ALX URANIUM CORP.

# Consolidated Financial Statements

December 31, 2016 and 2015

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of ALX Uranium Corp.,**

We have audited the accompanying consolidated financial statements of ALX Uranium Corp. ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of ALX Uranium Corp. as at December 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

De Visser Gray LLP

**CHARTERED PROFESSIONAL ACCOUNTANTS**
Vancouver, Canada
April 24, 2017

**ALX Uranium Corp.**
Consolidated Statements of Financial Position
As at December 31,
(Expressed in Canadian Dollars)

| | | 2016 | | 2015 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current** | | | | |
| Cash | $ | **920,910** | $ | 977,407 |
| Taxes receivable | | **10,849** | | 82,674 |
| Other receivables | | **2,010** | | 22,870 |
| Marketable securities (Note 14) | | **5,628,792** | | 134,565 |
| Prepaid expenses and deposit | | **129,304** | | 54,818 |
| **Total Current Assets** | | **6,691,865** | | 1,272,334 |
| **Property and equipment** (Note 6) | | **27,581** | | 35,186 |
| **Exploration and evaluation assets** (Note 5) | | **5,891,496** | | 6,562,449 |
| **Reclamation bond** | | **10,000** | | 10,000 |
| **Total Assets** | $ | **12,620,942** | $ | 7,879,969 |
| **Liabilities** | | | | |
| **Current** | | | | |
| Accounts payable and accrued liabilities | $ | **141,307** | $ | 504,932 |
| Liability for flow-through shares (Note 12) | | **48,200** | | 93,915 |
| **Total Current Liabilities** | | **189,507** | | 598,847 |
| **Equity** | | | | |
| **Share Capital** (Note 7) | | **12,374,961** | | 10,814,893 |
| **Share subscriptions receivable** | | **(4,000)** | | (20,250) |
| **Reserves** (Note 8) | | **1,610,493** | | 1,553,772 |
| **Deficit** | | **(1,550,019)** | | (5,067,293) |
| **Total Equity** | | **12,431,435** | | 7,281,122 |
| **Total Liabilities and Equity** | $ | **12,620,942** | $ | 7,879,969 |

Going concern of operations (Note 2)
Commitments (Note 11)
Events after the reporting period (Note 16)

Approval on behalf of the Board of Directors:

| | |
|---|---|
| ***“Warren Stanyer”*** | ***“Howard Haugom”*** |
| Director | Director |

**ALX Uranium Corp.**
Consolidated Statements of Comprehensive Income (Loss)
For the years ended December 31,
(Expressed in Canadian Dollars)

| | **2016** | 2015 |
|---|---|---|
| **Expenses** | | |
| Accounting and audit fees | $ **31,488** | $ 17,577 |
| Administration fees | **175,692** | 150,000 |
| Advertising and promotion | **195,459** | 125,806 |
| Amortization | **7,605** | 2,173 |
| Consulting fees and salaries (Note 9) | **340,451** | 281,916 |
| Insurance | **22,908** | 26,839 |
| Investor relations | **61,733** | 57,500 |
| Legal fees | **63,448** | 12,203 |
| Office and general | **57,004** | 22,141 |
| Share-based payments (Note 8) | **53,631** | 575,237 |
| Transfer agent and filing fees | **66,978** | 88,342 |
| Travel expenses | **22,058** | 60,483 |
| **Operating Expenses** | **1,098,455** | 1,420,217 |
| **Other Income (Expenses)** | | |
| Foreign exchange loss | **(417)** | (307) |
| Interest income | **5,551** | 25,215 |
| Impairment of exploration and evaluation assets | **(345,159)** | (2,003,037) |
| Gain(loss) on sale of exploration and evaluation assets | **3,452,211** | (77,868) |
| Unrealized gain(loss) on marketable securities (Note 14) | **1,501,707** | (33,595) |
| Gain on sale of marketable securities (Note 14) | **11,450** | (420) |
| Part XII.6 tax | **(41,471)** | - |
| **Income (Loss) before Income Taxes** | **3,485,417** | (3,510,229) |
| Deferred income tax recovery (Note 12 and 15) | **31,857** | 1,231,964 |
| **Net Income (Loss) and Comprehensive Income (Loss) for the year** | $ **3,517,274** | $ (2,278,265) |
| **Basic and Diluted Earnings (Loss) Per Share** | $ **0.06** | $ (0.08) |
| **Weighted Average Number of Common Shares Outstanding – Basic and Diluted** | **58,562,900** | 29,491,635 |

**ALX Uranium Corp.**
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

| | Number of Shares | Share Capital | Reserves | Share Subscription Receivable | Deficit | Total |
|---|---|---|---|---|---|---|
| **Balance, January 1, 2015** | **24,708,528** | **$ 8,196,153** | **$ 797,464** | **$ -** | **$ (2,789,028)** | **$ 6,204,589** |
| Issuance of shares for exploration and evaluation asset interests (Note 5 & 7) | 1,207,115 | 121,495 | - | - | - | 121,495 |
| Issuance of shares for cash (Note 7) | 2,290,714 | 131,643 | - | (20,250) | - | 111,393 |
| Issuance of shares for transaction (Note 4) | 15,868,875 | 2,380,331 | 176,292 | - | - | 2,556,623 |
| Share issuance costs | - | (14,729) | 4,779 | - | - | (9,950) |
| Share-based compensation (Note 8) | - | - | 575,237 | - | - | 575,237 |
| Net loss for the year | - | - | - | - | (2,278,265) | (2,278,265) |
| **Balance, December 31, 2015** | **44,075,232** | **$ 10,814,893** | **$ 1,553,772** | **$ (20,250)** | **$ (5,067,293)** | **$ 7,281,122** |
| Issuance of shares for cash (Note 7) | 23,102,857 | 1,550,835 | - | (4,000) | - | 1,546,835 |
| Issuance of shares for exploration and evaluation interests (Note 5 & 7) | 383,333 | 40,167 | - | - | - | 40,167 |
| Share issuance costs | - | (30,934) | 3,090 | - | - | (27,844) |
| Share subscriptions received | - | - | - | 20,250 | - | 20,250 |
| Share-based compensation (Note 8) | - | - | 53,631 | - | - | 53,631 |
| Net income for the year | - | - | - | - | 3,517,274 | 3,517,274 |
| **Balance, December 31, 2016** | **67,561,422** | **$ 12,374,961** | **$ 1,610,493** | **$ (4,000)** | **$ (1,550,019)** | **$ 12,431,435** |

**ALX Uranium Corp.**
Consolidated Statements of Cash Flows
For the years ended December 31,
(Expressed in Canadian Dollars)

| | | 2016 | | 2015 |
|---|---|---|---|---|
| **CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:** | | | | |
| Net income (loss) for the year: | $ | **3,517,274** | $ | (2,278,265) |
| Items not involving cash: | | | | |
| Deferred income tax recovery | | **(31,857)** | | (1,231,964) |
| Impairment of exploration and evaluation assets | | **345,159** | | 2,003,037 |
| (Gain)loss on sale of exploration and evaluation assets | | **(3,452,211)** | | 77,868 |
| Amortization | | **7,605** | | 2,173 |
| Share-based payments | | **53,631** | | 575,237 |
| Unrealized (gain)loss on marketable securities | | **(1,501,707)** | | 33,595 |
| (Gain)loss on sale of marketable securities | | **(11,450)** | | 420 |
| Changes in non-cash operating working capital: | | | | |
| Taxes and other receivables | | **92,685** | | (60,659) |
| Prepaid expenses | | **(74,486)** | | 86,511 |
| Accounts payable and accrued liabilities | | **(67,578)** | | 68,445 |
| **Net cash flows (used in) operating activities** | | **(1,122,935)** | | (723,602) |
| **CASH FLOWS USED IN INVESTING ACTIVITIES:** | | | | |
| Proceeds from sale of resource property | | **225,000** | | - |
| Cash acquired on acquisition of Alpha | | **-** | | 703,827 |
| Transaction costs | | **-** | | (94,043) |
| Proceeds from sale of marketable securities | | **28,430** | | 8,890 |
| Exploration and evaluation asset expenditures | | **(789,183)** | | (2,790,867) |
| **Net cash flows (used in) investing activities** | | **(535,753)** | | (2,172,193) |
| **CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES:** | | | | |
| Issuance of shares for cash | | **1,613,785** | | 148,750 |
| Share subscriptions receivable | | **16,250** | | (20,250) |
| Share issue costs | | **(27,844)** | | (9,950) |
| **Net cash flows provided from financing activities** | | **1,602,191** | | 118,550 |
| **DECREASE IN CASH AND CASH EQUIVALENTS** | | **(56,497)** | | (2,777,245) |
| **Cash and cash equivalents, beginning of year** | | **977,407** | | 3,754,652 |
| **Cash and cash equivalents, end of year** | $ | **920,910** | $ | 977,407 |

Supplemental disclosure with respect to cash flows (Note 13)

## 1. NATURE OF OPERATIONS

ALX Uranium Corp. (formerly Lakeland Resources Inc.) ("ALX" or the "Company") is a publicly listed company incorporated in British Columbia with limited liability under the legislation of the Province of British Columbia. The shares of the Company are listed on the Toronto Venture Exchange ("TSX-V") under the symbol 'AL', on the Frankfurt Stock Exchange ("FSE") under the symbol "6LNN". The Company is principally engaged in the acquisition, exploration, and development of mineral properties.

On September 24, 2015, the Company consolidated their outstanding shares on the basis of one post-consolidated share for every three pre-consolidated share. All share values referenced in these consolidated financial statements are post-consolidation.

The head office, principal address and registered and records office of the Company are located at 408 – 1199 West Pender Street, Vancouver, BC, Canada, V6E 2R1.

## 2. BASIS OF PREPARATION

### Statement of compliance and basis of measurement

These consolidated statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements include the accounts of the Company and Alpha Exploration Inc. ("Alpha") and Alpha's wholly owned subsidiary, ESO Uranium (USA) Inc. All significant inter-company balances and transactions have been eliminated on consolidation.

These consolidated financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

### Going concern of operations

These consolidated financial statements were prepared on a going concern basis, under the historical cost convention. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. The Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof in the future. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of any or all of its development projects.

### Approval of the financial statements

The financial statements of ALX Uranium Corp. for the year ended December 31, 2016 were approved and authorized for issue by the Board of Directors on April 24, 2017.

### Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

## 2. BASIS OF PREPARATION - continued

**Significant accounting judgments, estimates and assumptions** – continued

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements includes:

- The ability of the Company to continue as a going concern for the next fiscal year; and
- assessment as to whether any impairment exists in the valuation of its assets;
- impairment of marketable securities;
- recovery of amounts receivable;
- the useful life and recoverability of property and equipment;
- rehabilitation provisions;
- fair value of share-based payments; and
- deferred income tax asset valuation allowances.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout the Company for purposes of these financial statements.

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand, term deposits and short-term highly liquid investments with the original term to maturity of three months or less, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of changes in value. At December 31, 2016 the Company had $688,000 in cash equivalents (2015 - $805,000).

*Short-term investments*

Short-term investments are investments which are transitional or current in nature, with an original maturity greater than three months.

*Exploration and evaluation expenditures*

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility, and the assessment of commercial viability of an identified resource.

Exploration and evaluation expenditures incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditures incurred are capitalized. All capitalized exploration and evaluation expenditures are recorded at acquisition cost and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statement of comprehensive loss to the extent that they are not expected to be recovered.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “Mines under construction”. There is no amortization during the exploration and evaluation phase.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**3. SIGNIFICANT ACCOUNTING POLICIES** - continued

*Flow-through shares*

Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds or "premium" are recorded as a liability for flow-through shares on the statement of financial position. When expenditures are incurred, a deferred tax liability is recognized and the liability for flow-through shares in the statement of comprehensive loss is reversed. The net amount is recognized as deferred income tax recovery in the statement of comprehensive loss.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the "Look-back" Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

*Financial instruments*

*i. Financial assets*

The Company classifies its financial assets in the following categories: fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition.

- Financial assets at fair value through profit or loss ("FVTPL")
  Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through profit or loss. Cash and cash equivalents and marketable securities are included in this category of financial assets.

- Held-to-maturity investments ("HTM")
  HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

- Loans and receivables
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment. Loans and receivables comprise amounts receivable excluding taxes receivable.

- Available-for-sale ("AFS") financial assets
  AFS financial assets are non-derivative financial assets that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity.

  When applicable, management assesses the carrying value of AFS financial assets at least annually and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit or loss.

**3. SIGNIFICANT ACCOUNTING POLICIES** - continued

*Financial instruments – continued*

*i. Financial assets- continued*

- Effective interest method
  The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

  Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

- Impairment of financial assets
  Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

  Objective evidence of impairment could include the following:
  - significant financial difficulty of the issuer or counterparty;
  - default or delinquency in interest or principal payments; or
  - it has become probable that the borrower will enter bankruptcy or financial reorganization.

  For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of the estimated future cash flows, discounted at the financial asset’s original effective interest rate.

  The carrying amount of financial assets is directly reduced by the impairment loss.

  With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

*ii. Financial liabilities*

The Company classifies its financial liabilities in the following categories: borrowings and other financial liabilities and derivative financial liabilities.

- Borrowings and other financial liabilities
  Borrowings and other financial liabilities are non-derivative financial liabilities and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of comprehensive loss over the period to maturity using the effective interest method.

  Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

**3. SIGNIFICANT ACCOUNTING POLICIES** - continued

*ii. Financial liabilities - continued*

- Derivative Financial liabilities
  Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency. The Company does not have any such warrants that are denominated in a currency other than the Company's functional currency.

*Share-based payment transactions*

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to ten years, which may include vesting provisions and are priced at the previous day's closing price.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

*Income taxes*

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries, and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

**3. SIGNIFICANT ACCOUNTING POLICIES** - continued

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

*Share Capital*

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the common shares are issued.

*Loss per share*

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted loss per share. Under this method the dilutive effect on loss per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

*Impairment of non-current assets*

Non-current assets are evaluated at least annually by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU’s fair value less costs to sell and its value in use. An impairment loss is recognized in income to the extent that the carrying amount exceeds the recoverable amount.

In calculating the recoverable amount the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social and legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

*Related party transactions*

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**3. SIGNIFICANT ACCOUNTING POLICIES** - continued

*Restoration and environmental obligations*

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

As at December 31, 2016 and 2015, the Company has no restoration and environmental obligations.

*New accounting standards issued but not yet effective*

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee ("IFRIC") but not yet effective as at December 31, 2016. The Company intends to adopt these standards and interpretations when they become effective. The Company does not expect these standards to have an impact on its financial statements. Pronouncements that are not applicable to the Company have been excluded from those described below.

The following standards or amendments are effective for annual periods beginning on or after January 1, 2017:

- IAS 7, *Statement of Cash Flows*
- IFRS 9, *Financial Instruments (effective on or after January 1, 2018)*
- IFRS 16, *Leases (effective on or after January 1, 2019)*

(Expressed in Canadian Dollars)

**4. TRANSACTION WITH ALPHA EXPLORATION INC.**

On September 25, 2015, the Company completed a Plan of Arrangement (the "Transaction") with Alpha Exploration Inc. ("Alpha") and acquired all of the common shares of Alpha. The Alpha shareholders received 0.50 of an ALX common share for each Alpha common share held, resulting in the Company issuing 15,868,875 common shares to Alpha shareholders, representing approximately 38% of ALX's total post-transaction (3 to 1 consolidation) issued and outstanding share capital. All of the outstanding Alpha options were cancelled and all of the outstanding Alpha warrants were assumed by ALX and exercisable to acquire ALX common shares, with the number of ALX common shares and warrant price adjusted, as appropriate, to reflect the consideration received by the Alpha shareholders pursuant to the Transaction agreement (1,127,694 warrants were issued).

The Company has recorded the purchase of assets of Alpha as follows:

**Purchase Price consideration:**

| | $ |
|---|---|
| Value of 15,868,875 shares issued at $0.15 per share | 2,380,331 |
| Fair value of Alpha warrants assumed by ALX | 176,292 |
| Transaction costs | 94,043 |
| Total | 2,650,666 |
| Assets acquired and liabilities assumed | |
| Cash | 703,827 |
| Marketable securities | 88,970 |
| Prepaid expenses | 66,952 |
| Amounts receivable | 17,453 |
| Reclamation bond | 10,000 |
| Property and equipment | 37,359 |
| Exploration and evaluation assets | 2,582,015 |
| Total Assets | 3,506,576 |
| Liabilities | |
| Accounts payable and accrued liabilities | 14,965 |
| Deferred income tax liability | 840,945 |
| Net Carrying Value | 2,650,666 |

(Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to its mineral properties, and, to the best of its knowledge, except as described below, they are properly registered and in good standing.

| | Uranium Properties | Other Properties | Total |
|---|---|---|---|
| **Balance, January 1, 2015** | $ 1,651,015 | $ 1,248,355 | $ 2,899,370 |
| Additions during the year – | | | |
| Property acquisition costs | | | |
| Cash | 153,516 | - | 153,516 |
| Shares for property | 121,495 | - | 121,495 |
| Staking and recording | 32,116 | - | 32,116 |
| Acquisition of Alpha properties | 2,467,014 | 115,000 | 2,582,014 |
| Property exploration costs | | | |
| Assays | 98,829 | - | 98,829 |
| Camp | 247,353 | - | 247,353 |
| Drilling | 950,511 | - | 950,511 |
| Field supplies and rentals | 247,314 | 2,056 | 249,370 |
| Geological and field personnel | 636,593 | 55,897 | 692,490 |
| Other | 79,094 | 3,500 | 82,594 |
| Travel and accommodation | 593,696 | - | 593,696 |
| Total additions during the year | 5,627,531 | 176,453 | 5,803,984 |
| Impairment of exploration and evaluation assets | (1,082,192) | (920,845) | (2,003,037) |
| Sale of exploration and evaluation assets | - | (77,868) | (77,868) |
| Proceeds received | - | (60,000) | (60,000) |
| **Balance, December 31, 2015** | $ 6,196,354 | $ 366,095 | $ 6,562,449 |
| Additions during the period – | | | |
| Property acquisition costs | | | |
| Cash | 47,500 | 744 | 48,244 |
| Shares issued | 40,167 | - | 40,167 |
| Exchange of property | 100,677 | - | 100,677 |
| Property exploration costs | | | |
| Assays | 69,398 | - | 69,398 |
| Camp | 3,692 | - | 3,692 |
| Field supplies and rentals | 4,324 | 2,176 | 6,500 |
| Geological and field personnel | 121,554 | 1,329 | 122,883 |
| Other | (19,234) | - | (19,234) |
| Surveying costs | 160,955 | - | 160,955 |
| Travel and accommodation | 23,890 | - | 23,890 |
| Total additions during the year | 552,923 | 4,249 | 557,172 |
| Impairment of exploration and evaluation assets | (201,446) | (143,713) | (345,159) |
| Sale of exploration and evaluation assets | - | (100,677) | (100,677) |
| Proceeds received | (730,122) | (52,167) | (782,289) |
| **Balance, December 31, 2016** | $ 5,817,709 | $ 73,787 | $ 5,891,496 |

(Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS - continued

**Uranium Properties**

| | Gibbons Creek | Kelic Lake | Lazy Edward | South Pine/Perch | Newnham Lake | Carpenter Lake | Carter Lake/Hook Lake | Cluff Lake | Key Lake Road | Other Uranium Properties | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Note** | (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) | |
| **Balance, January 1, 2015** | $ 251,337 | $ - | $ 266,933 | $ 211,303 | $ 517,795 | $ - | $ 1,142 | $ - | $ 1,955 | $ 400,550 | $1,651,015 |
| Additions during the year – | | | | | | | | | | | |
| Property acquisition costs | | | | | | | | | | | |
| Cash | - | - | - | 10,000 | 45,000 | - | 40,000 | - | - | 58,516 | 153.516 |
| Shares for property | - | 7,500 | - | 14,000 | 22,500 | - | 28,000 | - | - | 49,495 | 121,495 |
| Staking and recording | - | - | 3,406 | - | - | - | 10,722 | - | 5,822 | 12,166 | 32,116 |
| Acquisition of Alpha properties | - | 397,349 | - | - | - | 593,863 | 529,085 | 976,655 | - | - | 2,467,952 |
| Property exploration costs | | | | | | | | | | | |
| Assays | 75,693 | 18,445 | 4,691 | - | - | - | - | - | - | - | 98,829 |
| Camp | - | 224,451 | - | - | 22,902 | - | - | - | - | - | 247,353 |
| Drilling | 486,089 | 464,422 | - | - | - | - | - | - | - | - | 950,511 |
| Field supplies and rentals | 170,873 | 13,883 | - | - | 39,418 | - | - | - | 23,140 | - | 247,314 |
| Geological and field personnel | 390,152 | 67,162 | 16,122 | - | 102,753 | 67 | 6,000 | - | 35,758 | 17,641 | 635,655 |
| Other expenses | - | - | - | - | - | - | - | - | 42,291 | 36,803 | 79,094 |
| Travel and accommodation | 105,583 | 466,504 | - | - | 10,437 | - | - | - | 11,172 | - | 593,696 |
| Total additions during the year | 1,228,390 | 1,659,716 | 24,219 | 24,000 | 243,010 | 593,930 | 613,807 | 947,655 | 118,183 | 174,621 | 5,627,531 |
| Impairment | - | - | (45,867) | - | (299,495) | (294,526) | - | - | (47,972) | (394,332) | (1,082,192) |
| **Balance, December 31, 2015** | $ 1,479,727 | $ 1,659,716 | $ 245,285 | $ 235,303 | $ 461,310 | $ 299,404 | $ 614,949 | $ 947,655 | $ 72,166 | $ 180,839 | $6,196,354 |
| Additions during the period – | | | | | | | | | | | |
| Property acquisition costs | | | | | | | | | | | |
| Cash | - | - | - | 10,000 | 37,500 | - | - | - | - | - | 47,500 |
| Shares for property | - | - | - | 12,667 | - | - | - | - | - | 27,500 | 40,167 |
| Exchange of property | - | - | - | - | - | - | - | - | - | 100,677 | 100,677 |
| Property exploration costs | | | | | | | | | | | |
| Assays | 12,623 | 1,558 | 55,217 | - | - | - | - | - | - | - | 69,398 |
| Camp | - | 51 | 3,641 | - | - | - | - | - | - | - | 3,692 |
| Field supplies and rentals | (241) | 4,471 | - | - | - | - | - | - | 94 | - | 4,324 |
| Geological and field personnel | 5,022 | 4,444 | 21,969 | 2,024 | 44,596 | 268 | 29,172 | 8,497 | 1,043 | 4,519 | 121,554 |
| Other expenses | - | 18,445 | - | - | - | - | (18,048) | 253 | (37,233) | 17,349 | (19,234) |
| Surveying costs | - | - | - | 25,550 | - | - | 90,300 | 45,105 | - | - | 160,955 |
| Travel and accommodation | 1,674 | - | - | 22,216 | - | - | - | - | - | - | 23,890 |
| Total additions during the year | 19,078 | 28,969 | 80,827 | 72,457 | 82,096 | 268 | 101,424 | 53,855 | (36,096) | 150.045 | 552,923 |
| Proceeds | - | - | - | - | - | - | (716,372) | - | - | (13,750) | (730,122) |
| Impairment | - | - | - | - | - | - | - | - | - | (201,446) | (201,446) |
| **Balance, December 31, 2016** | $ 1,498,805 | $ 1,688,685 | $ 326,112 | $ 307,760 | $ 543,406 | $ 299,672 | $ 1 | $ 1,001,510 | $ 36,070 | $ 115,688 | $5,817,709 |

**5. EXPLORATION AND EVALUATION ASSETS** - continued

**Uranium Properties** - continued

i) Gibbon’s Creek Property

In 2013, the Company acquired, by staking, five claims known as the Gibbon’s Creek Property. Additionally, on November 27, 2013, the Company announced that it signed a Joint Venture Agreement (the "JV Agreement") with Star Minerals Group Ltd. ("Star Minerals") granting the Company an option to acquire a 100% interest in two claims located in the Athabasca Basin, near the Gibbons Creek Property. Under the terms of the JV agreement, the Company has the right to earn a 100% interest in the two claims by making cash payments totalling $60,000 (paid) and issuing 200,000 common shares (issued) over a 12 month period. Star Minerals will retain the option of a 25% buyback for four times the exploration monies spent by the Company to the date that the buyback option is exercised. The buyback option will be exercisable at any time up to a 90 day period following the completion and publication of a NI 43-101 compliant resource estimate. The transaction was approved by the TSX-V on November 28, 2013. As of the current date the Company has satisfied the terms of the agreement and earned its interest in the property.

ii) Kelic Lake Property (acquired from Alpha)

On August 29, 2014, Alpha entered into an option agreement with Jody Dahrouge and 877384 Alberta Ltd. to acquire a 100% interest in the Kelic Lake property located in southern margin of the Athabasca Basin. To earn this interest, the Company has agreed on the following:

- Cash consideration of $80,000 (paid),
- Issuance of 500,000 common shares (issued), and
- Incur exploration expenditures totalling $750,000 on the Property (incurred).

The optionors shall retain a 2.5% royalty on production from the property, which can be reduced to a 1.5% royalty by payment of $1,500,000 to the optionors at any time prior to commencement of commercial production.

During the year ended December 31, 2015, the Company acquired one additional mineral claim totalling 1,452 hectares (3,589 acres) north of the original five claims on the Kelic Lake Property.

iii) Lazy Edward Bay Property

On April 11, 2013, the Company announced it had acquired ten mineral claims, by staking, in the Athabasca Basin region of northern Saskatchewan, known as the Lazy Edward Bay Property.

On April 24, 2014, the Company announced that it entered into a purchase agreement to acquire a 100% interest in three claims, formerly known as the Arbour Property, located adjacent to its previously staked Lazy Edward Bay Uranium Property in the southern Athabasca Basin, Saskatchewan. Under the terms of the agreement, the Company has the right to earn a 100% interest in the claims by making a cash payment totalling $5,000 (paid) and issuing 83,333 common shares (issued with a fair value of $42,500). The transaction was approved by the TSX-V on April 28, 2014. As of the current date the Company has satisfied the terms of the agreement and earned its interest in the property.

During the year ended December 31, 2015, the Company acquired, by staking, 13 additional Lazy Edward Claims, bringing the property to 26 mineral claims, covering 32,087 hectares (72,289 acres). During the year ended December 31, 2015, the Company impaired claims valued at $45,867, and reduced the size of the property to 22 claims.

**5. EXPLORATION AND EVALUATION ASSETS** - continued

**Uranium Properties** - continued

iv) South Pine/Perch Properties

On June 4, 2013, the Company signed an agreement with Basin Minerals Ltd. ("Basin") whereby the Company has the right to earn a 100% interest in the South Pine and Perch Lake Properties by making cash payments totalling $70,000 (paid) and issuing 500,000 common shares (issued) over a 36 month period. Basin will retain a 2% Net Smelter Royalty ("NSR") on the Properties, 1% of which can be purchased by the Company for $1,000,000. Basin will also be entitled to annual advanced royalty payments of $10,000 which will commence after the Company has earned its interest. The transaction was accepted by the TSX-V on June 11, 2013.

v) Newnham Lake Property

On July 21, 2014, the Company announced that it entered into a purchase agreement to acquire a 100% interest in the Newnham Lake Property. The property is contiguous to the south of the Company's Karen Lake Property. Under the terms of the agreement, the Company has the right to earn a 100% interest in the property by making cash payments totalling $100,000 (paid) and issuing 833,333 common shares (issued). The transaction was approved by the TSX-V on July 22, 2014.

On August 21, 2014, the Company entered into a purchase agreement with Kalt Industries Ltd. and DG Resource Management Ltd., for the acquisition of the 1333 Property, located near the Company's Newnham Lake Property, for total consideration of $50,000 cash (paid) and 250,000 common shares (issued) of the Company. The Company commits to expend not less than $1,000,000 in exploration expenditures on or before August 28, 2019, of which $50,000 must be spent in year one. The property is subject to a 3% GORR, to which the Company may purchase up to a 1% for $1,000,000 up to August 28, 2019. The transaction was approved by the TSX-V on August 28, 2014.

On August 21, 2014, the Company entered into an option agreement to acquire three mineral claims from Anstag Mining Inc., for total consideration of up to $50,000 cash (paid) and 333,333 common shares (issued). In addition, the Company commits to incur $1,500,000 in exploration expenditures on or before 5 years from the Exchange approval date. The property is subject to a 1% gross overriding royalty ("GORR"), to which the Company may purchase ½% of the GORR for $1,000,000 at any time. The transaction was approved by the TSX-V on August 28, 2014.

During the year ended December 31, 2015, the Company impaired five claims valued at $299,495.

vi) Carpenter Lake Property (acquired from Alpha)

On January 13, 2014, the Company entered into an option agreement with Noka Resources Inc. ("Noka") to acquire a 60% interest in the Carpenter Lake property located in Northern Saskatchewan. To earn this interest, the Company has agreed on the following:

- Cash consideration of $50,000 (paid)
- Issuance of 200,000 common shares (issued)
- Incur exploration expenditures totalling $1,250,000 on the Property (completed)

As of November 10, 2014, the Company completed the option and a joint venture was formed between the Company (60%) and Noka (40%) for the further development of the property, with the Company serving as the operator. The property is subject to a royalty equal to 5% of gross revenues, which is owned by the original vendors ("Underlying Royalty"). The Underlying Royalty rate can be reduced from 5% to 2% by Noka through the issuance of shares. On October 28, 2014, the Company was notified that Noka exercised its right to reduce the Underlying Royalty rate from 5% to 2% by issuing 3,000,000 shares to the original property vendors. During the year ended December 31, 2015, the Company returned four claims to Noka and impaired the value of $294,526.

**5. EXPLORATION AND EVALUATION ASSETS** - continued

**<u>Uranium Properties</u>** – continued

vii) Carter Lake/ Hook Lake Properties (acquired from Alpha)

On May 27, 2015, the Company entered into an option agreement to acquire twenty eight mineral claims from Eagle Plains Resources Limited ("EPL") for total consideration of $40,000 cash (paid) and 266,667 common shares (issued). The Company acquired, by staking, ten mineral claims which, when added to the original four claims that were staked, bring the total number of claims at Carter Lake to 38 claims. All thirty eight claims are subject to a 2% Net Smelter Royalty ("NSR") payable to EPL. The Company may, at any time, purchase 1% of the NSR for $1,000,000. The transaction was approved by the TSX-V on June 8, 2015.

The Hook Lake property was acquired by Alpha and is 100% owned by the Company, subject to royalties. The Hook Lake property consists of four mineral dispositions totaling 13,210 hectares. There is a 2.5% gross overriding royalty. The Company has a right to purchase 1% of the royalty for $1,000,000 prior to the commencement of commercial production.

On February 5, 2016, the Company entered into a purchase and sale agreement with Cameco Corporation ("Cameco"). The sale includes 27 mineral claims peripheral to, and along the margins of, the Company's Hook-Carter Property in the southwestern Athabasca Basin. The Company received a cash payment of $170,000 for the claims. Certain of the claims are subject to a 1% net refining returns royalty ("NRR"), subject to a reduction of 0.25% at any time upon payment of $750,000 and a 2% NRR subject to a reduction to 1% at any time upon payment of $500,000 to the Company.

In November 2016, the Company completed the sale of an 80% interest in the Hook-Carter property, located in the southwestern portion of the Athabasca Basin region in northern Saskatchewan, to Denison Mines Corp. ("Denison"). Under the terms of the agreement, the Company received 7,500,000 common shares with a value of $3,825,000 in exchange for an immediate 80% interest in the property. ALX will retain a 20% interest in the property and Denison has agreed to fund ALX's share of the first $12,000,000 in expenditures. Denison has also agreed to a work commitment of $3,000,000 over 3 years – should Denison not meet this commitment, Denison's interest in the property will decrease from 80% to 75% and ALX's interest will increase from 20% to25%. Thirty-six months after the effective date of the Agreement, the parties agree to form a joint venture, in which all material decisions shall be carried by a vote representing a 51% ownership interest. The Denison common shares issued to the Company are subject to an escrow arrangement, whereby one-sixth of the shares were received on the closing date, November 4, 2016, and a further one-sixth of the shares will be released from escrow in six month increments following the closing date.

In November 2016, Denison also purchased the Coppin Lake property from Areva Resources Canada and UEX Corporation for cash payments of $35,000 and a 1.5% net smelter royalty. Under the terms of the Hook Carter agreement, Denison and ALX have elected to have these claims form part of the Hook Carter property and ALX's interest in these claims will be the same as its interest in Hook Carter.

viii) Cluff Lake Project (acquired from Alpha)

<u>Middle Lake Property (formerly Cluff Lake (ACME) Property)</u>

The Middle Lake project is owned 80% by the Company and 20% by Acme Resources ("Acme"). The Middle Lake project is located adjacent to the east of the former Cluff Lake Mine area in the western portion of the Athabasca Basin in Northern Saskatchewan. The property comprises one mineral disposition totaling 2,416 hectares and is about 630 kilometres north-northwest from Prince Albert, Saskatchewan. The Company shall produce a bankable feasibility study, with Acme having a carried interest until the feasibility study is delivered, at which time Acme will have the choice to take on a 20% participating interest in a new company to operate the production facility or take on a 2% gross over-riding royalty for all uranium mineral products and a 2% net smelter returns royalty for all other metals. The Company will return all of its interest in the claim to Acme upon a decision by the Company to terminate work thereon.

**5. EXPLORATION AND EVALUATION ASSETS** – continued

**Uranium Properties** – continued

Gorilla Lake Property (formerly Cluff Lake (Logan) Project)

The Gorilla Lake project comprises two mineral dispositions totaling approximately 7,552 hectares and is held 80% by the Company and 20% by Logan Resources Ltd. ("Logan"). The Company shall produce a bankable feasibility study with Logan having a carried interest until the feasibility study is delivered, at which time Logan will have the choice to take on a 20% participating interest in a new company to operate the production facility or take on a 2% gross over-riding royalty for all uranium mineral products and a 2% net smelter returns royalty for all other metals. The Company will return all of its interest in any of the claims to Logan upon a decision by the Company to terminate work thereon.

Bridle Lake Property (formerly Cluff Lake (Rio Tinto) Project)

This property is owned 50% by the Company and 50% by Rio Tinto Ltd. The Bridle Lake Property (Rio Tinto) is located adjacent to the north of the former Cluff Lake Mine area in the western portion of the Athabasca Basin in Northern Saskatchewan. The Bridle Lake Property (Rio Tinto) comprises two mineral dispositions.

ix) Key Lake Road Properties

During the year ended December 31, 2015, the Company acquired, by staking, the Key Lake Claims in the Athabasca Basin region, Saskatchewan. The Key Lake Road Properties is comprised of 15 mineral claims. Also during the year ended December 31, 2015, the Company impaired three claims valued at $47,972.

x) Other Uranium Properties

Riou Lake/Otherside Property

On April 2, 2013, the Company announced that it had acquired, by staking, two uranium projects located in the Athabasca Basin region of Northern Saskatchewan. The Riou Lake Property is comprised of 11 mineral claims. The Otherside Property is comprised of two mineral claims. During the year ended December 31, 2015, the Company impaired these claims valued at $190,929.

Fond du Lac Property Option

On June 25, 2014, the Company announced that it entered into an option agreement to acquire a 100% interest in one claim located in the northern Athabasca Basin region, Saskatchewan. Under the terms of the agreement, the Company has the right to earn a 100% interest in the claims by issuing 66,667 common shares (issued). The transaction was approved by the TSX-V on June 27, 2014. As of the current date the Company has satisfied the terms of the agreement and earned its interest in the property.

On December 29, 2014, the Company announced it had entered into an option agreement with Takara Resources Inc. ("Takara") where Takara can acquire a 50% interest in the Fond du Lac Property by issuing 1,750,000 common shares (1,500,000 shares issued with a fair value of $15,000) and spending $100,000 on exploration of the property by June 1, 2015. The property is subject to a 1.5% NSR to the original vendor. The transaction was approved by the TSX-V on December 31, 2014. Takara has not met the required terms and the agreement has been terminated.

During the year ended December 31, 2016, the Company impaired these claims valued at $100,769.

**5. EXPLORATION AND EVALUATION ASSETS** - continued

**<u>Uranium Properties</u>** - continued

x) Other Uranium Properties - continued

Hatchet Lake Property

On July 21, 2014, the Company announced that it entered into a purchase agreement to acquire a 100% interest in the Hatchet Lake Property. The property is located east of the Company's recently purchased Fond du Lac Property. Under the terms of the agreement, the Company has the right to earn a 100% interest in the property by making a cash payment totalling $13,500 (paid) and issuing 166,667 common shares (issued). The transaction was approved by the TSX-V on July 22, 2014. As of the current date the Company has satisfied the terms of the agreement and earned its interest in the property.

Black Birch Claims

On January 28, 2015, and amended on March 12, 2015, the Company entered into an agreement with 877384 Alberta Ltd. and Zimtu Capital Corp. ("Zimtu"), whereby the Company can acquire a 100% interest in the Black Birch Claims located in the Athabasca Basin Region of Saskatchewan. Under the terms of the agreement, total consideration of $17,636 cash (paid) and 58,780 common shares (29,390 common shares issued with a fair value of $4,850 and 29,390 common shares issued with a fair value of $2,645) of the Company will be split between the vendors. The agreement was approved by the TSX-V on March 17, 2015. During the year ended December 31, 2015, the Company impaired these claims valued at $25,131.

Athabasca Group of Properties

On January 28, 2015, the Company entered into an agreement with DG Resource Management Ltd., whereby the Company can acquire a 100% interest in a certain group of mineral claims known as the Athabasca Group of Properties, located in the Athabasca Basin Region of Saskatchewan. Under the terms of the agreement, total consideration of for the property is $40,880 cash (paid) and 373,333 common shares (issued). The agreement was approved by the TSX-V on March 10, 2015. The property is subject to a 2% NSR, with ALX having the right to purchase 1% any time for $2,000,000. During the year ended December 31, 2015, the Company impaired these claims valued at $82,880.

North and South Carter Corridor Properties

On April 13, 2016, the Company entered into two agreements with Ryan Kalt ("Vendor"), to acquire a 100% right, title and interest in and to mineral claims in North and South Carter Corridor Properties. In consideration, the Company issued an aggregate of 250,000 common shares valued at $27,500. The Properties are each subject to a 2.5% net smelter return royalty payable by the Company to the Vendor, calculated on a quarterly basis.

The South Carter Corridor Properties form part of the Hook-Carter Properties sold to Denison on November 4, 2016.

Eagle Plains Properties

On June 1, 2016, the Company entered into an agreement with Eagle Plains Resources Ltd. ("Eagle Plains"), to acquire a 100% right, title and interest in and to 70 mineral claims in the Athabasca Basin. In consideration, the Company transferred its 100% interest in the Donna Property. The Properties are each subject to a 2% net smelter return royalty payable by the Company to the Vendor. The Company can reduce the NSR to 1% by making a one-time payment of $1,000,000. During the year ended December 31, 2016, the Company impaired these claims valued at $100,677.

**5. EXPLORATION AND EVALUATION ASSETS** - continued

**Uranium Properties** - continued

x) Other Uranium Properties - continued

Staked Properties

In April, 2013, the Company announced that it had acquired the following uranium properties, by staking, in the Athabasca Basin region of northern Saskatchewan: the Karen Lake Property, comprised of three mineral claims, the Black Lake Property, comprised of two mineral claims, the Hidden Lake Property, comprised of three mineral claims, and the Fedun Lake Property, comprised of two mineral claims.

On April 25, 2013, the Company announced that it had acquired three uranium properties, by staking, in the northern and northeastern part of the Athabasca Basin in northern Saskatchewan. The Small Lake Property is comprised of six mineral claims. The Hawkrock Rapids Property is comprised of three mineral claims. The Circle Lake Property is comprised of two mineral claims.

On June 5, 2013, the Company announced that it had acquired two uranium properties, the Richmond Lake Property and Jasper Lake Property, by staking, both located within the eastern margin of the Athabasca Basin in northern Saskatchewan.

In August 2014, the Company acquired three uranium properties, by staking, in the Athabasca Basin region of northern Saskatchewan. The Cable Bay Property is comprised of five mineral claims. The Highrock Property is comprised of three mineral claims. The Wright River Property is comprised of eleven mineral claims.

During the year ended December 31, 2015, the Company acquired the following claims, by staking:

i. the North Pine Claims in the Athabasca Basin region, Saskatchewan, which includes 13 mineral claims, totalling 1,779 hectares (4,396 acres); and
ii. the Gunnar Claims in the Athabasca Basin region, Saskatchewan, which includes 3 mineral claims, totalling 1,655 hectares (4,090 acres).

During the year ended December 31, 2015, the Company impaired the above staked claims valued at $95,392.

(Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS - continued

### Other Properties

| | Other properties | | | | | | |
|---|---|---|---|---|---|---|---|
| | Camlaren Gold | Kamichisitit Claims | Midas Gold | Ballard Lake | Donna Project | Mikwam Project | Total |
| **Note** | (xi) | (xii) | (xiii) | (xiv) | (xv) | (xvi) | |
| **Balance, January 1, 2015** | $308,315 | $126,429 | $728,743 | $84,868 | $ - | $ - | $1,248,355 |
| Additions during the year – | | | | | | | |
| Property acquisition costs | | | | | | | |
| Acquisition of Alpha properties | - | - | - | - | 100,000 | 15,000 | 115,000 |
| Property exploration costs | | | | | | | |
| Field supplies and rentals | - | 1,830 | - | - | 226 | - | 2,056 |
| Geological and field personnel | 397 | 2,500 | - | 53,000 | - | - | 55,897 |
| Reports | - | 3,500 | - | - | - | - | 3,500 |
| Total additions during the year | 397 | 7,830 | - | 53,000 | 100,226 | 15,000 | 176,453 |
| Impairment | (300,000) | - | (620,845) | - | - | - | (920,845) |
| Loss on sale of property | - | - | - | (77,868) | - | - | (77,868) |
| Proceeds received | - | - | - | (60,000) | - | - | (60,000) |
| **Balance, December 31, 2015** | $8,712 | $134,259 | $107,898 | $ - | $100,226 | $15,000 | $366,095 |
| Additions during the period – | | | | | | | |
| Property acquisition costs | | | | | | | |
| Cash | - | 742 | - | - | - | - | 742 |
| Property exploration costs | | | | | | | |
| Field supplies and rentals | - | - | - | - | 451 | 1,725 | 2,176 |
| Geological | - | - | 389 | - | - | 942 | 1,331 |
| Total additions during the year | - | 742 | 389 | - | 451 | 2,667 | 4,249 |
| Impairment | (8,712) | (135,001) | - | - | - | - | (143,713) |
| Sale of property | - | - | - | - | (100,677) | - | (100,677) |
| Proceeds received | - | - | (34,500) | - | - | (17,667) | (52,167) |
| **Balance, December 31, 2016** | $ - | $ - | $73,787 | $ - | $ - | $ - | $73,787 |

xi) Camlaren Gold Property, Northwest Territories

On August 12, 2010, the Company completed the acquisition of the Camlaren Gold Property, located in the Northwest Territories, from Pasinex Resources Corp. ("Pasinex"), a CSE listed company. Pursuant to the terms of the Acquisition Agreement, the Company acquired a 100% interest in and to the Camlaren Gold Property in consideration for the issuance of 1,000,000 common shares (issued). The acquisition of the Camlaren Gold Property constituted the Company's Qualifying Transaction, as that term is defined in the TSX-V policies. During the year ended December 31, 2015 and 2016, the Company impaired this property by $300,000 and $8,712, respectively.

xii) Kamichisitit Claims

In June 2012, the Company acquired, by staking, two claims located in Kamichisitit Township, situated approximately 40 kilometres north of Iron Bridge, Ontario. In June 2014, the Company staked additional claims in the surrounding area. During the year ended December 31, 2016, the Company impaired these claims valued at $135,003.

**5. EXPLORATION AND EVALUATION ASSETS** - continued

**<u>Other Properties</u>** - continued

xiii) Midas Gold Property

On December 22, 2010, the Company entered into an option to purchase a 100% interest in and to the Midas Gold Property ("Midas"), located in Ontario, Canada. The Company paid the vendors total cash consideration of $95,000 and issued 150,000 common shares. The agreement was accepted by the TSX-V on April 8, 2011. The Company incurred a total of $125,000 in exploration expenditures on the Property in the first twelve months following TSX-V acceptance of the agreement. The Vendors will retain a 2% NSR on the Property; 1% of which can be purchased by the Company for $1,000,000. As of the current date the Company has satisfied the terms of the agreement and earned its interest in the property.

On September 3, 2013, the Company entered into an option agreement with New Dimension Resources Ltd. ("New Dimension") whereby the Company granted New Dimension the option to acquire a 70% interest in the Midas Gold Property by spending $1,000,000 in exploration (including a firm commitment of $300,000 no later than December 31, 2013), issuing 1,500,000 shares (300,000 received on October 15, 2013) and paying $100,000 on or before December 31, 2016. The property is subject to a 2% NSR to the underlying optionors, a portion of which can be purchased.

On October 19, 2015, the Company and New Dimension amended the terms of the agreement as follows:

(1) An optional cumulative expenditure of $700,000 on or before December 31, 2017 and $1,200,000 on or before December 31, 2018,
(2) Issue the Company 100,000 post consolidation shares of New Dimension on or before December 31, 2015 (received with a fair value of $4,500 during the year) and 100,000 post consolidation shares on or before December 31, 2016, and
(3) Pay the Company $100,000 on or before December 31, 2017.

During the year ended December 31, 2015, the Company recorded an impairment of $620,845 on the property.

On August 11, 2016, the Company received notice of termination of the Midas Gold Property option with New Dimension Resources.

On October 24, 2016, the Company entered into an option agreement with Miramont Capital Corp. ("Miramont") whereby the Company granted Miramont the option to acquire a 100% interest in the Midas Gold Property by issuing 1,000,000 shares and paying $200,000 in staged payments on or before December 31, 2018. As of December 31, 2016, the Company has received payments totalling $30,000. The property is subject to a 2% NSR to the underlying optionors.

xiv) Ballard Lake Gold Property

On February 27, 2012, the Company entered into an option to purchase a 100% interest in and to the Ballard Lake Gold Property, located in Ontario, Canada. The agreement was accepted by the TSX-V on May 23, 2012.

The Company will pay the vendors cash considerations as follows:

i) $5,000 on signing of the agreement (paid);
ii) $10,000 on May 23, 2013 (paid) ; and
iii) $15,000 on May 23, 2014 (see below).

The Company will issue 100,000 common shares to the vendors prior to May 23, 2014 (issued).

The Vendors will retain a 2% NSR on the property; of which 1% can be purchased by the Company for $1,000,000.

**5. EXPLORATION AND EVALUATION ASSETS** - continued

**Other Properties** – continued

xiv) Ballard Lake Gold Property - continued

On July 8, 2014, the Company received approval to amend the Ballard Lake Gold Property Acquisition Agreement dated March 25, 2012 between the Company and Mike and Mathieu Tremblay (the "Vendors") whereby in lieu of the final payment of $15,000, the Company will issue 33,333 common shares (issued). On July 8, 2014, the Company issued 66,667 common shares to complete the required payments on the Ballard Lake Gold Property. As of that date the Company satisfied the terms of the agreement and earned its interest in the property.

On February 6, 2015, the Company entered into an option agreement with RT Minerals Corp. ("RT Minerals") whereby the Company has granted RT Minerals the option to acquire a 100% interest in the Ballard Lake Gold Property by issuing 4,000,000 common shares (received and fair valued at $60,000) to the Company. The agreement was accepted by the TSX-V on April 28, 2015. During the year ended December 31, 2015, the Company recorded a loss on the sale of the property of $77,868.

xv) Donna Property (acquired from Alpha)

The Donna Property is located in the Vernon Mining Division in south-central British Columbia, and is approximately 60 km east to southeast of Vernon, British Columbia. The Donna Property consists of seven mineral tenures and total approximately 2,299 hectares.

The Company acquired a 100% interest in the claims comprising the Donna Property in April 2013, purchasing them from the vendor for $50,000 by amendment of the original option agreement leaving the original owners with a 2% NSR on minerals extracted from the Donna Property.

On September 8, 2013, the Company entered into an agreement to grant Interconnect Ventures Corporation ("Interconnect") an option to acquire a 70% interest in the Donna Project. To earn this interest, Interconnect has agreed on the following:

Cash consideration of $100,000 to be paid:

- $25,000 upon the date of receipt of final acceptance by the Exchange, which was October 31, 2013 (received);
- $25,000 on or before October 31, 2014 (received);
- $25,000 on or before October 31, 2015; and
- $25,000 on or before October 31, 2016.

Issuance of 200,000 common shares as follows:

- 50,000 shares within 10 days of October 31, 2013; (received);
- 50,000 shares on or before October 31, 2014 (received);
- 50,000 shares on or before October 31, 2015; and
- 50,000 shares on or before October 31, 2016

Incur exploration expenditures totalling $600,000 on the Property as follows:

- $200,000 on or before October 31, 2014 (completed);
- $200,000 on or before October 31, 2015; and
- $200,000 on or before October 31, 2016.

Upon completion of the option agreement, a joint venture will be formed between the Company (30%) and Interconnect (70%) for the further development of the property, with Interconnect serving as the operator.

On October 30, 2015, Interconnect cancelled the option agreement.

**5. EXPLORATION AND EVALUATION ASSETS** - continued

**Other Properties** – continued

xv) Donna Property (acquired from Alpha)

On June 1, 2016, the Company entered into an agreement with Eagle Plains Resources Ltd. ("Eagle Plains"), whereby Eagle Plains will acquire a 100% right, title and interest in and to 7 mineral claims in the Donna Property. In consideration, the Company received from Eagle Plains 70 claims in the Athabasca Basin in exchange for its 100% interest in the Donna Property. The claims are each subject to a 2% net smelter return royalty payable by Eagle Plains to the Company. Eagle Plains can reduce the NSR to 1% by making a one-time payment of $1,000,000.

xvi) Mikwam Property (acquired from Alpha)

The Mikwam gold property is 100% owned, subject to royalties, consisting of nine contiguous claims covering 944 hectares located in the Noseworthy Township, Ontario, along the western extension of the Casa Berardi Deformation, an area of historical gold mineralization and production.

The following encumbrances were included in the original agreement and remain in effect:

- 0.804% Net Smelter Royalty ("NSR") payable to Newmont Canada Limited ("Newmont") and Freewest Resources Canada Inc. ("Freewest");
- 15% net profits royalty that may become payable to Newmont (or a successor) in respect of its share of net profits from certain mining claims;
- 15% net profits interest that may become payable to Golden Shield Resources Limited in respect of certain mining claims; and
- security granted against the Claims in respect of an additional cash payment due to Newmont and Freewest in the event of a decision to develop a commercial mining operation on or with respect to the Claims, pursuant to conditional payment notes and collateral security agreements issued in favor of each of Newmont and Freewest.

On November 29, 2016, the Company entered into an option agreement with Galena International Resources Ltd. ("Galena") in settlement of ALX's and Galena's dispute with respect to the acquisition of the Mikwam property.

Pursuant to the terms of the option agreement, Galena can acquire a 100% interest (subject to certain royalty interests and encumbrances) in the Mikwam property in consideration of making aggregate cash and share payments to ALX over a period of three years as follows:

- $25,000 and issue 2,000,000 common shares valued at $180,000 on closing of the transaction (Received);
- $50,000 or, at Galena's election, issue 500,000 common shares on or before the first anniversary of the Option Agreement;
- $75,000 or, at Galena's election, issue 750,000 common shares on or before the second anniversary of the Option Agreement; and
- $100,000 or, at Galena's election, issue 750,000 common shares on or before the third anniversary of the Option Agreement.

In addition, Galena will grant ALX a net smelter returns royalty (the "NSR Royalty") equal to 0.5% of Net Smelter Returns from the Mikwam property. Galena shall have the right, at any time, to acquire the NSR Royalty from ALX in consideration of a cash payment of CAD $1,000,000.

(Expressed in Canadian Dollars)

## 6. EQUIPMENT

| | Computer equipment $ | Field equipment $ | Office equipment $ | Total $ |
|---|---|---|---|---|
| Cost: | | | | |
| Balance, December 31, 2015 | 6,183 | 16,640 | 14,536 | 37,359 |
| Additions | - | - | - | - |
| Balance, December 31, 2016 | 6,183 | 16,640 | 14,536 | 37,359 |
| Accumulated amortization: | | | | |
| Balance, December 31, 2015 | 498 | 894 | 781 | 2,173 |
| Additions | 1,705 | 3,149 | 2,751 | 7,605 |
| Balance, December 31, 2016 | 2,203 | 4,043 | 3,532 | 9,778 |
| Carrying amounts: | | | | |
| **Balance, December 31, 2015** | **5,685** | **15,746** | **13,755** | **35,186** |
| **Balance, December 31, 2016** | **3,980** | **12,597** | **11,004** | **27,581** |

## 7. SHARE CAPITAL

a) Authorized: Unlimited number of common shares without nominal or par value.

b) Issued:

On September 25, 2015, the Company consolidated their outstanding shares on the basis of one post-consolidated share for every three pre-consolidated share. All share values referenced in these consolidated financial statements are post-consolidation. The total issued and outstanding shares of the Company at December 31, 2016 is 67,561,422 (December 31, 2015: 44,075,232 post-consolidated).

**During the year ended December 31, 2016:**

i) On January 29, 2016, the Company closed the second tranche of its non-brokered private placement, consisting of 4,195,000 Units at $0.05 per Unit for gross proceeds of $209,750. Each Unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share of the Company for a period of 24 months from closing at a price of $0.10 per common share. The Company paid total finders fees of $10,080 and issued 17,600 finders’ warrants exercisable at $0.10 per share for a period of 24 months from closing.

ii) On March 15, 2016, the Company closed the first tranche of its private placement with Holystone, by issuing 5,300,000 common shares at a price of $0.06 per share for gross proceeds of $318,000. See Note 11.

iii) On April 27, 2016, the Company issued 250,000 common shares with a fair value of $27,500 in accordance with the acquisition agreement for the North and South Carter Corridor Properties.

**7. SHARE CAPITAL** - continued

iv) On May 16, 2016, the Company closed the first tranche of its non-brokered private placement, consisting of 300,000 FT Units and 2,175,000 Units, for gross proceeds of $255,000 (with $9,000 being recognized as a liability for flow-through shares). Each FT Unit consists of one flow-through common share and one half of one non flow-through common share purchase warrant in the capital of the Company. Each Unit consists of one common share and one Warrant. Each whole Warrant is exercisable into one common share of the Company for a period of 18 months from closing at an exercise price of $0.20 per common share. The Company paid finders fees of $5,688 and issued 52,500 agent's warrants exercisable at $0.20 per share for a period of 18 months from closing.

v) On June 16, 2016, 642,857 share purchase warrants priced at $0.10 were exercised for gross proceeds of $64,286.

vi) On June 23, 2016, the Company closed the second tranche of its non-brokered private placement, consisting of 230,000 FT Units and 650,000 Units, for gross proceeds of $93,750 (with $5,750 being recognized as a liability for flow-through shares). Each FT Unit consists of one flow-through common share and one half of one non flow-through common share purchase warrant in the capital of the Company. Each Unit consists of one common share and one Warrant. Each whole Warrant is exercisable into one common share of the Company for a period of 18 months from closing at an exercise price of $0.20 per common share. The Company paid finders fees of $700 and issued 7,000 agent's warrants exercisable at $0.20 per share for a period of 18 months from closing.

vii) On June 23, 2016, the Company closed the second tranche of its private placement with Holystone, by issuing 7,200,000 common shares at a price of $0.06 per share for gross proceeds of $432,000. See Note 11.

viii) On June 27, 2016, the Company issued 133,333 common shares with a fair value of $12,667 in accordance with the acquisition agreement of the South Pine Property.

ix) On December 30, 2016, the Company closed a non-brokered private placement, consisting of 2,410,000 FT Units for gross proceeds of $241,000 (with $9,000 being recognized as a liability for flow-through shares). Each FT Unit consists of one flow-through common share and one non flow-through common share purchase warrant in the capital of the Company. Each warrant is exercisable into one common share of the Company for a period of 24 months from closing at an exercise price of $0.15 per common share.

**During the year ended December 31, 2015:**

i) On March 24, 2015, the Company issued 29,392 common shares with a fair value of $4,850 in accordance with the acquisition agreement of the Black Birch Property.

ii) On March 24, 2015, the Company issued 186,667 common shares with a fair value of $30,800 in accordance with the acquisition agreement of the Athabasca Group of Properties.

iii) On June 8, 2015, the Company issued 266,667 common shares with a fair value of $28,000 in accordance with the acquisition agreement of the Carter Lake Property.

iv) On June 11, 2015, the Company issued 133,333 common shares with a fair value of $14,000 in accordance with the acquisition agreement of the South Pine Property.

v) On August 28, 2015, the Company issued 83,333 common shares with a fair value of $7,500 in accordance with the acquisition agreement on the 1333 Property.

vi) On August 28, 2015, the Company issued 166,667 common shares with a fair value of $15,000 in accordance with the acquisition agreement on the Anstag Property

vii) On September 25, 2015, the Company issued 15,868,875 common shares to the shareholders of Alpha (see Note 4) at fair value of $0.15 per share.

(Expressed in Canadian Dollars)

**7. SHARE CAPITAL - continued**

viii) On October 20, 2015, the Company issued 29,390 common shares with a fair value of $2,645 in accordance with the Black Birch Property agreement.

ix) On November 4, 2015, the Company issued 186,666 common shares with a fair value of $11,200 in accordance with the Athabasca Group of Properties agreement.

x) On December 1, 2015, the Company issued 125,000 common shares with a fair value of $7,500 in accordance with the Kelic Lake Property agreement

xi) On December 31, 2015 the Company closed a non-brokered private placement of 1,710,714 Flow-Through Units ("FT Units") at $0.07 per FT Unit and 580,000 Units ("Units") at $0.05 per Unit for total gross proceeds of $148,750 (with $17,107 being recognized as a liability for the flow-through shares). Each FT Unit consists of one flow-through common share and one half of one non flow-through common share purchase warrant. Each Unit consists of one flow-through common share and one non flow-through common share purchase warrant. Each whole share purchase warrant (a "Warrant") is exercisable until December 31, 2016 into one common share of the Company at a price of $0.10 per common share. The Company paid to finder's cash commissions totalling $9,200 and issued 142,857 finders Warrants at $0.10 per warrant shares exercisable until December 31, 2017.

c) Warrants:

Warrant transactions and the number of warrants outstanding are summarized as follows:

| | December 31, 2016 | | | December 31, 2015 | | |
|---|---|---|---|---|---|---|
| | Number of Warrants | | Weighted Average Exercise Price | Number of Warrants | | Weighted Average Exercise Price |
| Balance, beginning of period | 10,371,345 | $ | 0.53 | 7,993,139 | $ | 0.63 |
| Expired | (9,585,631) | | 0.37 | (327,702) | | 0.67 |
| Exercised | (642,857) | | 0.10 | - | | - |
| Issued | 9,772,100 | | 0.14 | 2,705,908 | | 0.54 |
| Balance, end of period | 9,914,957 | $ | 0.14 | 10,371,345 | $ | 0.53 |

The following warrants were outstanding as at December 31, 2016:

| Expiry Date | Exercise Price | Number of Warrants | Remaining Contractual Life (Years) |
|---|---|---|---|
| December 31, 2017 | $ 0.10 | 142,857 | 1.00 |
| January 29, 2018 | $ 0.10 | 4,212,600 | 1.08 |
| November 16, 2017 | $ 0.20 | 2,377,500 | 0.88 |
| December 23, 2017 | $ 0.20 | 772,000 | 0.98 |
| December 30, 2018 | $ 0.15 | 2,410,000 | 2.00 |
| Total | | 9,914,957 | |
| Weighted average remaining life of warrants outstanding | | | 1.24 |

(Expressed in Canadian Dollars)

**7. SHARE CAPITAL** - continued

c) Warrants: - continued

The Company applies the fair value method in accounting for its agent's options using the Black-Scholes pricing model. During the year ended December 31, 2016, the Company issued a total of 77,100 (2015 – 142,857) agents warrants. During 2016, the agent's warrants granted resulted in share issue costs of $3,090 (2015 - $4,779).

| | 2016 | 2015 |
|---|---|---|
| Expected life | 1.5-2 years | 1 year |
| Risk-free interest rate | 0.42-.62% | 0.54% |
| Annualized volatility | 131-136% | 132% |
| Dividend rate | N/A | N/A |
| Fair value of shares at grant date | $0.03-0.04 | $0.03 |

## 8. SHARE-BASED PAYMENTS

The Company has a stock option plan in place under which it is authorized to grant options of up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors but shall not be less than the discounted market price as defined by the TSX Venture Exchange. The expiry date for each option should be for a maximum term of ten years.

The following are the stock option grants were issued during years ended December 31, 2015 and 2016:

- On September 25, 2015, the Company issued 3,725,000 incentive stock options exercisable at $0.10 per share and expiring on September 25, 2025 of which 2,700,000 options have been issued to directors and officers of the Company.

- On December 31, 2015, the Company issued 500,000 incentive stock options exercisable at $0.10 per share and expiring on December 31, 2025 to directors and officers of the Company.

- On March 15, 2016, granted 150,000 stock options at $0.10, expiring in 10 years to an Advisor to the Board of Directors.

- On July 22, 2016, the Company granted 1,275,000 stock options (900,000 were issued to Directors and Officers) with an exercise price of $0.10 and expiring in 5 years. These options will vest as follows: one-third immediately, one-third one year from the grant date, and one-third two years from the grant date.

- On November 8, 2016, the Company granted 400,000 stock options (350,000 were issued to Directors and Officers) with an exercise price of $0.10 and in two tranches. In the first tranche, 250,000 options vest 25% every six months and expire in 10 years. In the second tranche, 150,000 options vest 50% immediately and 50% six months from the grant date and expire in 5 years.

(Expressed in Canadian Dollars)

**8. SHARE-BASED PAYMENTS** – continued

The following is a summary of option transactions under the Company's stock option plan for the years ended December 31, 2016 and 2015:

| | December 31, 2016 | | December 31, 2015 | |
|---|---|---|---|---|
| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Balance, beginning of year | 4,291,666 | $ 0.10 | 1,640,000 | $ 0.33 |
| Cancelled | (66,666) | 0.30 | (1,573,334) | $ 0.33 |
| Granted | 1,825,000 | $ 0.10 | 4,225,000 | $ 0.10 |
| Balance, end of period | 6,050,000 | $ 0.10 | 4,291,666 | $ 0.10 |

The following stock options were outstanding and exercisable as at December 31, 2016:

| Expiry Date | Exercise Price | Number of Options | Remaining Contractual Life (Years) |
|---|---|---|---|
| July 22, 2021 | $ 0.10 | 425,000 | 4.56 |
| November 8, 2021 | $ 0.10 | 75,000 | 4.86 |
| September 25, 2025 | $ 0.10 | 3,725,000 | 8.74 |
| December 31, 2025 | $ 0.10 | 500,000 | 9.01 |
| March 15, 2026 | $ 0.10 | 150,000 | 9.21 |
| Total | | 4,875,000 | |
| Weighted average remaining life of stock options outstanding and exercisable | | | 8.36 |

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the year ended December 31, 2016, the Company issued a total of 1,825,000 (2015 – 4,225,000) incentive stock options to directors, officers, and consultants of the Company. During the year ended December 31, 2016, the options issued and vested resulted in share-based payments of $53,631 (2015 – $575,237).

| | 2016 | 2015 |
|---|---|---|
| Expected life | 5-10 years | 10 years |
| Risk-free interest rate | 0.56-1.33% | 1.39-1.53% |
| Annualized volatility | 109-118% | 110-142% |
| Dividend rate | N/A | N/A |
| Fair value of shares at grant date | $0.06-.09 | $0.05-0.15 |

(Expressed in Canadian Dollars)

## 9. RELATED PARTY TRANSACTIONS

The Company incurred the following fees and expenses in the normal course of operations during 2016 and 2015.

| **Key Management Compensation** | | **2016** $ | **2015** $ |
|---|---|---|---|
| Jonathan Armes | Consulting fees | 67,000 | 99,999 |
| Sierd Eriks | Consulting fees | 48,887 | - |
| Sierd Eriks | Exploration and evaluation costs | 23,794 | 37,068 |
| Mark Lackey | Salaries and wages | 22,930 | - |
| Warren Stanyer | Salaries and wages | 32,000 | - |
| Wardelaine Consulting Corp.** | Consulting fees | 3,500 | - |
| DG Resource Management* | Property acquisition | 37,500 | 20,440 |
| Dahrouge Geological* | Consulting fees | 16,245 | 23,084 |
| Dahrouge Geological* | Exploration and evaluation costs | 16,285 | 857,322 |
| Directors and Officers | Share-based payments | 39,079 | 424,402 |
| Totals | | 307,220 | 1,462,315 |

*Owned by Jody Dahrouge, Director
**Owned by Patrick Groening, Officer

Related party amounts are unsecured, non-interest bearing and due on demand. As at December 31, 2016, $15,472 (December 31, 2015 - $132,751) is due to related parties of the Company and is included in accounts payable and accrued liabilities and $5,373 has been advanced to a related party and is included in prepaid expenses.

## 10. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk of loss associated with a counter party’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada. Management believes that the credit risk with respect to receivables is remote.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

(b) Liquidity risk - continued

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company’s access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

**10. FINANCIAL RISK MANAGEMENT**– continued

(c) Foreign exchange risk

The Company is not exposed to foreign currency risk on fluctuations considering that its assets and liabilities are stated in Canadian dollars.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. With respect to financial assets, the Company's practice is to invest cash in cash equivalents in order to maintain liquidity. Fluctuations in interest rates affect the fair value of cash equivalents.

(e) Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash and cash equivalents.

There were no changes in the Company's approach to capital management during the year ended December 31, 2016 or the year ended December 31, 2015. The Company is not subject to any externally imposed capital requirements.

(f) Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at December 31, 2016 and December 31, 2015:

| | **As at December 31, 2016** | | |
|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** |
| Cash | $ 920,910 | $ - | $ - |
| Marketable securities | $ 5,628,792 | $ - | $ - |
| Reclamation bond | $ 10,000 | $ - | $ - |
| | $ 6,559,702 | $ - | $ - |

| | **As at December 31, 2015** | | |
|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** |
| Cash | $ 977,407 | $ - | $ - |
| Marketable securities | $ 134,565 | $ - | $ - |
| Reclamation bond | $ 10,000 | $ - | $ - |
| | $ 1,121,972 | $ - | $ - |

(Expressed in Canadian Dollars)

## 11. COMMITMENTS

The Company has entered into the following agreements:

i) Financing

On March 7, 2016, the Company entered into an agreement with Holystone Energy Company Limited (“Holystone”) for a three year strategic partnership.

Under the terms of the agreement, Holystone has:

- Subscribed for and received 12,500,000 common shares of ALX at a price of $0.06 per share for gross proceeds of $750,000.
- The right for three years from closing of the private placement to participate in future financings at a 20% discount to maintain their pro-rata ownership interest in ALX. The right to participate in future financings is subject to a maximum ownership level of 19.9%.
- The ability to appoint one representative to the Board of Directors of ALX.

ii) Office Lease

The Company assumed a lease agreement, previously held by Alpha, for a term expiring April 1, 2017, whereby it was required to pay base rent of $83,349 per annum. Effective June 1, 2015, the lease agreement was amended, whereby the expiry date was extended to December 31, 2018 and the Company is required to pay base rent of $37,170 per annum. The Company’s minimum payments over the next three fiscal years are as follows:

| | $ |
|---|---|
| 2017 | 37,170 |
| 2018 | 37,170 |
| | 74,340 |

## 12. LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES

Funds raised through the issuance of flow-through shares are expected to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

(Expressed in Canadian Dollars)

**12. LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES** - continued

| | Issued on March 20, 2014 | Issued on December 8, 2014 | Issued on December 22, 2014 | Issued on December 31, 2015 | Issued on May 16, 2016 | Issued on June 23, 2016 | Issued on December 31, 2016 | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance, January 1, 2015** | $ 255,813 | $ 138,334 | $ 73,680 | $ - | $ - | $ - | $ - | $ 467,827 |
| Liability incurred on flow-through shares issued | - | - | - | 17,107 | - | - | - | 17,107 |
| Settlement of flow-through share liability on incurring expenses | (255,813) | (135,206) | - | - | - | - | - | (391,019) |
| **Balance, December 31, 2015** | $ - | $ 3,128 | $ 73,680 | $ 17,107 | $ - | $ - | $ - | $ 93,915 |
| Liability incurred on flow-through shares issued | - | - | - | - | 9,000 | 5,750 | 48,200 | 62,950 |
| Transfer remaining flow-through liability to accrued liabilities | - | (3,128) | (73,680) | - | - | - | - | (76,808) |
| Settlement of flow-through share liability on incurring expenses | - | - | - | (17,107) | (9,000) | (5,750) | - | (31,857) |
| **Balance, December 31, 2016** | $ - | $ - | $ - | $ - | $ - | $ - | $ 48,200 | $ 48,200 |

On March 20, 2014, the Company issued 1,961,667 units on a flow-through basis at $0.75 per share for gross proceeds of $1,471,250 and recognized a liability for flow-through shares of $353,100. All proceeds have been fully spent and renounced as at December 31, 2014.

On December 8, 2014, the Company issued 4,611,133 units on a flow-through basis at $0.36 per share for gross proceeds of $1,660,008 and recognized a liability for flow-through shares of $138,334. As at December 31, 2015, the Company has spent and renounced $1,622,472 of the funds. The balance of the funds received of $37,536 was not spent in the allotted time period and will incur Part XII.6 tax. The balance of $3,128 in the flow-through liability account has been accrued for related penalties and interest.

On December 22, 2014, the Company issued 614,000 units on a flow-through basis at $0.36 per share for gross proceeds of $221,040 and recognized a liability for flow-through shares of $73,680. As at December 31, 2015, the Company has spent and renounced $nil of the funds in the allotted time period and will incur Part XII.6 tax and related penalties and interest. The balance of $73,680 in the flow-through liability account has been accrued for related penalties and interest.

On December 31, 2015, the Company issued 1,710,714 units on a flow-through basis at $0.07 per share for gross proceeds of $119,750 and recognized a liability for flow-through shares of $17,107. As at December 31, 2016, the Company has spent all $119,750 of the flow-through funds and have reversed the $17,107 flow-through liability.

On May 16, 2016, the Company issued 300,000 units on a flow-through basis at $0.125 per share for gross proceeds of $37,500 and recognized a liability for flow-through shares of $9,000. As at December 31, 2016, the Company has spent all $37,500 of the flow-through funds and have reversed the $9,000 flow-through liability.

On June 23, 2016, the Company issued 230,000 units on a flow-through basis at $0.07 per share for gross proceeds of $28,750 and recognized a liability for flow-through shares of $5,750. As at December 31, 2016, the Company has spent $28,750 of the flow-through funds and have reversed $5,750 of their flow-through liability.

(Expressed in Canadian Dollars)

## 12. LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES – continued

On December 30, 2016, the Company issued 2,410,000 units on a flow-through basis at $0.10 per share for gross proceeds of $241,000 and recognized a liability for flow-through shares of $48,200. As at December 31, 2016, the Company has spent $nil of the flow-through funds and have reversed $nil of their flow-through liability.

During the year ended December 31, 2016, the Company has incurred $368,084 (2015 - $2,688,359) of qualified expenditures resulting in the reversal of the liability for flow-through shares and recorded the related net deferred tax effect of $31,857 (2015 - $391,019). At December 31, 2016, the amount of flow-through proceeds remaining to be expended is $241,000 (2015 - $119,750) and the balance of the liability for flow-through shares related to this private placement is $48,200 (2015 - $93,915). Included in the balance in the liability for flow-through shares account is $48,200 (2015 -$17,107) for the current flow-through shares renounced and $nil (2015-$76,808) for the unspent renounced amounts noted above. The $nil (2015 - $76,808) will be adjusted when the Part XII.6 tax and related penalties and interest are paid. The balance in the liability for flow-through shares account related to the unspent funds from 2014 has been transferred to accrued liabilities to cover any related interest and penalties the Company may incur.

## 13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

| | | **2016** | | **2015** |
|---|---|---|---|---|
| Interest paid | $ | - | $ | - |
| Income tax paid | $ | - | $ | - |
| Exploration and evaluation expenditures in accounts payable | $ | 4,797 | $ | 284,607 |
| Marketable securities received for property option payment | $ | 4,009,500 | $ | 60,000 |
| Warrants granted for finder's fees | $ | 3,090 | $ | - |
| Shares issued for property option payment | $ | 40,167 | $ | 121,495 |

## 14. MARKETABLE SECURITIES

| | **December 31, 2016** | | **December 31, 2015** | |
|---|---|---|---|---|
| | Cost<br>$ | Fair Market Value<br>$ | Cost<br>$ | Fair Market Value<br>$ |
| New Dimension Resources | 12,000 | 14,286 | 7,500 | 1,929 |
| Declan Resources | 27,000 | 1,125 | 27,000 | 1,125 |
| Castle Silver (Takara) | 13,020 | 91,140 | 15,000 | 52,500 |
| RT Minerals | 45,000 | 24,000 | 60,000 | 20,000 |
| Canyon Copper | 140 | 211 | 140 | 211 |
| Uravan Minerals | 72,520 | 44,030 | 76,020 | 51,800 |
| Aurelius Minerals (Galena) | 180,000 | 200,000 | - | - |
| Denison Mines | 3,825,000 | 5,250,000 | - | - |
| Interconnect Ventures | 7,000 | 4,000 | 7,000 | 7,000 |
| Total | 4,181,680 | 5,628,792 | 192,660 | 134,565 |

**14. MARKETABLE SECURITIES** - continued

On October 15, 2013, the Company received 300,000 common shares of New Dimension Resources Ltd. pursuant to the option to acquire a 70% interest in the Midas Gold Project (see Note 5). The 300,000 common shares were valued at $0.025 per share, the closing price of the shares on October 15, 2013. On February 20, 2015, the shares were consolidated 1:7. During the year, the Company received the next payment of 100,000 common shares, with a fair value of $4,500. The market value of the remaining 142,857 common shares is measured using the closing market price of $0.10 as at December 31, 2016.

On January 8, 2014, the Company received 2,000,000 common shares of Declan Resources Inc. pursuant to the option to acquire a 70% interest in the Gibbons Creek Project (see Note 5). The 2,000,000 common shares were valued at $0.12 per share, the closing price of the shares on January 8, 2014. During the year ended December 31, 2014, 1,775,000 shares of Declan were sold for proceeds of $51,355. The market value of the remaining 225,000 common shares is measured using the closing market price of $0.005 as at December 31, 2016.

On December 30, 2014, the Company received 1,500,000 common shares of Castle Silver (formerly Takara Resources Inc.) pursuant to the option to acquire a 50% interest in the Fond du Lac Property (see Note 5). The 1,500,000 common shares were valued at $0.01 per share, the closing price of the shares on December 30, 2014. During 2016, the Company sold 198,000 shares of Takara for gross proceeds of $17,530. The market value of 1,302,000 common shares is measured using the closing market price of $0.07 as at December 31, 2016.

On April 28, 2015, the Company received 400,000 post-consolidated common shares of RT Minerals Corp. pursuant to the option to acquire a 100% interest in the Ballard Lake Property (see Note 5). The 400,000 common shares were valued at $0.15 per share, the closing price of the shares on April 28, 2015. During 2016, the Company sold 100,000 shares of RT Minerals for gross proceeds of $10,900. The market value of 300,000 common shares is measured using the closing market price of $0.08 as at December 31, 2016.

On September 24, 2015, in connection with the acquisition of assets from Alpha, the Company acquired 7,022 shares of Canyon Copper Corp. ("Canyon") at a cost of $0.02 per share, 584,500 shares of Uravan Minerals Inc. ("Uravan") at a cost of $0.14 per share, and 100,000 shares of Interconnect Ventures Corp. at a cost of $0.07 per share. The market value of the 7,022 common shares of Canyon Copper is measured using the closing market price of $0.03 as at December 31, 2016. The market value of the 518,000 common shares of Uravan Minerals is measured using the closing market price of $0.085 as at December 31, 2016. The market value of the 100,000 common shares of Interconnect Ventures is measured using the closing market price of $0.04 as at December 31, 2016.

On November 29, 2016, the Company received 2,000,000 common shares of Aurelius Minerals (formerly Galena International Resources) pursuant to the option to acquire a 100% interest in the Mikwam Property (see Note 5). The 2,000,000 common shares were valued at $0.09 per share, the closing price of the shares on November 29, 2016. The market value of 2,000,000 common shares of Aurelius Minerals is measured using the closing market price of $0.10 as at December 31, 2016.

On November 4, 2016, the Company received 7,500,000 common shares of Denison Mines pursuant to the sale of an 80% interest in the Hook/Carter property (see Note 5). The common shares were valued at $0.51 per share, the closing price of the shares on November 4, 2016 which is consider the effective date of the agreement. The market value of the 7,500,000 common shares of Denison Mines is measured using the closing market price of $0.70 as at December 31, 2016.

(Expressed in Canadian Dollars)

## 15. INCOME TAXES

The reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

| | | 2016 | | 2015 |
|---|---|---|---|---|
| | | **26.00%** | | 26.00% |
| Income (loss) for the year before income taxes | $ | **3,485,417** | $ | (3,510,229) |
| Income tax expense (benefit) computed at statutory rates | | **906,208** | | (912,660) |
| Deductible and non-deductible amounts | | **(1,183,375)** | | 645,184 |
| Change in valuation allowance | | **277,167** | | 267,476 |
| Deferred income tax recovery | | **(31,857)** | | (1,231,964) |
| Deferred income tax recovery per financial statements | $ | **(31,857)** | $ | (1,231,964) |

There are no deferred tax assets/(liabilities) presented in the statement of financial position.

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets/(liabilities) have been recognized are attributable to the following:

| | | 2016 | | 2015 |
|---|---|---|---|---|
| Deferred income tax assets/(liabilities) | | | | |
| Non-capital and net capital losses carried forward | $ | **4,299,000** | $ | 4,910,000 |
| Share issuance costs | | **422,000** | | 422,000 |
| Equipment | | **38,000** | | 30,000 |
| Mineral properties | | **(3,630,000)** | | (709,000) |
| | $ | **1,129,000** | $ | 4,653,000 |

This potential future tax benefit has been offset entirely by a valuation allowance and has not been recognized in these financial statements. The non-capital loss carry-forwards expire according to the following schedule:

| | | 2016 | | 2015 |
|---|---|---|---|---|
| 2027 | **$** | **16,000** | $ | 16,000 |
| 2028 | | **74,000** | | 74,000 |
| 2029 | | **40,000** | | 40,000 |
| 2030 | | **229,000** | | 229,000 |
| 2031 | | **233,000** | | 233,000 |
| 2032 | | **219,000** | | 223,000 |
| 2033 | | **631,000** | | 631,000 |
| 2034 | | **1,071,000** | | 2,353,000 |
| 2035 | | **1,008,000** | | 1,028,000 |
| 2036 | | **675,000** | | - |
| Balance as at December 31, | **$** | **4,196,000** | $ | 4,827,000 |

## 16. EVENTS AFTER THE REPORTING PERIOD

a) On January 16, 2017, the Company granted 1,275,000 stock options exercisable at $0.135 per share for a period of 5 years to directors, officers, employees, and advisors.

b) Subsequent to year end, 2,000,000 share purchase warrants and 700,000 stock options priced and exercisable at $0.10 were exercised for gross proceeds of $200,000 and $70,000 respectively.