



NORTHERN URANIUM CORP

CONDENSED INTERIM FINANCIAL STATEMENTS

Unaudited - prepared by management

Expressed in Canadian dollars

September 30, 2017

Northern Uranium Corp.

September 30, 2017

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NOTICE TO READER

These condensed interim financial statements of Northern Uranium Corp. for the nine months ended September 30, 2017 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the International Financial Reporting Standards .

Northern Uranium Corp.

Condensed Interim Statements of Financial Position

(Unaudited - prepared by management)

(Expressed in Canadian Dollars)

As at	<i>Note</i>	September 30, 2017	December 31, 2016
Assets			
Current assets			
Cash		\$ 8,358	\$ 124,799
Receivables		647	1,004
<u>Deposits and prepaid expenses</u>		<u>105,025</u>	<u>74,041</u>
		114,030	199,844
Non-current assets			
Exploration and evaluation assets	4	1,037,500	1,037,500
Total Assets			
		\$ 1,151,530	\$ 1,237,344
Liabilities			
Current liabilities			
<u>Accounts payable and accrued liabilities</u>	6	<u>\$ 415,248</u>	<u>\$ 406,646</u>
		415,248	406,646
Shareholders' Equity			
Share capital	7	11,493,080	11,493,080
Reserves	7	563,449	563,449
<u>Deficit</u>		<u>(11,320,247)</u>	<u>(11,225,831)</u>
		736,282	830,698
Total Liabilities and Shareholders' Equity			
		\$ 1,151,530	\$ 1,237,344

Nature and continuance of operations (Note 1)

Approved by the Board of Directors:

"Jennifer Irons"

Jennifer Irons

"Vernon Frolick"

Vernon Frolick

See accompanying notes to condensed interim financial statements.

Northern Uranium Corp.

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited - prepared by management)

(Expressed in Canadian Dollars)

		Three Months Ended		Nine Months Ended	
	Note	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Expenses					
Consulting		\$ -	\$ 7,264	\$ 3,990	\$ 7,547
Exploration expenditures (recovery)	5	4,760	(127,312)	18,855	(70,355)
Management fees	7(c)	-	5,000	-	15,000
Office and administrative		13,734	13,967	40,164	52,080
Professional fees		3,685	3,222	11,897	11,601
Transfer agent and filings fees		1,296	854	19,510	20,881
Income (loss) before other items		(23,475)	97,005	(94,416)	(36,754)
Other items					
Interest income		-	95	-	739
		-	95	-	739
Income (loss) and comprehensive income (loss) for the period		\$ (23,475)	\$ 97,100	\$ (94,416)	\$ (36,015)
Basic and diluted income (loss) per share		\$ (0.00)	\$ 0.00	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding		162,361,514	162,361,514	162,361,514	162,361,514

See accompanying notes to condensed interim financial statements.

Northern Uranium Corp.

Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited - prepared by management)

(Expressed in Canadian Dollars)

	<i>Note</i>	Number of Common Shares	Share capital	Reserves	Deficit	Total
Balance as at December 31, 2015		162,361,514	\$ 11,090,080	\$ 1,137,511	\$ (11,312,014)	\$ 915,577
Reserves transferred on expired options and warrants		-	313,000	(416,962)	103,962	-
Loss for the period		-	-	-	(36,015)	(36,015)
Balance as at September 30, 2016		162,361,514	\$ 11,403,080	\$ 720,549	\$ (11,244,067)	\$ 879,562
Balance as at December 31, 2016		162,361,514	\$ 11,493,080	\$ 563,449	\$ (11,225,831)	\$ 830,698
Loss for the period		-	-	-	(94,416)	(94,416)
Balance as at September 30, 2017		162,361,514	\$ 11,493,080	\$ 563,449	\$ (11,320,247)	\$ 736,282

See accompanying notes to condensed interim financial statements.

Northern Uranium Corp.

Condensed Interim Statements of Cash Flows

(Unaudited - prepared by management)

(Expressed in Canadian Dollars)

	Nine Months Ended	
	September 30, 2017	September 30, 2016
Operating activities		
Loss for the period	\$ (94,416)	\$ (36,015)
Net changes in non-cash working capital items:		
(Increase) decrease in receivables	357	(56,799)
(Increase) decrease in prepaid expenses	(30,984)	(2,500)
Increase (decrease) in accounts payable and accrued liabilities	8,602	47,497
Net cash used for operating activities	(116,441)	(47,817)
Investing activities		
Net cash used for investing activities	-	-
Financing activities		
Net cash provided by financing activities	-	-
Net increase (decrease) in cash	(116,441)	(47,817)
Cash, beginning of the period	124,799	270,591
Cash, end of the period	\$ 8,358	\$ 222,774
Cash paid for interest during the period	\$ -	\$ -
Cash paid for taxes during the period	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 12)

See accompanying notes to condensed interim financial statements.

Northern Uranium Corp.

Notes to the Condensed Interim Financial Statements

September 30, 2017

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

1. Nature and Continuance of Operations

Northern Uranium Corp. (the “Company”) 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 unaudited condensed interim financial statements (the “Financial Statements”), including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, “interim Financial Reporting” using accounting policies consistent 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”). As a result, they do not conform in all respects with the disclosure requirements for annual financial statements under IFRS and should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2016. The accounting policies and methods of application are consistent with those used in the Company’s financial statements for the year ended December 31, 2016.

These Financial Statements were approved for issue by the Board of Directors on November 7, 2017.

Northern Uranium Corp.

Notes to the Condensed Interim Financial Statements

September 30, 2017

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

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.

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 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.
- iii) 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.

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3. Significant Accounting Policies

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.

IFRS 16 “Leases” is a new standard that will be applicable to fiscal years beginning on January 1, 2019. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize asset and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17. At present, the Company’s sole lease is for office space. As such, the Company is evaluating the impact of this standard.

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. The carrying value of the Company’s exploration and evaluation asset of \$1,037,500 (December 31, 2016 – \$1,037,500) relates to the Northern Manitoba project only.

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.

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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 was required to incur a further \$2.8 million in expenditures on the property within a two year period (incurred) and issue an additional 5,000,000 common shares (issued at a value of \$0.02 per share) and 2,500,000 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 (\$0.05; these warrants expired unexercised during the year ended December 31, 2016). 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.

As at December 31, 2016, the Company had spent the required funds on the Northern Manitoba project and announced it had met the 70% earn-in agreement milestone. Subsequent to the quarter end, the Company announced that it intended to form the joint venture at the 70/30% level. The Company is in the process of formalizing this agreement.

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5. Exploration Expenditures

	Northern Manitoba	
Cumulative expenditures, December 31, 2015	\$	7,481,484
Additions		
Camp and field supplies		1,327
Drill supplies and repairs		25,697
Equipment rental		9,468
Labour		40,444
Sample laboratory analysis		(76)
Shipping and freight		915
Telephone and communication		3,727
Travel and accomodation		7,672
Total additions		89,174
Cost recoveries		(159,529)
Net exploration expenditures during the period		(70,355)
Cumulative expenditures, September 30, 2016	\$	7,411,129
Net exploration expenditures (recoveries) during the remainder of 2016		2,740
Cumulative expenditures, December 31, 2016		7,413,869
Additions		
Camp and field supplies		87
Equipment rental		3,224
Labour		12,876
Telephone and communication		836
Travel and accomodation		1,833
Net exploration expenditures during the period		18,856
Cumulative expenditures, September 30, 2017	\$	7,432,725

6. Accounts Payable and Accrued Liabilities

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

	September 30, December 31,	
	2017	2016
Trade payables	\$ 715	\$ 411
Accrued liabilities	-	15,000
Related party payables	414,533	391,235
Total	\$ 415,248	\$ 406,646

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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 September 30, 2017.

b) 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.

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

	Stock Options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2015	4,000,000	\$ 0.15	36,114,249	\$ 0.11
Cancelled	(750,000)	0.15	-	-
Expired	-	-	(18,988,000)	0.13
Outstanding, September 30, 2016	3,250,000	\$ 0.15	17,126,249	\$ 0.08
Cancelled	(750,000)	0.15	-	-
Expired	-	-	(1,250,000)	0.10
Outstanding, December 31, 2016	2,500,000	\$ 0.15	15,876,249	\$ 0.08
Expired	-	-	(7,126,250)	0.10
Outstanding, September 30, 2017	2,500,000	\$ 0.15	8,749,999	\$ 0.06
Number currently exercisable	2,500,000	\$ 0.15	8,749,999	\$ 0.06

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7. Share Capital and Reserves (continued)

b) *Stock options and warrants (continued)*

As at September 30, 2017, the Company has 2,500,000 outstanding stock options, exercisable at a price of \$0.15 and expiring May 13, 2024.

The following warrants were outstanding at September 30, 2017:

	Number	Price	Expiry Date
Warrants	6,249,999	0.07	October 14, 2017
	<u>2,500,000</u>	0.02	September 17, 2018
	<u>8,749,999</u>		

c) *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. For the nine month period ended September 30, 2017, \$nil of deferred compensation (nine month period ended September 30, 2016 – \$15,000) has been expensed as management fees. The Company had two previous directors enrolled in the plan; both have left the Board of Directors and were paid out the accrual balance prior to the end of the year ended December 31, 2016. As such, as at the date of these financial statements, the Company has no further DSU liability.

Northern Uranium Corp.

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian Dollars)

8. Related Party Disclosures

During the three and nine month periods ended September 30, 2017 and 2016, 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.
- McMillan LLP (“McMillan”) – a business law firm; a partner of the Vancouver office became a director of the Company on October 18, 2016. McMillan provides legal services to the Company.

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

	Three months ended, September 30,		Nine months ended, September 30,	
	2017	2016	2017	2016
Geological consulting fees	\$ 3,531	\$ 24,890	\$ 16,729	\$ 39,420
Legal fees	3,411	-	5,698	-
Shared field expenditures	950	20,459	5,157	47,241
Shared office and administrative costs	11,207	27,470	33,954	44,621
	\$ 19,099	\$ 72,819	\$ 61,538	\$ 131,282

	Three months ended, September 30,		Nine months ended, September 30,	
	2017	2016	2017	2016
Cantex Mine Development Corp.	\$ -	143	\$ -	143
Element 29 Ventures Ltd.	4,481	22,258	16,532	32,305
Kel-Ex Development Ltd.	10,156	47,115	33,571	67,944
McMillan LLP	3,411	-	5,698	-
Metalex Ventures Ltd.	1,051	3,303	5,737	30,890
	\$ 19,099	\$ 72,819	\$ 61,538	\$ 131,282

Northern Uranium Corp.

Notes to the Condensed Interim Financial Statements

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(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

8. Related Party Disclosures (continued)

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

	September 30, 2017	December 31, 2016
Element 29 Ventures Ltd.	\$ 4,705	\$ 148
Kel-Ex Development Ltd.	406,258	383,831
McMillan LLP	3,570	5,814
Metalex Ventures Ltd.	-	1,442
	\$ 414,533	\$ 391,235

As at September 30, 2017, the Company had \$nil due from related parties (December 31, 2016 – \$33 due from Cantex Mine Development Corp.) and had no related party recoveries during the period.

The remuneration of directors and officers is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Director fees ⁽¹⁾	\$ -	\$ 5,000	\$ -	\$ 15,000
Wages and benefits ⁽²⁾	10,703	15,541	32,850	47,772
	\$ 10,703	\$ 20,541	\$ 32,850	\$ 62,772

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

(2) 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.

9. 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.

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9. Financial Instruments and Risk Management (continued)

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 of GST receivable due from the Federal Government of Canada; in the prior year, there was also some related party receivables (Note 8).

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 10.

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.

10. Capital Risk Management

The Company includes equity (comprised of issued common shares, reserves, and 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.

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.

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10. Capital Risk Management (continued)

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.

11. Supplemental Disclosure with Respect to Cash Flows

There were no significant non-cash transactions for the nine month period ended September 30, 2017. Significant non-cash transactions for the nine month period ended September 30, 2016 included:

- a) Cancelling 750,000 stock options at a value of \$103,962, recognized through reserves and deficit; and
- b) Expiration of 18,988,000 warrants at a value of \$348,000 through reserves and share capital.