

LARAMIDE RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Laramide Resources Ltd.

We have audited the accompanying consolidated financial statements of Laramide Resources Ltd. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2016 and December 31, 2015 and the consolidated statements of operations, comprehensive income (loss), changes in shareholders' 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, 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.

Auditors' 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 about whether the consolidated financial statements are free from 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 judgement, 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 in our audits 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 Laramide Resources Ltd. and its subsidiaries, as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Collins Barrow Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants
March 20, 2017
Toronto, Ontario

LARAMIDE RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN CANADIAN DOLLARS)

| | December 31, 2016 | December 31, 2015 |
|---|----------------------|----------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents (Note 6) | \$ 2,547,561 | \$ 851,130 |
| Short-term investments | 20,045 | 40,065 |
| Accounts receivable and prepaid expenses (Note 7) | 224,346 | 409,763 |
| Investments (Note 8) | <u>37,346</u> | <u>1,680,931</u> |
| | 2,829,298 | 2,981,889 |
| Mineral property held for sale (Note 10) | <u>-</u> | <u>3,336,908</u> |
| | 2,829,298 | 6,318,797 |
| Long-term investments (Note 8) | 1,807,500 | 2,000,000 |
| Restricted cash (Note 8) | 192,500 | - |
| Prepaid royalty (Note 10) | 490,981 | 506,083 |
| Property and equipment (Note 9) | 57,316 | 61,952 |
| Advances on property acquisition (Note 10) | 759,801 | - |
| Mineral properties and related deferred costs (Note 10) | <u>73,208,394</u> | <u>72,792,108</u> |
| | \$ 79,345,790 | \$ 81,678,940 |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities (Note 11) | \$ 2,703,452 | \$ 2,877,998 |
| Long-term debt (Note 12) | 3,254,863 | 3,468,011 |
| Deferred tax liability (Note 5) | <u>3,673,840</u> | <u>4,254,664</u> |
| | 9,632,155 | 10,600,673 |
| Shareholders' Equity | | |
| Capital stock (Note 13) | 126,629,198 | 126,644,198 |
| Shares to be issued (Note 13) | 2,205,450 | - |
| Equity component of convertible security | 14,166 | 14,166 |
| Warrants (Note 14) | 1,273,068 | 1,029,453 |
| Contributed surplus | 25,979,970 | 25,556,043 |
| Deficit | (91,422,142) | (90,565,217) |
| Accumulated other comprehensive income | <u>5,033,925</u> | <u>8,399,624</u> |
| | 69,713,635 | 71,078,267 |
| | \$ 79,345,790 | \$ 81,678,940 |

Nature of Operations and Going Concern (Note 1)
 Commitments and Contingencies (Note 18)
 Subsequent Events (Note 20)

SIGNED ON BEHALF OF THE BOARD

(Signed) "Marc C. Henderson"
 Director

(Signed) "Scott Patterson"
 Director

LARAMIDE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(EXPRESSED IN CANADIAN DOLLARS)

| Years ended December 31, | 2016 | 2015 |
|---|----------------------------|------------------------------|
| Income | | |
| Gain on sale of investments (Note 8) | \$ 2,988,869 | \$ 529,383 |
| Other income | <u>1,507</u> | <u>35,313</u> |
| | <u>2,990,376</u> | <u>564,696</u> |
| Expenses | | |
| Administrative and office | 1,020,392 | 1,017,735 |
| Audit and legal | 71,646 | 89,930 |
| Consulting | 70,622 | - |
| Interest (Note 12) | 468,747 | 349,065 |
| Amortization of transaction costs (Note 12) | 1,246,948 | 87,743 |
| Foreign exchange loss (gain) | (10,131) | 84,959 |
| Stock-based compensation (Note 15) | 267,330 | 152,503 |
| Amortization of property and equipment (Note 9) | 8,868 | 9,644 |
| Write-down of available for sale investments (Note 8) | 78,001 | - |
| Write-down of mineral properties and related deferred costs (Note 10) | <u>1,205,697</u> | <u>484,732</u> |
| | <u>4,428,120</u> | <u>2,276,311</u> |
| Loss before income tax | (1,437,744) | (1,711,615) |
| Income tax recovery (expense) (Note 5) | <u>580,819</u> | <u>(3,697,005)</u> |
| Net loss for the year | <u>\$ (856,925)</u> | <u>\$ (5,408,620)</u> |
| Loss per share | | |
| Weighted average shares outstanding - basic and diluted | 93,757,740 | 83,747,909 |
| Loss per share - basic and diluted | \$ (0.01) | \$ (0.06) |

LARAMIDE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN CANADIAN DOLLARS)

| Years ended December 31, | 2016 | 2015 |
|--|-----------------------|-----------------------|
| Net loss for the year | \$ (856,925) | \$ (5,408,620) |
| Other comprehensive income | | |
| Items that may be reclassified subsequently to net income (loss) | | |
| Unrealized gain on available for sale investments, net of tax | 2,323,880 | 863,310 |
| Reclassification of realized gain on available for sale investments to income | (2,988,869) | (529,383) |
| Reclassification of unrealized loss on available for sale investments to income upon write-down (Note 8) | 78,001 | - |
| Reclassification of foreign currency translation adjustment of the written-down mineral properties (Note 10) | (251,867) | - |
| Foreign currency translation adjustment | (2,526,844) | 5,888,526 |
| | (3,365,699) | 6,222,453 |
| Comprehensive income (loss) for the year | \$ (4,222,624) | \$ 813,833 |

LARAMIDE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

| Years ended December 31, | Number of Shares | Capital Stock | Shares to be Issued | Equity Component of Convertible Security | Warrants | Contributed Surplus | Deficit | Accumulated Other Comprehensive Income (Loss) | Total |
|--|-------------------------|-----------------------|----------------------------|---|---------------------|----------------------------|------------------------|--|----------------------|
| Balance, January 1, 2015 | 79,023,458 | \$ 123,067,080 | \$ - | \$ 14,166 | \$ 339,889 | \$ 25,020,493 | \$ (85,156,597) | \$ 2,177,171 | \$ 65,462,202 |
| Shares issued for cash on private placements | 12,134,282 | 3,605,000 | - | - | - | - | - | - | 3,605,000 |
| Cost of issue | - | (157,088) | - | - | - | - | - | - | (157,088) |
| Issuance of warrants | - | (614,184) | - | - | 614,184 | - | - | - | - |
| Issuance of broker warrants | - | (21,436) | - | - | 21,436 | - | - | - | - |
| Shares and warrants issued with respect to term loan | 2,500,000 | 725,000 | - | - | 376,997 | - | - | - | 1,101,997 |
| Exercise of options | 100,000 | 30,000 | - | - | - | - | - | - | 30,000 |
| Fair value of exercised options | - | 9,826 | - | - | - | (9,826) | - | - | - |
| Expiry of warrants | - | - | - | - | (184,010) | 184,010 | - | - | - |
| Fair value adjustment of extended warrants | - | - | - | - | (139,043) | 139,043 | - | - | - |
| Stock-based compensation | - | - | - | - | - | 222,323 | - | - | 222,323 |
| Net loss for the year | - | - | - | - | - | - | (5,408,620) | - | (5,408,620) |
| Other comprehensive income | - | - | - | - | - | - | - | 6,222,453 | 6,222,453 |
| Balance, December 31, 2015 | 93,757,740 | \$ 126,644,198 | \$ - | \$ 14,166 | \$ 1,029,453 | \$ 25,556,043 | \$ (90,565,217) | \$ 8,399,624 | \$ 71,078,267 |
| Funds received for shares to be issued (Note 13) | - | - | 2,205,450 | - | - | - | - | - | 2,205,450 |
| Cost of issue adjustment | - | (15,000) | - | - | - | - | - | - | (15,000) |
| Warrants issued with respect to term loan (Note 14) | - | - | - | - | 298,966 | - | - | - | 298,966 |
| Expiry of warrants (Note 14) | - | - | - | - | (55,351) | 55,351 | - | - | - |
| Stock-based compensation (Note 15) | - | - | - | - | - | 368,576 | - | - | 368,576 |
| Net loss for the year | - | - | - | - | - | - | (856,925) | - | (856,925) |
| Other comprehensive loss | - | - | - | - | - | - | - | (3,365,699) | (3,365,699) |
| Balance, December 31, 2016 | 93,757,740 | \$ 126,629,198 | \$ 2,205,450 | \$ 14,166 | \$ 1,273,068 | \$ 25,979,970 | \$ (91,422,142) | \$ 5,033,925 | \$ 69,713,635 |

LARAMIDE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

| Years ended December 31, | 2016 | 2015 |
|--|---------------------|--------------------|
| Cash and cash equivalents (used in) provided by: | | |
| Operating Activities | | |
| Net loss for the year | \$ (856,925) | \$ (5,408,620) |
| Adjustments for: | | |
| Gain on sale of investments | (2,988,869) | (529,383) |
| Stock-based compensation | 267,330 | 152,503 |
| Amortization of property and equipment | 8,868 | 9,644 |
| Amortization of transaction costs | 1,246,948 | 87,743 |
| Write-down of mineral properties and related deferred costs (Note 10) | 1,205,697 | 484,732 |
| Write-down of available for sale investments (Note 8) | 78,001 | - |
| Deferred tax expense (recovery) | (580,819) | 3,697,005 |
| | <u>(1,619,769)</u> | <u>(1,506,376)</u> |
| Net change in non-cash working capital items: | | |
| Accounts receivable and prepaid expenses | 30,799 | (177,637) |
| Accounts payable and accrued liabilities | (204,814) | (447,483) |
| | <u>(1,793,784)</u> | <u>(2,131,496)</u> |
| Financing Activities | | |
| Proceeds from long-term financing | - | 5,115,620 |
| Funds received for shares to be issued (Note 13) | 2,205,450 | - |
| Repayment of debt (Note 12) | (1,000,000) | (5,006,075) |
| Short-term loan | - | 100,000 |
| Issue of common shares | - | 3,605,000 |
| Share issue costs | (15,000) | (157,088) |
| Repayment of convertible security | - | (175,000) |
| Transaction costs on long-term loan | (108,561) | (400,793) |
| Options/warrants exercised | - | 30,000 |
| | <u>1,081,889</u> | <u>3,111,664</u> |
| Investing Activities | | |
| Purchase of investments | (50,547) | (51,288) |
| Proceeds on sale of investments | 2,317,136 | 1,199,145 |
| Allocation to restricted cash (Note 8) | (192,500) | - |
| Capital returned on investments | 1,912,500 | - |
| Acquisition of property and equipment | (9,145) | - |
| Acquisition of mineral properties and related deferred costs | (1,590,317) | (1,306,731) |
| | <u>2,387,127</u> | <u>(158,874)</u> |
| Change in cash and cash equivalents | 1,675,232 | 821,294 |
| Cash and cash equivalents, beginning of year | 851,130 | 111,249 |
| Exchange difference on cash and cash equivalents held in foreign currencies | 21,199 | (81,413) |
| Cash and cash equivalents, end of year | \$ 2,547,561 | \$ 851,130 |

LARAMIDE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(EXPRESSED IN CANADIAN DOLLARS)

| Years ended December 31, | 2016 | 2015 |
|--|-------------------|------------------|
| Supplementary cash flow information | | |
| Changes in non cash activities: | | |
| Amortization of property and equipment capitalized to mineral properties (Note 9) | <u>\$ 4,075</u> | <u>\$ 6,263</u> |
| Stock-based compensation capitalized to mineral properties (Note 15) | <u>\$ 101,246</u> | <u>\$ 69,820</u> |
| Broker warrants issued on private placements (Note 14) | <u>\$ -</u> | <u>\$ 21,436</u> |

LARAMIDE RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
Years ended December 31, 2016 and 2015

1. NATURE OF OPERATIONS AND GOING CONCERN

Laramide Resources Ltd. (the "Company" or "Laramide") is a publicly traded company incorporated in Canada and listed on the Toronto Stock Exchange ("TSX") and on the Australian Securities Exchange ("ASX"), under the symbol "LAM". The Company is involved in the exploration and development of mineral properties in Australia and the United States of America (USA). The mineral properties of Laramide are all in the exploration stage. Laramide's registered office address is 130 King Street West, Suite 3680, Toronto, Ontario, Canada.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenue from operations. During the year ended December 31, 2016, the Company incurred a net loss of \$856,925 (2015 - \$5,408,620), and as of that date, the Company's working capital was \$125,846 (2015 - \$103,891). The Company will need to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. Should the Company be unsuccessful in doing so, there is a significant doubt about the Company's ability to continue as a going concern, and therefore, a material uncertainty exists in relation to the going concern assumption.

On March 20, 2017, the Board of Directors approved the consolidated financial statements for the years ended December 31, 2016 and 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") as at and for the year ended December 31, 2016.

The policies applied in these financial statements are based on IFRS issued and outstanding as of December 31, 2016.

Principles of Consolidation

The consolidated financial statements include all entities over which the Company has control. For accounting purposes, control is established by an investor when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are no longer consolidated on the date control ceases.

The consolidated financial statements include the accounts of the Company, its wholly owned U.S. subsidiaries, Laramide La Sal Inc. and Laramide Resources (USA) Inc.; and its wholly owned Australian subsidiaries, Lagoon Creek Resources Pty Ltd., Westmoreland Resources Pty Ltd. and Tackle Resources Pty Ltd.

Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Basis of Preparation

The consolidated financial statements are presented in Canadian dollars which is also the functional currency of the parent, Laramide Resources Ltd., located in Canada. The functional currencies of the Australian and the U.S. subsidiaries are the Australian dollar and US dollar, respectively.

LARAMIDE RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
Years ended December 31, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial statements are prepared on the historical cost basis except the following assets and liabilities, which are stated at their fair value: financial assets classified as fair value through profit and loss ("FVTPL"), financial instruments held for trading and financial instruments classified as available-for-sale.

The accounting policies set out below have been applied consistently to the years presented in the consolidated financial statements.

Foreign Currency Translation

Foreign currency transactions are initially recorded into the functional currency at the transaction date exchange rate. At year end, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the balance sheet date's exchange rate and non-monetary assets and liabilities at the historical rate. These foreign currency adjustments are recognized in net loss of the consolidated statement of operations.

Financial statements of the Australian and U.S. subsidiaries for which the functional currency is not the Canadian dollar are translated to Canadian dollar, as this is the presentation currency, as follows: all asset and liability accounts are translated at the balance sheet date's exchange rate and all earnings and expense accounts and cash flow statement items are translated at average exchange rates for the year. The resulting translation gains and losses are recorded as foreign currency translation adjustments in other comprehensive income (loss).

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

Cash and Cash Equivalents

The "cash and cash equivalents" category consists of cash in banks, cash held by trustees and cash on hand.

Short-term Investments

Short-term investments represent temporary excess of liquidity invested in preferred investment accounts and GICs with initial maturities of three months or less; their book values approximate their fair values.

Financial Instruments

Financial assets classified as FVTPL are measured at fair value, with any resultant gain or loss recognized in the statement of operations.

Financial instruments classified as being available for sale ("AFS") are measured at fair value, with any resultant gain or loss being recognized directly under other comprehensive income, with the exception of investments without a quoted market value and the fair value cannot be reliably measured, which are measured at cost. When these investments are derecognized, the cumulative unrealized gain or loss previously recognized directly in equity is recognized in profit or loss.

Dividend income on equity instruments measured at fair value through other comprehensive income is recognized in the statement of operations on the ex-dividend date.

The fair value of financial instruments classified as FVTPL and AFS is their quoted bid price at the balance sheet dates.

Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method.

LARAMIDE RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
Years ended December 31, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities classified as other financial liabilities include accounts payable and accrued liabilities, and long-term debt including convertible security and are measured at amortized cost using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

Transaction costs associated with FVTPL financial assets and financial liabilities are expensed as incurred, while transaction costs associated with all other financial assets and financial liabilities are included in the initial carrying amount of the asset or liability.

Impairment losses for the different financial assets and liabilities are recognized as follows:

Available for sale financial assets: When a decline in the fair value, including a significant or prolonged decline in value, of an available for sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is transferred to profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss. Any further significant or prolonged decline in the fair value of these AFS investments, after an impairment loss is recognized, will be automatically considered to be further impairments to be recognized in profit and loss. Increases in value from the current carrying amount will be recognized in other comprehensive income. Impairment losses on AFS financial assets are not reversed.

Classifications of these financial instruments are as follows:

| | |
|--|-----------------------------|
| Cash and cash equivalents | Loans and Receivables |
| Short-term investments | Loans and Receivables |
| Accounts receivable and prepaid expenses | Loans and Receivables |
| Investments – equity instruments | Available for sale |
| Accounts payable and accrued liabilities | Other financial liabilities |
| Long-term debt | Other financial liabilities |

Convertible Debt

The Company classifies the proceeds received from convertible debt into their liability and equity components using the residual approach. The carrying amount of the liability component is accreted over the life of the instrument using the effective interest rate method. Transactions costs are netted against the carrying value of the instrument to which they relate.

Finance Income and Costs

Finance income comprises income on funds invested and dividend income from other investments. Interest income and costs are recognized as they accrue in the statement of operations, using the effective interest rate.

LARAMIDE RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
Years ended December 31, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost or production cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When property and equipment include significant components with different useful lives, they are recorded and amortized separately. Amortization is computed using the straight-line and declining balance methods based on the estimated useful life of the assets. Useful life is reviewed at the end of each reporting period.

The Company recognizes in the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the consolidated statements of operations as an expense as incurred.

Depreciation is calculated based on the cost of property and equipment less their estimated residual value on a straight-line and declining balance methods, over the estimated useful lives of each item of property and equipment, as follows.

| | |
|-------------------------------|---------------------------------|
| Computer equipment | 20% Declining balance |
| Furniture and fixtures | 20% Declining balance |
| Office equipment and software | 10% Declining balance |
| Field equipment | Straight line, over five years |
| Motor vehicles | Straight line, over five years |
| Leasehold improvements | Straight line, over three years |

Mineral Properties and Related Deferred Costs

The Company defers exploration and evaluation expenditures until such time as technical and economic feasibility is reached and the properties are either put into commercial production, sold, determined not to be economically viable or abandoned. Capitalized expenditures include all the costs incurred in exploration and evaluation of potential mineral reserves and resources, such as exploratory drilling and sample testing and the costs of pre-feasibility studies. Exploration expenditures are related to the initial search for deposits of minerals with economic value. Evaluation expenditures are related to the detailed economic assessments of identified deposits that are economically viable. Research and development ("R&D") expenses related to mineral properties that are reimbursed by the government are credited to mineral properties and related deferred costs.

Joint Arrangements

The Company's activities are owned and operated jointly with other parties. All the Company's joint arrangements are classified as joint operations. These financial statements reflect only the Company's appropriate share of the joint operation's controlled assets and liabilities it has incurred, its share of any liabilities jointly incurred, income from the sale or use of its share of the joint operation's output, together with its share of expenses incurred by the joint operation and any expenses it incurs in relation to its interest in the joint arrangement and a share of production in such activities.

LARAMIDE RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
Years ended December 31, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

The Company continually reviews and evaluates the events or changes in the economic environment that indicate a risk of impairment of assets to determine whether the carrying amount of the asset or group of assets under consideration exceeds its or their recoverable amount. Impairment of the assets is evaluated at the cash-generating unit ("CGU") or group of units level. A CGU is the smallest identifiable group of asset that generates cash inflows, independent of the cash inflows from other assets, as defined by International Accounting Standard ("IAS") 36 "Impairment of assets". Recoverable amount is defined as the higher of an asset's fair value (less costs of disposal) and its value in use. The active market or a binding sale agreement provides the best evidence for the determination of the fair value, but where neither exists, fair value is based on the best information available to reflect the amount the Company could receive for the CGU in an arm's length transaction. Value in use is equal to the present value of future cash flows expected to be derived from the use and sale of the asset. Given the stage of development of the Company's projects, fair value less costs of disposal is used to determine the recoverable amount.

Provisions

A provision is recognized on the consolidated balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Deferred Taxes

Pursuant to the liability method, deferred taxes are recorded for temporary differences existing at balance sheet date between the tax base value of assets and liabilities and their carrying amount on the consolidated balance sheet.

- Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted at year end. They are reviewed at the end of each year, in line with any changes in applicable tax rates.
- Deferred tax assets are recognized for all deductible temporary differences, tax losses carried forward and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists, to make use of those deductible temporary differences, tax loss carry forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and which, at the transaction date, does not impact earnings, tax income or loss.
- Current tax and deferred tax shall be charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity.
- Deferred tax assets and liabilities are offset 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.

LARAMIDE RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
Years ended December 31, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share Purchase Warrants

From time-to-time, the Company may issue Units as a means of raising capital. Ordinarily, each Unit contains one common share of the Company and a whole, or fraction of, a share purchase warrant. The company allocates the proceeds from each unit to the common share and warrant components based on their respective fair value using the Black-Scholes pricing model. Transaction costs arising on the issue of Units are recognised in equity as a reduction of the proceeds allocated to issued capital and warrants on a pro-rata basis.

Stock-based Compensation

The Company offers a stock option plan. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured using the Black Scholes option pricing model. Compensation expense for those providing employee-like services is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. Any consideration paid on exercise of stock options is credited to capital stock. The contributed surplus resulting from stock based payment is transferred to capital stock when the options are exercised.

For equity settled transactions with non-employees, the Company measures goods or services received at their fair value, unless that fair value cannot be estimated reliably, in which case the Company measures their value by reference to the fair value of the equity instruments granted.

Loss per Share

Basic loss per share amount is calculated by dividing net loss for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted income (loss) per share amounts are calculated by dividing the net income (loss) attributable to common shareholders of the parent by the weighted average number of shares outstanding during the period plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares.

For the years ended December 31, 2016 and 2015, the options and warrants are not dilutive.

Non-Current Assets Held for Sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through a sale transaction rather than through continuing use. Such assets are generally measured as the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Once classified as held-for-sale, non-current assets classified as held for sale are no longer amortized or depreciated.

Environmental Rehabilitation Provision

The Company's activities could give rise to obligations for environmental rehabilitation which can include facilities dismantling, removal, treatment of waste materials, monitoring, compliance with environmental regulations, security and other site-related costs required to perform the rehabilitation work. Any current expenditures regarding the environmental rehabilitation are charged to the cost of the project. Provisions for rehabilitation are periodically adjusted by the Company, when applicable; such adjustments are recorded as a change in the value of the related mineral property. At the end of the year the Company does not consider it necessary to record any provision for environmental rehabilitation.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Issued but not yet Effective

At the date of authorization of these consolidated financial statements, the IASB has issued the following standard which is not yet effective for the relevant reporting period.

IFRS 9 Financial Instruments was issued in July 2014, and is intended to replace *IAS 39, Financial Instruments: Recognition and Measurement* and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in *IAS 39*. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in *IAS 39*, and incorporates new hedge accounting requirements. *IFRS 9* is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the standard on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers was issued in May 2014, and replaces *IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations*. The standard provides clarification for recognizing revenue from contracts with customers and establishes a single revenue recognition and measurement framework that applies to contracts with customers. The standard is required to be adopted either retrospectively or using a modified transaction approach for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. The Company is currently evaluating the impact of the standard on the Company's financial statements.

IFRS 16 Leases was issued in January 2016 and replaces *IAS 17 Leases*. Under *IAS 17*, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. *IFRS 16* now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under *IFRS 16*, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and obtain substantially all the economic benefits from that use. *IFRS 16* is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if *IFRS 15, Revenue from Contracts with Customers*, is also applied. The Company is currently evaluating the impact of the standard on the Company's financial statements.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in compliance with *IFRS* requires the Company's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's assets, liabilities, equity or earnings. These estimates, assumptions and judgements notably relate to the following items:

Assessment of impairment indicators and valuation of mineral properties and related deferred costs and mineral properties held for sale - Management uses significant judgement in determining whether there is any indication that these mineral properties may be impaired. Significant judgements and estimates include the market for uranium, the ability to obtain additional financing, the political environment in Australia and the ability to defer tenement spending requirements.

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3. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Measurement of impairment in available for sale financial assets - The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the consolidated statements of operations. The impairment loss recognized in the consolidated statements of operations is a reclassification of unrealized losses resulting from decline in fair value previously recorded in other comprehensive loss.

The Company uses judgement in defining significant or prolonged as a decline in fair value of at least 50% below original cost or a decline in fair value below original cost for at least 24 months.

Stock-based payment and warrants - The Company utilizes the Black-Scholes option pricing model to determine the fair values of the stock-based payments and warrants. The Company uses significant judgement in the evaluation of the input variables in the Black-Scholes calculation which includes: risk free interest rate, expected stock price volatility, expected life, expected dividend yield and forfeiture rate.

Convertible security - The rate used in determining the appropriate value of the liability component of the convertible security and to appropriately apply the effective interest rate method to the convertible security is subject to management estimation.

Functional currency - The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which each operates, Canadian dollar, Australian dollar and US dollar. Determination of functional currency may require certain judgements to determine the primary economic environment. The Company reconsiders the functional currency used when there is a change in events and conditions which determined the primary economic environment.

4. BUSINESS SEGMENT DATA

The Company has one operating segment and operates in the mining, exploration and development business and has operations in Australia, Canada and the USA. The Company's Board of Directors evaluates the performance of these three geographical locations and allocates resources based on certain measures.

The information based on the geographical location of the assets is as follows:

| December 31, 2016 | Canada | USA | Australia | Consolidated |
|---|---------------------|----------------------|----------------------|----------------------|
| Current assets | \$ 2,600,231 | \$ 93,104 | \$ 135,963 | \$ 2,829,298 |
| Long-term investments | 1,782,834 | - | 24,666 | 1,807,500 |
| Restricted cash | 192,500 | - | - | 192,500 |
| Prepaid royalty | - | 490,981 | - | 490,981 |
| Property and equipment | 50,777 | - | 6,539 | 57,316 |
| Advances on property acquisition | - | 759,801 | - | 759,801 |
| Mineral properties and related deferred costs | - | 15,164,349 | 58,044,045 | 73,208,394 |
| Total assets | \$ 4,626,342 | \$ 16,508,235 | \$ 58,211,213 | \$ 79,345,790 |

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4. BUSINESS SEGMENT DATA (Continued)

| December 31, 2015 | Canada | USA | Australia | Consolidated |
|---|---------------------|---------------------|----------------------|----------------------|
| Current assets | \$ 2,664,905 | \$ 95,968 | \$ 221,016 | \$ 2,981,889 |
| Mineral property held for sale | - | 3,336,908 | - | 3,336,908 |
| Long-term investments | 2,000,000 | - | - | 2,000,000 |
| Prepaid royalty | - | 506,083 | - | 506,083 |
| Property and equipment | 50,500 | - | 11,452 | 61,952 |
| Mineral properties and related deferred costs | - | 13,533,613 | 59,258,495 | 72,792,108 |
| Total assets | \$ 4,715,405 | \$17,472,572 | \$ 59,490,963 | \$ 81,678,940 |

5. DEFERRED TAXES

The following table reconciles the expected income tax recovery at the blended statutory income tax rates of approximately 26.5% (2015 - 26.5%) to the amounts recognized in the statements of operations:

| | December 31, 2016 | December 31, 2015 |
|---|----------------------|----------------------|
| Net loss reflected in the statements of operations | \$ (1,437,744) | \$ (1,711,615) |
| Expected income tax recovery | (381,000) | (447,615) |
| Difference in foreign tax rates | (1,120) | (17,280) |
| Tax rate changes and other adjustments | (537,830) | (1,101,480) |
| Non-deductible expenses and adjustments through OCI | (1,039,210) | 2,175,700 |
| Change in tax benefits not recognized | 1,378,341 | 3,087,680 |
| Income tax provision (recovery) reflected in the consolidated statement of operations | (580,819) | 3,697,005 |
| Deferred tax expense (recovery) | (580,819) | 3,697,005 |
| | \$ (580,819) | \$ 3,697,005 |

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5. DEFERRED TAXES (Continued)

The Company's deferred income tax assets and liabilities as at December 31, 2016 and 2015 are as follows:

| Deferred Tax Assets | December 31, 2016 | December 31, 2015 |
|---|------------------------------|------------------------------|
| Non-capital losses-Canada | \$ 5,443,270 | \$ 4,882,500 |
| Non-capital losses-Australia | 12,963,480 | 13,067,530 |
| Net capital losses - Canada | 1,027,080 | 422,860 |
| Net capital losses - Australia | 511,450 | 191,140 |
| Undeducted share issue costs and other | 296,580 | 298,810 |
| Short term investments | 1,824,070 | 2,410,010 |
| Total deferred tax assets | 22,065,930 | 21,272,850 |
| Less: allocated against deferred income tax liabilities | (15,134,800) | (15,720,060) |
| Less: unrecognized portion of deferred taxes | (6,931,130) | (5,552,790) |
| | \$ - | \$ - |

| Deferred Tax Liabilities | December 31, 2016 | December 31, 2015 |
|--|------------------------------|------------------------------|
| Canadian and U.S. mineral properties | \$ (1,403,790) | \$ (2,208,960) |
| Australian mineral properties | (17,404,850) | (17,765,760) |
| Capital assets | - | - |
| Less: reduction due to allocation of applicable deferred income tax assets | 15,134,800 | 15,720,060 |
| Total deferred tax liabilities | \$ (3,673,840) | \$ (4,254,660) |

The Company's non-capital tax losses expire as follows:

| | |
|------|----------------------|
| 2026 | \$ 1,160,710 |
| 2028 | 488,530 |
| 2029 | 5,138,280 |
| 2030 | 991,020 |
| 2031 | 2,456,790 |
| 2032 | 2,400,480 |
| 2033 | 2,008,000 |
| 2034 | 1,872,050 |
| 2035 | 1,971,840 |
| 2036 | 2,052,960 |
| | \$ 20,540,660 |

In addition, the Company's Australian subsidiaries have non-capital losses of approximately \$43,211,598 that do not expire.

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6. CASH AND CASH EQUIVALENTS

| | December 31, 2016 | December 31, 2015 |
|---|------------------------------|----------------------|
| Bank balances | \$ 534,611 | \$ 851,130 |
| Cash held in trust (i) | 2,205,450 | - |
| Less restricted cash presented as non-current asset | (192,500) | - |
| | \$ 2,547,561 | \$ 851,130 |

(i) This amount was held by the trustee at December 31, 2016 and corresponds to the private placement closed on January 5, 2017, see Note 20.

7. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

| | December 31, 2016 | December 31, 2015 |
|--|------------------------------|----------------------|
| Prepaid expenses | \$ 190,279 | \$ 209,971 |
| Advances on property acquisition (Note 10) | - | 154,617 |
| Recoverable taxes | 18,798 | 4,393 |
| Treasury Metals Ltd. (Note 16) | - | 1,258 |
| Other receivables | 15,269 | 39,524 |
| | \$ 224,346 | \$ 409,763 |

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8. INVESTMENTS

The Company's investments are carried at fair value and are comprised of the following:

| | Number of Shares | December 31, 2016 | Number of Shares | December 31, 2015 |
|--|-----------------------------|------------------------------|---------------------|----------------------|
| Treasury Metals Inc. (i) | 3,000,000 | \$ 1,740,000 | 3,794,600 | \$ 1,707,570 |
| Nation River Resources Ltd. (no quoted value) | 149,885 | 6,681 | 149,885 | 6,681 |
| Uranium Equities Limited | 383,218 | 2,231 | 383,218 | 1,936 |
| Phos Energy Inc. (no quoted value) | 701,461 | 22,434 | 701,461 | 23,344 |
| Khan Resources Inc. (i) (ii) (iii) | 2,250,000 | 67,500 | 4,400,000 | 1,936,000 |
| Virginia Energy Resources Inc. (Formerly known as Santoy Resources Ltd.) (i) (ii) | 120,000 | 6,000 | 120,000 | 5,400 |
| Total investments | | \$ 1,844,846 | | \$ 3,680,931 |
| Long-term investments (i) | | \$(1,807,500) | | \$(2,000,000) |
| Investments - current portion | | \$ 37,346 | | \$ 1,680,931 |

- (i) The sale or disposition of these investments is subject to certain conditions and restrictions related to the long-term debt. As per the obligation to keep investments with a market value of no less than \$2 million in its securities account maintained with Bank of Montreal, the Company has allocated \$192,500 from the cash balance in Bank of Montreal to a restricted cash account in the consolidated balance sheet. More details of conditions and restrictions on investments are disclosed in Note 12.
- (ii) In the year ended December 31, 2016, a permanent impairment in the value of Virginia Energy Resources Inc. was recorded as a result of applying the guidance of IAS 39, Financial Instruments: Recognition and measurement, as disclosed in the Note 2 Summary of Significant Accounting Policies of these consolidated financial statements. The write-down resulted in a reclassification of \$78,001 loss from other comprehensive loss into the statement of operations. The value of these investments on Laramide's balance sheet continues to be carried at their fair market value.
- (iii) In the year ended December 31, 2016, the Company received cash dividends in the form of a return of capital for \$1,912,500 from Khan Resources Inc.

The realized gain on AFS investments is \$2,988,869 in the year 2016 (2015 - \$529,383).

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9. PROPERTY AND EQUIPMENT

| Cost | Computer equipment, furniture and fixtures | Office equipment and software | Field equipment | Motor vehicles | Leasehold improvements | Total |
|---|--|-------------------------------|--------------------|-------------------|------------------------|---------------------|
| January 1, 2016 | \$ 316,731 | \$ 57,491 | \$2,082,314 | \$ 160,215 | \$ 89,685 | \$ 2,706,436 |
| Additions | 9,145 | - | - | - | - | 9,145 |
| Translation adjustment | (5,718) | (1,901) | (81,225) | (6,250) | (23,208) | (118,302) |
| December 31, 2016 | \$ 320,158 | \$ 55,590 | \$2,001,089 | \$ 153,965 | \$ 66,477 | \$ 2,597,279 |
| Accumulated amortization | | | | | | |
| January 1, 2016 | \$ 264,063 | \$ 57,007 | \$2,073,514 | \$ 160,215 | \$ 89,685 | \$ 2,644,484 |
| Additions | 10,515 | 418 | 2,010 | - | - | 12,943 |
| Translation adjustment | (5,462) | (1,835) | (80,709) | (6,250) | (23,208) | (117,464) |
| December 31, 2016 | \$ 269,116 | \$ 55,590 | \$1,994,815 | \$ 153,965 | \$ 66,477 | \$ 2,539,963 |
| Net book value December 31, 2016 | \$ 51,042 | \$ - | \$ 6,274 | \$ - | \$ - | \$ 57,316 |

| Cost | Computer equipment, furniture and fixtures | Office equipment and software | Field equipment | Motor vehicles | Leasehold improvements | Total |
|---|--|-------------------------------|--------------------|-------------------|------------------------|---------------------|
| January 1, 2015 | \$ 389,375 | \$ 54,490 | \$1,952,358 | \$ 262,543 | \$ 117,446 | \$ 2,776,212 |
| Disposals | (75,805) | - | - | - | (26,323) | (102,128) |
| Translation adjustment | 3,161 | 3,001 | 129,956 | (102,328) | (1,438) | 32,352 |
| December 31, 2015 | \$ 316,731 | \$ 57,491 | \$2,082,314 | \$ 160,215 | \$ 89,685 | \$ 2,706,436 |
| Accumulated amortization | | | | | | |
| January 1, 2015 | \$ 323,820 | \$ 53,132 | \$1,943,395 | \$ 262,543 | \$ 117,446 | \$ 2,700,336 |
| Additions | 9,578 | 622 | 1,563 | - | - | 11,763 |
| Disposals | (75,805) | - | - | - | (26,323) | (102,128) |
| Translation adjustment | 6,470 | 3,253 | 128,556 | (102,328) | (1,438) | 34,513 |
| December 31, 2015 | \$ 264,063 | \$ 57,007 | \$2,073,514 | \$ 160,215 | \$ 89,685 | \$ 2,644,484 |
| Net book value December 31, 2015 | \$ 52,668 | \$ 484 | \$ 8,800 | \$ - | \$ - | \$ 61,952 |

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9. PROPERTY AND EQUIPMENT (Continued)

During the year, \$4,075 (2015 - \$6,263) of the \$12,943 (2015 - \$15,907) amortization charged against property and equipment was capitalized to mineral properties and related deferred costs.

10. MINERAL PROPERTIES AND RELATED DEFERRED COSTS

The accumulated costs with respect to the Company's interest in mineral properties owned, leased or under option, consisted of the following:

| | Opening Balance January 1, 2016 | Additions, net of write- down (i) | Translation Adjustment | Ending Balance December 31, 2016 |
|--|--|---|---------------------------|---|
| Westmoreland Project, Queensland, Australia Joint Ventures and other properties, Northern Territory, Australia | \$ 57,938,687 | \$ 618,416 | \$(2,009,677) | \$ 56,547,426 |
| Grants District, New Mexico and Lisbon Valley, Utah, USA | 1,319,807 | 233,469 | (56,657) | 1,496,619 |
| Uranium Resources Inc. USA-Mineral Royalty | 11,651,316 | (1,044,954) | (594,616) | 10,011,746 |
| | 5,219,206 | 78,279 | (144,882) | 5,152,603 |
| | \$ 76,129,016 | \$ (114,790) | \$(2,805,832) | \$ 73,208,394 |

| | Opening Balance January 1, 2015 | Additions net of write- down (ii) | Translation Adjustment | Ending Balance December 31, 2015 |
|--|--|---|---------------------------|---|
| Westmoreland Project, Queensland, Australia Joint Ventures and other properties, Northern Territory, Australia | \$ 54,260,107 | \$ 520,581 | \$ 3,157,999 | \$ 57,938,687 |
| Grants District, New Mexico and Lisbon Valley, Utah, USA | 864,733 | 379,506 | 75,568 | 1,319,807 |
| Uranium Resources Inc. USA-Mineral Royalty | 9,662,734 | 136,649 | 1,851,933 | 11,651,316 |
| | 4,371,864 | 61,895 | 785,447 | 5,219,206 |
| | \$ 69,159,438 | \$ 1,098,631 | \$ 5,870,947 | \$ 76,129,016 |

| | | | | |
|---|--|--|--|----------------------|
| Grants District, New Mexico and Lisbon Valley, Utah, USA-classified as non-current assets held for sale | | | | \$ (3,336,908) |
| | | | | \$ 72,792,108 |

(i) In the year ended December 31, 2016, the Company recorded a \$1,457,564 write-down of the Grants District, New Mexico and Lisbon Valley, Utah, USA properties (La Jara Project) and, as a result, there was a \$1,205,697 charge in the consolidated statements of operations and \$251,867 charge of unrealized foreign exchange in other comprehensive income.

(ii) For the year ended December 31, 2015, the Company recorded a write-down of a non-core tenement in the Westmoreland project and, as a result, there was a \$484,732 charge in the consolidated statements of operations.

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10. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

(1) Westmoreland Project, Queensland, Australia

In 2005, the Company acquired the Westmoreland Project by way of a purchase of all the shares of Tackle Resources Pty Ltd., a private Australian company, in return for 3 million shares of Laramide. A further 1.5 million shares of Laramide may be issued in the future to the previous shareholders of Tackle Resources Pty Ltd., based on successful delineation of copper and gold resources on the property.

During 2006, the Company entered into a data license agreement ("DLA") with Rio Tinto Exploration Pty Ltd, a wholly owned subsidiary of Rio Tinto Ltd. ("Rio Tinto"), to license Rio Tinto's extensive historical database for the Westmoreland uranium project located in Queensland, Australia. The database is a compilation of much of the previous exploration work which was completed by various parties on Westmoreland from its initial discovery in 1956 until the year 1999. The database, which is available in both digital and hard copy formats, includes approximately 2,100 drill holes as well as geophysical and metallurgical data.

The Company paid Rio Tinto a license fee consisting of AUD\$200,000 (CAD\$170,860), 333,608 common shares of Laramide issued on March 16, 2006 valued at \$1,751,442, and a further 197,241 common shares on April 6, 2006, valued at \$1,309,680. On successfully attaining a mining permit for Westmoreland, the Company must make a further AUD\$500,000 (CAD\$469,750) cash payment (inflation indexed) to Rio Tinto.

In addition, the Company has granted to Rio Tinto a 1% Net Smelter Royalty on any production from Westmoreland, with cumulative payments capped at AUD\$10 million (CAD\$9,395,000; but also inflation indexed). In December 2008, Rio Tinto announced that they had sold this royalty to International Royalty Corporation ("IRC"), and in February 2010, IRC was acquired by Royal Gold Inc.

In October 2006, the Company completed an independent National Instrument 43-101 technical report on the Westmoreland project.

In April 2007, the Company completed a scoping study for Westmoreland. Other activities in the year included the preparation for a feasibility study program, construction of an exploration camp at the site, completion of drill clearance procedures with the aboriginal traditional owners, and commencement of a drill program in December 2007.

Activities in 2014 and previous years were focused on further drilling to improve the definition of the resource and to identify potential resource extensions. An updated resource estimate was completed in April 2009 and further work includes an ongoing metallurgical testing program and work on environmental baseline surveys.

Permitting is dealt with at the individual State government level. In Queensland, the party in power is the Australian Labor Party ("ALP") which has traditionally been opposed to new uranium mine development. In March 2012, the Liberal National Party ("LNP") was elected and the Queensland ban on uranium was lifted. On January 31, 2015, a Queensland State election was held and the ALP was returned to power and reinstated the ban.

During the year ended December 31, 2015, the key tenements were renewed for a period of 5 years; the Company also relinquished a non-core tenement, its capitalised expenditures of \$484,732 were written-off and charged to the statement of operations.

In April 2016, an updated PEA study was completed.

(2) Joint Ventures and Other Properties, Northern Territory, Australia

Laramide has entered into three separate joint venture and farm in agreements in Australia, which are presently accounted for as joint operations:

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10. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

Verdan Minerals Limited (formerly Central Australia Phosphate (formerly Nupower)) - Lagoon Creek Joint Venture

On May 18, 2005, Laramide entered into a letter of intent with Central Australia Phosphate ("CAP"), (formerly Nupower Resources Ltd.), pursuant to which the Company can farm-in to CAP's granted exploration license EL23573, Lagoon Creek, in the Northern Territory, approximately 380 kilometres NNW of Mt Isa.

In 2013, Laramide earned 50% equity in the tenement with the expenditure of AUD\$3 million (CAD \$2,848,800) over a four-year period on exploration and development.

Activities in 2013 and previous years, starting in 2008, were focused on searching for uranium occurrences through drilling and other exploration techniques. Limited exploration work has been done on the property since 2014. The Company has no intention to make more expenditures and do further work on this property in the short and mid-term and recorded a write-down of \$4,646,372 on this property in the consolidated statements of operations and consolidated statements of comprehensive income. After such write-down, there is no book value for this property at December 31, 2015 and 2016 and any subsequent expenditure regarding this property is charged to the consolidated statements of operations.

Gulf Manganese Limited Joint Venture

Immediately north of the Central Australian Phosphate Lagoon Creek Joint Venture tenement, Laramide has an agreement with Australian explorer Gulf Manganese Corporation ("Gulf") through its subsidiary Gulf Copper Pty Ltd. Under the agreement, Laramide has an option to earn 90% of any resource discovered on the area covered by the agreement. Laramide's interest encompasses all minerals with the exception of diamonds. To earn 90% Laramide has to complete a bankable feasibility study on a prospect within the area and following this obtain a mine permit.

On October 8, 2014, Laramide announced it has entered into a Sale Purchase Agreement ("SPA") to acquire 100% of the Gulf tenement EL 29898 from Gulf Copper Pty Ltd. Under the terms of the SPA Laramide must pay to Gulf AUD\$125,000 (CAD\$124,500) broken into three payments: AUD\$50,000 (CAD\$49,800) has been paid and the balance of AUD\$75,000 (CAD\$74,700) is payable on transfer of the tenement title. The SPA is conditional on receiving all necessary government and regulatory approval to complete the transaction.

The Company has no intention to make more expenditures or do further work on this property in the short or mid-term and recorded a write-down of \$3,747,766 on this property in the consolidated statements of operations and consolidated statements of comprehensive income in the year 2014. After such write-down, the book value of this property is \$128,006 at December 31, 2016 (2015 - \$133,202).

Murphy Farm-In and Joint Venture, Northern Territory, Australia

In May 2011, the Company announced the signing of a Binding Farm-In and Joint Venture Term Sheet with Rio Tinto Exploration Pty Limited ("RTX") pursuant to which the Company can acquire interest in two strategically located uranium tenements in the Northern Territory ("Project") comprising tenement applications, EL-9319 (579 km²) and EL-9414 (387 km²), that are situated geologically within the Murphy Uranium Province in the Northern Territory and are along strike from Laramide's flagship Westmoreland Project in northwest Queensland.

Under the terms of the agreement, Laramide can earn 51% in the Project with the expenditure of AUD\$10 million (CAD\$9.9 million) over a 4-year period on exploration and development. The first AUD\$1 million (CAD\$0.99 million) of this earn-in is a firm commitment by Laramide that was required to be satisfied by November 2013 (extended to November 2016).

On October 6, 2014 Laramide completed a 16,281 line km airborne geophysical survey over the tenements.

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10. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

Unforeseen delays prevented on-ground exploration planned for the fourth quarter of 2016 to allow the fulfillment of this commitment and the Company is working with RTX on potential alternatives for the future of the Joint Venture tenements. At December 31, 2016 the book value of this property is \$1,368,613 (2015 - \$1,186,605)

(3) Grants District, New Mexico and Lisbon Valley, Utah, USA

In 2005, the Company entered into an agreement with Homestake Mining Company of California and La Jara Mesa Mining Company (collectively "Homestake"), both being wholly owned subsidiaries of Barrick Gold Corporation, to acquire Homestake's uranium portfolio in the western United States.

Terms of the transaction require Laramide to pay Homestake a total of USD\$3,750,000 (CAD \$3,941,250) in cash. USD\$1,500,000 (CAD\$1,576,500) has been paid which includes the USD\$500,000 paid in September 2010 upon exercise of the option to purchase the La Sal property. The remaining balance of USD\$2,250,000 (CAD\$2,364,750) is represented by milestone payments tied to the permitting of the projects and commencement of commercial production. In addition Laramide committed to expend and has paid USD\$1,500,000 (CAD\$1,827,000) by November 2007 on the properties and to pay a royalty of USD\$0.25 (CAD\$0.30) per pound of uranium ("U₃O₈ ") on any production in excess of eight million pounds from the La Jara Mesa property.

In 2006, the Company completed an independent National Instrument 43-101 technical report on the La Jara Mesa property.

In April 2012 the Company made a proposal to each of the current royalty holders ("Royalty holders"), who are the owners of a proportionate interest in the proceeds on the production from the La Sal property ("units"), offering to either sell back the royalty stream or receive advance royalty payments. In the event the Royalty holders elected to sell back the royalty stream, the Royalty holders may choose to sell the royalty for either USD\$15 (CAD\$20) per unit payable on June 24, 2012 or USD\$30 (CAD\$40.2) per unit payable 121 days after issuance and receipt of all necessary permits required to bring the mine into production. In the event the Royalty holders elected to receive advance royalty payments, the Royalty holders may choose to receive an advanced royalty of USD\$8 (CAD\$10.7) per unit payable on June 24, 2012, or USD\$12 (CAD\$16) per unit payable 121 days after issuance and receipt of all necessary permits to bring the mine into production, or USD\$15 (CAD\$20) per unit on the date 8,500 tons of saleable ore is produced over any 30 day period or when 50,000 tons of saleable ore has been produced from the La Sal property.

From elections made by and received from the Royalty holders, the Company paid USD\$365,667 (CAD\$490,981) to Royalty holders electing the USD\$8 (CAD\$10.7) per unit advanced royalty payment option, and recorded the payment as a prepaid royalty on the consolidated balance sheet. In addition, the Company was obligated to pay USD\$154,500 (CAD\$152,182) to Royalty holders who elected for the USD\$15 (CAD\$20) per unit purchase and sale option and recorded the payment as an addition to mineral properties and related deferred costs. Based on the alternate elections made by the Royalty holders, the Company is contingently liable for potential payments of USD\$1,566,420 (CAD\$2.1 million) and USD\$685,625 (CAD\$0.9 million), based on production thresholds and permitting.

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10. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

(4) Uranium Resources Inc. USA-Mineral Royalty (UNC)

On December 20, 2006, the Company acquired a portfolio of uranium royalties in the Grant's Mineral District of New Mexico, USA from United Nuclear Corporation ("United Nuclear"), a wholly owned indirect subsidiary of General Electric Company ("GE") since 1997. The royalty portfolio covers three separate parcels of mineral leases (Section 8, Section 17, and Mancos) in the Churchrock area of McKinley County, which is located 20 miles northeast of Gallup, New Mexico. The properties are presently owned by Hydro Resources Inc. a subsidiary of Uranium Resources Inc. ("URI"), a US publicly traded uranium producer, who acquired them from United Nuclear in a series of transactions between 1986 and 1991.

Terms of the acquisition were USD\$9.25 million (CAD\$11.3 million) in cash, structured as follows:

- USD\$3.5 million (CAD\$4,071,900) at closing (paid);
- USD\$3 million (CAD\$3,153,000) on issuance of the final regulatory permit required to allow production to commence on Section 8 (permits not yet issued);
- USD\$1.25 million (CAD\$1,313,750) on issuance of the final regulatory permit required to allow production to commence on Section 17; and
- USD\$1.5 million (CAD\$1,576,500) on issuance of the final regulatory permit required to allow production to commence on Mancos (also known as Sections 7,12, and 13).

On August 9, 2012, the Company completed a transaction with Anglo Pacific Group PLC ("Anglo Pacific") in connection with the Company's variable rate gross revenue royalty on the development stage ISR uranium properties owned by URI. In return for a loan facility of CAD\$5 million (CAD\$6.7 million) due in December 2015, Laramide granted Anglo Pacific a basic option exercisable until December 31, 2015 to acquire a 5% gross revenue royalty for an exercise price of USD\$15 million (CAD\$20.1 million) and an increased rate option at an exercise price, on a pro rata basis, equivalent to USD\$3 million (CAD\$4 million) for each one per cent up to an additional five per cent (5%). In connection with the transaction, Laramide has also issued 650,000 warrants, each warrant entitling Anglo Pacific to acquire one Laramide common share at an exercise price of \$1.35 per share on or before December 31, 2015, which expired unexercised (Note 14).

On April 10, 2015, Laramide signed an agreement to purchase from an independent group a 6% mine price royalty on the SE/4 of Section 8 of the Churchrock in-situ project located in the Grant's Mineral District. Terms of the Agreement required USD50,000 upon signing of the Agreement (paid) and USD1,975,000 on or before the option expiry date of April 10, 2016. In April 2016, the option exercise price was extended to April 10, 2017 for an extension fee of USD60,000 (paid). The Company is currently negotiating a further extension of the Agreement.

In November 2015, the Company announced it has entered into a binding Letter of Intent ("LOI") with Uranium Resources Inc. ("URI") pursuant to which the Company will acquire 100% of an advanced stage portfolio of ISR projects in New Mexico (the "Proposed Transaction"). The properties are principally comprised of the Churchrock and Crownpoint projects, in addition to nearby assets.

As indicated in Note 20, on January 6, 2017, the Company closed the acquisition of the Churchrock and Crownpoint properties.

At December 31, 2016, the Company has made some disbursements and deposits for \$759,801, regarding this transaction, such amount is presented as a non-current asset in the advances on acquisition of property account of the consolidated balance sheets. As a result of the 2015 letter of intent an option was granted to URI to acquire the La Sal project, the Company has effectively committed to a plan to sell the property with a book value of \$3,336,908 at December 31, 2015 which was presented as mineral property held for sale in the consolidated balance sheet.

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11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | December 31, 2016 | December 31, 2015 |
|--------------------------------|------------------------------|----------------------|
| Trade accounts payable | \$ 1,404,931 | \$ 1,599,279 |
| Payroll liabilities | 700,289 | 547,417 |
| Accrued liabilities | 396,739 | 579,934 |
| Payroll deductions payable | 178,152 | 151,368 |
| Treasury Metals Ltd. (Note 16) | 23,341 | - |
| | \$ 2,703,452 | \$ 2,877,998 |

12. LONG-TERM DEBT

On December 31, 2015 ("the Closing Date"), the Company arranged with Extract Advisors LLC ("Extract") a USD\$3.7 million (CAD\$5 million) term loan which was used to repay a loan facility with Anglo Pacific PLC on maturity.

Conditions of the term loan which were partially amended in December 2016, are as follows:

- USD\$3.7 million (CAD\$5 million) with an original maturity of February 28, 2017, extended to July 1, 2018.
- The Company repaid USD\$748,839 (CAD\$1 million) of the USD\$3.7 million (CAD\$5 million) as part of the amendment terms.
- Interest rate of the greater of 12-month LIBOR or 2%, plus 7.5% per annum paid monthly. The annual effective interest rate is 29%;
- Repayments at any time with a 3% penalty;
- Arrangement fees of 4% of the facility amount. In addition, a 2% extension fee and CAD\$125,000 closing fees was paid as a partial consideration for the amending agreement;
- The issuance of 2.5 million common shares of Laramide subject to a 4-month hold period;
- The issuance of 1.25 million warrants of Laramide issued at an exercise price of \$0.1911 and a second series of 1.25 million warrants of Laramide issued at an exercise price of \$0.3871. Both series of warrants expire on December 31, 2018 (extended to December 31, 2020 as per a condition of the amendment). Laramide can accelerate the exercise of the first series of warrants if the common shares trade at or above \$1.00 for ten consecutive days. These warrants were subsequently exercised in 2017, see Note 20;
- The issuance of 1.2 million warrants of Laramide at an exercise price of \$0.35 expiring on December 16, 2021, as partial consideration of the amending agreement for the extension of the maturity date;
- The obligation to maintain investments with a market value of no less than \$2 million in its securities account maintained with Bank of Montreal ("Equity Account"). Any sale or disposition of the securities must have the prior written consent of Extract. In the event the market value of the Equity Account falls below \$2 million for ten consecutive business days, the Company shall deposit additional cash or securities in this Equity Account to rectify the deficiency within five business days, at December 31, 2016, there is \$192,500 of cash restricted under this obligation; and

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12. LONG-TERM DEBT (Continued)

- The payment to Extract of fifty percent of the cash proceeds of the dispositions, to be applied against the outstanding loan balance, if the aggregate balance in the Equity Account is between \$2 million and \$2.75 million at the time of the disposition. Such requirement is not applicable if the aggregate balance in the Equity Account is greater than \$2.75 million at the time of the sale.

The term loan also provides Extract a production fee of USD\$0.50 (CAD\$0.7) per pound of U₃O₈ produced from any of the projects owned by Laramide. The production fee may be repurchased at any time by Laramide for a lump sum payment equal to:

- \$0.3 million if the term loan is repaid in full on or before 6 months from the closing date;
- \$0.5 million if the term loan is repaid after 6 months on or before 14 months from the closing date
- \$2 million after the repayment of the term loan.

The details of the debt are as follows:

| Extract Advisors LLC | December 31, 2016 | December 31, 2015 |
|-------------------------------|----------------------|----------------------|
| Loan facility | \$ 4,088,206 | \$ 5,120,800 |
| Unamortized transaction costs | (833,343) | (1,652,789) |
| | \$ 3,254,863 | \$ 3,468,011 |

13. CAPITAL STOCK

a) AUTHORIZED

Unlimited common shares
2,231,622 preferred shares

b) ISSUED

| COMMON SHARES | Number of Shares | Stated Value |
|--|---------------------|-----------------------|
| Balance, January 1, 2015 | 79,023,458 | 123,067,080 |
| Shares issued for cash on private placements | 12,134,282 | 3,605,000 |
| Cost of issue | - | (157,088) |
| Issuance of warrants | - | (614,184) |
| Issuance of broker warrants | - | (21,436) |
| Shares and warrants issued with respect to term loan | 2,500,000 | 725,000 |
| Exercise of options | 100,000 | 30,000 |
| Fair value of exercised options | - | 9,826 |
| Balance, December 31, 2015 | 93,757,740 | \$ 126,644,198 |
| Cost of issue adjustment | - | (15,000) |
| Balance, December 31, 2016 | 93,757,740 | \$ 126,629,198 |

In connection with the non-brokered private placement closed on January 5, 2017 indicated in Note 20, \$2,205,450 was received in advance and held by the trustee at December 31, 2016. The amount is presented in the shares to be issued account in the statement of changes in shareholders' equity statement.

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13. CAPITAL STOCK (Continued)

On December 24, 2015, the Company completed a non-brokered private placement (the "Offering") for aggregate gross proceeds of \$1.605 million consisting of the issuance of 6,420,000 units at \$0.25 per unit; each unit consisting of one common share of the Company and one half of a common share purchase warrant exercisable within twenty-four months of the closing at an exercise price of \$0.50. The Company paid a cash finder's fee of 6% on certain orders with respect to services provided in connection with the Offering.

In connection with the term loan arranged with Extract, see (Note 12), the Company issued 2.5 million shares which are subject to a 4-month hold period. The \$725,000 fair market value of these shares at the date of issuance is recorded in the unamortized transaction costs which will be amortized and charged to the statement of operations over the term of the loan.

On March 13, 2015, the Company completed a non-brokered private placement for aggregate gross proceeds of \$2 million consisting of the issuance of 5,714,282 units at \$0.35 per unit; each unit consisting of one common share of the Company and one half of a common share purchase warrant exercisable within thirty six months of the closing at an exercise price of \$0.45. The securities issued in connection with the units are subject to a four-month hold period. The Company paid a cash commission of 6% and issued 74,569 finder warrants (the "Broker Warrants") on certain orders with respect to services provided in connection with the Offering. Each Broker Warrant entitles the holder to purchase one common share at a price of \$0.36 for a period of 36 months from closing.

14. WARRANTS

The following tables reflect the continuity of warrants for the years ended December 31, 2016 and 2015.

| Expiry Date | Weighted Average Exercise Price | January 1, 2016 Balance | Issued | Expired | December 31, 2016 Balance |
|-------------------------|--|-------------------------------|-----------|-------------|---------------------------------|
| July 12, 2016 | \$ 0.82 | 200,000 | - | (200,000) | - |
| June 19, 2016 (i) | 0.60 | 1,646,250 | - | (1,646,250) | - |
| December 24, 2016 (iii) | 0.30 | 124,800 | - | (124,800) | - |
| December 23, 2017 (i) | 0.80 | 300,000 | - | - | 300,000 |
| December 24, 2017 (iii) | 0.50 | 3,210,000 | - | - | 3,210,000 |
| March 13, 2018 (ii) | 0.45 | 2,857,140 | - | - | 2,857,140 |
| March 13, 2018 (ii) | 0.36 | 74,569 | - | - | 74,569 |
| December 31, 2018 (iv) | 0.19 | 1,250,000 | - | - | 1,250,000 |
| December 31, 2018 (iv) | 0.39 | 1,250,000 | - | - | 1,250,000 |
| December 16, 2021 (v) | 0.35 | - | 1,200,000 | - | 1,200,000 |
| | 0.42 | 10,912,759 | 1,200,000 | (1,971,050) | 10,141,709 |

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14. WARRANTS (Continued)

| Expiry Date | Weighted Average Exercise Price | January 1, 2015 Balance | Issued | Expired | December 31, 2015 Balance |
|-------------------|--|-------------------------------|-----------|-------------|---------------------------------|
| December 31, 2015 | \$ 1.35 | 650,000 | - | (650,000) | - |
| July 12, 2016 | 0.82 | 200,000 | - | - | 200,000 |
| June 19, 2016 | 0.60 | 2,200,000 | - | (553,750) | 1,646,250 |
| December 23, 2017 | 0.80 | 300,000 | - | - | 300,000 |
| March 13, 2018 | 0.45 | - | 2,857,140 | - | 2,857,140 |
| March 13, 2018 | 0.36 | - | 74,569 | - | 74,569 |
| December 24, 2017 | 0.50 | - | 3,210,000 | - | 3,210,000 |
| December 31, 2018 | 0.19 | - | 1,250,000 | - | 1,250,000 |
| December 31, 2018 | 0.39 | - | 1,250,000 | - | 1,250,000 |
| December 24, 2016 | 0.30 | - | 124,800 | - | 124,800 |
| | \$0.46 | 3,350,000 | 8,766,509 | (1,203,750) | 10,912,759 |

The weighted average life of the outstanding warrants at December 31, 2016 is 1.8 years (2015 - 2.0 years)

- (i) In connection with the December 23, 2013 private placement, disclosed in the Note 13, the Company issued 2,500,000 Series A warrants at an exercise price of \$0.60. The fair value of \$143,490 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: share price \$0.35, dividend yield 0%, expected volatility based on historical volatility 67.47%, a risk free interest rate of 1.13% and an expected maturity of 1.5 years. In 2014, 300,000 Series B warrants at an exercise price of \$0.80 were issued as per the conditions explained in Note 13. The fair value of \$62,176 was determined using the Black Scholes option pricing model with the following assumptions: share price \$0.60, dividend yield 0%, expected volatility based on historical volatility 73.84%, a risk free interest rate of 1.13% and an expected maturity of 2 years and 3 months.

On June 16, 2015, the Company received approval from the Toronto Stock Exchange to extend the expiry date of the Series A Warrants and Series B Warrants for a twelve-month period to June 19, 2016 and December 23, 2017, respectively. There will be no other changes to these warrants. To the extent that any Series A Warrants and Series B Warrants were held by insiders of the Company, such warrants were excluded from the extension and expired on their original expiry date. Accordingly, 1,946,250 Series A and B warrants were extended and 553,750 series A warrants expired at June 19, 2015.

As a result of the expiry date extensions, the fair value of the outstanding series A warrants was adjusted to \$23,568 using the Black Scholes option pricing model with the following assumptions: share price \$0.24, dividend yield 0%, expected volatility based on historical volatility 74.15%, a risk free interest rate of 1.05% and an expected maturity of 1 year. Also, the fair value of the 300,000 Series B warrants was adjusted to \$11,272 using the Black Scholes option pricing model with the following assumptions: share price \$0.24, dividend yield 0%, expected volatility based on historical volatility 74.15%, a risk free interest rate of 1.05% and an expected maturity of 2 years and 6 months. A net adjustment of \$139,043 for reduction in the value of the warrants was recorded in the consolidated statement of changes in shareholders equity in the year ended December 31, 2015.

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14. WARRANTS (Continued)

- (ii) In connection with the March 13, 2015 private placement disclosed in the Note 13, the Company issued 2,857,140 warrants entitling the holders to acquire one Laramide common share per warrant at an exercise price of \$0.45 per share on or before March 13, 2018. The fair value of \$421,842 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: share price \$0.36, dividend yield 0%, expected volatility based on historical volatility 71.04%, a risk free interest rate of 1.05% and an expected maturity of 3 years. In addition, 74,569 broker warrants were issued entitling the holders to acquire one Laramide common share per warrant at an exercise price of \$0.36 per share on or before March 13, 2018. The fair value of \$12,618 was determined using the Black Scholes option pricing model with the following assumptions: share price \$0.36, dividend yield 0%, expected volatility based on historical volatility 71.04%, a risk free interest rate of 1.05% and an expected maturity of 3 years.
- (iii) In connection with the December 24, 2015 private placement disclosed in Note 13, the Company issued 3,210,000 warrants entitling the holders to acquire one Laramide common share per warrant at an exercise price of \$0.50 per share on or before December 24, 2017. The fair value of \$192,342 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: share price \$0.25, dividend yield 0%, expected volatility based on historical volatility 78.61%, a risk free interest rate of 1.03% and an expected maturity of 2 years. In addition, 124,800 broker warrants were issued entitling the holders to acquire one Laramide common share per warrant at an exercise price of \$0.30 per share on or before December 24, 2016. The fair value of \$8,818 was determined using the Black Scholes option pricing model with the following assumptions: share price \$0.25, dividend yield 0%, expected volatility based on historical volatility 87.45%, a risk free interest rate of 1.03% and an expected maturity of 1 year.
- (iv) In connection with the term loan arranged with Extract (see Note 12), on December 31, 2015, the Company issued a first series of 1.25 million warrants at an exercise price of \$0.19 and a second series of 1.25 million warrants at an exercise price of \$0.39. Both series of warrants expire on December 31, 2018. Laramide can accelerate to exercise the first series of warrants if the common shares trade at or above \$1.00 for ten consecutive days. The initial fair value of \$376,997 was estimated using the Black Scholes option pricing model with the following assumptions: share price \$0.29, dividend yield 0%, expected volatility based on historical volatility 78.61%, a risk free interest rate of 1.45% and an expected maturity of 3 years.
- (v) In connection with the extension of the term loan with Extract (see Note 12), on December 16, 2016, the Company issued 1.2 million warrants at an exercise price of \$0.3546 expiring on December 16, 2021. The fair value of \$218,254 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: share price \$0.31, dividend yield 0%, expected volatility based on historical volatility 77.16%, a risk free interest rate of 1.45% and an expected maturity of 3 years.

15. STOCK OPTIONS

The Company has a stock option plan (the "Plan") in place under which it is authorized to grant options to acquire shares of the Company to directors, officers, consultants and other key employees of the Company. The number of common shares subject to options granted under the Plan is limited to 10% in the aggregate, and 5% with respect to any one optionee, of the number of issued and outstanding common shares of the Company at the date of the grant of the option. The exercise price of any option granted under the Plan may not be less than the fair market value of the common shares at the time the option is granted, less any permitted discount. Options issued under the Plan may be exercised during a period determined by the board of directors which cannot exceed five years. The plan does not require any vesting period and the board of directors may specify a vesting period on a grant by grant basis.

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15. STOCK OPTIONS (Continued)

The following tables reflect the continuity of stock options for the period ended December 31, 2016 and year 2015, respectively:

| | Number of Stock Options 2016 | Number of Stock Options 2015 | Weighted Average Exercise Price-2016 | Weighted Average Exercise Price-2015 |
|-------------------|------------------------------------|------------------------------------|---|---|
| Beginning balance | 6,010,000 | 2,520,000 | \$ 0.49 | \$ 0.75 |
| Options expired | (2,520,000) | - | \$ 0.75 | \$ - |
| Options granted | - | 3,590,000 | \$ - | \$ 0.30 |
| Options granted | 2,540,000 | - | \$ 0.25 | \$ - |
| Options exercised | - | (100,000) | \$ - | \$ 0.30 |
| Ending balance | 6,030,000 | 6,010,000 | \$ 0.28 | \$ 0.49 |

As at December 31, 2016, the issued and outstanding options to acquire common shares of the Company are as follows:

| | Number of Options | Exercise Price | Expiry Date |
|--|----------------------|----------------|--------------------|
| | 3,490,000 | \$ 0.30 | September 18, 2018 |
| | 2,540,000 | \$ 0.25 | August 22, 2019 |
| | 6,030,000 | \$ 0.28 | |

The weighted average life of the outstanding options at December 31, 2016 is 2.1 years (2015 - 1.6 years)

At December 31, 2016, 3,490,000 options are fully exercisable (2015 - 2,520,000). The weighted average market value of the shares when the options were exercised in 2015 was \$0.30.

On August 22, 2016, the Company granted a total of 2,540,000 options to officers, directors, employees and consultants to buy common shares at an exercise price of \$0.25 each. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price \$0.24, dividend yield 0%, expected volatility based on historical volatility 82.230%, a risk free interest rate of 1.03%, and an expected maturity of 3 years. These options vested at a rate of 50% every six months after the date of grant and expire on August 22, 2019. As a result, the fair value of the options estimated at \$308,121 will be recognized over the periods the underlying options vest.

On September 18, 2015, the Company granted a total of 3,590,000 options to officers, directors, employees and consultants to buy common shares at an exercise price of \$0.30 each. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price \$0.23, dividend yield 0%, expected volatility based on historical volatility 75.60%, a risk free interest rate of 1.05%, and an expected maturity of 3 years. These options vested at a rate of 50% every six months after the date of grant and expire on September 18, 2018. As a result, the fair value of the options estimated at \$352,765 will be recognized over the periods the underlying options vest.

During the year, \$101,246 (2015 - \$69,820) of stock based compensation was capitalized to mineral properties and \$267,330 (2015 - \$152,503) was expensed to operations. The offsetting charge pertaining to the recognition of the fair value of options vesting during the year of \$368,576 (2015 - \$222,323) was allocated to contributed surplus.

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16. RELATED PARTY TRANSACTIONS

During the year, \$98,510 (2015 - \$21,676) was charged by a firm, in which an officer of the Company is a partner, for legal services and filing fees. Included in accounts payable and accrued liabilities at December 31, 2016 there is \$61,247 (2015 - \$39,197) payable to the firm.

During the year, the Company charged \$211,513 to Treasury Metals Inc., a company having a director and an officer in common with Laramide (2015 - \$206,234) for office space rent and other shared expenditures paid by the Company on behalf of Treasury Metals Inc. During the period, Treasury Metals made payments of \$43,685 (2015 - \$68,377) on behalf of the Company. At December 31, 2016, there is \$23,341 of net accounts payable (2015 - net account receivable \$1,258) to/from Treasury Metals Inc.

At December 31, 2016 there is \$382,899 of compensation payable to a non-independent director and Chief Executive Officer of the Company (2015 - \$232,899), and \$197,000 of unpaid directors' fees (2015 - \$102,000).

17. KEY MANAGEMENT COMPENSATION

Key management includes Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and directors of the Company.

The compensation paid or payable to key management is shown below:

| Years ended December 31, | 2016 | 2015 |
|--|-------------------|-------------------|
| Salaries and other payments | \$ 444,814 | \$ 459,366 |
| Director fees | 90,000 | 90,000 |
| Stock-based compensation, at fair market value | 130,075 | 154,765 |
| | \$ 664,889 | \$ 704,131 |

18. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies not otherwise disclosed in these statements and notes are as follows:

a) COMMITMENTS

Exploration Tenement Expenditure Requirements

In order to maintain current rights to tenure of exploration tenements, the Company will be required to outlay amounts in respect of tenement rent to the relevant governing authorities and to meet certain annual exploration expenditure commitments. It is likely that variations to the terms of the current and future tenement holdings, the granting of new tenements and changes at renewal or expiry, will change the expenditure commitments for the Company from time to time. During the third quarter of the year 2015 the Company's principal tenements were renewed for a further period of 5 years each, as indicated in Note 10.

These outlays (exploration expenditure and rent), which arise in relation to granted tenements inclusive of tenement applications granted subsequent to December 31, 2016 but not recognised as liabilities, are as follows:

| | December 31, 2016 | December 31, 2015 |
|---|----------------------|----------------------|
| Not longer than one year | \$ 1,676,972 | \$ 1,377,256 |
| Longer than one year but not longer than five years | 4,535,285 | 6,195,222 |
| | \$ 6,212,257 | \$ 7,572,478 |

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18. COMMITMENTS AND CONTINGENCIES (Continued)

Occupancy Lease Agreement

The Company is committed to minimum annual rent payments of \$298,000 until the end of the underlying lease in June 2018.

Production fees

The term loan with Extract provides Extract a production fee of USD\$0.50 (CAD\$0.7) per pound of U₃O₈ produced from any of the projects owned by Laramide. The production fee may be repurchased at any time by Laramide for a lump sum payment as described in Note 12.

b) CONTINGENCIES

With respect to the Company's wholly owned Australian subsidiary, Tackle Resources Pty Ltd, no provision has been made for the possibility of native title claim applications at some future time, under the provisions of the Australian Native Title Act (1993), which may impact exploration tenements under application. Any substantiated claim may have an effect on the value of the tenement application affected by the claim. The amount and likelihood of any such claim(s) in the future cannot be reasonably estimated at this time.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position and the capital stock, warrant, and option components of its shareholders' equity.

At December 31, 2016, the Company had a working capital of \$125,846 (2015 - working capital of \$103,891). Capital stock and warrants total \$127,902,266 (2015 - \$127,673,651).

To effectively manage the Company's capital requirements, the management has in place planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company ensures that there are sufficient committed loan facilities and planned future capital raises to meet its short-term business requirements, taking into account its anticipated cash flow from operations and its holding of cash and cash equivalents and money market investments.

At December 31, 2016, the Company expects its capital resources and projected future cash flows from financing to support its normal operating requirements on an ongoing basis, and planned development and exploration of its mineral properties and other expansionary plans. At December 31, 2016, there were certain externally imposed capital requirement related to the Extract loan, to which the Company is subject and with which the Company is in compliance, however, at certain points during the year the Company was in violation of its working capital covenant.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

There were no changes in the Company's approach to capital management during the year ended December 31, 2016, except for the new capital and investments requirement described in Note 12.

Risk Disclosures

Exposure to credit, interest rate, price, liquidity and currency risks arises in the normal course of the Company's business.

Interest Rate Risk

The Company has exposure to interest rate risk in the loan arranged with Extract (see Note 12) since the rate on the loan is subject to changes in the 12-month LIBOR.

Foreign Currency Risk

The Company is exposed to foreign currency risk on financial assets and liabilities that are denominated in a currency other than the Canadian dollar. The currencies giving rise to this risk are the Australian dollar and the US dollar.

Price Risk

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to price risk is mainly in equities and commodities.

Credit Risk

The Company has cash and cash equivalents balance of \$2,547,561 (2015 - \$851,130) and short-term investments of \$20,045 (2015 - \$40,065). The Company's current policy is to invest excess cash in investment grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Other receivables as of December 31, 2016 of \$15,269 (2015 - \$39,524) are in good standing. Management believes that the credit risk concentration with respect to financial instruments included in other receivable is minimal.

Liquidity Risk

The Company is exposed to liquidity risk primarily as a result of its accounts payable and accrued liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2016, the Company had a cash and cash equivalents balance of \$2,547,561 (2015 - \$851,130), liquid short-term investment balance of \$20,045 (2015 - \$40,065) and an investments balance of \$37,346 (2015 - \$1,680,931), available to settle current liabilities of \$2,703,452 (2015 - \$2,877,998). The sale of certain AFS investments is subject to certain conditions described in Note 12.

Sensitivity Analysis

In managing currency risks the Company aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in foreign exchange would have an impact on consolidated earnings.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period.

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19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

- i) The Corporation is exposed to foreign currency risk on fluctuations of financial instruments that are denominated in US and Australian dollars related to cash and cash equivalents, accounts receivable, investments and accounts payable and accrued liabilities. Sensitivity to a plus or minus 10% change in the foreign exchange rate would affect the net comprehensive income by \$428,071.
- ii) The Company is exposed to market and price risk as it relates to its investments held in marketable securities. If market prices had varied by 10% from their December 31, 2016 fair market value positions, the net loss and/or comprehensive income would have varied by \$184,485.
- iii) The Company is exposed to interest rate risk as it relates to its debt arranged with Extract. Sensitivity to a plus or minus 1% change in the 12-month LIBOR would affect the net comprehensive income by \$32,549.

Fair Value Hierarchy

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash and cash equivalents and short-term investments. The fair value of long-term debt approximates their carrying amount due to the interest rate being close to the market rate. Fair value amounts represent point in time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data. The carrying value of cash and cash equivalents and short-term investments approximate their fair value.

| December 31, 2016 | Level One | Level Two | Level Three |
|---------------------------|--------------|-----------|-------------|
| Cash and cash equivalents | \$ 2,740,061 | \$ - | \$ - |
| Short-term investments | \$ 20,045 | \$ - | \$ - |
| Investments | \$ 1,815,732 | \$ - | \$ 29,115 |

| December 31, 2015 | Level One | Level Two | Level Three |
|---------------------------|--------------|-----------|-------------|
| Cash and cash equivalents | \$ 851,130 | \$ - | \$ - |
| Short-term investments | \$ 40,065 | \$ - | \$ - |
| Investments | \$ 3,650,906 | \$ - | \$ 30,025 |

20. SUBSEQUENT EVENTS

1.Private Placement

On January 5, 2017, the Company closed a non-brokered private placement issuing 14,913,500 units at a price of \$0.30 per unit, for aggregate gross proceeds of \$4,474,050 of which \$2,205,450 was received in advance and held by the trustee at December 31, 2016. Each unit consists of one common share in the capital of the Company and one share purchase warrant which entitles the holder to purchase one additional common share at \$0.45 for a period of 60 months.

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20. SUBSEQUENT EVENTS (Continued)

The Company plans to use the proceeds to advance its Australian and U.S. based uranium projects and to close the previously announced acquisition of Uranium Resource Inc.'s wholly owned subsidiary Hydro Resources, Inc., which holds the Churchrock and Crownpoint properties, and for general corporate purposes.

2. Acquisition

The Company closed its previously announced acquisition of the Churchrock and Crownpoint properties in New Mexico, USA (the "Projects") from Uranium Resources Inc. ("URI"), pursuant to which Laramide acquired URI's wholly owned subsidiary Hydro Resources, Inc., which owns the Projects.

The Projects are principally comprised of the 100% owned Churchrock and Crownpoint projects which have near-term development potential and significant mineral resources. They are located within a large land package in the heart of the Grants Mining District in McKinley County, New Mexico.

The Projects were subject to net smelter royalties, specifically the sliding scale royalty, owned by Laramide of up to 25% of gross revenue covering certain areas of the Projects which had made them less economical. In addition, other key properties included in the acquisition were recently consolidated by URI.

Total consideration paid by Laramide to URI consisted of USD\$2.5 million (CAD\$3.3 million) in cash USD\$250,000 (CAD\$335,675) of which was previously paid), the issuance by Laramide to URI of 2,218,333 units ("Units"), a promissory note in the amount of US\$5.0 million (CAD\$6.7 million) with three anniversary payments due on January 5, 2018 of US\$1.5 million (CAD\$2 million), 2019 US\$1.5 million (CAD\$2 million), and 2020 USD\$2.0 million (CAD\$2.7 million), and a retained net smelter royalty on the Projects valued at USD\$4.5 million (CAD\$6 million). The transaction took over a year to complete and includes the approval from the U.S. Nuclear Regulatory Commission to transfer materials licenses for the properties to Laramide.

Each Unit consists of one common share in the capital of the Company and one share purchase warrant (a "Warrant"), with each Warrant entitling the holder to purchase one additional common share at a price of CAD\$0.45 for a period of 60 months from the date of closing of the Offering. In the event that the common shares trade at a price of CAD\$1.00 or greater for a period of 10 consecutive trading days, the Company may accelerate the expiry date of the Warrants by giving notice to the holders and, in such case, the Warrants will expire on the 30th business day after the date on which such notice is given by the Company. The common shares and Warrants issued pursuant to URI are subject to a statutory four-month hold period expiring on May 6, 2017.

3. Warrants Exercise

Subsequent to the year end, 2,874,569 warrants were exercised for which the Company received \$884,595.