

Uranium Valley Mines Ltd.



URANIUM VALLEY MINES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FIRST QUARTER ENDED

MARCH 31, 2017

DATED MAY 12, 2017

Uranium Valley Mines Ltd.

Management's discussion and analysis for the first quarter ended March 31, 2017

SCOPE OF THIS MANAGEMENT'S DISCUSSION AND ANALYSIS AND NOTICE TO INVESTORS

This management's discussion and analysis of financial position and results of operations ("MD&A"), is prepared as of May 12, 2017, and complements the unaudited interim condensed financial statements of Uranium Valley Mines Ltd. ("Uranium" or the "Company"), for the three-month period ended March 31, 2017.

The interim condensed financial statements and related notes have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. They do not contain all the information required to be disclosed in annual financial statements. Certain information and notes usually provided in the annual financial statements have been omitted or condensed when not deemed essential to the understanding of the interim financial information of the Company. Therefore, this MD&A should be read in conjunction with the information contained in the annual audited financial statements of the Company and the notes thereto for the year ended December 31, 2016. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all amounts are in Canadian dollars unless otherwise indicated.

The Company's independent auditors have not conducted a review of the interim condensed financial report in accordance with the standards established by the Canadian Institute of Chartered Accountants regarding the review of the interim financial report.

The unaudited interim condensed financial statements and the MD&A have been reviewed by the audit committee and approved by the Company's Board of Directors on May 12, 2017. These documents and more information about the Company are available on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain statements made in this MD&A are forward-looking statements or information. The Company is hereby providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of the Company. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results are summarized below under the heading "Risks and Uncertainties".

Further, unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement.

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ABOUT URANIUM VALLEY MINES LTD

Uranium, incorporated on February 18, 2010 under the Business Corporations Act of British Columbia, is involved in the process of exploring, evaluating and promoting its mineral properties and other projects. The head office of the Company is located at 152 Chemin de la Mine École, Val d'Or, Quebec, Canada. The Company's registered and records office is located at #1810 - 1111 West Georgia Street, Vancouver, B.C. V6E 4M3. The Company also has administrative offices located at 800 René-Lévesque Boulevard West, Suite 425, Montreal, Quebec, H3B 1X9.

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 decided to take the required steps to transfer its listing to NEX and carry on its business as a NEX listed issuer. On May 5, 2016, the Company announced that its listing on the Exchange had been transferred to NEX and that from May 6, 2016, its common shares commenced trading on NEX under symbol "VZZ.H".

MINERAL PROPERTIES

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 consists of four (4) 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 execution of its Phase 1 program. Phase 1 of the exploration program includes: compilation of all available property data, ground magnetic and induced polarization geophysical surveys.

On July 4, 2016, the Mining Option Agreement between the Company and 2973090 has been amended to postpone the third, and last, share payment of 66,667 common shares and the requirement to incur exploration expenditures of \$50,000 from July 17, 2016 to July 17, 2017.

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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 a feasibility study at its sole cost within the period of 6 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 on 2 mining claims; Ditem is the operator. At December 31, 2015, since no exploration work has been performed in the past years and the operator is not planning any work in the near future, the Company made the decision to impair its Beartooth Island Prospect.

Other properties

The Company holds a 100% interest in the Otish and Mistassini Prospects located in the North central region of the province of Québec. 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, 2011 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.

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SELECTED FINANCIAL INFORMATION

FINANCIAL POSITION ANALYSIS

	March 31, 2017	December 31, 2016	December 31, 2015
		\$	\$
Assets	480,176	549,407	49,133
Liabilities	30,184	46,390	2,169
Equity	449,992	503,017	46,964

ASSETS

Total assets at March 31, 2017 were \$480,176 compared to \$549,407 at December 31, 2016, a decrease of \$69,231 mainly due to a decrease in cash of \$94,800 which served to fund the Company's current operations. This decrease was mainly off-set by an increase in prepaid expenses of \$17,500 related to a deposit for future exploration and evaluation expenditures.

LIABILITIES

Total liabilities at March 31, 2017 were \$30,184 compared to \$46,390 at December 31, 2016, a decrease of \$16,206 due to a decrease in accounts payable and accrued liabilities of \$13,440 and to the reversal of the liability component related to the issuance of flow-through units of \$2,766.

EQUITY

Equity totalled \$449,992 at March 31, 2017 compared to \$503,017 at December 31, 2016, a decrease of \$53,025 due to the period net loss. Readers are invited to refer to the statement of changes in equity of the unaudited interim condensed financial statements for more details.

OPERATING RESULTS ANALYSIS

	Three-month period ended March 31, 2017	Three-month period ended March 31, 2016
	\$	\$
Revenue	-	-
Operating expenses	55,665	19,324
Other income	(2,640)	(72)
Net loss and comprehensive loss	53,025	19,252
Basic and diluted net loss per common share	0.003	0.002

THREE-MONTH PERIOD ENDED MARCH 31, 2017 COMPARED TO THE THREE-MONTH PERIOD ENDED MARCH 31, 2016

The net loss for the three-month period ended March 31, 2017 was \$53,025 or (\$0.003) per share, compared to \$19,252 or (\$0.002) per share for the same period in 2016, an increase of \$33,773 mainly due to an increase in legal fees of \$19,569, regulatory and transfer agent fees of \$7,579 and investor relation fees of \$4,051. The increase in legal fees is due in part to fees of \$4,750 incurred in connection with the mining option agreement signed with Golden Valley, the controlling shareholder, for the acquisition of the Abitibi

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Greenstone Belt Prospect and the concurrent private placement which were terminated in February 2017 and to annual filing fees of \$3,924 which were recognized during the first quarter compared to the second quarter in 2016. The increase in regulatory and transfer agent fees is directly attributable to the mining option agreement and concurrent private placement.

CASH FLOW ANALYSIS

	Three-month period ended March 31, 2017	Three-month period ended March 31, 2016
	\$	\$
Operating activities	(95,529)	(8,480)
Investing activities	(2,271)	-
Financing activities	-	-

THREE-MONTH PERIOD ENDED MARCH 31, 2017 COMPARED TO THE THREE-MONTH PERIOD ENDED MARCH 31, 2016

OPERATING ACTIVITIES

Operating activities required cash flows of \$95,529 compared to \$8,480 in 2016. This increase in the use of cash flows is mainly due to an increase in the net loss after non-cash items which went from \$19,252 in 2016 to \$55,791. In addition, non-cash working capital items required cash flows of \$36,738 compared to generated cash flows of \$10,772 in 2016.

INVESTING ACTIVITIES

Investing activities required cash flows of \$2,271 compared to \$nil in 2016. These cash flows are related to the exploration and evaluation expenditures done on the Porcupine Miracle Prospect.

QUARTERLY RESULT TRENDS (IN THOUSANDS OF \$)

The operating results for each of the last eight quarters are presented in the following table. Management considers that the information for each of those quarters was determined in the same way as for our audited financial statements for the year ended December 31, 2016.

	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-	-
Net loss	(53)	(24)	(22)	(24)	(19)	(214)	(15)	(29)
Basic and diluted net loss per common share	(0.003)	(0.001)	(0.002)	(0.002)	(0.002)	(0.019)	(0.001)	(0.002)

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LIQUIDITY, CAPITAL RESOURCES AND SOURCES OF FINANCING

As of March 31, 2017, the Company had a cash position of \$436,752 of which an amount of \$30,145 is held for exploration and evaluation expenditures and a working capital of \$433,247.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To preserve or modify its capital structure and to carry on the development of its mining properties, the Company may issue additional common shares or negotiate new loans.

The Company's ability to continue as a going concern depends upon its ability to obtain necessary financing to fund its prospection operations, its projects and continued support of suppliers and creditors. The Company's ability to raise enough financing to meet these objectives cannot be determined at this time. The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has not yet generated any income or cash flows from its operations and there is no assurance that the business will be profitable in the future. As at March 31, 2017, the Company has an accumulated deficit of \$2,199,328 (\$2,146,303 as at December 31, 2016). These material uncertainties cast doubts regarding the Company's ability to continue as a going concern.

Readers are invited to refer to the Risk and Uncertainties section for more information.

COMMITMENTS

Please refer to Note 10 of the unaudited interim condensed financial statements for the Company's commitments.

RELATED PARTY TRANSACTIONS

Please refer to Note 9 of the unaudited interim condensed financial statements for the related party transactions. The Company has not entered into any other related party transaction.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

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INFORMATION ON OUTSTANDING SECURITIES

The following table sets out the number of common shares, warrants and options outstanding as of the date hereof:

Common shares outstanding:	18,654,996
Stock options exercisable:	-
Warrants outstanding:	7,291,832
Average exercise price of:	\$ 0.11

Expiry date	Number of warrant outstanding	Exercise price
		\$
September 23, 2017	4,991,999	0.10
September 23, 2017	145,833	0.15
October 31, 2017	2,154,000	0.13
	<u>7,291,832</u>	<u>0.11</u>
Fully diluted shares	<u><u>25,946,828</u></u>	

ACCOUNTING POLICIES

The preparation of financial statements in accordance with IFRS requires management to adopt accounting policies and to make certain estimates and assumptions that the Company believes are reasonable based upon the information available at the time these decisions are made. In preparing these audited financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied in the annual financial statements for the year ended December 31, 2016. Readers are invited to refer to Note 3 of the audited financial statements for the year ended December 31, 2016 for a full description of the significant accounting policies of the Company at that date.

RISKS RELATED TO FINANCIAL INSTRUMENTS

Readers are invited to refer to Note 14 of the audited financial statements for the year ended December 31, 2016, for a full description of these risks.

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RISKS AND UNCERTAINTIES

An investment in the common shares of the Company involves a high degree of risk and must be considered highly speculative due to the financial and operational risks inherent to the nature of the Company's business and the present stage of exploration and development of its mineral resource properties. These risks may affect the Company's eventual profitability and level of operating cash flow. Prospective buyers of the common shares of the Company should consider the following risk factors:

TSX Venture Exchange Listing

As noted previously in this report, the TSX Venture Exchange has transferred the Company's listing to NEX on May 5, 2016, until the continued listing deficiency under Exchange Policy 2.5 is rectified. There can be no assurance that the Company will meet the initial listing requirements to graduate back to the TSX Venture Exchange.

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.

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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.

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.

The Company entered into an indemnification agreement with each officer and director. The Company would indemnify its officers and directors to provide them with maximum protection permitted by law in lieu of a liability insurance.

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.