amendments which modify the requirements for transition from IAS 39 to IFRS 9. The modifications introduce new disclosure requirements and eliminate the requirement to restate prior periods to reflect the new presentation. The standard is to be applied prospectively and will be effective for periods commencing on or after January 1, 2015, with earlier application permitted. The Company is reviewing the standard to determine the potential impact, if any, on its financial statements

***IFRS 11 - Joint Arrangements***

In May 2011, the IASB issued guidance establishing principles for financial reporting by parties to a joint arrangement. IFRS 11 (which supersedes IAS 31 and SIC 13) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved, either a joint



**Uravan Minerals Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2012 and 2011**

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operation or a joint venture, by assessing its rights and obligations arising from the arrangement. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and under IFRS 11, equity accounting is mandatory for participants in joint ventures. The standard is to be applied prospectively and will be effective for annual periods commencing on or after January 1, 2013, with earlier application permitted. The Company is reviewing the standard to determine the potential impact, if any, on its financial statements.

*IFRS 12 - Disclosure of Interests in Other Entities*

In May 2011, the IASB issued guidance relating to the disclosure requirements of interests in other entities. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is to be applied prospectively and is effective for annual periods commencing on or after January 1, 2013, with earlier application permitted. The Company is reviewing the standard to determine the potential impact, if any, on its financial statements.

*IFRS 13 - Fair Value Measurement*

In May 2011, the IASB issued guidance establishing a single source for fair value measurement. IFRS 13 defines fair value, sets out a framework for measuring fair value and introduces consistent requirements for disclosures on fair value measurements. It does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value, with limited exceptions. The standard is to be applied prospectively and will be effective for annual periods commencing on or after January 1, 2013, with earlier application permitted. The Company is reviewing the standard to determine the potential impact, if any, on its financial statements.

*Amendments to IAS 1 - Presentation of Financial Statements*

In June 2011, the IASB issued amendments to IAS 1 requiring items within OCI that may be reclassified to the profit or loss section of the income statement to be grouped together. The amendments are to be applied retrospectively and will be effective for annual periods commencing on or after July 1, 2012, with earlier application permitted. The Company is reviewing these amendments to determine the potential impact, if any, on its financial statements.

*Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities and IFRS 7 - Disclosures*

In December 2011, the IASB issued amendments to IAS 32 and IFRS 7 as part of its offsetting project. The amendments clarify certain items regarding offsetting financial assets and financial liabilities and also address common disclosure requirements. The amendments are to be applied retrospectively and will be effective for annual periods commencing on or after January 1, 2013 for IFRS 7 and January 1, 2014 for IAS 32, with earlier application permitted. If IAS 32 is early adopted, the disclosures required by the amendments to IFRS 7 must be provided. The

**Uravan Minerals Inc.**  
**Notes to Financial Statements**  
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Company is reviewing these amendments to determine the potential impact, if any, on its financial statements.

*IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine*

In October 2011, the International Financial Reporting Interpretations Committee ("IFRIC") issued IFRIC 20 clarifying the requirements for accounting for stripping costs in the production phase of a surface mine. This interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation will be effective for annual periods commencing on or after January 1, 2013, with earlier application permitted. The Company is reviewing this interpretation to determine the potential impact, if any, on its financial statements.

The Company has not early adopted these amended standards and interpretations. Management does not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's financial statements in the periods of initial application.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### ***Jointly controlled operations and jointly controlled assets***

A significant portion of the Corporation's exploration and development activities are conducted jointly with others, and accordingly, the financial statements reflect only the Corporation's proportionate interest in such activities.

### ***Exploration and Evaluation Assets***

All licence acquisitions and exploration and evaluation costs that are directly attributable to each identifiable project area are capitalized. These costs are comprised of researching and analyzing exploration data; conducting geological studies; exploratory drilling and sampling; examining and testing extraction and treatment methods; and/or completing prefeasibility and feasibility studies. These costs are accumulated in respect of each identifiable project area, and are only carried forward to the extent that they are expected to be recouped through the successful development of the areas. Pre-licence costs are written off immediately. Accumulated costs in relation to an abandoned area are written off in full against operations in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are tested for impairment and transferred from exploration and evaluation assets to tangible assets as property and equipment and amortized over the estimated life of the commercial reserves on a unit of production basis.

### ***Impairment of Exploration and Evaluation Expenditures***

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. An asset's carrying value is written

**Uravan Minerals Inc.**  
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down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances applies:

- unexpected geological occurrences that render the resource uneconomic;
- title to the asset is compromised;
- variations in metal prices that render the project uneconomic;
- the Company no longer retains the legal right to conduct exploration activities; and
- the Company determines that it no longer plans to continue to evaluate or develop the property.

***Property and Equipment***

Property and equipment are recorded at cost less depreciation and any impairment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

***Depreciation***

Depreciation of office furniture and equipment is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value, at a rate of 20%. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognized on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the statement of loss and comprehensive loss.

***Impairment of Property and Equipment***

At each reporting date, the Company reviews the carrying amounts of its property and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

**Uravan Minerals Inc.**  
**Notes to Financial Statements**  
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Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

***Leases***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Company has not entered into any finance leases as at December 31, 2012 or prior periods.

Payments made under operating leases are recognized in the statement of loss and comprehensive loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in income on a straight-line basis over the term of the lease.

***Provisions***

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the managements' best estimate of the present value of the expenditure required to settle the obligation at the reporting date. No provisions have been recognized as at December 31, 2012 or prior periods.

***Decommissioning Costs***

Provision for decommissioning is recognized in full when the related facilities are installed. The decommissioning provision is calculated as the net present value of the Company's share of the expenditure expected to be incurred at the end of the producing life of the facility in the removal and decommissioning of the production, storage and transportation facilities currently in place. The cost of recognizing the decommissioning provision is included as part of the cost of the relevant asset and is thus charged to operations in accordance with the Company's policy for depreciation of property and equipment. The increase in the provision due to the passage of time is recognized as finance costs whereas increases or decreases due to changes in the estimated cash flows are capitalized. Actual costs incurred upon settlement of the

**Uravan Minerals Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2012 and 2011**

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decommissioning liability are charged against the provision to the extent the provision was established.

***Foreign Currency***

*Functional and Presentational Currency*

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates, being Canada, ("the functional currency"). Management considers the Canadian Dollar to be the Company's functional and presentational currency.

*Transactions and Balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss and comprehensive loss.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the statement of financial position date. Gains and losses arising on translation are included in net profit or loss for that period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized directly in equity in the statement of other comprehensive income.

***Share Based Payments***

The Company operates an equity-settled share option plan which grants stock options to directors, officers, employees and service providers. The fair value of the employee service received in exchange for the grant of the options is recognized as an expense with a corresponding increase in equity, share based payments reserve. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date the Company revises its estimates of the number of options that are expected to become vested. It recognizes the impact of the revision to original estimates, if any, in the statement of loss and comprehensive loss, with a corresponding adjustment to equity.

Fair value is measured by use of a Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations. The proceeds received together with the amount previously recorded as equity are credited to share capital when the options are exercised.

**Uravan Minerals Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2012 and 2011**

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***Current and Deferred Income Taxes***

Deferred taxes are differences existing at closing date between the tax base value of assets and liabilities and their carrying amount in the balance. Pursuant to the liability method, these temporary differences impact the accounting as follows:

- Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the reporting date. They are reviewed at the end of each year, in line with any changes in applicable tax rates.
- Deferred tax assets are recognized for all deductible temporary differences, carry-forward of tax losses and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists, to make use of those deductible temporary differences, tax loss carry-forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and which, at the transaction date, does not impact neither earnings, nor tax income or loss.
- The carrying amount of deferred tax assets is reviewed at each closing date, and revalued or reduced to the extent that it is not probable that a taxable profit will be available to allow the deferred tax asset to be utilized. When assessing the probability of a taxable profit being available, account is notably taken of prior year results, forecast future results, non-recurring items unlikely to occur in the future and the tax strategy. As such, the assessment of the Company's ability to utilize tax losses carried forward is to a large extent judgment-based. If the future taxable results of the Company prove significantly different to those expected, the Company will be obliged to increase or decrease the carrying amount of deferred tax assets, with a potentially material impact on the balance sheet and the statement of loss and comprehensive loss of the Company.
- Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability results from impairment of goodwill losses not deductible for tax purposes, or initial recognition of an asset or liability in a transaction which is not a business combination, and which, at the transaction date, does not impact neither earnings, nor tax income or loss.
- Current tax and deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity.

***Share Capital***

Shares and warrants are classified as equity. Incremental costs directly attributable to the increase of new shares or options are shown in equity as a deduction from the proceeds, net of any tax effects.

**Uravan Minerals Inc.**  
**Notes to Financial Statements**  
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***Loss Per Share***

Basic earnings per share ("EPS") is calculated by dividing the net loss for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by adjusting the total comprehensive loss attributable to common shareholders and the weighted average number of common shares outstanding for dilutive instruments. The Company's potentially dilutive instruments are comprised of stock options granted and warrants granted.

***Revenue Recognition***

Investment income is recognized using the accrual method. Interest income is recognized when it is earned and dividends and other distributions are recognized when declared. Management fees are recognized as per joint venture agreements and as the services are provided, provided the price is fixed and determinable and collectability is reasonably assured.

***Financial Instruments***

Financial instruments are classified as fair value through profit and loss ("FVTPL") when financial instruments are held for trading or are designated as FVTPL and are stated at fair value, with any resultant gain or loss recognized in the statement of loss and comprehensive loss.

Where the Company has the positive intent and ability to hold financial assets to maturity, they are classified as held to maturity and they are stated at amortized cost less impairment losses.

Other financial instruments held by the Company may be classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognized directly under other comprehensive income, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses and are recognized in the statement of loss and comprehensive loss. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

Financial instruments classified as FVTPL or available-for-sale investments are recognized or derecognized by the Company on the date it commits to purchase or sell the investments respectively. Securities held-to-maturity are recognized or derecognized on the day they are transferred to or by the Company respectively.

Impairment losses for the different financial assets and liabilities are recognized as follows:

- *FVTPL*: An impairment loss on a financial asset or financial liability classified as FVTPL is recognized in net income in the period in which it arises.
- *Available-for-sale financial assets*: When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized

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directly in equity is transferred to profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

- *Held-to-maturity securities:* The recoverable amount of the Company's investments in held-to-maturity securities and receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). An impairment loss is recognized in net income and through the amortization process. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognized on an effective interest rate basis for debt instruments other than those financial assets at FVTPL.
- *Loans and receivables:* Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.
- *Other Financial Liabilities:* Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

#### *Transaction Costs*

Transaction costs on FVTPL financial instruments are expensed as incurred.

#### *Fair Values*

Fair value represents point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors.

Financial assets are recognized initially at fair value, normally being the transaction price plus, other than for FVTPL assets for which transaction costs are expensed, directly attributable transaction costs.



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Regular way purchases and sales of financial assets are recognized on the settlement date, the date on which the Company receives or delivers the asset.

The fair value of transactions are classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level One – Quoted prices are available in active markets. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an on-going basis.
- Level Two – Pricing inputs are other than quoted prices in an active market included in Level One. Prices in Level Two are either directly or indirectly observable as of the reporting date. Level Two valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.
- Level Three – Valuation in this level are those inputs for the asset or liability that are not based on observable market data.

The fair value of marketable securities and cash and cash equivalents, which are investments in equity securities and other investments designated as FVTPL, is based on the closing price of the securities as of the balance sheet date. These securities are transacted in active markets and have been classified using Level One inputs. The fair values of accounts receivable, deposits, and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

#### *Cash and Equivalents*

The “cash and cash equivalents” category consists of cash in banks, call deposits and other highly liquid investments with initial maturities of three months or less. Investments in securities, investments with initial maturities greater than three months without early redemption feature and bank accounts subject to restrictions, other than restrictions due to regulations specific to a country or activity sector (exchange controls, etc.) are not presented as cash equivalents but as financial assets. Bank overdrafts that are repayable on demand and form an integral part of the Company’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### *Receivables*

Receivables are carried at the original invoice amount less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets’ carrying amount and the recoverable amount. Provisions for impairment of receivables are included in the statement of loss and comprehensive loss.

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*Payables*

Trade and other payables are stated cost.

***Government Assistance***

Government assistance received or receivable in respect of mineral properties and deferred costs is reflected as a reduction of the cost of the property and the related deferred exploration costs when the related qualifying expenditures are incurred.

***Flow-through Shares***

Share capital includes flow-through shares issued pursuant to certain provisions of the Income Tax Act (Canada) (the "Act"). The Act provides that, where share issuance proceeds are used for exploration and development expenditures, the related income tax deductions may be renounced to subscribers. Accordingly, these expenditures provide no income tax deduction to the Company.

Share capital is reduced and a liability is recorded equal to the estimated amount of the premium paid on flow through shares when the shares are issued. When the related expenditures are made a deferred income tax expense is recognized. The flow through share premium liability is offset against the deferred income tax expense.

***Finance Loss***

Finance loss consists of interest income, realized gains and losses on FVTPL securities and unrealized gains and losses on FVTPL securities.

***Finance Expenses***

Finance expenses consist of transaction costs paid on marketable securities transactions and interest costs.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. IFRS also require management to exercise its judgement in the process of applying the Company's accounting policies. The prime areas involving a higher degree of judgement or complexity, where assumptions and estimates are significant to the financial statements, are as follows.

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***Exploration and Evaluation Assets***

Management applied judgment with respect to its determination that none of its mineral properties had reached a feasible stage of mining operations to warrant capitalization as exploration and evaluation assets or developed and producing assets.

The Company determines whether exploration and evaluation assets are impaired when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such indicators include the point at which a determination is made as to whether or not commercial reserves exist. Measurement uncertainty relating to exploration and evaluation assets at December 31, 2012 is discussed in notes 1 and 11 and detailed by on a project by project basis on Schedule 1 to the financial statements.

***Decommissioning Liability***

Management has reviewed the Company's various mining claims for any statutory, contractual, constructive or legal obligation with respect to potential environmental rehabilitation. Based on management's review, it has determined that the Company does not have any decommissioning liabilities to record.

***Fair Value of Options***

In computing the fair value of options to employees various judgmental inputs are required by the directors. Those assumptions are detailed in note 18.

***Income Taxes***

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets require management to assess the probability that the Company will be able to utilize the deferred tax assets. Additionally, measurement of income taxes payable and deferred income taxes requires management to make judgments in the interpretation and application of relevant tax laws, which are subject to interpretation by taxation authorities.

**4. REVENUE**

Revenue consists of management fees charged in accordance with joint venture agreements on the Company's mineral properties. During the year ended December 31, 2012, the Company earned \$222,998 in management fees (2011-\$NIL).

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**5. GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses consist of:

	<b>2012</b>	<b>2011</b>
Professional and consulting fees	\$ 113,133	\$ 178,687
Insurance	16,920	17,690
Shareholder reporting	23,594	49,741
Rent	21,725	34,459
Office	19,252	31,538
Stock exchange fees	5,700	13,870
Bank charges	1,107	5,543
	<u>\$ 201,431</u>	<u>\$ 331,528</u>

**6. FINANCE LOSS**

Finance loss consists of:

	<b>2012</b>	<b>2011</b>
Realized gain (loss) on disposal of marketable securities	\$ (61,880)	\$ 52,530
Unrealized loss on marketable securities	(66,352)	(345,186)
Investment income	<u>32,278</u>	<u>83,769</u>
	<u>\$ (95,954)</u>	<u>\$ (208,887)</u>

**7. FINANCE EXPENSES**

Finance expenses consist of:

	<b>2012</b>	<b>2011</b>
Transaction costs	\$ 4,374	\$ 12,749
Interest expense	<u>267</u>	<u>1,510</u>
	<u>\$ 4,641</u>	<u>\$ 14,259</u>

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**8. INCOME TAXES**

	<b>2012</b>	<b>2011</b>
Loss for the period	\$ (4,829,718)	\$ (962,715)
Current period statutory rate	25.0%	26.5%
Expected income tax recovery	\$ (1,207,429)	\$ (255,119)
Stock-based compensation	25,900	98,560
Non-taxable portion of loss (gains) on disposal of marketable securities	7,734	(6,960)
Non-taxable portion of unrealized loss and transaction costs	8,841	47,426
Flow-through share renouncement	-	722,128
Flow-through share premium	-	(155,000)
Effective tax rate adjustments and other	-	(46,369)
Change in deferred tax benefits	657,347	(52,059)
	<u>\$ (507,607)</u>	<u>\$ 352,607</u>

Tax losses and other temporary differences carried forward, as detailed in note 16, have not been recognized as a deferred tax asset, as there is currently insufficient evidence that the asset will be recoverable in the foreseeable future. The losses must be utilized in relation to the same operations.

**9. LOSS PER SHARE**

The basic loss per share is \$0.114 (2011 - \$0.037) and has been calculated using the loss for the financial period of \$4,322,111 (2011 - \$1,315,322) and the weighted average number of shares issued of 37,869,298 (2011 - 35,273,722). The diluted loss per share is equal to the basic loss per share as the conversion of share options decreases the basic loss per share, thus being anti-dilutive.

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**10. PROPERTY AND EQUIPMENT**

<b>Cost</b>	<b>Furniture and Equipment</b>	<b>Leasehold Improvements</b>	<b>Total</b>
Balance at December 31, 2010	\$ 32,986	\$ 31,130	\$ 64,116
Additions	-	-	-
Balance at December 31, 2011	32,986	31,130	64,116
Additions	-	-	-
Balance at December 31, 2012	<u>\$ 32,986</u>	<u>\$ 31,130</u>	<u>\$ 64,116</u>
<b>Depreciation</b>			
Balance at December 31, 2010	\$ 15,432	\$ 19,197	\$ 34,629
Depreciation charge for the year	5,032	6,226	11,258
Balance at December 31, 2011	20,464	25,423	45,887
Depreciation charge for the period	5,032	5,707	10,739
Balance at December 31, 2012	<u>\$ 25,496</u>	<u>\$ 31,130</u>	<u>\$ 56,626</u>
<b>Net Book Value</b>			
December 31, 2010	<u>\$ 17,554</u>	<u>\$ 11,933</u>	<u>\$ 29,487</u>
December 31, 2011	<u>\$ 12,522</u>	<u>\$ 5,707</u>	<u>\$ 18,229</u>
December 31, 2012	<u>\$ 7,490</u>	<u>\$ -</u>	<u>\$ 7,490</u>

**11. EXPLORATION AND EVALUATION ASSETS**

The Company's intangible asset consists entirely of capitalized exploration and evaluation expenditures, the details of which can be found in Schedule 1 on a property by property basis. The exploration and evaluation ("E&E") assets, detailed in Schedule 1, represent costs incurred in relation to the Company's land claims, which are discussed on a property by property basis below. These amounts have not been written off to the statement of loss and comprehensive loss as exploration expenses or transferred to property and equipment because commercial reserves have not yet been established or the determination process has not been completed.

The outcome of ongoing exploration and evaluation, and therefore whether the carrying value of E&E assets will ultimately be recovered, is inherently uncertain. The Directors have assessed the value of the exploration and evaluation expenditure, and in their opinion, no impairment is necessary further to the \$4,636,351 write off of the Gary Lake, Poplar Point and Thluicho Lake properties (discussed below). This assessment includes a review of the expiry dates of claims and the likelihood of meeting the annual expenditure requirements to maintain the claims in good standing.

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a. Rottenstone

The Rottenstone property is located approximately 130 kilometres northeast of La Ronge, Saskatchewan (NTS 74A-7) and consists of a 100% interest in eight contiguous mineral dispositions covering 13,089 hectares (32,330 acres).

Claude Resources Inc. ("Claude") retains a 2% net smelter return ("NSR") on one mineral disposition amounting to 65 hectares, S-106565, and a 0.5% NSR on the adjoining mineral dispositions within a 3 kilometre radius of S-106565. The Company has the option to purchase one-half of the 2% NSR (1% NSR) by paying Claude \$1,000,000. By November 30, 2013 the Company has to complete a bankable feasibility on S-106565 or return the mineral disposition back to Claude.

On an annual basis the Company must incur \$265,350 of exploration and development work on the Rottenstone property to keep the entire group of mineral dispositions, as described above, in good standing. The Company currently has excess expenditures of \$1,039,720 remaining to the credit of the mineral dispositions that may be used towards future exploration and development work requirements.

b. Boomerang and Thelon Basin

On December 13, 2010, the Company signed a non-binding Letter of Intent ("LOI") with Cameco Corporation ("Cameco") to exchange the Company's 49% joint venture interest in the Boomerang and Thelon Basin properties for Cameco's 100% interest in the various mineral dispositions making up the Halliday Lake, Poplar Point, Stewardson Lake and Thluicho Lake uranium projects in the Athabasca Basin, Saskatchewan. The exchange agreement was finalized on March 22, 2011 and the Boomerang and Thelon Basin properties were exchanged with Cameco.

c. Garry Lake

The Garry Lake property is located in the northeastern Thelon Basin, approximately 245 kilometers northwest of Baker Lake, Nunavut and consists of a 100% interest in 355 contiguous mining claims covering 829,171 acres.

Of the 355 mining claims comprising the property, 6 claims covering 15,182 acres were staked effective February 26, 1998 and require no exploration and development expenditures until February 26, 2013.

Of the 355 mining claims comprising the property, 163 mining claims covering 378,768 acres were staked effective May 25, 2006 and require that the Company incur exploration and development expenditures amounting to \$1,552,948 on or before May 25, 2008 and an annual exploration and development expenditure of \$776,474 each year thereafter over the remaining life of the mining claims.

The Company staked an additional 74 mining claims covering 173,082 acres effective November 14, 2006 and require that the Company incur exploration and development expenditures amounting to \$709,634 on or before November 14, 2008 and annual

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exploration and development expenditure of \$363,471 each year thereafter over the remaining life of the mining claims.

The Company staked an additional 112 mining claims covering 262,139 acres effective June 23, 2007 and require that the Company incur exploration and development expenditures amounting to \$1,074,769 on or before June 23, 2009 and annual exploration and development expenditure of \$537,385 each year thereafter over the remaining life of the mining claims.

On February 20, 2009 Nunavut Impact Review Board denied approval of the Company's Garry Lake land use permit ("LUP") application based on the potential adverse environmental and socioeconomic impacts as a result of further exploration on the caribou migration and calving region of the northern Thelon Basin. As a precondition for determining approval of the Garry Lake LUP application the Company is required to complete an environmental impact statement over the region.

Without an approved LUP, which would allow the Company to access the Garry Lake claims to fulfill the Company's assessment work commitments, the Company requested relief from INAC under Section 81 of the Northwest Territories & Nunavut Mining Regulations ("NTNUMR") for the Garry Lake properties comprising 349 mining claims (163, 74 and 112 claims as described above). The application for relief under Section 81 is necessary to maintain the Garry Lake mining claims in good standing until such time as the Company can gain access to the land in the manner consistent with the NTNUMR requirements to conduct exploration work.

Section 81 relief was requested for annual expenditure requirements due in May 2008 for the 163 mining claims amounting to \$1,552,948, annual expenditures due in November 2008 for the 74 mining claims amounting to \$709,364 and for the annual expenditures due in June 2009 for the 112 claims amounting to \$1,074,769. The application for relief was requested for the time the Company is conducting an environmental assessment on the claims. The application for relief was approved by INAC during the year ended December 31, 2008 and the Company was granted an up to two-year extension on the annual expenditure requirements for 349 of the claims referenced above. In May 2010, a further two-year extension of the Section 81 relief was granted by INAC pursuant to the NTNUR. In May 2012, a further two-year extension of the Section 81 relief was requested by the Company. Results of the application are pending.

To December 31, 2012, the Company had incurred exploration and development expenditures on the 355 mineral claims amounting to \$3,426,842. Due to the on-going uncertainties relating to the granting on an approved land use permit and the uncertainty relating to the application to the request for further relief under Section 81, the Company has determined that the costs associated with the Garry Lake property are impaired, and has written off \$3,936,972 in costs relating to the property.



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d. Athabasca Properties

On December 12, 2009, the Company staked 4 claims covering 38,658 acres in the Athabasca Basin of northern Saskatchewan (the "Outer Ring Property"). The Outer Ring Property is owned 100% by the Company. The claims have a 20 year life from staking and will require that the Company incur exploration and development expenditures amounting to \$187,812 on or before the second anniversary of the claims being approved and an annual exploration and development expenditure of \$187,812 each year thereafter over the remaining life of the mining claims.

On August 11, 2010, the Company staked an additional 4 claims covering 45,542 acres in the Athabasca Basin of northern Saskatchewan (the "Johannsen Lake Property"). The Johannsen Lake Property is owned 100% by the Company. The claims have a 20 year life from staking and will require that the Company incur exploration and development expenditures amounting to \$221,256 on or before the second anniversary of the claims being approved and an annual exploration and development expenditure of \$221,256 each year thereafter over the remaining life of the mining claims.

On June 29, 2011, the Company staked an additional 5 claims covering 21,464 acres in the Athabasca Basin of northern Saskatchewan (the "Outer Ring Extension"). The Outer Ring Extension is owned 100% by the Company. The claims have a 20 year life from staking and will require that the Company incur exploration and development expenditures amounting to \$104,280 on or before the second anniversary of the claims being approved and an annual exploration and development expenditure of \$104,280 each year thereafter over the remaining life of the mining claims.

The Athabasca property also consists of claims in the various mineral dispositions making up the Poplar Point and Thluicho Lake uranium projects in the Athabasca Basin, Saskatchewan that were acquired from Cameco on March 22, 2011. These properties consist of 7 mineral claims covering 22,861 acres. The claims require annual exploration and development expenditure of \$115,608 each year thereafter over the remaining life of the mining claims. The Company currently has excess expenditures of \$69,878 remaining to the credit of the mineral dispositions that may be used towards future exploration and development work requirements.

During the year ended December 31, 2012, the Company determined that the Poplar Point and Thluicho Lake claims were not prospective and the costs associated with those projects, \$699,379, have been impaired.

e. Halliday/Stewardson Properties

The Halliday Lake and Stewardson Lake projects consist of 7 mineral claims comprising 29,470 acres in the Athabasca Basin of northern Saskatchewan. The claims have a 13 year remaining life and require annual exploration and development expenditure of \$353,640 each year thereafter over the remaining life of the mining claims. The Company currently has excess expenditures of \$251,740 remaining to the credit of the mineral dispositions that may be used towards future exploration and development work requirements.

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In April 2012, the Company entered into a term sheet memorandum for an option agreement with Cameco with respect to its Halliday Lake and Stewardson Lake uranium projects (the "Option"). Pursuant to the Option agreement between the Company and Cameco, the Company granted Cameco an exclusive and irrevocable option (the "First Option") to acquire a 51% interest in the Halliday and Stewardson properties as described above (the "Property") by incurring cumulative exploration expenditures in relation to the Property amounting to \$7,000,000 by the fourth anniversary of the effective date of the First Option. Conditional upon Cameco fulfilling the First Option, the Company granted Cameco a second option (the "Second Option") to acquire an additional 19% interest in the Property by incurring an additional \$15,000,000 in exploration expenditures in relation to the Property by the 4th anniversary of the effective date of the Second Option. The Option agreement was finalized during the three months ended June 30, 2012.

During the year ended December 31, 2012, the Company recovered \$1,533,612 from Cameco pursuant to the First Option.

f. Math Project

On February 3, 2011, the Company and ESO Uranium Corporation ("ESO") entered into an option to purchase agreement (the "Option") whereby ESO granted the Company an exclusive Option to acquire 100% interest in their Mathison Lake mining claims (the "MATH project") in the Athabasca Basin, Northern Saskatchewan. The MATH project totals 20,059 acres and adjoins the Company's Outer Ring project. The Option is exercisable by the Company over a three year term conditional on:

- The Company making a one-time cash payment to ESO amounting to \$25,000;
- The Company issuing an aggregate of 1,000,000 common shares to ESO, in four tranches of 250,000 Common Shares over three years; and
- The Company incurring an aggregate exploration expenditure on the MATH project of not less than \$200,000.

Subject to the Company fulfilling the terms of the Option, as described above, the Company will acquire 100% interest in the MATH project and ESO will retain a 2% uranium royalty, a 2% net smelter royalty on other non-uranium mineral products and a 5% diamond royalty.

During the year ended December 31, 2011 the Company made the cash payment and issued 250,000 common shares to ESO in accordance with the Option agreement with a fair value of \$0.35 per share or \$87,500. In February 2012, the Company granted an additional 250,000 common shares in accordance with the option agreement with a fair value of \$0.19 per share, based on the weighted average trade price of the Company's common shares prior to issuance, or \$47,500.

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**12. ACCOUNTS RECEIVABLE**

	<b>2012</b>	<b>2011</b>
Trade receivables	\$ 64,624	\$ 539
GST recoverable	<u>3,793</u>	<u>37,823</u>
	<u>\$ 68,417</u>	<u>\$ 38,362</u>

**13. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT**

The Company's portfolio of marketable securities and cash and cash equivalents are classified as fair value through profit or loss. The Company's portfolio of marketable securities and cash and cash equivalents are carried at fair value on the statement of financial position. The Company designated its accounts receivable and deposits as loans and other receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

The Company is exposed in varying degrees to a variety of financial risks from its use of financial instruments: credit risk, liquidity risk and market risk. The source of risk exposure and how each is managed is outlined below.

***Credit Risk***

The Company is exposed to credit risk on its cash and cash equivalents, accounts receivable and deposits. At December 31, 2012, the maximum exposure to credit risk, as represented by the carrying amount of the financial assets, was:

Cash and cash equivalents	\$ 1,052,453
Accounts receivable, excluding GST recoverable	64,624
Deposits	<u>19,000</u>
	<u>\$ 1,136,077</u>

Accounts receivable is comprised of both trade and non-trade accounts. Trade accounts receivable are recognized initially at fair value and subsequently measured at amortized cost less allowance for doubtful accounts. An allowance for doubtful accounts is established when there is a reasonable expectation that the Company will not be able to collect all amounts due according to the original terms of the receivables. The Company's invoices are due when rendered. The carrying amount of the trade accounts receivable is reduced through the use of the allowance account, and the amount of any increase in the allowance is recognized in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the statement of loss and comprehensive loss.

Trade accounts receivable of \$64,624 (December 31, 2011 - \$539) relate to amounts due on the recovery of certain costs under the Cameco joint venture agreement. Non-trade

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accounts receivable relate to GST recoverable from the government of Canada. Deposits consist of assessment work prepayments made with the department of Indian and Northern Affairs Canada.

The Company does not hold any collateral as security. As at December 31, 2012, the Company did not have any past due or impaired accounts receivable.

***Liquidity Risk***

Liquidity risk arises from our general funding needs and in the management of the Company's assets, liabilities and mineral property expenditure requirements. The Company manages its liquidity risk to maintain sufficient liquid financial resources meet its commitments and obligations as they come due in a cost-effective manner. In managing its liquidity risk, the Company has access to its cash and equivalents and to the Company's portfolio of marketable securities.

All of the Company's financial liabilities, being the balance of accounts payable and accrued liabilities, are due within the current year. The Company expects to continue to repay all of its financial liabilities as they become due. The Company does not have any contractual financial liabilities with payments required beyond the current year apart from those disclosed in Note 11 and 21.

***Market Risks***

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. The significant market risks to which the Company is exposed are foreign currency exchange risk, interest rate risk and other price risk (related to equity securities). The objective of market risk management is to manage and control risk exposure within acceptable limits to maximize returns.

***Interest Rate Risk***

With respect to cash and cash equivalents, the Company's primary objective is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving an acceptable return.

Management believes the interest rate risk relating to the Company's investments in interest bearing securities at December 31, 2012 is negligible.

***Other Price Risk***

The Company is also exposed to equity securities price risk because of its exchange-traded FVTPL marketable securities. These investments are held with the objective of generating a profit from short term fluctuations in the market prices of the securities.

The following table shows the Company's exposure to price risk and the after-tax effects on net income of reasonably possible changes in the relevant securities prices. This analysis assumes all other variables remain constant.

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	Carrying Amount of Asset at December 31, 2012	Price Risk	
		Net income effect of 10% decrease in prices	10% increase in prices
Held-for-trading marketable securities	<u>\$ 189,780</u>	<u>\$ (16,606)</u>	<u>\$ 16,606</u>

The sensitivity analyses included in the table above should be used with caution as the changes are hypothetical and are not predictive of future performance. The above sensitivities are calculated with reference to period-end balances and will change due to fluctuations in the balances throughout the year. In addition, for the purpose of the sensitivity analyses, the effect of a variation in a particular assumption on the fair value of the financial instrument was calculated independently of any change in another assumption. Actual changes in one factor may contribute to changes in another factor, which may magnify or counteract the effect on the fair value of the financial instrument.

***Fair Value***

The fair value of marketable securities which are investments in equity securities and other investments designated as fair value through profit or loss, is based on the closing price of the securities as of the balance sheet date. The fair values of accounts receivable, deposits, and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

Financial assets are recognized initially at fair value, normally being the transaction price plus, other than for FVTPL assets, directly attributable transaction costs.

Regular way purchases and sales of financial assets are recognized on the settlement date, the date on which the Company receives or delivers the asset.

**14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2012	2011
Trade payables	\$ 159,222	\$ 126,375
Other accruals	<u>37,000</u>	<u>85,200</u>
	<u>\$ 196,222</u>	<u>\$ 211,575</u>

**15. DECOMMISSIONING LIABILITIES**

The Directors have considered the need for any necessary provision for the cost of rectifying any environmental damage, as might be required under local legislation and the Company's land claim obligations. In their view, no provision is necessary at December 31, 2012 or prior years, for any future costs of decommissioning or any environmental damage.

**Uravan Minerals Inc.**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2012 and 2011**

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**16. DEFERRED TAXES**

	2012	2011
Temporary differences related to marketable securities	\$ 20,418	\$ 81,809
Temporary differences related to exploration and evaluation assets	320,560	(843,206)
Loss carryforwards	867,461	787,274
Share issue costs	27,688	40,320
Deferred tax benefit not recognized	<u>(1,236,127)</u>	<u>(573,804)</u>
	<u>\$ -</u>	<u>\$ (507,607)</u>

As at December 31, 2012, the Company has approximately \$1,170,000 of non-capital losses available to offset future income taxes. Of the non-capital losses, approximately \$367,000 was incurred in 2009 and expires in 2029, \$447,000 was incurred in 2010 and expires in 2030, \$348,000 was incurred in 2011 and expires in 2031 and \$8,000 was incurred in 2012 and expires in 2032.

In addition, the Company has approximately \$3,421,000 of Federal and \$6,368,000 of Provincial capital losses carried forward available to offset future capital gains for which no deferred tax asset has been recognized. These losses do not expire.

**17. SHARE CAPITAL AND OPTIONS**

- a. Authorized - Unlimited number of Class A Common shares
- b. On September 28, 2011, the Company closed a non-brokered private placement by issuing 3,100,066 units at a price of \$0.15 per unit for gross proceeds of \$465,010. Each unit consisted of one common share issued on a flow through basis and one non-flow-through share purchase warrant ("Warrant") see note 17(c). The required flow-through expenditures were made during the year ended December 31, 2011.

A flow-through share premium of \$0.05 per unit, or \$155,000 was recognized on issuance of the units as the unit price exceeded the market value of the common shares on the date of issuance. The flow through share premium was amortized through income tax expense during the year ended December 31, 2011.

Of the total proceeds received, \$40,301 was assigned to the Warrants based on the relative fair values of the shares and the Warrants at the date of issue. Share issue costs of \$56,266 were incurred, consisting of cash issue costs of \$48,479 and \$7,787 attributed to the 194,667 broker options granted, which was credited to share based payments reserve. The share issue costs were allocated \$48,951 to the common shares and \$7,315 to the Warrant.

The fair value of the warrants was determined using a binomial option pricing model with a risk free rate of 0.95%, an expected life of two years, a volatility of 110% and a dividend yield of 0%. The fair value of the warrants was determined to be \$0.04 per warrant.

**Uravan Minerals Inc.**  
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c. Warrants

As at December 31, 2012, the Company has 3,294,732 Warrants outstanding (2011-6,866,733).

On exercise of the broker options in 2012, the Company granted 194,666 warrants that entitle the holder to acquire one common share of the Company at a price of \$0.25 expiring in September 2013.

The 3,100,066 Warrants granted in 2011 will expire on September 28, 2013 and will entitle the holder to acquire one common share of the Company at a price of \$0.20 per share for the first year following the closing date and \$0.25 per share for the period beginning 12 months from the closing date until 24 months from the closing date of the unit offering described in note 17(b).

The 3,766,667 Warrants granted in 2010 expired on December 6, 2012 and entitled the holder to acquire one common share of the Company at a price of \$0.45 per share for the first year following the closing date and \$0.55 per share for the period beginning 12 months from the closing date until 24 months from the closing date of the unit offering completed in 2010.

d. Stock option summary

- i. A summary of the status of the Company's outstanding stock options as at December 31, 2012 and 2011 and the changes during the years then ending is as follows:

	2012		2011			
	Number Outstanding and Exercisable	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
Beginning of year	3,111,333	\$ 0.26	2,715,000	\$ 0.45	2,013,333	\$ 0.54
Exercised	(194,666)	0.15	(8,333)	0.16	(8,333)	0.16
Forfeited	(715,000)	0.25	(725,000)	0.17	(608,333)	0.54
Expired	(600,000)	0.39	(800,000)	0.62	(800,000)	0.62
Granted/vested	740,000	0.16	1,929,666	0.21	2,514,666	0.21
End of year	<u>2,341,667</u>	<u>\$ 0.21</u>	<u>3,111,333</u>	<u>\$ 0.26</u>	<u>3,111,333</u>	<u>\$ 0.26</u>
Outstanding and exercisable stock options consist of:						
Broker options	-	\$ -	634,666	\$ 0.25	634,666	\$ 0.25
Share option plan grants	<u>2,341,667</u>	<u>\$ 0.21</u>	<u>2,476,667</u>	<u>\$ 0.33</u>	<u>2,476,667</u>	<u>\$ 0.33</u>

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- ii. The following table summarizes information about the common share stock options issued and outstanding as at December 31, 2012:

Exercise Price	Number Outstanding and Exercisable	Weighted Average Remaining Contractual Life (Years)
\$ 0.16	876,667	3.87
\$ 0.21	550,000	3.55
\$ 0.22	800,000	3.40
\$ 0.36	10,000	3.02
\$ 0.60	105,000	0.30
	<u>2,341,667</u>	<u>3.47</u>

#### **18. SHARE BASED PAYMENTS**

On May 22, 2012, the Company granted 740,000 common share options pursuant to its common share option plan. The stock options granted had an exercise price of \$0.16, term of five years to expiry and vested on issuance. The fair value of the options was determined using a Black-Scholes option pricing model with a risk free rate of 1.43%, an expected life of five years, a volatility of 135%, 0% forfeiture rate and a 0% dividend yield. The fair value of the options was \$0.14 per option.

On January 6, 2011 the Company issued 10,000 stock options under the terms of its common share stock option plan. The stock options granted had an exercise price of \$0.36, term of five years to expiry and vest as to 1/3 on the first anniversary of grant, 1/3 on the second anniversary of grant and 1/3 on the third anniversary of grant. The fair value the options was determined using a Black-Scholes option pricing model with a risk free rate of 2.5%, an expected life of five years, a volatility of 120% and a 0% dividend yield. The fair value of the options was \$0.30 per option.

On May 26, 2011 the Company issued 1,025,000 stock options under the terms of its common share stock option plan. The stock options granted had an exercise price of \$0.22, term of five years to expiry and vested on issuance. The fair value of the options was determined using a Black-Scholes option pricing model with a risk free rate of 2.3%, an expected life of five years, a volatility of 120% and a 0% dividend yield. The fair value of the options was \$0.18 per option.

On June 28, 2011, the Company modified the terms of the options granted under the terms of its share option plan. The vesting terms of the existing options were modified such that all outstanding options became immediately exercisable. All unamortized stock based compensation was expensed in the year ended December 31, 2011.

On July 18, 2011 the Company issued 700,000 stock options under the terms of its common share stock option plan. The stock options granted had an exercise price of \$0.21, term of five years to expiry and vested on issuance. The fair values the options was determined using a



**Uravan Minerals Inc.**  
**Notes to Financial Statements**  
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Black-Scholes option pricing model with a risk free rate of 2.1%, an expected life of five years, a volatility of 120% and a 0% dividend yield. The fair value of the options was \$0.17 per option.

## **19. CAPITAL MANAGEMENT**

The Company manages its capital to ensure that it will be able fund its exploration programs and to continue as a going concern while maximizing the return to stakeholders through the optimization of debt and equity balances. The Company is currently entirely equity financed.

In the management of capital, the Company includes the components of shareholders' equity as well as the cash and cash equivalents and marketable securities. The Company's definition of capital may differ from other companies' definitions of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, enter into joint venture or earn-in agreements on its wholly-owned properties, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and marketable securities.

In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are reviewed by the Company's Board of Directors.

The Company's investment policy for its cash and cash equivalents is to invest its cash in highly liquid, lower risk short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company's investment policy for its marketable securities is to invest in liquid equity securities traded on major North American exchanges, in which the Company believes that there is potential to profit from short-term fluctuations in market prices. The composition of the Company's portfolio of marketable securities is monitored by the Board of Directors on a quarterly basis.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current and subsequent reporting periods.

The Company does not have any borrowings or other financial instruments with covenants attached or other externally imposed restrictions.

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**20. RELATED PARTIES**

Payments made to officers and directors of the Company during the year ended December 31, 2012 and 2011 for employment and the provision of consultancy services were as follows:

Director	Consulting fees included in 2012:			Consulting fees included in 2011:		
	Exploration & Evaluation Asset	General and Administrative Expenses	Share Based Payments	Exploration & Evaluation Asset	General and Administrative Expenses	Share Based Payments
Mr. Larry Lahusen	\$ 100,800	\$ 26,400	\$ 14,000	\$ 69,600	\$ 51,600	\$ 109,217
Mr. Paul Stacey	66,750	250	25,200	-	-	-
Ms. Torrie Chartier	-	2,000	7,000	-	-	35,500
Mr. Phillip Mudry	-	-	25,200	-	-	-
Dr. Larry Hulbert	-	-	4,900	-	-	36,173
Mr. Mike Lavery	-	3,055	-	-	8,000	51,217
Mr. Chris Pettman	-	-	-	85,716	744	51,695
Mr. Ted Renner	-	-	-	-	-	2,217
Mr. William Grafham	-	-	-	-	-	2,217
Mr. Bob Drury	-	-	-	-	-	2,217
	<u>\$ 167,550</u>	<u>\$ 31,705</u>	<u>\$ 76,300</u>	<u>\$ 155,316</u>	<u>\$ 60,344</u>	<u>\$ 290,453</u>

Of these amounts, \$119,500 (2011 - \$27,300) is included in accounts payable and accrued liabilities at December 31, 2012. The payments detailed above represent all amounts paid to officers and directors as executive compensation.

**21. COMMITMENTS**

In addition to the mineral property exploration and development expenditures required as described in note 11, the Company has entered into a lease for office space requiring minimum annual lease payments, including estimated occupancy costs, of \$22,800 until expiry on October 31, 2012.

On September 1, 2010, the Company executed a collaborative applied research grant with the Queen's Facility for Isotope Research ("QFIR") at Queen's University, Ontario (the "Research Grant"). The Research Grant is payable by the Company to QFIR amounting to \$100,000 annually for a term of three years. The funds contributed by the Company to QFIR are for direct support for the QFIR research group and consumables used in specialized analyses provided by QFIR for isotope research in support of specific Company-QFIR research projects. The Research Agreement was finalized on March 2, 2011 and the first payment was made for services provided during the year. The Company applied for and received approval on January 24, 2011 for a grant from Natural Sciences and Engineering Research Council of Canada for a matching grant to be paid directly to Queen's University with respect to the Research Grant.

**22. RECLASSIFICATION OF PRIOR PERIODS**

Certain amounts in the prior period have been reclassified to be consistent with the current presentation.

**Uravan Minerals Inc.**  
**Schedule One – Exploration and Evaluation Assets**

	December 31, 2012	Net Additions	December 31, 2011	Net Additions	December 31, 2010
<b>Rottenstone project</b>					
Property acquisition costs	\$ 140,082	\$ -	\$ 140,082	\$ -	\$ 140,082
Geological and consulting	1,545,254	1,472	1,543,782	2,740	1,541,042
Drilling	479,751	-	479,751	-	479,751
Government assistance	(112,927)	-	(112,927)	-	(112,927)
	<u>2,052,160</u>	<u>1,472</u>	<u>2,050,688</u>	<u>2,740</u>	<u>2,047,948</u>
<b>Boomerang project</b>					
Property acquisition costs	386,161	-	386,161	-	386,161
Geological and consulting	8,257,321	-	8,257,321	703	8,256,618
Recovery on earn-in agreement	(7,235,063)	-	(7,235,063)	-	(7,235,063)
	<u>1,408,419</u>	<u>-</u>	<u>1,408,419</u>	<u>703</u>	<u>1,407,716</u>
Less: costs transferred to Athabasca	(1,408,419)	-	(1,408,419)	(1,408,419)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,407,716)</u>	<u>1,407,716</u>
<b>Garry Lake project</b>					
Property acquisition costs	510,130	-	510,130	-	510,130
Geological and consulting	3,426,842	(26,693)	3,453,535	(300,396)	3,753,931
Impairment of costs	(3,936,972)	(3,936,972)	-	-	-
	<u>-</u>	<u>(3,963,665)</u>	<u>3,963,665</u>	<u>(300,396)</u>	<u>4,264,061</u>
<b>Athabasca projects</b>					
Property acquisition costs	763,992	-	763,992	703,616	60,376
Geological and consulting	2,702,994	65,445	2,637,549	1,981,812	655,737
Impairment of costs	(699,379)	(699,379)	-	-	-
	<u>2,767,607</u>	<u>(633,934)</u>	<u>3,401,541</u>	<u>2,685,428</u>	<u>716,113</u>
<b>Halliday/Stewardson projects</b>					
Property acquisition costs	714,391	-	714,391	714,391	-
Geological and consulting	2,323,843	1,699,371	624,472	624,472	-
Recovery on earn-in agreement	(1,533,612)	(1,533,612)	-	-	-
	<u>1,504,622</u>	<u>165,759</u>	<u>1,338,863</u>	<u>1,338,863</u>	<u>-</u>
<b>Math option</b>					
Property acquisition costs	162,025	47,500	114,525	114,525	-
Geological and consulting	645,987	47,641	598,346	598,346	-
	<u>808,012</u>	<u>95,141</u>	<u>712,871</u>	<u>712,871</u>	<u>-</u>
Total exploration and evaluation assets	<u>\$ 7,132,401</u>	<u>\$ (4,335,227)</u>	<u>\$ 11,467,628</u>	<u>\$ 3,031,790</u>	<u>\$ 8,435,838</u>