

# **Northern Uranium Corp.**

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

The following information, prepared as of November 26, 2014 should be read in conjunction with the unaudited condensed interim financial statements of Northern Uranium Corp. (the "Company", formerly MPVC Inc.) for the nine months ended September 30, 2014, as well as the audited financial statements for the year ended December 31, 2013 and the related management's discussion and analysis (the "Annual MD&A"). The unaudited condensed interim financial statements for the nine months ended September 30, 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

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

Additional information related to the Company, including its final prospectus is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Going Concern of Operations***

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

### ***Forward-Looking Statements***

The statements made in this MD&A that are not historical facts and contain forward-looking information that involves risks and uncertainties. All statements, other than statements of historical facts, which address the Company's expectations, should be considered forward looking statements. Such statements made by the Company are based on current expectations, factors and assumptions and reflect our expectations as at November 26, 2014. Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

### ***Overview of the Company***

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

## ***Overall Performance***

As at September 30, 2014, the Company has incurred cumulative losses of \$6,101,055 (December 31, 2013 - \$3,409,500) and has working capital surplus of \$610,260 (December 31, 2013 – deficit of \$124,606). Operating activities during the nine month period ended September 30, 2014 produced a positive cash flow of \$794,224 (2013 – \$68,588).

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

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

## ***Selected Annual Information***

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

	Year Ended December 31, 2013	Year Ended December 31, 2012
Total revenues	\$ -	\$ -
Loss before other items	641,002	77,877
Loss for the year	641,002	77,877
Basic and diluted loss per share	0.05	0.03
Total assets	67,768	27,948

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

## ***Results of Operations***

### **For the nine month period ended September 30, 2014**

During the nine month period ended September 30, 2014, the Company incurred a net operating loss of \$2,691,555 or \$0.06 per share (nine month period ended September 30, 2013 – loss of \$418,113 or \$0.11 per share). During the period, the Company expensed \$2,189,900 in exploration expenditures for the project. The Company spent \$35,000 on consulting fees, \$71,782 in professional fees, \$99,816 in office and administrative expenses and \$28,788 in transfer agent and filing fees. The Company also granted stock based compensation totaling \$365,500 to members of the board, management and an investor relations firm.

## Summary of Quarterly Results

	Three Months Ended September 30, 2014		Three Months Ended June 30, 2014		Three Months Ended March 31, 2014		Three Months December 31, 2013	
Total revenues	\$	-	\$	-	\$	-	\$	-
Loss before other items		537,534		1,622,517		531,491		213,889
Loss for the period		537,534		1,622,530		531,491		213,889
Basic and diluted loss per share		0.01		0.04		0.03		0.02

  

	Three Months Ended September 30, 2013		Three Months Ended June 30, 2013		Three Months Ended March 31, 2013		Three Months Ended December 31, 2012	
Total revenues	\$	-	\$	-	\$	-	\$	-
Loss before other items		389,541		20,927		16,645		2,428
Loss for the period		389,541		20,927		16,645		2,428
Basic and diluted loss per share		0.02		0.00		0.00		0.00

### *Financing Activities*

On March 25, 2014, the Company completed a non-brokered private placement of units, raising gross proceeds of \$1,172,200 and a non-brokered private placement of flow-through common shares, raising gross proceeds of \$1,090,000. Both offerings were priced at \$0.10 per share with the unit offering also containing a warrant. Each full warrant allows the holder to acquire an additional common share by paying \$0.15 anytime during the 24 months following closing.

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

In August and September, 2014, the Company completed the first and second tranches of a non-brokered private placement. On August 7, 2014, the Company issued 5,000,000 flow-through shares at a price of \$0.10 per share for gross proceeds of \$500,000, and 1,000,000 non-flow through units at \$0.10 per share for gross proceeds of \$100,000. Each unit is comprised of a share and one half of a two year warrant at \$0.15. In connection with the issuance of the units, the Company paid finder's fees of \$8,000 and issued 80,000 finder's warrants; the finder's warrants have the same terms as the warrants forming part of the units. On September 9, 2014, the Company closed the second and final tranche of the private placement and issued 5,000,000 flow-through shares at a price of \$0.10 per share for gross proceeds of \$500,000; the Company also received gross proceeds of \$20,000 through the issuance of 200,000 non-flow through units at a price of \$0.15 per unit. Each unit is comprised of a share and one half of a two year warrant at \$0.15. In connection with the issuance of the flow through shares, the Company paid finder's fees of \$40,000 and issued 400,000 finder's warrants; the finder's warrants have the same terms as the warrants forming part of the units. Total share issuance costs related to the private placement was \$9,129.

## *Liquidity and Capital Resources*

As at September 30, 2014 the Company had cash and cash equivalents of \$807,546, of which \$544,189 is restricted for exploration and development expenditures and \$2,775 represents fund held in trust by the Company's legal counsel relating to the private placements.

### Off-balance sheet arrangements

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

### Financial instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, and accounts payable and accrued liabilities. Cash and cash equivalents consists of cash. The Company has no asset backed commercial paper. Cash and cash equivalents, receivables and accounts payable and accrued liabilities are measured at their amortized cost which approximates their fair value due to their short-term nature. The Company classifies fair values of financial instruments within a three-level hierarchy that prioritizes the inputs to fair value measurement and reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. As at September 30, 2014, the Company had no financial instruments measured at fair value and requiring classification in the hierarchy.

### Changes in accounting policies including initial adoption

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

- (i) IFRS 9 – *Financial Instruments* ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 – *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that 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, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

### Critical accounting estimates

The accounting estimate considered to be significant to the Company is the computation of share-based payments expense. The Company uses the fair-value method of accounting for share-based payments related to incentive stock options awards granted, modified or settled. Under this method, compensation

cost attributable to options granted is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. In determining the fair value, the Company makes estimates of the expected volatility of the stock as well as an estimated discount rate. Changes to these estimates could result in the fair value of the share-based payments being less than or greater than the amount recorded. During the quarter the Company did not record any share-based payments expense.

Transactions with related parties

As at September 30, 2014 the Company had no subsidiaries.

The Company's related parties consist of directors and officers or companies associated with them. Other than as outlined below the Company incurred no transactions with related parties during the period ended September 30, 2014.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Geological consulting fees	\$ 65,097	\$ -	\$ 206,323	\$ -
Management and consulting fees	-	-	13,700	-
Shared field expenditures	219,263	-	1,381,849	-
Shared office and administrative costs	14,611	-	41,002	-
Property acquisitions costs	-	-	50,000	-
Licencing costs	-	-	100,000	-
	<b>\$ 298,971</b>	<b>\$ -</b>	<b>\$ 1,792,874</b>	<b>\$ -</b>

  

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Cantex Mine Development Corp.	\$ 11,042	\$ -	\$ 11,142	\$ -
Element 29 Ventures Ltd.	59,037	-	629,584	-
Kel-Ex Development Ltd.	198,400	-	801,300	-
Metalex Ventures Ltd.	30,492	-	334,398	-
W.G. McDowall	-	-	2,750	-
Chad Ulansky	-	-	13,700	-
	<b>\$ 298,971</b>	<b>\$ -</b>	<b>\$ 1,792,874</b>	<b>\$ -</b>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Shared field expenditures	\$ 3,635	\$ -	\$ 3,635	\$ -
Shared office and administrative costs	5,083	-	5,083	-
	<b>\$ 8,718</b>	<b>\$ -</b>	<b>\$ 8,718</b>	<b>\$ -</b>

  

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Cantex Mine Development Corp.	\$ 3,816	\$ -	\$ 3,816	\$ -
Kel-Ex Development Ltd.	4,510	-	4,510	-
Metalex Ventures Ltd.	392	-	392	-
	<b>\$ 8,718</b>	<b>\$ -</b>	<b>\$ 8,718</b>	<b>\$ -</b>

Key management includes the Chief Executive Officer and the Chief Financial Officer. The Company has paid the following remuneration to its directors and officers during the period:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Share-based compensation <sup>(1)</sup>	\$ 2,100	\$ -	\$ 302,800	\$ -
Wages and benefits <sup>(2)</sup>	64,402	-	209,012	-
	<b>\$ 66,502</b>	<b>\$ -</b>	<b>\$ 511,812</b>	<b>\$ -</b>

(1) Share-based compensation is the fair value of options granted to directors and management personnel.

(2) Wages and benefits includes amounts paid or accrued for geological consulting fees, management consulting fees and payroll costs due to related parties.

### Outstanding share data

As at September 30, 2014, the Company had 56,159,016 common shares issued and outstanding and 15,072,000 common share purchase warrants allowing for the purchase of 1,000,000 common shares at \$0.10 per share and 14,072,000 common shares at \$0.15 per share.

There has been no increase in these figures to November 26, 2014.

There are 4,300,000 outstanding stock options, with an exercise price of \$0.15 as at September 30, 2014. Of these, 300,000 options were issued to the Company's investor relations firm and expire April 12, 2014; the remaining 4,000,000 options were issued to management and members of the board and expire May 13, 2024 and September 22, 2024, respectively.

### Mineral Exploration Property

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

Under the terms of the Option Agreement, the Company can earn up to 80% interest in the Property by carrying out a three-stage \$11.6 million exploration program. The first stage allows the Company to obtain a 50% interest by making non-refundable cash deposits totalling of \$85,000 and by issuing 2,250,000 common shares at a deemed price of \$0.10 per share, 1,000,000 common share purchase warrants with an exercise price of \$0.10 for a term of two years and 1,250,000 common share purchase warrants with an exercise price of \$0.15 for a term of two years, on or before March 21, 2014. An additional \$50,000 was incurred to extend the terms of the original agreement. The Company must incur \$600,000 in exploration expenditures on or before March 31, 2014 and an additional 2,250,000 common shares are to be issued at a deemed price in accordance with TSX Venture Exchange pricing policies, on or before June 1, 2014. A further \$2,600,000 in exploration expenditures must be incurred by the Company on or before December 31, 2014.

To the date of these financial statements, it is the belief of the Company that we have met the 50% earn-in agreement milestone and that we have spent the required funds on the Northern Manitoba project. CanAlaska is currently reviewing the information that we have provided; they have not yet confirmed that we have met this milestone.

Upon the Company having earned the 50% interest, it has the right to a 70% option. In order to exercise the 70% option, the Company must incur a further \$2.8 million in expenditures on the property within a two year period and by issuing an additional 2,500,000 common shares and 1,250,000 purchase warrants, which shall be exercisable into one common shares for a period of two years from the date of issue of the warrants at an exercise price per common share that is equal to the market price of the Company's shares on the date immediately preceding the date of issuance of such warrants. The Company may elect, prior to the end of the two year period, to pay Canalaska a cash fee of \$50,000 for each incremental year of such extension.

Upon the Company having earned the 70% interest, it has the right to a 80% option. In order to exercise the 80% option, the Company must incur a further \$5.6 million in expenditures on the property within a two year period and by issuing an additional 5,000,000 common shares and 2,500,000 purchase warrants, which shall be exercisable into one common shares for a period of three years from the date of issue of the warrants at an exercise price per common share that is equal to the market price of the Company's shares on the date immediately preceding the date of issuance of such warrants. The Company may elect, prior to the end of the two year period, to pay Canalaska a cash fee of \$50,000 for each incremental year of such extension.

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

- Long linear trends, with strike lengths in some cases over 4km and approximately 100 to 200 meters wide. These anomalies appear to be conformable to the other geophysical anomalies, such as the VTEM and aeromagnetic data.
- Areas (approximately 400 by 800 meters) of significantly elevated radon flux (in excess of three times background). A number of these are coincident with known gravity lows and resistivity lows previously identified at Maguire Lake. The largest anomalous zone outlined is located on the southeast shore of Maguire lake in an area previously not known to be mineralized. Values in this new zone are typically 3 to 4 times background with a high of 1484 T/mm<sup>2</sup>. (10 times background).
- Islands within Maguire Lake; one island in particular appears to exhibit noticeable elevated radon levels and this island has numerous mineralised boulders (up to 66% U<sub>3</sub>O<sub>8</sub>) on it as well as radioactive outcrops (up to 9.5% U<sub>3</sub>O<sub>8</sub>). Such mineralised outcrops are evident on two of the larger islands and both of these islands have elevated radon values.

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

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

On May 14th the Company announced the completion of a ground gravity survey which was designed to connect previous ground gravity blocks collected in 2012. With the lake ice rapidly thinning a brief drilling

program was undertaken, with one hole completed to bedrock. Though significant uranium contents were not intersected prospective geology was encountered.

At the end of August another drill program was announced. Subsequent to the end of the quarter it was announced on November 21, 2014 that samples from the first hole to intersect bedrock determined that there was an increase in Uranium 232, 234, 235, 238 as well as Lead 210 and Bismuth 214 isotopes at the till-bedrock contact. Uranium 234 and 238 as well as Lead 210 are mobile and therefore could have travelled up structural zones from an uranium source detected by the gravity low and elevated radon values in a favourable semi-pelite bedrock source. At the time of writing this drill program continues.

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

#### *Risks and uncertainties*

There are a number of risk factors that should be considered when investing in a junior TSX Venture listed resource company. Our risk factors remain unchanged from those disclosed in our annual MD&A.