
U308 CORP.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2020
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of U308 Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

A **Green** Resource Company

U308 CORP

U3O8 Corp.

Condensed Interim Consolidated Statements of Financial Position (Expressed in Canadian Dollars) (Unaudited)

	As at September 30, 2020	As at December 31, 2019
ASSETS		
Current assets		
Cash	\$ 38,195	\$ 77,098
Amounts receivable and other assets (note 5)	16,311	22,355
Total assets	\$ 54,506	\$ 99,453
DEFICIENCY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities	\$ 1,536,866	\$ 1,573,545
Loan payable (note 12)	1,099,166	758,666
	2,636,032	2,332,211
Non-current liabilities		
Other payable (note 14)	176,000	176,000
	2,812,032	2,508,211
Deficiency		
Share capital (note 4)	97,446,231	96,996,370
Reserves	6,184,708	6,582,079
Deficit	(106,388,465)	(105,987,207)
Total deficiency	(2,757,526)	(2,408,758)
Total deficiency and liabilities	\$ 54,506	\$ 99,453

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Going concern (note 2)
Subsequent event (note 15)

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Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Expressed in Canadian Dollars) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Expenses				
Exploration and evaluation expenditures (note 8)	\$ 15,000	\$ 33,239	\$ 58,774	\$ 380,133
General and administrative (note 9)	92,390	67,930	276,608	409,376
	(107,390)	(101,169)	(335,382)	(789,509)
Other items				
Interest expense (note 12)	(18,400)	(36,333)	(50,500)	(56,467)
Foreign exchange (loss) gain	(3,026)	15,472	(15,376)	11,048
Loss and comprehensive loss	\$ (128,816)	\$ (122,030)	\$ (401,258)	\$ (834,928)
Basic and diluted loss per common share (note 7)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.04)
Basic and diluted weighted average number of common shares outstanding	23,043,436	23,043,436	23,043,436	23,043,436

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Condensed Interim Consolidated Statements of Cash Flows (Expressed in Canadian Dollars) (Unaudited)

Nine months ended September 30,	2020	2019
Operating activities		
Net loss	\$ (401,258)	\$ (834,928)
Adjustment for:		
Depreciation	-	5,612
Share-based payments	52,490	132,479
Foreign exchange loss (gain)	15,376	(11,048)
Interest expense	50,500	56,467
Non-cash working capital items:		
Amounts receivable and other assets	6,044	41,732
Amounts payable and other liabilities	(36,679)	311,011
Net cash used in operating activities	(313,527)	(298,675)
Financing activities		
Loan payable	290,000	200,000
Net cash provided by financing activities	290,000	200,000
Effect of exchange rate changes on cash held in foreign currencies	(15,376)	11,048
Net change in cash	(38,903)	(87,627)
Cash, beginning of period	77,098	94,578
Cash, end of period	\$ 38,195	\$ 6,951
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -

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U308 Corp.**Condensed Interim Consolidated Statements of Equity****(Expressed in Canadian Dollars)****(Unaudited)**

	<u>Reserves</u>				
	Share capital	Share-based payments reserve	Warrants	Deficit	Total
Balance, December 31, 2019	\$ 96,996,370	\$ 5,792,088	\$ 789,991	\$ (105,987,207)	\$ (2,408,758)
Warrants expiry	449,861	-	(449,861)	-	-
Share-based payments (note 6)	-	52,490	-	-	52,490
Loss for the period	-	-	-	(401,258)	(401,258)
Balance, September 30, 2020	\$ 97,446,231	\$ 5,844,578	\$ 340,130	\$ (106,388,465)	\$ (2,757,526)
Balance, December 31, 2018	\$ 95,916,595	\$ 5,642,582	\$ 1,869,766	\$ (102,405,842)	\$ 1,023,101
Warrants expiry	857,634	-	(857,634)	-	-
Share-based payments (note 6)	-	132,479	-	-	132,479
Loss for the period	-	-	-	(834,928)	(834,928)
Balance, September 30, 2019	\$ 96,774,229	\$ 5,775,061	\$ 1,012,132	\$ (103,240,770)	\$ 320,652

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

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U3O8 Corp.

Notes to Condensed Interim Consolidated Statements Financial Statements

Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operations

U3O8 Corp. (the "Company") is a Canadian exploration company focused on exploration for uranium and related minerals in South America; on the definition of resources and advancing these deposits toward production. The Company was incorporated by articles of incorporation dated December 6, 2005 ("date of incorporation") under the Business Corporations Act (Ontario). The Company's common shares are listed on the NEX board of the TSX Venture Exchange under the symbol UWE.H, and on the OTC QB International under the symbol UWEFF. The Company maintains a registered and records office at 36 Toronto Street, Suite 1050, Toronto, Ontario, M5C 2C5, Canada.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. Basis of presentation and going concern

The Company is in the exploration and evaluation stage and as is common with many exploration companies, it raises financing for its exploration and evaluation activities through the sale of equities. The Company has incurred a loss in the current and prior periods, with a net loss for the nine months ended September 30, 2020 of \$401,258 (nine months ended September 30, 2019 - loss of \$834,928) and has an accumulated deficit of \$106,388,465.

Additional financings will be required to reinitiate pre-feasibility studies and further develop the properties and to continue operations. There is a significant risk that some, if not all, of the Company's current property holdings may lapse or title to those properties may become uncertain. While the Company's management and board will continue to search for financing, joint venture partners and new assets, there is no guarantee that they will be successful.

The unaudited condensed interim consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The certainty of funding future exploration expenditures and availability of sources of additional financing cannot be assured at this time and accordingly, these uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The unaudited condensed interim consolidated financial statements do not include adjustments to the carrying values of recorded liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern.

3. Significant accounting policies

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IASB. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements. The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of **November XX, 2020**, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2019. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

A Green Resource Company

U3O8 CORP

U308 Corp.

Notes to Condensed Interim Consolidated Statements Financial Statements
Nine Months Ended September 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)

4. Share capital

a) Authorized share capital

At September 30, 2020 and December 31, 2019, the authorized share capital consisted of an unlimited number of common shares.

The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

At September 30, 2020 the issued share capital amounted to \$97,446,231. The change in issued share capital for the periods was as follows:

	Number of common shares	Amount
Balance, December 31, 2018	23,043,436	\$ 95,916,595
Warrants expired	-	857,634
Balance, September 30, 2019	23,043,436	\$ 96,774,229
Balance, December 31, 2019	23,043,436	\$ 96,996,370
Warrants expired	-	449,861
Balance, September 30, 2020	23,043,436	\$ 97,446,231

5. Amounts receivable and other assets

	As at September 30, 2020	As at December 31, 2019
Sales tax receivable - (Canada)	\$ 4,731	\$ 2,620
Deposits with service providers	11,580	19,735
	\$ 16,311	\$ 22,355

6. Stock options

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2018	1,725,500	0.45
Expired	(25,000)	3.20
Balance, September 30, 2019	1,700,500	0.41

A Green Resource Company

U308 CORP

U308 Corp.

Notes to Condensed Interim Consolidated Statements Financial Statements
 Nine Months Ended September 30, 2020
 (Expressed in Canadian Dollars)
 (Unaudited)

6. Stock options (continued)

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2019	1,700,500	0.41
Granted ⁽¹⁾	860,000	0.12
Expired	(272,500)	0.70
Balance, September 30, 2020	2,288,000	0.27

⁽¹⁾ On August 24, 2020, the Company granted 860,000 stock options to board members, management and consultants of the Company pursuant to the Company's stock option plan. Of the options granted, 860,000 remained outstanding at September 30, 2020. The stock options were issued at an exercise price of \$0.12, vest in tranches of 25%, with 25% vesting immediately and the remaining tranches at six-month intervals and will expire on August 21, 2025. For the purposes of the 860,000 options, the fair value of each option was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 146% using the historical price history of the Company; risk free interest rate of 0.36%; and an expected average life of five years. The estimated value of \$92,744 will be recorded as a cost to salaries and benefits with a corresponding increase to share-based payments reserve as the options vest. For the three and nine months ended September 30, 2020, the impact on expenses was \$37,355 (comparative period - \$nil) (cumulative to September 30, 2020 - \$37,355).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Canada				
Salaries and benefits	\$ 37,355	\$ 28,378	\$ 52,490	\$ 132,479
Total	\$ 37,355	\$ 28,378	\$ 52,490	\$ 132,479

Stock option price volatility was based on historical price volatility of the common shares, which is assumed to be an appropriate and approximate proxy for future volatility of a stock option instrument granted for the underlying common shares.

The following table reflects the actual stock options issued and outstanding as of September 30, 2020:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
November 9, 2021	0.60	1.11	305,000	305,000	-
December 11, 2022	0.51	2.20	57,500	57,500	-
November 14, 2023	0.28	3.12	1,065,500	1,065,500	-
August 21, 2025	0.12	4.89	860,000	215,000	645,000
		3.50	2,288,000	1,643,000	645,000

A Green Resource Company

U308 CORP

U308 Corp.

Notes to Condensed Interim Consolidated Statements Financial Statements
Nine Months Ended September 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)

7. Loss per common share

The calculation of basic and diluted loss per common share for the three and nine months ended September 30, 2020 was based on the loss after tax attributable to common shareholders of \$128,816 and \$401,258, respectively (three and nine months ended September 30, 2019 – loss of \$122,030 and \$834,928, respectively) and the weighted average number of common shares outstanding of 23,043,436 (three and nine months ended September 30, 2019 - 23,043,436). Diluted loss per share did not include the effect of 2,288,000 (nine months ended September 30, 2019 - 1,700,500) share purchase options and 2,528,000 (nine months ended September 30, 2019 - 5,614,506) warrants as they are anti-dilutive.

8. Exploration and evaluation expenditures

The Company enters into exploration agreements or permits with other companies or foreign governments pursuant to which it may explore, or earn interests in mineral properties by issuing common shares and/or making option or rental payments and/or incurring expenditures in varying amounts by varying dates. Failure by the Company to meet such requirements can result in a reduction or loss of the Company's ownership interests or entitlements under the agreements or permits.

The following is a detailed list of expenditures incurred on the Company's mineral properties:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Colombia, South America (a)				
Exploration activities	\$ -	\$ 5,140	\$ -	\$ 45,844
Salaries and benefits	5,000	2,500	25,007	30,218
	\$ 5,000	\$ 7,640	\$ 25,007	\$ 76,062
Argentina, South America (b)				
Exploration activities	\$ -	\$ 3,863	\$ -	\$ 137,190
Salaries and benefits	10,000	19,865	33,767	161,269
Depreciation	-	1,871	-	5,612
	\$ 10,000	\$ 25,599	\$ 33,767	\$ 304,071
	\$ 15,000	\$ 33,239	\$ 58,774	\$ 380,133

(a) Total cumulative exploration activities incurred in Colombia, South America to September 30, 2020 amounted to \$23,891,778 (December 31, 2019 - \$23,866,771).

(b) Total cumulative exploration activities incurred in Argentina, South America to September 30, 2020 amounted to \$15,523,473 (December 31, 2019 - \$15,489,706).

A Green Resource Company

U308 CORP

U308 Corp.

Notes to Condensed Interim Consolidated Statements Financial Statements
Nine Months Ended September 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)

9. General and administrative

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Salaries and benefits	\$ 37,222	\$ 34,597	\$ 47,608	\$ 250,124
Administrative and general	1,145	4,766	3,199	7,259
Professional fees	23,465	13,543	125,996	72,584
Business development	5,356	3,444	16,488	17,336
Reporting issuer costs	25,202	11,580	83,317	62,073
	\$ 92,390	\$ 67,930	\$ 276,608	\$ 409,376

10. Warrants

	Number of warrants	Grant date fair value (\$)	Weighted average exercise price (\$)
Balance, December 31, 2018	8,722,357	1,869,766	0.71
Expired	(3,107,851)	(857,634)	1.41
Balance, September 30, 2019	5,614,506	1,012,132	0.62
Balance, December 31, 2019	4,789,423	789,991	0.51
Expired	(2,261,423)	(449,861)	0.63
Balance, September 30, 2020	2,528,000	340,130	0.40

Expiry date Exercise price (\$) Warrants outstanding

October 19, 2020	0.40	28,000
October 19, 2021	0.40	2,294,000
October 19, 2021	0.40	206,000
		2,528,000

11. Related party balances and transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

A Green Resource Company

U308 CORP

U308 Corp.

Notes to Condensed Interim Consolidated Statements Financial Statements
Nine Months Ended September 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)

11. Related party balances and transactions (continued)

(a) The Company entered into the following transactions with related parties:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
John C. Ross Consulting Inc. (i)	\$ 7,500	\$ 7,500	\$ 22,500	\$ 22,500

(i) Chief Financial Officer ("CFO") fees expensed to a company controlled by the current CFO of the Company. At September 30, 2020, \$72,125 is included in amounts payable and other liabilities (December 31, 2019 - \$46,700).

(b) The Company defines its key management personnel as its Board of Directors, Chief Executive Officer ("CEO"), and CFO. Remuneration of Directors and key management personnel of the Company was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Salaries and benefits (*)	\$ -	\$ 34,250	\$ -	\$ 102,750
Share based payments	25,627	18,910	35,712	86,984
	\$ 25,627	\$ 53,160	\$ 35,712	\$ 189,734

(*) The Board of Directors do not have employment or service contracts with the Company. There were no director fees accrued or paid during the nine months ended September 30, 2020, year ended December 31, 2019 and December 31, 2018. The CEO of the Company was owed \$429,361 as at September 30, 2020 (December 31, 2019 - \$418,061). Salaries and benefits of \$nil for the nine months ended September 30, 2020 (nine months ended September 30, 2019 - \$102,750) excludes \$22,500 (nine months ended September 30, 2019 - \$22,500) expensed to CFO above for both periods presented. In addition, a director of the Company was owed \$20,400 as at September 30, 2020 (December 31, 2019 - \$20,400).

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(c) See note 12 for details of the loans advanced from a director of the Company during the nine months ended September 30, 2020 and years ended December 31, 2019 and 2018. In addition, another company controlled by the same director was owed \$41,000 as at September 30, 2020 (December 31, 2019 - \$41,000). The payable is non-interest bearing and due on demand.

12. Loan payable

During the nine months ended September 30, 2020 and years ended December 31, 2019 and 2018, the Company entered into a series of advances from Bambazonke Holdings Ltd. ("Bambazonke"), pursuant to which Bambazonke agreed to lend the Company cash to fund working capital. Amounts outstanding under loan payable incur interest at a rate of 8% per annum and the principal and interest payable thereon will be repaid on a best efforts basis. Bambazonke is a company controlled by a director of the Company. Aggregate advances at September 30, 2020 amounted to \$980,000 (December 31, 2019 - \$690,000). Interest expense of \$119,166 was included in loan payable as at September 30, 2020 (December 31, 2019 - \$68,666). No interest or principal was repaid during all years presented.

A Green Resource Company

U308 CORP

U3O8 Corp.

Notes to Condensed Interim Consolidated Statements Financial Statements
Nine Months Ended September 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)

13. Segmented information

The Company primarily operates in one reportable operating segment, being the exploration and evaluation of uranium properties in South America. The Company has administrative offices in Toronto, Canada. Geographical information is as follows:

September 30, 2020

	Canada	Colombia	Argentina	Total
Current assets	\$ 54,506	\$ -	\$ -	\$ 54,506
	\$ 54,506	\$ -	\$ -	\$ 54,506

December 31, 2019

	Canada	Colombia	Argentina	Total
Current assets	\$ 69,286	\$ 15,694	\$ 14,473	\$ 99,453
	\$ 69,286	\$ 15,694	\$ 14,473	\$ 99,453

14. Other payable

In fiscal 2011, the Company vended an exploration concession for a share interest in a new entity. The other payable of \$176,000 represents an allowance for a potential tax exposure from this transaction.

15. Subsequent event

The following warrants expired unexercised subsequent to September 30, 2020:

Expiry date	Exercise price (\$)	Warrants outstanding
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October 19, 2020	0.40	28,000
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