

Uranium Valley Mines Ltd.



Management's Discussion and Analysis for the year ended December 31, 2015.

Introduction

The following Management's Discussion and Analysis ("MD&A") reviews the financial position and results of operations of Uranium Valley Mines Ltd. (TSXV: VZZ, hereinafter "Uranium Valley" or the "Company") for the year ended December 31, 2015. It should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2015, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board (IASB). All these documents can be viewed through the internet at the SEDAR website (www.sedar.com) by accessing the Company's issuer profile.

All figures are in Canadian dollars unless otherwise specified.

The following information is prepared as at April 27, 2016.

Forward-Looking Statements

This document contains certain forward-looking statements. In some cases, words such as "plans", "expects", or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur, be achieved or continue, have been used to identify these forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict and are not to be interpreted as guarantees for future performance. These forward-looking statements could cause actual events or results to differ materially from those anticipated in such forward-looking statements. All forward-looking statements speak only as of the date hereof and, except as required by law, the Company does not undertake any obligation to update or publicly release any revisions to such forward-looking statements to reflect events, circumstances, or changes in expectations after the date hereof. Accordingly, readers should not place undue reliance on such forward-looking statements.

COMPANY OVERVIEW, NATURE OF OPERATIONS, AND OVERALL PERFORMANCE

The Company was incorporated on February 18, 2010, pursuant to the *Business Corporations Act* (British Columbia) as a wholly owned subsidiary of Golden Valley Mines Ltd. (“Golden Valley”), a Canadian public corporation with an office located in Val-d’Or, Québec, Canada, involved, together with its various subsidiaries, in initial grassroots exploration projects.

In 2011, as part of a plan of arrangement (the “**Arrangement**”) Golden Valley and Lexam VG Gold Inc. (formerly Lexam Explorations Inc., hereinafter “**Lexam**”) transferred certain of their properties and carried interests in certain properties to the Company along with a \$600,000 cash infusion against the issuance of 11,099,998 common shares and subsequently, Golden Valley distributed to its shareholders, by way of a dividend, a part of its holding in the Company’s capital stock. As a result of the Arrangement, Uranium Valley became a reporting issuer in Alberta, British Columbia, Ontario and Québec. Uranium Valley is considered a “venture issuer” as such term is defined by applicable securities legislation.

The business objectives of the Company are to hold title to and to promote and develop certain advanced projects. Please refer to the “Property Interests” section herein for detail on the moratorium imposed by the Québec Government and to “Critical Risks Inherent to the Company’s Business”.

By letter dated November 3, 2015, the TSX Venture Exchange placed the Company on notice that its listing would be transferred to NEX if it did not, by May 3, 2016, resolve a continued listing deficiency under Exchange Policy 2.5. The deficiency identified relates to activity for an issuer classified as a Tier 2 Mining issuer. NEX is a separate board of the TSX Venture Exchange that provides a trading forum for listed issuers that have fallen below the Exchange’s ongoing listing standards. Management has determined that it will take the required steps to transfer its listing to NEX and carry on its business as a NEX listed issuer.

Property Interests

The Porcupine Miracle Prospect

On July 3, 2014, the Company entered a Mining Option Agreement with 2973090 Canada Inc., (“**2973090**”) pursuant which the Company has the option to acquire a 100% interest in the Porcupine Miracle Prospect. The Porcupine Miracle Prospect is constituted of four mineral claims located in the Langmuir Township in the province of Ontario, Canada. In consideration for the option the Company will issue to 2973090 common shares as follows: 66,666 common shares (which shares have been issued), 66,667 common shares on July 17, 2015 (which shares have been issued) and, 66,667 common shares on July 17, 2016. In order to exercise the option, the Company is required to incur exploration expenditures of \$50,000 by July 17, 2016 and, in addition, to maintain the

property in good standing. The property will be subject to a royalty in favour of 2973090 equal to 3% of net smelter returns. Advance royalty payments of \$10,000 per annum are payable by the Company commencing on July 17, 2017; the advance royalty payments will be deducted from the amounts payable under the royalty. The transaction received approval from the Exchange on July 16, 2014. See “Related Party Transactions” below.

The Company has designed an exploration program to be conducted on the Porcupine Miracle Prospect and adopted a \$52,619 budget for the realization of its Phase 1. The Phase 1 of the exploration program includes: compilation of all available property data, ground magnetic and induced polarization geophysics surveys and a sampling program on any geophysical anomalies and other potential targets identified on the property. The Phase 1 exploration program will require the Company to obtain additional equity and debt financing, and there can be no assurance that the Company will be able to do so.

Beartooth Island Prospect

The Company holds a 40% interest in the Beartooth Island Prospect located in the Athabasca Basin in the province of Saskatchewan. This property is the subject of an agreement with Ditem Explorations Inc. (“**Ditem**”). Ditem can acquire an additional 6% interest in the property by advising the Company of its intent to complete and by completing a feasibility study at its sole cost within the period of 10 years from the operative date, subject to and in accordance with the terms of the agreement. Following the final vesting, the Company will retain an aggregate of 34% undivided interest in the property. As of the date hereof, the Company retains a 40% interest therein; Ditem is the operator. Since Ditem has not conducted any exploration work on the property in the past years and has no plans for any work to be performed in the near future, the Company made the decision to impair the carrying value of its Beartooth Island Prospect. The Company is currently having discussions with Ditem with a view to acquiring Ditem’s 60% interest in the property.

Other properties

The Company holds a 100% interest in the Otish and Mistassini Prospects located in the North central region of the province of Quebec. On March 28, 2013, the Government of Québec announced it had decreed a “moratorium” on all exploration, development and mining for uranium. The Québec Government ordered certain scientific studies to examine the issues and concerns relating to the security of exploration, exploitation and disposal of uranium and mandated the *Bureau d’audiences publiques sur l’environnement* (“**BAPE**”) to make recommendations after having reviewed the environmental impact and conducted public consultations with communities and stakeholders. No permits, licenses, or claims for the exploration, development and mining of uranium on the territory of the Province of Québec will be granted or otherwise issued until then.

Following this announcement, the Company was of the view that it would be difficult, and potentially impossible, to conduct exploration programs on its Otish and Mistassini

Prospects. Consequently, the Company made the decision to impair the carrying value of its uranium properties located in the Province of Québec. The decision to impair its properties in the province of Québec was reflected in the Company's December 31, 2012 financial statements. Any further uranium exploration activities were to be executed outside the Province of Québec.

In May 2015, the BAPE issued its report and recommended the utmost prudence in defining the future Québec uranium policy. Noting that the large majority of the communities in Québec are opposed to uranium mining, the report highlights the following considerations: a) the limited known uranium resources of the province; estimated to 0.12% of the world resources, b) the uncertainty and limited scientific knowledge of the impact of radiation and toxic chemicals on the health of local population and on the environment, c) the problem represented by the safe management and disposal of the mining waste, d) the cost of proceeding to the thorough analysis of the impact of each project, and e) the legal and economic cost of banning uranium exploration and mining. The BAPE recommended that the Québec Government should take years to establish the recommended policies and controls before allowing exploration, development and mining of uranium to resume. These recommendations confirm the legitimacy of the Company's decision to impair its uranium assets in the province of Québec.

Selected Annual Financial Information

The following table presents a summary of the financial data of the Company for the years ended December 31, 2015, 2014 and 2013.

For a more detailed breakdown of these expenses by quarter refer to "Summary of Quarterly Results" below.

	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Total Revenues	\$ -	\$ -	\$ -
Net Loss	\$ (276,605)	\$ (72,230)	\$ (62,395)
Net loss per share, basic and diluted	\$ (0.025)	\$ (0.006)	\$ (0.006)
Cash and cash equivalents	\$ 31,382	\$ 99,363	\$ 169,087
Total assets	\$ 49,133	\$ 322,057	\$ 386,484
Total Liabilities	\$ 2,169	\$ 1,821	\$ 685
Equity	\$ 46,964	\$ 320,236	\$ 385,799

Results of Operations

For the year ended December 31, 2015, the Company incurred a loss of \$276,605 compared to a loss of \$72,230 for the year ended December 31, 2014. The major expenses contributing to the current loss are the \$208,709 impairment of the carrying value of the Beartooth Island Prospect (refer to the Property Interest section of this report) and the professional fees of \$50,309.

Professional fees of \$50,309 includes audit, tax and accounting fees of \$15,816, legal fees of \$9,980 and fees of \$24,513 paid to the Exchange and the registrar and transfer agent. In comparison to the year ended on December 31, 2014, the professional fees amounted to \$53,438 and were comprised of audit, tax and accounting fees of \$15,600, legal fees of \$17,039 and \$20,799 paid to the Exchange and the registrar and transfer agent.

Office expenses of \$10,665 consist of insurance premiums of \$10,137, communication expenses (telephone, internet and mailing costs) of \$301 and other miscellaneous expenses of \$227. For the year ended on December 31, 2014, office expenses were \$14,077 comprised of insurance premiums of \$10,042, communication expenses of \$3,952 and other miscellaneous expenses of \$83.

In addition, the Company incurred exploration expenses of \$6,306 on the exploration and evaluation assets it had previously impaired and travel expenses of \$1,338, compared to exploration expenses of \$6,074 during the year ended December 31, 2014.

Summary of Quarterly Results

The following table presents selected quarterly financial information for the last eight quarters which were prepared in accordance with **IFRS**:

	(1) Mar 31, 2014	(2) Jun 30, 2014	(3) Sep 30, 2014	(4) Dec 31, 2014	(5) Mar 31, 2015	(6) Jun 30, 2015	(7) Sep 30, 2015	(8) Dec 31, 2015
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenues	-	-	-	-	-	-	-	-
Net Loss	(22,097)	(27,746)	(17,564)	(4,823)	(18,428)	(29,279)	(15,012)	(213,886)
Net Loss per shares								
Basic & diluted	(0.002)	(0.002)	(0.002)		(0.002)	(0.003)	(0.001)	(0.019)

⁽¹⁾ During the first quarter ended March 31, 2014, the Company incurred a loss of \$22,097. The components of this loss were as follows: i) exploration expenses of \$3,334 incurred on the Otish and Mistassini Prospects previously impaired, ii) professional fees of \$17,365, composed of Audit, tax and accounting fees of \$9,360, legal fees from external counsel of \$1,073 and Exchange, regulatory and transfer agent expenses of \$6,932, iii) office expenses of \$2,839,

composed of insurance premiums of \$2,534, and communication expenses of \$305, and iv) interest income of \$1,441.

- (2) During the second quarter ended June 30, 2014, the Company incurred a loss of \$27,746. The components of this loss were as follows: i) exploration expenses of \$2,092 incurred mostly on the Otish and Mistassini Prospects previously impaired (\$167 on Porcupine Miracle Prospect), ii) professional fees of \$19,716, composed of Audit, tax and accounting fees of \$6,240, legal fees from external counsel of \$6,276 and Exchange, regulatory and transfer agent expenses of \$7,200, iii) office expenses of \$5,955, composed of insurance premiums of \$2,534, and communication expenses of \$3,421, and iv) interest income of \$17.
- (3) During the third quarter ended September 30, 2014, the Company incurred a loss of \$17,564. The components of this loss were as follows: i) exploration expenses of \$163 incurred mostly on the Otish and Mistassini Prospects previously impaired, ii) professional fees of \$14,874, composed of legal fees from external counsel of \$9,210 and Exchange, regulatory and transfer agent expenses of \$5,664, iii) office expenses of \$2,562, composed of insurance premiums of \$2,439, communication expenses of \$40 and other expenses of \$83, and iv) interest income of \$35.
- (4) During the fourth quarter ended December 31, 2014, the Company incurred a loss of \$4,823. The components of this loss were as follows: i) exploration expenses of \$485 incurred on the Otish and Mistassini Prospects previously impaired, ii) professional fees of \$1,483, composed of legal fees from external counsel of \$479 and Exchange, regulatory and transfer agent expenses of \$1,004, iii) office expenses of \$2,721, composed of insurance premiums of \$2,534 and communication expenses of \$187, and iv) interest expense of \$134.
- (5) In the first quarter ended March 31, 2015, the Company incurred a loss of \$18,428, made of professional fees of \$16,484, office expenses (insurance premiums) of \$2,534, exploration expenses of \$117 and net interest income of \$707. Professional fees were comprised of: i) audit, tax and accounting fees of \$9,360, ii) legal fees of \$653 and iii) fees of \$6,471 paid to the Exchange and the registrar and transfer agent.
- (6) During the second quarter ended June 30, 2015, the Company incurred a loss of \$29,279. The components of this loss were as follows: i) exploration expenses of \$5,306 incurred on the Otish and Mistassini Prospects previously impaired, ii) professional fees of \$19,746, composed of Audit, tax and accounting fees of \$6,456, legal fees from external counsel of \$6,506 and Exchange, regulatory and transfer agent expenses of \$6,784, iii) office expenses of \$2,908, composed of insurance premiums of \$2,534, and communications and other expenses of \$374, iv) travel expenses of \$1,338 and v) interest income of \$19.
- (7) During the third quarter ended September 30, 2015, the Company incurred a loss of \$15,012. The components of this loss were as follows: i) exploration expenses of \$79 incurred on the Otish and Mistassini Prospects previously impaired, ii) professional fees of \$12,245, composed of legal fees of \$2,028 and Exchange, regulatory and transfer agent expenses of \$10,217, iii) office expenses of \$2,668, composed of insurance premiums of \$2,534, and communications and other expenses of \$134, iv) net interest expense of \$20.
- (8) For a description of the results of the fourth quarter ended December 31, 2015, please see below.

Fourth Quarter Results

During the fourth quarter ended December 31, 2015, the Company incurred a loss of \$213,886. The impairment of the carrying value of the Beartooth Island Prospect accounts for \$208,709 of this loss. The components of the remaining \$5,177 loss were as

follows: i) exploration expenses of \$804 incurred on the Otish and Mistassini Prospects previously impaired, ii) professional fees of \$1,834, composed of legal fees of \$793 and Exchange, regulatory and transfer agent expenses of \$1,041, iii) office expenses of \$2,555, composed of insurance premiums of \$2,534 and communication expenses of \$21, and iv) net interest income of \$16.

Liquidity and Capital Resources

As at December 31, 2015, the Company had cash and cash equivalents of \$31,382 and working capital of \$35,239 compared to cash and cash equivalents of \$99,363 and working capital of \$103,445 at December 31, 2014. The reduction in cash and cash equivalents results from the current loss (excluding the items that did not necessitate cash outlay as shown in the statement of cash flows).

The Company's objectives in managing its capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may issue new shares to improve its financial performance and flexibility. The Company's capital is composed of its shareholders' equity. The Company is not subject to any externally imposed capital requirements. The Company has not issued any dividends, other than as disclosed under the section "Company Overview, Nature of Operations, and Overall Performance" above.

As at December 31, 2015, shareholders' equity amounted to \$46,964 compared to \$320,236 at December 31, 2014. Shareholder's equity was reduced from the net of the \$276,605 loss incurred in the year ended December 31, 2015 (refer to "Results of Operations" and "Summary of Quarterly Results" above) and the value of \$3,333 given to the 66,667 common shares issued to acquire the Porcupine Miracle Prospect. The Company's investment policy is to keep its cash treasury on deposit with a Canadian chartered bank.

Contractual Obligations

Golden Valley and the Company entered into a Management and Administrative Services Agreement dated October 1, 2010 (the "**Management Agreement**"), pursuant to which Golden Valley agreed to provide certain administrative, management and financial services to the Company in consideration of a fee of \$96,000 per year.

To preserve cash for the Company's operations, Golden Valley agreed to suspend indefinitely the management fees under the Management Agreement effective January 1, 2013. Accordingly, the Company did not incur management fees during the years ended on December 31, 2015 and 2014, notwithstanding that Golden Valley continues to provide the services under the agreement. Charges for management fees will resume when the Company's treasury situation will permit.

The Company entered into an amending agreement (an "**Amending Agreement**") with Golden Valley dated May 21, 2014, amending the terms of the Management Agreement.

The Amending Agreement confirms, among other things, that if there is a change of control of the Company and Golden Valley terminates the Management Agreement within six months of the change of control or the Company terminates the Management Agreement within twelve months of the change of control or if the Company and Golden Valley agree to terminate the Management Agreement within six months of the change of control, then the Company will pay Golden Valley a termination payment equal to the aggregate of the amounts that would have been payable by the Company to Golden Valley as the fee for the period from the date of the Amending Agreement to the date on which the Management Agreement is terminated if payment of the fee had not been suspended during such period.

Off balance Sheet Arrangements

The Company has no off balance sheet arrangements as at December 31, 2015 or as at the date of this MD&A.

Commitments and Proposed Transactions

As of the date of this MD&A, there are no undisclosed pending proposed transactions that would materially affect the performance or operation of the Company.

Related Party Transactions

The following transactions took place between the Company and Golden Valley:

Pursuant to the terms of the Management Agreement, Golden Valley has agreed to provide the Company with the services of a qualified geologist at an hourly rate equal to the hourly charge to Golden Valley, plus 10% (“**Geological Fees**”). During the year ended December 31, 2015, the Company incurred Geological Fees in the amount of \$3,755, of which \$3,577 was expensed and \$178 was capitalized in exploration and evaluation assets (\$4,304 for the year ended on December 31, 2014, of which \$2,259 has been included in exploration and evaluation assets and \$2,045 has been expensed as exploration expenses). As at December 31, 2015, the Company had net indebtedness of \$933 to Golden Valley (\$1,266 at December 31, 2014).

The Company did not pay any compensation or any other form of employment benefits or perquisites to its directors and officers in the years ended December 31, 2015 and December 31, 2014.

In July 2014, the Company entered into a Mining Option Agreement to acquire up to 100% property in the Porcupine Miracle Prospect from 2973090 Canada Inc., a Canadian private company wholly-owned and controlled by Mr. Glenn J. Mullan, the CEO of the Company. For more information on this transaction, please refer to the Property Interests section of this report.

CAPITAL STOCK

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value, issuable in one or more series with restrictions as determined by the Company's Board of Directors.

Issued and Outstanding

The following details the issued and outstanding securities of the Company as at the date of this MD&A:

	<u>Total outstanding</u>	<u>Escrowed</u>
Common shares	11,233,331	Nil
Preferred shares	Nil	Nil
Incentive stock options	Nil	Nil

Issue of common shares

The Company issued 66,666 common shares at a deemed price of \$0.10 per share on July 25, 2014 and 66,667 common shares at a deemed price of \$0.05 on July 17, 2015. These were the first and second tranche of a total of 200,000 common shares to be issued in accordance with the Mining Option Agreement to acquire the Porcupine Miracle Prospect. For more information on this transaction, please refer to the Property Interest Section of this report.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The Company's management manages the Company's financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. The Company's main financial risk exposure and its financial risk management policies are the following:

Credit risk

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The

main risk related to credit risk through cash and cash equivalents which is managed by dealing with one reputable financial institution.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Company has the financial resources such as bank loans for a sufficient authorized amount. The Company establishes budget and cash estimates so as to ensure it has the necessary funds to fulfill its obligations. Accounts payable and accrued liabilities are due within less than 90 days.

The fair value of these financial instruments approximates their carrying value given their short-term maturity date. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

At December 31, 2015, the Company had cash and cash equivalents in hand amounting to \$31,382 and sales taxes receivable of \$320 from Canada Revenue Agency and Quebec Revenue Agency combined. The Company had accounts payable and accrued liabilities of \$2,169, all of which are current liabilities of the Company. See also "Liquidity and Capital Resources" above.

CRITICAL RISKS INHERENT TO THE COMPANY'S BUSINESS

- **TSX Venture Exchange Listing**

As noted previously in this report, the TSX Venture Exchange placed the Company on notice that its listing would be transferred to NEX if it did not, by May 3, 2016, resolve a continued listing deficiency under Exchange Policy 2.5. Management has determined that it will take the required steps to transfer its listing to NEX and carry on its business as a NEX listed issuer. There can be no assurance that the Company will meet the initial listing requirements to graduate back to the TSX Venture Exchange.

- **Moratorium imposed by the Government of Québec**

There is no assurance that the Company will be able to continue exploration on its uranium properties located in Québec as contemplated, or at all.

- **Investment of Speculative Nature**

Investing in the Company, at this early stage of its development, is of a highly speculative nature.

- **Nature of Mineral Exploration and Mining**

There is no known mineral resource on the Company's properties. Mineral exploration and development involves a high degree of risk, requires substantial expenditures and few properties that are explored are ultimately developed into producing mines.

- **Exploration and Development Risks**

Resource exploration and development is a speculative business, involving considerable financial and technical risks, including the failure to discover mineral deposits, market fluctuations and government regulations, which are beyond the control of the Company.

- **Additional Financing**

Future exploration and development activities will require additional equity and debt financing. Failure to obtain such additional financing could result in delay or indefinite postponement of exploration and development of the property interests of the Company.

- **Stress in the Global Economy and Financial Condition**

The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing.

- **Permits and Licenses**

There can be no assurances that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations for its proposed projects.

- **Competition**

The mineral exploration and mining business is competitive in all of its phases. There is no assurance that the Company will be able to compete successfully with the competition in acquiring suitable properties or prospects for mineral exploration.

- **No Assurance of Title to Property**

The Company's claims may be subject to prior unregistered agreements or transfers or third party and native land claims and title may be affected by undetected defects.

- **Dependence on Key Individuals**

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company.

- **Environmental Risks for Current and Past Activities and other Regulatory Requirements**

The Company may be liable for environmental contamination and natural resource damages relating to properties that it currently owns, operates or have an interest in, or at which environmental contamination occurred while or before it owned, operated or acquired an interest in the properties. No assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company.

- **Political Regulatory Risks**

Any changes in government policy may result in changes to laws affecting the Company's ability to undertake exploration and development activities in respect of present and future properties.

- **Conflicts of Interest**

The directors and officers of the Company are also directors and officers of other companies, some of which are in the same business as the Company. This situation may result in conflicting legal obligations which may expose the Company to liability to others and impair its ability to achieve its business objectives.

- **Insurance**

The Company will remain at risk and will be potentially subject to liability for hazards associated with mineral exploration which it cannot insure against or which it has elected not to insure against because of premium costs or other reasons.

- **Influence of Third Party Stakeholders**

Claims by third parties on the lands in which the Company hold interests, or the exploration equipment and road or other means of access which the Company intend to utilize in carrying out work programs or general exploration mandates, even if not meritorious, may create delays resulting in significant financial loss and loss of opportunity for the Company.

- **Fluctuation in Market Value of Shares**

The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the entity. The future effect of these and other factors on the market price of Company's shares on the Exchange cannot be predicted.

ADDITIONAL INFORMATION

Additional information about the Company may be obtained on SEDAR at www.sedar.com by accessing the Company's issuer profile.