



NORTHERN URANIUM CORP

(formerly MPVC Inc.)

FINANCIAL STATEMENTS

Expressed in Canadian dollars

December 31, 2014

Northern Uranium Corp. (formerly MPVC Inc.)

December 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Northern Uranium Corp.

We have audited the accompanying financial statements of Northern Uranium Corp., which comprise the statement of financial position as at December 31, 2014 and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 is 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 the audit to obtain reasonable assurance about whether the financial statements are free from 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 error. In making those risk assessments, the auditors consider 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 that 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 Northern Uranium Corp. as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Northern Uranium Corp.'s ability to continue as a going concern.

Other Matters

The financial statements of Northern Uranium Corp. for the year ended December 31, 2013 were audited by another auditor who expressed an unmodified opinion on those statements on April 24, 2014.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

April 24, 2015

Northern Uranium Corp. (formerly MPVC Inc.)

Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2014	December 31, 2013
Assets			
Current assets			
Cash		\$ 756,913	\$ 13,322
Receivables		37,052	19,421
Deposits and prepaid expenses		74,041	-
		<u>868,006</u>	<u>32,743</u>
Non-current assets			
Exploration and evaluation assets	4	937,500	35,025
Total Assets		<u>\$ 1,805,506</u>	<u>\$ 67,768</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	\$ 703,600	\$ 157,349
		<u>703,600</u>	<u>157,349</u>
Shareholders' Equity (Deficiency)			
Share capital	7	7,306,174	2,991,383
Reserves	7	1,055,411	328,536
Deficit		(7,259,679)	(3,409,500)
		<u>1,101,906</u>	<u>(89,581)</u>
Total Liabilities and Shareholders' Equity (Deficiency)		<u>\$ 1,805,506</u>	<u>\$ 67,768</u>

Nature and continuance of operations (Note 1)

Commitments (Note 8)

Approved by the Board of Directors:

"Chad Ulansky"

Chad Ulansky

"Lorie Waisberg"

Lorie Waisberg

See accompanying notes to financial statements.

Northern Uranium Corp. (formerly MPVC Inc.)

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

		Years Ended	
	Note	December 31, 2014	December 31, 2013
Expenses			
Consulting		\$ 35,000	\$ 41,670
Exploration expenditures	5	3,092,975	350,340
Management fees	7(d)	10,000	-
Office and administrative		124,432	58,558
Professional fees (recovery)		(4,422)	154,899
Share-based compensation	7(e)	554,500	-
Transfer agent and filings fees		39,427	35,535
Loss before other items		3,851,912	641,002
Other items			
Interest income		1,733	-
Loss and comprehensive loss for the year		\$ 3,850,179	\$ 641,002
Basic and diluted loss per share		\$ 0.09	\$ 0.05
Weighted average number of shares outstanding		42,692,413	12,414,507

See accompanying notes to financial statements.

Northern Uranium Corp. (formerly MPVC Inc.)

Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

	Note	Number of Common Shares	Share capital	Reserves	Deficit	Total
Balance as at December 31, 2012		2,375,843	\$ 2,395,645	\$ 197,911	\$ (2,768,498)	\$ (174,942)
Share issuance		10,450,000	522,500	-	-	522,500
Share issuance costs		-	(44,196)	-	-	(44,196)
Share issuance for debt		4,961,173	248,059	-	-	248,059
Reserve on the issuance of warrants		-	(130,625)	130,625	-	-
Loss for the year		-	-	-	(641,002)	(641,002)
Balance as at December 31, 2013		17,787,016	2,991,383	328,536	(3,409,500)	(89,581)
Share issuance	7(b)(i)	44,572,000	3,919,700	-	-	3,919,700
Share issuance costs		-	(358,034)	68,000	-	(290,034)
Shares and warrants issued as part of earn-in agreement	7(b)(ii)	7,000,000	617,500	235,000	-	852,500
Warrants expired during the year		-	130,000	(130,000)	-	-
Warrants exercised for shares		50,000	5,625	(625)	-	5,000
Share-based compensation		-	-	554,500	-	554,500
Loss for the year		-	-	-	(3,850,179)	(3,850,179)
Balance as at December 31, 2014		69,409,016	\$ 7,306,174	\$ 1,055,411	\$ (7,259,679)	\$ 1,101,906

See accompanying notes to financial statements.

Northern Uranium Corp. (formerly MPVC Inc.)

Statements of Cash Flows

(Expressed in Canadian Dollars)

	Note	Years Ended	
		December 31, 2014	December 31, 2013
Operating activities			
Loss for the period		\$ (3,850,179)	\$ (641,002)
Items not affecting cash:			
Share-based compensation		554,500	-
		(3,295,679)	(641,002)
Net changes in non-cash working capital items:			
Increase in receivables		(17,631)	(19,421)
(Increase) decrease in prepaid expenses		(74,041)	12,000
Increase in accounts payable and accrued liabilities		539,735	101,004
Net cash used for operating activities		(2,847,616)	(547,419)
Investing activities			
Acquisition of mineral property interest		(49,975)	(35,025)
Net cash used for investing activities		(49,975)	(35,025)
Financing activities			
Issuance of share capital		3,924,700	478,304
Issuance cost		(283,518)	-
Advance received from shareholder		-	115,772
Repayment of shareholder loan		-	(14,258)
Net cash provided by financing activities		3,641,182	579,818
Net increase (decrease) in cash		743,591	(2,626)
Cash, beginning of the year		13,322	15,948
Cash, end of the year		\$ 756,913	\$ 13,322
Cash paid for interest during the year		\$ -	\$ -
Cash paid for taxes during the year		\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 13)

See accompanying notes to financial statements.

Northern Uranium Corp. (formerly MPVC Inc.)

Notes to the Financial Statements

December 31, 2014

(Expressed in Canadian Dollars)

1. Nature and Continuance of Operations

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

The Company’s head office and location of books and records is 203-1634 Harvey Avenue, Kelowna, British Columbia, Canada, V1Y 6G2.

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

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

2. Basis of Presentation

a. Statement of Compliance

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

These Financial Statements were approved for issue by the Board of Directors on April 24, 2015.

b. Basis of Presentation

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

Northern Uranium Corp. (formerly MPVC Inc.)

Notes to the Financial Statements

December 31, 2014

(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

c. Use of Estimates

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

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

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- ii) The inputs used in calculating the fair value for share-based compensation expense included in profit or loss and share-based share issuance costs included in shareholders' equity. The share-based compensation expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.
- iii) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.
- iv) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

Northern Uranium Corp. (formerly MPVC Inc.)

Notes to the Financial Statements

December 31, 2014

(Expressed in Canadian Dollars)

3. Significant Accounting Policies

a. Financial Instruments

Financial assets

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

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

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

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

Financial liabilities

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

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

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Northern Uranium Corp. (formerly MPVC Inc.)

Notes to the Financial Statements

December 31, 2014

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

b. Foreign Exchange

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

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

c. Exploration and Evaluation

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

d. Asset Retirement Obligations

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

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

Northern Uranium Corp. (formerly MPVC Inc.)

Notes to the Financial Statements

December 31, 2014

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

e. Loss per Share

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

f. Share-Based Compensation

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

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

Cash settled plans - The Company has a deferred share unit plan whereby directors can receive compensation in the form of a deferred share unit. Upon leaving the Board, directors, at their discretion, can elect to receive either cash or shares for the deferred compensation. Accordingly under IFRS, these units are classified as compound financial instruments consisting of a debt (cash) component and an equity component. The fair value of the deferred share units is measured on the grant date as the sum of the cash value (debt component) and the equity component valued using the Black-Scholes option pricing model and is revalued at each period end. There was no equity component as at December 31, 2014 and 2013.

Northern Uranium Corp. (formerly MPVC Inc.)

Notes to the Financial Statements

December 31, 2014

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

g. Impairment of Non-financial Assets

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

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

h. Flow-through Shares

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

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

Northern Uranium Corp. (formerly MPVC Inc.)

Notes to the Financial Statements

December 31, 2014

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

i. Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

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

j. Warrants

As part of its private placements, the Company has issued warrants and brokers' warrants. Any warrants that expire during the year are transferred back to share capital, if originally determined to have a value.

Northern Uranium Corp. (formerly MPVC Inc.)

Notes to the Financial Statements

December 31, 2014

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

k. *New Standards Adopted*

Certain new standards, interpretations and amendments to existing standards are in effect as of January 31, 2014 and have been applied in preparing these financial statements. The following new standards were effective for the Company for the fiscal year commencing January 1, 2014. The adoption of these policies had no impact on these financial statements.

- *IFRS 12, "Disclosure of Interests in Other Entities"*: IFRS 12, "Disclosure of Interests in Other Entities", establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.
- *IFRS 13, "Fair Value Measurement"*: IFRS 13, "Fair Value Measurement", is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

l. *New Standards Not Yet Adopted*

IFRS 9 "Financial Instruments" is a new standard that is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Its commencement date is currently unknown.

4. Exploration and Evaluation Assets

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties is in good standing.

Northern Uranium Corp. (formerly MPVC Inc.)

Notes to the Financial Statements

December 31, 2014

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

The carrying values of the Company's exploration and evaluation assets are as follows:

	Northern Manitoba
Balances as at December 31, 2012	\$ -
Additions - cash payments	35,025
Balances as at December 31, 2013	35,025
Additions - cash payments	49,975
Additions - share issuance (note 7(b))	617,500
Additions - warrants issuance (note 7(b))	235,000
Balance, December 31, 2014	\$ 937,500

Northern Manitoba Project

The Company has entered into an agreement with CanAlaska Uranium Ltd ("CanAlaska") to acquire up to 80% of its Northwest Manitoba Property.

Under the terms of the option agreement, the Company can earn up to an 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 a non-refundable cash deposit of \$35,000 (paid) and by issuing 2,250,000 common shares (issued) valued at \$0.12 per share, 1,000,000 common share purchase warrants with an exercise price of \$0.10 for a term of two years (granted) and 1,250,000 common share purchase warrants with an exercise price of \$0.15 for a term of two years (granted), on or before March 21, 2014. An additional \$50,000 payment was incurred to extend the terms of the initial agreement. The Company incurred \$600,000 in exploration expenditures on or before March 31, 2014 and issued an additional 2,250,000 common shares, valued at \$0.11 per share, on or before June 1, 2014. A further \$2,600,000 in exploration expenditures was incurred by the Company before December 31, 2014.

As at December 31, 2014, the Company has spent the required funds on the Northern Manitoba project and has met the 50% earn-in agreement milestone.

Northern Uranium Corp. (formerly MPVC Inc.)

Notes to the Financial Statements

December 31, 2014

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

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 issue an additional 2,500,000 common shares (issued at a value of \$0.04 per share) and 1,250,000 purchase warrants (granted), which shall be exercisable into 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 an 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 issue 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.

Northern Uranium Corp. (formerly MPVC Inc.)

Notes to the Financial Statements

December 31, 2014

(Expressed in Canadian Dollars)

5. Exploration Expenditures

	Northern Manitoba
Cumulative expenditures, December 31, 2012	\$ -
Additions	
Labour	350,340
Net exploration expenditures during the year	350,340
Cumulative expenditures, December 31, 2013	350,340
Additions	
Aircraft field transport	360,124
Camp and field supplies	546,361
Drill supplies and repairs	3,463
Equipment rental	329,363
Fuel	99,391
Labour	1,439,925
Shipping and freight	103,842
Telephone and communication	16,112
Travel and accomodation	194,394
Net exploration expenditures during the year	3,092,975
Cumulative expenditures, December 31, 2014	\$ 3,443,315

Northern Uranium Corp. (formerly MPVC Inc.)

Notes to the Financial Statements

December 31, 2014

(Expressed in Canadian Dollars)

6. Accounts Payable and Accrued Liabilities

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

	December 31, December 31,	
	2014	2013
Trade payables	\$ 89,188	\$ -
Accrued liabilities	25,000	91,594
Related party payables	589,412	65,755
Total	\$ 703,600	\$ 157,349

7. Share Capital and Reserves

a) Authorized share capital

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

The holders of the common shares are entitled to one vote per share. The holders of the common shares are entitled to dividends, when and if declared by the directors of the Company, and to the distribution of the residual assets of the Company in the event of the liquidation, dissolution or winding-up of the Company. No dividends have ever been declared or paid as at December 31, 2014.

b) Issued share capital

i.) Shares issued through private placements

On March 21, 2014, the Company completed a non-brokered private placement for gross proceeds of \$2,262,200 through the issuance of 10,900,000 flow through shares at a price of \$0.10 per share and 11,722,000 non-flow through units at a price of \$0.10 per unit. The Company incurred share issuance costs related to the private placement of \$219,175 and granted 496,000 broker warrants exercisable at \$0.10 for a period of two years. For each of the 11,722,000 non-flow through units, a warrant was issued that allows the holder to acquire an additional common share by paying \$0.15 anytime during the 24 months following closing.

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(Expressed in Canadian Dollars)

7. Share Capital and Reserves (continued)

b) Issued share capital (continued)

i) Shares issued through private placements (continued)

In August and September, 2014, the Company completed the first and second tranches of a non-brokered private placement. On August 6, 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 with an exercise price of \$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 \$0.10 per unit. Each unit is comprised of a share and one half of a two year warrant with an exercise price of \$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. The Company incurred additional share issuance costs related to the private placement of \$14,736.

In December, 2014, the Company completed the first tranche of a non-brokered private placement. On December 30, 2014, the Company issued 10,750,000 flow-through shares at a price of \$0.05 per share for gross proceeds of \$537,500. In connection with this issuance, the Company paid finder's fees of \$3,000 and issued 60,000 finder's warrants with an exercise price of \$0.10 and an expiration of one year following the issuance. The Company incurred additional share issuance costs related to the private placement of \$5,123.

The above 1,036,000 broker warrants were valued at \$68,000 using the Black Scholes option pricing model with volatility ranging from 150% to 161%, 0% dividends, an expected life of 1 to 2 years, and a risk free rate ranging from 1.07% to 1.43%.

Subsequent to year end, the Company closed the second tranche of this private placement and issued 10,000,000 flow-through shares at a price of \$0.05 per share for gross proceeds of \$500,000, and 400,000 non-flow through units at \$0.05 per share for gross proceeds of \$20,000. Each unit is comprised of a share and one half of a two year warrant with an exercise price of \$0.10. In connection with the issuance of the flow through shares, the Company paid finder's fees of \$40,000 and issued 800,000 finder's warrants with an exercise price of \$0.10 and an expiration of one year following the issuance.

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Notes to the Financial Statements

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(Expressed in Canadian Dollars)

7. Share Capital and Reserves (continued)

b) Issued share capital (continued)

i) Shares issued through private placements (continued)

Also subsequent to year end, the Company announced and closed an additional private placement and issued 39,200,000 flow-through shares at a price of \$0.05 per share for gross proceeds of \$1,960,000, and 13,852,500 non-flow through units at \$0.05 per share for gross proceeds of \$692,625. Each unit is comprised of a share and one half of a two year warrant with an exercise price of \$0.10. In connection with the issuance of the shares, the Company paid total finder's fees of \$84,000 and issued 1,680,000 finder's warrants with an exercise price of \$0.10 and an expiration of one year following the issuance.

ii) Shares issued as part of earn-in agreement

As part of the earn-in agreement with CanAlaska for the Northern Manitoba project (Note 4), 4,500,000 shares were issued in two tranches, along with 2,250,000 warrants. The first tranche of 2,250,000 shares was issued at \$0.12 per share, and included 2,250,000 warrants. Of these warrants, 1,000,000 warrants have an exercise price of \$0.10 for a term of two years and 1,250,000 warrants have an exercise price of \$0.15 for a term of two years. In May 2014, the Company issued the second tranche of 2,250,000 shares to CanAlaska at \$0.11 per share.

Once the Company had reached the 50% earn-in mark (Note 4), CanAlaska was issued 2,500,000 shares and 1,250,000 warrants. The shares were issued at \$0.04 per share, and the warrants have an exercise price of \$0.05 with a term of two years.

c) Stock options and warrants

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

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(Expressed in Canadian Dollars)

7. Share Capital and Reserves (continued)

c) *Stock options and warrants (continued)*

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

	Stock Options		Warrants	
	Number	Weighted Average Exercise	Number	Weighted Average Exercise
Outstanding, December 31, 2012	-	\$ -	-	\$ -
Granted	-	-	10,450,000	0.10
Outstanding, December 31, 2013	-	-	10,450,000	0.10
Granted	4,300,000	0.15	16,858,000	0.14
Expired	-	-	(10,400,000)	0.10
Exercised	-	-	(50,000)	0.10
Outstanding, December 31, 2014	4,300,000	\$ 0.15	16,858,000	\$ 0.14
Number currently exercisable	4,225,000	\$ 0.15	16,858,000	\$ 0.14

The following stock options and warrants were outstanding at December 31, 2014:

	Number	Exercise	Expiry Date
Options	300,000	\$ 0.15	May 12, 2024
	3,250,000	0.15	May 13, 2024
	<u>750,000</u>	0.15	September 17, 2024
	4,300,000		

	Number	Exercise	Expiry Date
Warrants	1,000,000	\$ 0.10	March 21, 2016
	1,250,000	0.15	March 21, 2016
	11,722,000	0.15	March 21, 2016
	496,000	0.10	March 21, 2016
	580,000	0.15	August 6, 2016
	500,000	0.15	September 9, 2016
	1,250,000	0.05	December 22, 2016
	<u>60,000</u>	0.10	December 30, 2015
	16,858,000		

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Notes to the Financial Statements

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7. Share Capital and Reserves (continued)

d) *Deferred share unit plan*

The Company has a deferred share unit plan whereby directors can receive compensation in the form of a deferred share unit. Under the plan, directors will earn compensation quarterly (\$5,000 initial value per quarter per director) at which time the number of deferred share units will be determined based on the Company's share price at the end of the quarter. Upon leaving the Board, directors, at their discretion, will receive cash or shares for the deferred compensation. Under the deferred share plan, directors are entitled to receive the cash value equal to the fair value of the deferred shares outstanding. Accordingly, the value of the deferred liability is equal to the fair value of the shares. As of December 31, 2014, \$10,000 of deferred compensation (December 31, 2013 – \$nil) has been accrued in accounts payable which equates to 200,000 shares (December 31, 2013 – no shares) if the directors left the Company.

e) *Options – share-based compensation*

During the year ended December 31, 2014, the Company recognized share-based compensation of \$554,500 (2013 - \$nil) in the statement of loss and comprehensive loss as a result of the granting and vesting of incentive stock options. The weighted average fair value of options granted was \$0.13 per option (2013 – N/A). The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the noted periods:

	2014
Risk-free interest rate	2.28%
Expected option life	10 years
Expected stock price volatility	163.7%
Expected dividend yield	0%

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Notes to the Financial Statements

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8. Commitments

The Company is currently committed to two lease agreements. The Company shares lease premises with related parties and its share of the office premises is \$823 per month. The current lease expires May 2016. The Company has also committed to an equipment lease for its Manitoba project with a related party. The monthly lease amount is \$27,200 and the lease expires April 2015. Total minimum future lease payments for office premises and equipment are as follows:

	Office premises	Equipment lease	Total
Fiscal year ending December 31, 2015	\$ 9,876	\$108,800	\$118,676
Fiscal year ending December 31, 2016	\$ 4,115	Nil	\$ 4,115

During the fiscal year, the Company raised \$2,627,500 in flow through funds which are required to be incurred on eligible exploration expenditures. As at December 31, 2014, the Company is required to incur \$187,232 before December 31, 2015.

9. Related Party Disclosures

During the years ended December 31, 2014 and 2013, the Company had related party transactions with the following companies related by way of common directors or shareholders:

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

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Notes to the Financial Statements

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9. Related Party Disclosures (continued)

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

	Year Ended December 31,	
	2014	2013
Geological consulting fees	\$ 275,134	\$ -
Management and consulting fees	16,900	-
Shared field expenditures	1,872,332	-
Shared office and administrative costs	60,627	-
Property acquisitions costs	50,000	-
Licencing costs	100,000	-
	\$ 2,374,993	\$ -

	Year Ended December 31,	
	2014	2013
Cantex Mine Development Corp.	\$ 11,390	\$ -
Element 29 Ventures Ltd.	713,134	-
Kel-Ex Development Ltd.	1,276,237	-
Metalex Ventures Ltd.	354,582	-
Chad Ulansky	2,750	-
W.G. McDowall	16,900	-
	\$ 2,374,993	\$ -

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

	December 31,	December 31,
	2014	2013
Cantex Mine Development Corp.	\$ 261	\$ -
Element 29 Ventures Ltd.	56,130	65,755
Kel-Ex Development Ltd.	521,137	-
Metalex Ventures Ltd.	11,884	-
	\$ 589,412	\$ 65,755

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Notes to the Financial Statements

December 31, 2014

(Expressed in Canadian Dollars)

9. Related Party Disclosures (continued)

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

	Years Ended December 31,	
	2014	2013
Shared field expenditures	\$ 3,635	\$ -
Shared office and administrative	10,025	-
	\$ 13,660	\$ -

	Years Ended December 31,	
	2014	2013
Cantex Mine Development Corp.	\$ 3,816	\$ -
Kel-Ex Development Ltd.	9,310	-
Metalex Ventures Ltd.	534	-
	\$ 13,660	\$ -

Included in receivables of the Company are the following amounts due from related parties:

	December 31	December 31
	2014	2013
Kel-Ex Development Ltd.	\$ 5,040	\$ -
Metalex Ventures Ltd.	150	-
	\$ 5,190	\$ -

The remuneration of directors and officers is as follows:

	Years Ended December 31,	
	2014	2013
Director fees ⁽¹⁾	\$ 10,000	\$ -
Share-based compensation ⁽²⁾	517,700	-
Wages and benefits ⁽³⁾	305,501	41,670
	\$ 833,201	\$ 41,670

(1) Director fees are amounts accrued under the Company's deferred share unit plan as described in Note 7(d).

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

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

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Notes to the Financial Statements

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(Expressed in Canadian Dollars)

10. Income Taxes

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

	2014	2013
Earnings (loss) for the year	\$ (3,850,179)	\$ (641,002)
Expected income tax (recovery)	\$ (1,001,000)	\$ (173,000)
Deductible share issuance expense	(11,000)	(2,387)
Exploration expenses carried forward	-	94,592
Change in statutory rates and other	30,500	-
Permanent difference	144,000	-
Change in unrecognized deferred tax assets	837,500	80,795
Total income tax expense (recovery)	\$ -	\$ -

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

	2014	2013
Deferred Tax Assets (Liabilities)		
Exploration and evaluation assets	\$ 834,000	\$ 104,000
Share issue costs	67,000	9,500
Non-capital losses available for future period	596,000	546,000
	1,497,000	659,500
Unrecognized deferred tax assets	(1,497,000)	(659,500)
Net deferred tax assets	\$ -	\$ -

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

	2014	Expiry dates	2013	Expiry dates
Temporary Differences				
Exploration and evaluation assets	\$ 3,208,000	No expiry	\$ 385,365	No expiry
Share issue costs	259,000	2034 to 2037	35,000	2018
Non-capital losses available for future period	2,293,000	2015 to 2034	2,023,000	2026 to 2033

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

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11. Financial Instruments and Risk Management

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

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

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

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

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

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

Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Note 12.

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

12. Capital Risk Management

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

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

Northern Uranium Corp. (formerly MPVC Inc.)

Notes to the Financial Statements

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12. Capital Risk Management

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

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

13. Supplemental Disclosure with Respect to Cash Flows

Significant non-cash transactions for the year ended December 31, 2014 included:

- a) Granting 1,036,000 broker warrants valued at \$68,000 as share issuance costs on private placements;
- b) Issuing 7,000,000 common shares and 3,500,000 warrants to CanAlaska pursuant to the mineral property option agreement valued at \$617,500 and \$235,000 respectively;
- c) Accruing share issuance costs of \$6,516 through accounts payable and accrued liabilities.

Significant non-cash transactions for the year ended December 31, 2013 included issuing 4,961,173 common shares in settlement of \$248,059 in debt.