

**UCORE RARE METALS INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

*This Management's Discussion and Analysis of Ucore Rare Metals Inc. ("Ucore" or the "Company"), prepared as of April 28, 2016, provides analysis of the Company's financial results for the year ended December 31, 2015. The following information should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2015 which are prepared in accordance with International Financial Reporting Standards. All amounts are expressed in Canadian dollars unless otherwise noted.*

*This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address anticipated operating costs, possible future resource property expenditures, reserve potential, exploration drilling, exploitation activities, the potential for molecular recognition technology to be used in the processing of rare earth elements, and events or developments that the Company expects, are considered forward-looking because we have used what we know and expect today to make a statement about the future. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Forward-looking statements usually include words such as may, expect, plan, anticipate, budget, believe or similar words. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Additional details of the specific risks associated with the operations of the Company and such forward-looking statements are set out below under "Risks and Uncertainties". Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.*

## **Overview**

Ucore Rare Metals Inc. is a junior exploration and technology company listed on the TSX Venture Exchange (the "Exchange"). Ucore's corporate strategy is to build shareholder value through the exploration and development of economically viable rare earth element ("REE") properties and the processing of third party concentrates using Molecular Recognition separation technology ("MRT"). Ucore is currently focusing its exploration activities on its Bokan Mountain/Dotson Ridge property in Alaska, while exploring various options for advancement of its other properties. In addition, Ucore is continuing to develop the MRT technology and pursuing potential customers for this business line.

On November 28, 2012, the Company released a preliminary economic assessment, prepared by Tetra Tech on the Bokan property, which estimated an NPV of \$577 million at a 10% discount rate and an IRR of 43%. Further details of the assessment are disclosed below.

On February 18, 2014, Alaska Senator Bert Stedman (AK-R) presented an Amendment to Alaska Senate Bill No. 99 ("SB99" or "the Bill"), originated by Alaska State Senator Lesil McGuire (AK-R) in 2013. The amended Bill would give the Alaska Industrial Development and Export Authority ("AIDEA") the authority to issue long term bonds to finance the infrastructure and construction costs of the Bokan-Dotson Ridge rare earth project up to a Principal Amount of \$145,000,000 subject to its own board approval and due diligence. SB 99 passed through the Alaska State Senate in a unanimous vote, with all 20 senators voting in favor of the Bill. On April 28, 2014, SB 99 passed the Alaska State Legislature in a unanimous vote with all 38 representatives in attendance voting in favor of the bill. AIDEA will undertake its due diligence subsequent to the completion by the Company of a feasibility study on the Bokan-Dotson Ridge property.

On March 2, 2015 the Company announced that it had used MRT to successfully separate each of the rare earth elements at high purity. The rare earth carbonates were produced from a pregnant leach solution derived from Bokan Dotson-Ridge feedstock. Each rare earth element was separated to a purity level exceeding 99%. The

separation procedure, employing a customized SuperLig® hydrometallurgical process, was accomplished across the entire lanthanide suite, from lanthanum (La) to lutetium (Lu), inclusive, plus yttrium (Y) and scandium (Sc).

On March 3, 2015 the Company announced that it had entered into an agreement with IBC Advanced Technologies to acquire the exclusive rights to IBC's Superlig® MRT for rare earth separation and recycling applications, in addition to tailings processing applications. Under the terms of the agreement, the Company has agreed to pay a one-time licensing fee to IBC in the amount of \$2.9 million USD. The Company has made payments of approximately \$2 million up to December 31, 2015 towards this licensing fee. The payment is subject to the delivery by IBC of a fully operational rare earth pilot plant and due diligence review by the Company. Upon satisfactory completion of the foregoing terms and conditions, at the Company's discretion, the parties agree to constitute a joint venture for the purpose of marketing and purveying Superlig® products and services. The joint venture will utilize IBC's proprietary technology on a royalty free basis for rare earth processing, recycling application, and tailings processing. The Company will have up to a 60% controlling interest in the joint venture and IBC will retain a 40% beneficial interest.

On May 11, 2015 the Company announced that it had upgraded the Bokan Dotson Ridge resource using the data from the 2014 drilling program. The details of this upgrade are discussed in more detail in the *Resource Property Interests* section.

On May 20, 2015 the Company entered into an agreement in which \$4,000,000 USD was raised through the sale of a royalty on the future sale of products and services related to the processing of rare earth elements and other specialty metals and critical materials utilizing the SuperLig® MRT process. This royalty is convertible into common shares under certain conditions. For more information see the *Liquidity and Capital Resources* section.

On August 17, 2015, the Company entered into a second royalty based financing in which \$1,000,000 USD was raised through an arrangement similar to the May 20<sup>th</sup> financing. See the *Liquidity and Capital Resources* section for more details.

On December 8, 2015 the Company entered into an additional royalty based financing in which \$5,000,000 USD was raised, of which \$2,500,000 USD was received prior to December 31, 2015. The royalty will be on production from future MRT installations and will be comprised of a gross royalty of 5% of sales payable until the recapture of the investment; and a net smelter royalty of 2.5% (increasing to 5% upon payment of the second \$2,500,000 USD) on the first production client with expected gross revenue, as estimated by the Company, exceeding \$50,000,000 per annum. The Investor has the option to increase the amount of the Investment by up to \$1,000,000 USD in exchange for a larger royalty.

Several of the royalties discussed above were converted subsequent to December 31, 2015. See the *Subsequent Events* section for more details.

Until a decision is made to proceed with the commercial development of one of its properties or revenue is generated through third party MRT installations, the annual level of exploration and development expenditures of the Company is dependent on the Company's ability to either raise capital through the sale of shares or other forms of financing to continue to finance its exploration programs and technology development.

## **Rare Earth Processing**

The Company has an agreement to acquire the exclusive rights to IBC's Superlig® MRT process for rare earth separation among other applications. This technology has been used by the Company to separate the entire suite of rare earth elements from Bokan ore with minimum purities of 99% (see press releases on March 2, 2015 and April 28, 2015). MRT is a proven technology that is used extensively around the world in non-REE mining applications; IBC and Ucore have adapted this technology for use in the rare earth industry. This has the potential to provide a clean and cost effective alternative to traditional solvent extraction technology for not only Ucore, but any company developing a primary rare earth mine or with the potential to produce rare earths as a secondary revenue stream in an already established operation.

Ucore has now contracted IBC to design and construct an MRT pilot plant to be completed in mid 2016. This pilot plant, with some reconfiguration, will be able to accept a pregnant leach solution not only from Bokan, but from other REE feedstock locations around the world.

The pilot plant design-build process is progressing under the supervision of multiple work teams within the IBC research and development facility. Laboratory scale work has been completed to refine the process for the separation of high priority rare earths, with the objective of replicating the 99%+ purity levels previously achieved through bench work. The system workflow has been defined and a comprehensive flowsheet for pilot scale processing has been developed. Long-lead time chemical compounds for the production of SuperLig® products have been ordered, and the manufacture of SuperLig® resins for use in the Plant has commenced. The pilot plant has been constructed, at a total cost of approximately \$2.5 million, including pre-MRT feedstock processing. In addition, the first tranche of the pregnant leach solution has been received and is being used in the commissioning of the plant.

The initial test run of the plant will utilize a bulk mixed concentrate derived from the Bokan deposit. The Bokan test work will take place in two stages. Phase 1 will target the separation of the Critical Heavy REEs (“CREEs”), being Dy, Tb, and Eu. Phase 2 will be completed to establish the ability to separate an additional 8 rare earth elements. Select REE’s for which there is a limited market, such as Ho through to Lu on the periodic table, will be separated on a pilot scale at a future date if deemed appropriate. As part of the modular design, the Plant will be reconfigurable and upgradeable, with the capability of accepting a wide range of feedstock from alternate sources.

More information on the MRT process can be found at [mrt.ucore.com](http://mrt.ucore.com).

Ucore has completed multiple financings in exchange for royalties on future production using the MRT process. More information regarding these financings can be obtained in the *Liquidity and Capital Resources* section.

## Resource Property Interests

Aside from MRT, Ucore’s primary focus in 2015 has been the Bokan-Dotson Ridge REE property in Alaska, where the Company has incurred the majority of its exploration expenditures for the past several years. Ucore’s strategy continues to be, to the extent possible, to progress its properties, to seek strategic opportunities for the advancement of its properties or to release the properties. A detailed schedule of the Company’s deferred exploration costs for the year ended December 31, 2015 is included in Schedule “A”.

### ***Bokan Mountain/Dotson Ridge, Alaska***

In 2006, the Company acquired the right to the Bokan Mountain property through five separate option agreements to acquire a 100% interest in a parcel of unpatented mineral claims from underlying owners and through staking a 100% interest in an additional parcel of prospective ground. The option agreements provide for the Company to acquire a 100% interest in the optioned claims in exchange for total remaining payments of US\$90,000. The five vendors will retain Net Smelter Royalties (“NSR”) ranging from 2% to 4% on their specific claims. The Company has the right to purchase between 33% and 100% of the NSR for cash payments of US\$500,000 to US\$1,000,000 per vendor.

On November 28, 2012, the Company reported the results of the Preliminary Economic Assessment (“PEA”) completed by Tetra Tech of Vancouver, BC, regarding the Dotson Ridge Zone of the Company’s Bokan Mountain heavy rare earth property in Southeast Alaska.

#### **Highlights of the PEA Include:**

- **Net Present Value (NPV):** \$577M at a 10% discount rate, pre-tax.
- **Internal Rate of Return (IRR):** 43%.

- **Payback Period:** 2.3 years.
- **Capital Cost:** \$221M, including a complete on-site rare earth oxide (“REO”) separation plant, and a contingency provision in the amount of \$25M. Among the lowest capital outlays in the rare earth mining sector.
- **Mining Rate:** 1,500 tonnes per day (“TPD”), 75% of mill feed is eliminated via the use of Dual Energy X-Ray Transmission (“DEXRT”) sorting and magnetic separation, netting approximately 375 TPD to feed the leach circuit.
- **Average Total Rare Earth Recoveries:** 81.6%
- **REO Production:** Averaging 2,250 tonnes per year (“TPY”) during the first five years at full production, including 95 tonnes of dysprosium oxide, 14 tonnes of terbium oxide, and 515 tonnes of yttrium oxide.
- **Mine Life:** 11 years, based on existing Inferred Mineral Resource Estimate (April 21, 2011), excluding highly prospective expansion at depth, along strike, and other exploration targets at the I&L Zone and beyond.
- **Direct Employment:** 170 employees.
- **Ease of Shipping Access:** Only rare earth project with immediate deep water shipping facilities, resulting in prospective mine-mouth shipping rates among the lowest in the industry.
- **Elimination of Tailings on Surface at Closure:** All tailings will be placed underground via cemented paste backfill. The processing plant will generate approximately 735 TPD of tailings, significantly less than the mine requirement of approximately 1,030 TPD backfill.
- **Recycling of Nitric Acid:** Nitric acid that is not consumed in the leach circuit will be recycled through the use of diffusion dialysis, greatly reducing acid consumption by more than 75%, resulting in significant financial and environmental benefits.
- **Near Term, High Value Production:** Relative high percentage of rare earth metals strategically critical to the US defense, clean energy, aerospace, supercomputing and transportation sectors: including Tb, Dy and Y.
- **Excellent Geopolitical Support:** Offset of completion risk through strong legislative and financial support at state and federal levels.

### Overview of Bokan Project and PEA

Ucore’s Bokan Mountain project is located on Prince of Wales Island, Alaska, approximately 60 km southwest of Ketchikan, Alaska and 140 km northwest of Prince Rupert, British Columbia, with direct ocean access to the western seaboard and the Pacific Rim. The project is situated in the Tongass National Forest, within an area set aside for natural resource development.

The PEA has been completed based on the Inferred Resource Estimate Technical Report filed on April 21<sup>st</sup>, 2011 by Ucore, with the exclusion of the I&L Zone. The resource was estimated by R. J. Robinson of Aurora Geosciences. The resource incorporated into the current mine plan totals 5.3 million tonnes, with an average grade of 0.65% total rare earth oxides (“TREO”), at a cut-off grade of 0.4% TREO. Of the TREO, approximately 40% are comprised of heavy rare earth oxides. A summary of the operating assumptions and financial model for the project is as follows:

Item	Units	Year 1	Year 2	Annual for balance of mine life
Tonnes Mined	Mt	198,000	470,900	540,000
Tonnes Processed	Mt	198,000	470,900	540,000
Mined Grade TREO		0.416%	0.511%	0.473%
Recovery		81.6%	81.6%	81.6%

	(million \$US)
Total Revenue	\$2,546
Initial Capital Expenditure	\$221
Sustaining Capital	\$145
Total Before-Tax Cash Flow (undiscounted)	\$1,516
Before-tax NPV @ 8%	\$697
Before-tax NPV @ 10%	\$577
Before-tax NPV @ 12%	\$478
Before tax IRR (%)	43%

### Capital Cost Estimate

Initial capital cost estimates for the project are as follows:

Item	Total Cost (million \$US)
<b>Direct Capital Cost</b>	
Site development	6.1
Mine underground	18.9
Mine surface facilities	23.8
Process	62.9
Tailings and waste rock management	10.1
Utilities	3.4
Buildings	3.0
Temporary facilities	5.2
Plant mobile equipment & misc.	1.4
Subtotal	134.7
<b>Indirect Capital Cost</b>	
Indirect construction costs	51.1
Owner's costs	10.9
Contingency	24.5
Subtotal	86.5
<b>Total Capital Cost</b>	<b>221.3</b>

Initial capital costs include all costs required to bring the facility to production. The ongoing sustaining capital costs are estimated to be \$145M over the 11 year mine life.

## Operating Cost Estimate

Item	Average Unit Cost (\$US/t mined)
Mining	41.69
Processing	54.83
G&A	13.56
Power	11.78
Misc.	0.93
<b>Total Operating Cost</b>	<b>122.78</b>

## REE Pricing Considerations

In developing rare earth pricing assumptions, a number of sources were considered by both Ucore and Tetra Tech. Price forecasts generated by analysts and Ucore's rare earth peer group vary widely. In selecting pricing assumptions, efforts were made to incorporate assumptions that were independent, supportable, and conservative. As a result, Tetra Tech has used a three-year trailing average of China FOB prices from October, 2009 to October, 2012 to establish prices for the rare earth oxides, except Ho, Lu, Yb & Er oxides, where two-year trailing averages were used due to limited Chinese market data. These prices are displayed in "Scenario 1" below. The Company also considered the impact of pricing REO's based on a 6-month trailing average and a 3-month trailing average. These results are displayed in "Scenario 2" and "Scenario 3" below, respectively.

	Pricing Scenario 1 3-Year trailing average	Pricing Scenario 2 6-Month trailing average	Pricing Scenario 3 3-Month trailing average
REO	\$US/kg	\$US/kg	\$US/kg
La <sub>2</sub> O <sub>3</sub>	48.69	20.85	18.42
Ce <sub>2</sub> O <sub>3</sub>	47.21	21.38	19.23
Pr <sub>2</sub> O <sub>3</sub>	113.10	110.00	103.08
Nd <sub>2</sub> O <sub>3</sub>	126.70	108.96	101.58
Sm <sub>2</sub> O <sub>3</sub>	57.74	71.79	61.42
Eu <sub>2</sub> O <sub>3</sub>	1,834.94	2,185.00	2010.00
Gd <sub>2</sub> O <sub>3</sub>	81.70	99.42	96.35
Tb <sub>2</sub> O <sub>3</sub>	1,520.83	1,907.12	1,840.38
Dy <sub>2</sub> O <sub>3</sub>	845.80	1,009.42	948.08
Ho <sub>2</sub> O <sub>3</sub>	211.39	107.25	107.05
Er <sub>2</sub> O <sub>3</sub>	88.20	153.61	140.08
Tm <sub>2</sub> O <sub>3</sub>	N/A	N/A	N/A
Yb <sub>2</sub> O <sub>3</sub>	102.79	124.07	110.51
Lu <sub>2</sub> O <sub>3</sub>	1,036.40	1,420.79	1,427.56
Y <sub>2</sub> O <sub>3</sub>	80.41	100.75	85.12
<b>NPV @ 10% Discount</b>	<b>\$577M</b>	<b>\$620M</b>	<b>\$513M</b>

## Economic Analysis and Sensitivity Analysis

The economic analysis was based on the mineral resource estimate filed by Ucore in April of 2011, totalling 5.3 million tonnes at an average grade of 0.65% TREO in the Inferred category. This resource is adequate to allow for an 11 year mine life, based on current mining assumptions including a mining rate of 1,500 TPD. TREO recoveries are expected to average 81.6%.

These assumptions, together with capital cost and operating cost estimates noted above, result in a before tax NPV, at a 10% discount rate, of \$577 million. The payback period for the project is 2.3 years from the start of production. The project generates a pre-tax IRR of 43%.

A sensitivity analysis was performed, to test the impact of changes to several key assumptions included in the economic model, with the following results:

Changes to selling price of REOs	NPV at 10%, \$US million	IRR, %
Increase of 20%	802	52%
Increase of 10%	690	47%
Base Case	577	43%
Decrease of 10%	464	38%
Decrease of 20%	352	33%

Changes in operating costs	NPV at 10%, \$ US million	IRR, %
Increase of 20%	519	40%
Increase of 10%	548	42%
Base Case	577	43%
Decrease of 10%	606	44%
Decrease of 20%	635	45%

Change in initial capital expenditure	NPV at 10%, \$ US million	IRR, %
Increase of 20%	526	37%
Increase of 10%	552	40%
Base Case	577	43%
Decrease of 10%	602	46%
Decrease of 20%	627	51%

## Environmental Assessment

Ucore is currently conducting environmental baseline studies to prepare for the forthcoming permitting process at the Dotson Ridge Project. The project plan is being developed in consultation with local stakeholders as well as state and federal regulators. A Plan of Operations, which will be based upon engineered facility designs advanced from the concepts presented in the PEA, will be submitted to the US Forest Service to initiate a National Environmental Policy Act review. Permitting advantages for the project include the elimination of a permanent surface tailings storage facility, due to the use of x-ray sorting technology, which will allow for 100% of the mill tailings to be placed in mined out areas underground as cemented paste backfill. The study includes cost estimates for site water management and treatment.

## Qualified Persons

The technical disclosures in this document have been reviewed and approved by Kenneth W. Collison, P. Eng. a consultant to and COO of Ucore.

## Cautionary Notes

Please note that the PEA is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

## Overview of the May 2015 Bokan Resource Upgrade

On May 11, 2015, the Company announced an upgraded resource estimate for the Bokan property, which was prepared by Aurora Geosciences (Alaska) Ltd.

An additional 1.043 million tonnes of newly estimated Inferred mineralization grading 0.604% TREO at a cut-off grade of 0.40% TREO has now been added to the total Resource at Bokan, as a result of deeper exploratory drilling during the 2014 field season. Further, more than 98% of the previously established Resource has now been upgraded to the fully Indicated category under NI 43-101 standards by way of supplemental infill drilling. The previously announced Resource, consisting of 2.936 million tonnes in the Indicated category and 1.995 million tonnes in the Inferred category under NI 43-101 standards at the same cut-off grade, was announced by Ucore in a press release dated Oct. 21, 2013.

A summary of the upgraded mineral resource is as follows:

### *Indicated Mineral Resource Estimate*

TREO CUT-OFF	TONNES	LREO (%)	HREO (%)	TREO (%)	Contained TREO (lbs)
.20	5,786,500	0.331	0.221	0.552	70,418,800
.30	5,411,900	0.345	0.228	0.573	68,365,700
<b>.40</b>	<b>4,787,900</b>	<b>0.363</b>	<b>0.239</b>	<b>0.602</b>	<b>63,544,100</b>
.50	3,532,900	0.395	0.258	0.653	50,860,200
.60	2,110,100	0.440	0.285	0.725	33,726,800

### *Inferred Mineral Resource Estimate*

TREO CUT-OFF	TONNES	LREO (%)	HREO (%)	TREO (%)	Contained TREO (lbs)
.20	1,201,100	0.343	0.224	0.567	14,934,500
.30	1,136,400	0.355	0.230	0.584	14,631,100
<b>.40</b>	<b>1,050,000</b>	<b>0.365</b>	<b>0.237</b>	<b>0.603</b>	<b>13,958,600</b>
.50	820,400	0.389	0.255	0.645	11,665,900
.60	507,300	0.421	0.286	0.707	7,907,100

Notes:

1. Total Rare Earth Oxides (TREO) includes: La<sub>2</sub>O<sub>3</sub>, Ce<sub>2</sub>O<sub>3</sub>, Pr<sub>2</sub>O<sub>3</sub>, Nd<sub>2</sub>O<sub>3</sub>, Sm<sub>2</sub>O<sub>3</sub>, Eu<sub>2</sub>O<sub>3</sub>, Gd<sub>2</sub>O<sub>3</sub>, Tb<sub>2</sub>O<sub>3</sub>, Dy<sub>2</sub>O<sub>3</sub>, Ho<sub>2</sub>O<sub>3</sub>, Er<sub>2</sub>O<sub>3</sub>, Tm<sub>2</sub>O<sub>3</sub>, Yb<sub>2</sub>O<sub>3</sub>, Lu<sub>2</sub>O<sub>3</sub>, Y<sub>2</sub>O<sub>3</sub>
2. Heavy Rare Earth Oxides (HREO) includes: Eu<sub>2</sub>O<sub>3</sub>, Gd<sub>2</sub>O<sub>3</sub>, Tb<sub>2</sub>O<sub>3</sub>, Dy<sub>2</sub>O<sub>3</sub>, Ho<sub>2</sub>O<sub>3</sub>, Er<sub>2</sub>O<sub>3</sub>, Tm<sub>2</sub>O<sub>3</sub>, Yb<sub>2</sub>O<sub>3</sub>, Lu<sub>2</sub>O<sub>3</sub>, Y<sub>2</sub>O<sub>3</sub>
3. The mineral resource estimate was completed by Mr. Jim Robinson, a Senior Consulting Geologist at Aurora. Mr. Robinson is an independent qualified person for the purposes of NI 43-101 standards of disclosure for mineral projects of the Canadian Securities Administrators and has verified the data.
4. The resource estimate is based on:
  - A database of 97 diamond drill holes totaling 20,000 m and 56 surface channels totaling 200 m. This diamond drilling and channel sampling was completed by Ucore in 2008, 2009, 2010, 2011 and 2014 on the Dotson Ridge zone
  - All geochemical analyses were performed by ALS Chemex, Eco-tech Laboratories Ltd., Bureau Veritas (ACME Analytical) and Activation Laboratories.
  - The specific gravity (SG) used is the overall mean of 2.77, determined from 141 SG readings.
  - Block model was estimated by the Inverse Distance Squared interpolation method on blocks of maximum 4 m x 4 m and minimum 1 m x 1 m dimensions.
  - All REE assays exceeding the 95% confidence level (CL) were cut to the 95% CL for each element.
  - All intercepts with a true width of less than 1.5 m were diluted to a potential mining width of 1.5m.

The drill-defined Mineral Resource at Bokan Dotson-Ridge commences at surface and is open both at depth and along strike. Additional information regarding significant drill results from the Company's prior exploration programs and maps and sections detailing the drill-hole locations and individual REE values are available at: [www.ucore.com](http://www.ucore.com).

The Company is working towards the completion of a Feasibility Study, which will incorporate the results of this upgraded Mineral Resource estimate, together with additional resource modeling. The Company issued a request for proposal to engage a consulting firm to prepare the study and selected Ausenco Engineering Canada Inc. of Vancouver, BC to prepare the feasibility study. Project permitting is also underway and the Company plans to have the Plan of Operations submitted within the upcoming year.

#### **Expenditure on Bokan**

During 2015 the Company has been focused on environmental and permitting work as well as advancing its metallurgical processes through the advancement of the MRT technology. The Company completed a drill program on the property during the prior year, which is expected to be the last required drilling prior to the completion of a feasibility study. Expenditures on environmental and permitting during the year totalled approximately \$500,000. Expenditures on metallurgy were \$2.7 million during the year ended December 31, 2015 which is largely related to the construction and operation of the MRT technology pilot plant with IBC Advanced Technologies Inc. Costs associated with the feasibility study totalled approximately \$80,000. The remaining \$470,000 was spent on non-drilling geology based expenditures. In total, the Company incurred expenditures totalling \$3.7 million on the project during the year ended December 31, 2015. The impact of foreign exchange translation led to an increase in carrying value of \$3.8 million during the year. This foreign

exchange balance increases or decreases the mineral properties balance depending on the strength of the US dollar versus the Canadian dollar.

### ***Ray Mountains, Alaska***

During 2012, the Company acquired through physical staking and claim recording approximately 11,400 acres located in the Ray Mountains, Alaska. The claims were staked by the Company in 2011. Due to uncertain plans for future development, the Company has recorded an impairment charge of \$329,857 in 2015, writing down the carrying value of the Ray Mountains property to \$nil.

### ***Seagull Tin, Yukon***

The Company holds an option on a 100% interest in the Seagull Tin property located in the Southwestern Yukon. The options can be exercised on the second anniversary of the agreement for the lesser of 500,000 shares of the Company or 2% of the outstanding shares of the Company at that date. The Company's interest is subject to a 1.5% NSR, on which a \$200,000 advance payment is due on the fourth anniversary of the option agreement.

### ***Sandybeach Lake, Nunavut***

Ucore holds a 100% interest in the Sandybeach Lake property, located in southwestern Nunavut. The 18-square kilometre property is centered on Sandybeach Lake, located five kilometres northeast of the northern extents of Neultin Lake in Manitoba. The carrying value of the property was written down to nil in 2010.

## **Selected Annual Information**

The following annual information is prepared in accordance with International Financial Reporting Standards. Amounts are reported in thousands of Canadian dollars, except for per share amounts.

	<b>For the year ended December 31, 2015 \$</b>	<b>For the year ended December 31, 2014 \$</b>	<b>For the year ended December 31, 2013 \$</b>
Net loss	4,525	3,903	3,567
Loss per share – basic and diluted	0.02	0.02	0.02
Total assets	46,089	35,981	28,762

## **Results of Operations**

The Company has no operating revenues and is dependent on equity or other financings to fund its exploration and evaluation operations and the advancement of MRT. As a result, the Company expects to incur operating losses until such time as an economic resource is identified, developed and exploited on one or more of the Company's properties or MRT is commercialized.

During the year ended December 31, 2015, the Company incurred a net loss before income taxes of \$4.5 million compared to a net loss before income taxes of \$3.9 million for the year ended December 31, 2014 an increase of approximately \$600k. The increase in the loss was the almost completely the result of two items, an impairment of approximately \$330,000 recorded on the Ray Mountains property, as well the foreign exchange loss incurred on the royalty based financings entered into during the year.

The Company earned approximately \$51,000 less in interest income during the year ended December 31, 2015 than during the same period in fiscal 2014. This decrease was due to lower interest rates as well as a need for increased liquidity during the year which resulted in shorter term investments.

Operating expenses were very consistent year to year totaling \$4 million in 2015, compared to \$3.9 million in the prior year. Operating expenses would have decreased by approximately \$240,000 in 2015, however the Ray Mountains property was impaired by \$330,000. Aside from the impairment charge, the only significant variance from the prior year is a \$222,000 decrease in share based payments.

Salaries and consultants expense is very consistent at an increase of approximately \$60,000 year over year, which is simply the result of regular pay increases. Professional fees decreased by approximately \$71,000 as the Company relied on a number of consultants during the second quarter of 2014 to assist in assessing foreign markets for potential investors; this program is complete and is not expected to be an ongoing expense. Securities and regulatory expenses have increased by approximately \$80,000 which is a result of additional payments to the TSX-V as a result of a number of one time transactions.

The Company recorded non-cash stock-based compensation expense of approximately \$420,000 attributable to the estimated value of stock options earned and vested during the period, a decrease of approximately \$222,000 as compared to the prior year, as well as non-cash amortization expense of approximately \$39,000, representing depreciation of the Company's equipment. In addition, the Company capitalized approximately \$28,000 of non-cash stock-based compensation expense during the period to resource properties, attributable to the value of stock options earned by the Company's exploration personnel. The decrease in non-cash stock-based compensation expense decline can be attributed to a one time options grant to a consultant during the second quarter of 2014 which vested immediately resulting in approximately \$94,000 in expense. The remaining decrease was largely the result of the timing of vesting periods related to different options grants and slightly lower black-scholes valuations.

During the year the Company conducted an impairment review with respect to the Ray Mountains property, which resulted in an impairment of \$330,000; writing the Ray Mountains property off completely. The Company's prior year impairment review did not suggest any indicators of impairment existed at December 31, 2014 and therefore no write-offs were required in 2014. Ucore will continue to review its portfolio of resource properties and write-down the carrying costs of any properties considered to be impaired in value, which could have a material impact on the Company's net loss in future periods.

The Company recognized deferred income tax recoveries of approximately \$25,000 in 2014 relating to the renunciation of flow-through share expenditures made during the year. There was no income tax recovery or expense during the current year.

The Company realised a currency exchange loss of approximately \$501,000 during the year relating to its foreign currency translation, as compared to a loss of approximately \$45,000 for the prior year. The variance is largely the result of the revaluation of the future royalty obligation at year end which led to an unrealized foreign exchange loss of \$660,000. As the Company continues to deal in both the Canadian and United States currencies, the Company may continue to incur foreign exchange gains and losses arising from changes in the value of the United States dollar relative to the Canadian dollar.

## Summary of Quarterly Results

Expressed in thousands of dollars, except per share amounts	12/31/15 \$	9/30/15 \$	6/30/15 \$	3/31/15 \$	12/31/14 \$	9/30/14 \$	6/30/14 \$	3/31/14 \$
Net loss before provision for taxes	1,781	1,220	870	654	939	889	1,464	636
Loss per share – basic and diluted	0.02	0.01	0.00	0.00	0.02	0.00	0.01	0.00
Total Assets	46,089	43,041	41,177	37,586	35,981	36,051	35,549	29,594

During the fourth quarter of 2015 the Company undertook an impairment review of its Ray Mountains property as discussed above. This review resulted in a write-down of resource properties in the amount of \$330,000, bringing the property to a value of \$nil. In addition, the Company recorded an unrealized foreign exchange loss on the revaluation of the royalty based financings of \$660,000.

The variance between the third quarter of 2015 and the comparative quarter of 2014 is the result of bonuses paid to executives in the third quarter of 2015 but the second quarter of 2014. This is also part of the reason for the Q2 decrease from 2014 to 2015. In addition, during the second quarter of 2014, the Company paid a number of one time consulting fees. These items are discussed in more detail in the *Results of Operations* section.

During the fourth quarter of 2014, the Company undertook an impairment review of its Lost Pond property as discussed above. This review resulted in a write-down of resource properties in the amount of \$800,000, bringing the property to a value of \$nil.

### Liquidity and Capital Resources

At December 31, 2015, the Company had working capital of \$3.1 million, with a cash and restricted cash balance of \$3 million.

The Company used approximately \$3.1 million of working capital to fund operating expenses for the year ended December 31, 2015. Net cash expenditures on resource properties and related deferred costs totalled \$4 million during the year. This was primarily funded from working capital, as well as total proceeds of \$USD7.5 million from the various royalty based financings completed during the year.

On May 20, 2015 the Company entered into an agreement in which \$4,000,000 USD was raised through the sale of a royalty on the future sale of products and services related to the processing of rare earth elements and other specialty metals and critical materials utilizing the SuperLig® MRT process. Under the terms of the agreement, the purchaser will make payments totaling \$4,000,000 USD over a 120 day period, all of which has been received. The royalty will be on production from future MRT installations and is comprised of a gross royalty of 5% of sales payable until the recapture of the investment; and a net smelter royalty of 2% on the first production client.

The purchaser has the right to convert the total amount of the investment, minus any royalty amounts already then paid, into common shares of the Company. If the purchaser elects to convert such amount, the Company's royalty obligation shall cease, and the conversion amount shall be converted into common shares at the greater of (i) the 30 day volume weighted average share price of the Company's common shares, less a 20% discount, (ii) the market price of the Company's common shares on the day immediately prior to the conversion date, less

a 20% discount; or (iii) \$0.25 per common share. The closing of this transaction was subject to and conditional upon the acceptance and approval of the TSX Venture Exchange which was received

On August 17, 2015 the Company entered into a second royalty based financing in which \$1,309,000 (\$1,000,000 USD) was raised and received prior to September 30, 2015. The royalty will be on production from future MRT installations and be comprised of a gross royalty of 5% of sales payable until the recapture of the investment; and a net smelter royalty of 0.5% on the first production client with expected gross revenue, as estimated by the Company, exceeding \$50,000,000 per annum. This royalty is also convertible into common shares under the same terms as the May 20, 2015 royalty discussed above.

On October 10, 2015 the Company entered into an agreement in which the principal amount of \$300,000 (USD) of a short term debt discussed was converted into a royalty on the future sale of products and services related to the processing of rare earth elements and other specialty metals and critical materials utilizing the SuperLig® MRT. The royalty will be on production from future MRT installations and be comprised of a gross royalty of 0.15% of sales payable until the recapture of the investment; and a net smelter royalty of 0.15% on the first production client. The purchaser has the right to convert the total amount of the investment, minus any royalty amounts already then paid, into common shares of the Company. If the purchaser elects to convert such amount, the Company's royalty obligation shall cease, and the conversion amount shall be converted into common shares at the greater of (i) the 30 day volume weighted average share price of the Company's common shares, less a 20% discount, (ii) the market price of the Company's common shares on the day immediately prior to the conversion date, less a 20% discount; or (iii) \$0.25 per common share.

On December 8, 2015 the Company entered into a fourth royalty based financing in which \$5,000,000 USD was raised, of which \$3,274,684 (\$2,500,000 USD) was received prior to December 31, 2015. The royalty will be on production from future MRT installations and will be comprised of a gross royalty of 5% of sales payable until the recapture of the investment; and a net smelter royalty of 2.5% (increasing to 5% upon payment of the second \$2,500,000 USD) on the first production client. The investor has the option to increase the amount of the Investment by up to \$1,000,000 USD in exchange for a larger royalty. If, prior to April 30, 2016, the Investor provides written notice to the Company that it would like to increase the Investment, it can do so in tranches of \$500,000 USD in exchange for a pro-rata increase in its royalty. Each \$500,000 USD additional investment will result in an increase in the NSR by a factor of 0.50%.

The purchaser has the right to convert the total amount of the investment, minus any royalty amounts already then paid, into common shares of the Company. If the purchaser elects to convert such amount, the Company's royalty obligation shall cease, and the conversion amount shall be converted into common shares at the greater of (i) the 30 day volume weighted average share price of the Company's common shares, less a 20% discount, (ii) the market price of the Company's common shares on the day immediately prior to the conversion date, less a 20% discount; or (iii) \$0.25 per common share.

Subsequent to December 31, 2015 the Company raised an additional \$2,500,000 USD through another royalty based financing. The details of this financing are discussed in the *Subsequent Events* section.

In management's view, these financings will enable the Company to meet its resource property obligations, fund its administration costs, and fund its planned exploration programs beyond the next twelve months.

### **Off-Balance Sheet Arrangements**

At December 31, 2015, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

## Critical Accounting Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred expenditures, the value of the convertible royalty liability, non-cash stock-based compensation and deferred income tax assets and liabilities.

The Company's recoverability of the recorded value of its resource properties and associated deferred expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company operates in an industry that is subject to a number of risk factors, including legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

The factors affecting non-cash stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend on a variety of factors including the market value of the Company's shares and the financial objectives of the stock-based instrument holders.

Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values. Deferred income tax assets also result from unused losses carried forward and other deductions. The valuation of deferred income tax assets is adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

## Future Changes in Accounting Policies

For the purposes of preparing and presenting the Company's consolidated financial statements, the Company has adopted all applicable standards and interpretations issued other than those discussed below. These standards have not been adopted because they are not effective for the Company until subsequent to December 31, 2015. Standards and interpretations issued, but not yet adopted include:

	<u>Effective for the Company</u>
Amendments to IAS 28, Investments in Associates and Joint Ventures	January 1, 2016
Amendments to IAS 38, Intangibles	January 1, 2016
Amendments to IFRS 10, Consolidated Financial Statements	January 1, 2016
Amendments to IAS 7, Statement of Cash Flows	January 1, 2017
Amendments to IAS 12, Income Taxes	January 1, 2017
IFRS 15, Revenue from Contracts with Customers	January 1, 2018
IFRS 9, Financial Instruments	January 1, 2018
IFRS 16, Leases	January 1, 2019

In September 2014, the IASB issued amendment to IAS 28, Investments in Associates and Joint Ventures, and IFRS 10, Consolidated Financial Statements. These amendments address a conflict between IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. These amendments were to be applied for annual periods beginning on or after January 1, 2016, however, on December 17, 2015 the IASB decided to defer the effective date for these amendments indefinitely. The company does not intend to early adopt these amendments in its financial statements.

In January 2016, the IAS issued amendments to IAS 7, Statement of Cash Flows. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. One way to meet this new

disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities from financing activities. These amendments apply prospectively for annual periods beginning on or after January 1, 2017. The Company intends to adopt the amendments to IAS 7 in its financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the amendments has not yet been determined.

In January 2016, the IASB issued amendments to IAS 12, Income Taxes. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences. The amendments apply retrospectively for annual periods beginning on or after January 1, 2017. The Company intends to adopt the amendments to IAS 12 in its financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the amendments has not yet been determined.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. The standard replaces IAS 11, Construction Contracts; IAS 18, Revenue; IFRIC 13, Customer Loyalty Programmes; IFRIC 15, Agreements for the Construction of Real Estate; IFRIC 18, Transfer of Assets from Customers; and SIC 31, Revenue – Barter Transactions Involving Advertising Services. This standard establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

In July 2014, the IASB issued IFRS 9, Financial Instruments, which will replace IAS 39, Financial Instruments, Recognition and Measurement. The replacement standard provides a new model for the classification and measurement of financial instruments. The IASB has determined the revised effective date for IFRS 9 will be for annual periods beginning on or after January 1, 2018. The Company will evaluate the impact of the change to the consolidated financial statements based on the characteristics of financial instruments outstanding at the time of adoption.

In January 2016, the IASB issued IFRS 16 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The new standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

## **Related Party Transactions**

As at December 31, 2015, the Company has recorded an advance, for corporate expenses, to officers of the Company in the amount of \$204,472 (December 31, 2014 \$192,088), which is non-interest bearing and is to be repaid over three years. This amount is included in prepaid expenses and other.

During the year ending December 31, 2015, the Company paid \$122,321 (2014 \$60,067) in consulting fees to a company of which a director is a partner. Additionally, travel expenditures in the amount of \$1,337 (2014 \$1,430) were reimbursed to directors of the Company.

All related party transactions were in the normal course of operations and were valued at the exchange amount agreed to between the parties.

## Outstanding Share Data

The following is the Company's issued and outstanding share data as of the date of this report. Each stock option is exercisable for one common share of the Company.

Securities	Number	Weighted average exercise price \$	Weighted average remaining life (years)
Common shares	241,111,282	n/a	n/a
Warrants	39,601,249	0.42	0.81
Stock options under plans approved by shareholders	15,605,000	0.35	2.64

## Subsequent Events

On January 15, 2016 two investors exercised their right to convert their royalty investment (see note 12) into common shares of the Company. The investors initially paid \$5.3 million USD for the royalties which were converted at a rate of \$0.25 per share. At the conversion date, the liabilities were converted into 30,470,760 common shares of the Company.

On February 23, 2016 the Company extended the term of share purchase warrants of the Company. A total of 20,000,000 share purchase warrants were originally issued by the Company pursuant to the closing of the equity offering as originally announced on May 13, 2013. Each share purchase warrant entitled the holder to purchase one common share of the company at a price of \$0.35 per common share for a period of 36 months. A total of 18,222,000 of these Warrants remained outstanding at December 31, 2015. As a result of market conditions during the term of the Warrants and the capital raising opportunity represented by the Warrants, the Board of Directors of the Company has approved an amendment to the term of the original Warrant so that the term will be extended from May 13, 2016 to December 31, 2016.

On March 4, 2016 an investor exercised their right to convert their royalty investment (see note 12) into common shares of the Company. The investor initially paid \$2.5 million USD (approximately \$3.3 million CAD) for the royalty which was converted at a rate of \$0.26625 per share. At the conversion date, the liabilities were converted into 12,676,050 common shares of the Company. In addition, the investor made a commitment to increase the \$2.5 million USD royalty payment due in April 2016 by an additional \$2.5 million USD, therefore preserving the terms of underlying royalty agreement. Finally, the investor made a commitment to exercise their option to increase the royalty by \$1 million USD per the terms of the agreement.

## Risks and Uncertainties

The Company's financial instruments consist of cash, restricted cash, short-term deposits, marketable securities, trade and other receivables, and accounts payable and accrued liabilities. Management does not believe these financial instruments expose the Company to any significant interest, currency or credit risks arising from these financial instruments. The fair market values of these financial instruments approximate their carrying values, unless otherwise noted.

In conducting its business, the principal risks and uncertainties faced by the Company relate to exploration and development success of the Company's mineral properties and to the successful advancement of MRT, as well as metal prices and market sentiment to a lesser extent.

The PEA discussed in the overview section is preliminary in nature, it includes indicated and inferred mineral resources only, which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery of ore reserves or resources will be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of reserves and resources, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Material changes in ore reserves and resources, grades, stripping ratios, recovery rates or selling prices of the underlying commodities may affect the economic viability of any project.

The Company's future growth and productivity could possibly depend, in part, on its ability to identify and acquire additional mineral rights, and on the costs and results of continued exploration and development programs. Mineral exploration is highly speculative in nature and is frequently non-productive. Substantial expenditures are required to:

- establish ore reserves and resources through drilling and metallurgical and other testing techniques;
- determine metal content and metallurgical recovery processes to extract metal from the ore; and
- construct, renovate or expand mining and processing facilities.

In addition, the prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. The Company will be reliant on equity or other types of financing for its long-term working capital requirements and to fund its exploration programs. The Company does not generate any revenue and does not have sufficient funds to put any of its resources interests into production from its own financial resources. There is no assurance that such financing will be available to the Company, or that it will be available on acceptable terms.

MRT is at advanced testing stages and has yet to be proven, at a commercial scale, for the separation of rare earth elements. The Company has not yet released an economic assessment on the use of MRT for the separation of rare earth elements and does not yet have any specific contracts for the processing of rare earths using MRT.

## **Disclosure Controls and Procedures and Internal Controls over Financial Reporting**

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

TSX Venture-listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) processes to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP.

## Other Information

Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.ucore.com](http://www.ucore.com). Additional information about the MRT Superlig® technology can be found at [mrt.ucore.com](http://mrt.ucore.com).

**UCORE RARE METALS INC.**

Schedule "A"

Schedule of Resource Properties

For the year ended December 31, 2015

**Details of Resource Properties and Related Deferred Costs**

	Bokan Mountain/ Dotson Ridge	Ray Mountains, Alaska	Seagull Tin, Yukon	Total December 31, 2015
<b>Mineral Properties</b>				
Balance, beginning of period	\$ 4,420,251	\$ 52,413	\$ -	\$ 4,472,664
Expenditures during period	-	-	-	-
Change in foreign exchange rates	514,992	-	-	514,992
Impairment		(52,413)		(52,413)
Balance, end of period	<u>4,935,243</u>	<u>-</u>	<u>-</u>	<u>4,935,243</u>
<b>Deferred Exploration expenditures:</b>				
Geology	466,420	-	-	466,420
Environmental & permitting	491,508	-	-	491,508
Feasibility Study	76,287	-	-	76,287
Metallurgy	<u>2,672,072</u>	<u>-</u>	<u>-</u>	<u>2,672,072</u>
	3,706,288	-	-	3,706,288
Reclassification from capital assets	200,865	-	-	200,865
Balance, beginning of period	<u>27,662,145</u>	<u>277,444</u>	<u>251,994</u>	<u>28,191,583</u>
	31,569,298	277,444	251,994	32,098,736
Change in foreign exchange rates	3,246,038	-	-	3,246,038
Impairment		(277,444)		(277,444)
Balance, end of period	<u>34,815,336</u>	<u>-</u>	<u>251,994</u>	<u>35,067,330</u>
<b>Mineral properties and deferred exploration expenditures, end of period</b>	<u>\$ 39,750,579</u>	<u>\$ -</u>	<u>251,994</u>	<u>\$ 40,002,573</u>