BAYSWATER URANIUM CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED AUGUST 31, 2011

These unaudited condensed consolidated interim financial statements of Bayswater Uranium Corporation for the six months ended August 31, 2011 have been prepared by management and approved by the Board of Directors. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

BAYSWATER URANIUM CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

	August 31, 2011	February 28, 2011 (Note 15)	March 1, 2010 (Note 15)
ASSETS			
Current			
Cash	$ 522,242	$ 953,893	$ 394,679
Short-term investments	-	-	1,949,000
Marketable securities (Note 4)	478,685	762,635	861,062
Receivables (Note 5)	368,480	1,158,845	135,719
Prepaids and deposits	66,154	39,890	76,200
	1,435,561	2,915,263	3,416,660
Marketable securities (Note 4)	175,000	720,000	-
Long-term receivables	-	-	221,633
Equipment (Note 6)	77,133	90,389	127,121
Reclamation bonds	17,785	17,785	17,785
Exploration advances	-	-	7,500
Deferred acquisition costs	-	-	826,306
Mineral properties (Note 7)	31,018,140	30,722,861	33,376,284
	$ 32,723,619	$ 34,466,298	$ 37,993,289
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities (Note 8)	$ 1,547,023	$ 2,194,405	$ 340,239
Equity			
Capital stock (Note 9)	72,658,110	72,658,110	68,810,148
Reserves (Note 9)	16,476,547	16,447,371	15,768,920
Deficit	(57,958,061)	(56,833,588)	(46,926,018)
	31,176,596	32,271,893	37,653,050
	$ 32,723,619	$ 34,466,298	$ 37,993,289

Nature and continuance of operations (Note 1)
Commitments (Note 12)

Approved and authorized on behalf of the Board on October 28, 2011:

"George Leary" Director "Victor Tanaka" Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

BAYSWATER URANIUM CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended August 31, 2011	Three Months Ended August 31, 2010	Six Months Ended August 31, 2011	Six Months Ended August 31, 2010
		(Note 15)		(Note 15)
EXPENSES				
Administration (Note 10)	$ 10,613	$ 11,551	$ 17,166	$ 17,161
Amortization	6,628	5,981	13,256	15,150
Consulting fees	23,050	70,428	40,966	124,125
Directors' fees (Note 10)	10,875	12,375	20,250	21,750
Investor relations	-	7,901	3,548	19,979
Management fees (Note 10)	30,000	30,000	60,000	60,000
Office and miscellaneous	26,443	32,557	58,513	89,429
Professional fees	39,400	63,777	72,868	127,662
Rent	24,731	25,369	48,200	51,476
Shareholder communication	13,609	18,553	30,729	66,374
Stock-based compensation (Note 9)	-	133,970	29,176	535,558
Transfer agent and filing fees	5,411	5,620	8,776	10,029
Travel and related costs	3,041	6,673	3,813	11,967
Loss before other items	(193,801)	(424,755)	(407,261)	(1,150,660)
OTHER ITEMS				
Foreign exchange gain (loss)	(4,320)	492	(23,756)	42,924
Interest and other income	4,097	4,775	5,481	23,914
Gain on sale of mineral property	-	-	10,000	-
Write-off of mineral properties	-	(1,132,406)	-	(1,132,406)
Unrealized gain (loss) on marketable securities (Note 4)	(222,622)	1,033,522	(634,870)	1,088,991
Realized loss on sale of marketable securities (Note 4)	(74,067)	(1,075,369)	(74,067)	(1,186,811)
	(296,912)	(1,168,986)	(717,212)	(1,163,388)
Loss and comprehensive loss for the period	$ (490,713)	$ (1,593,741)	$ (1,124,473)	$ (2,314,048)
Basic and diluted loss per common share	$ (0.02)	$ (0.07)	$ (0.05)	$ (0.11)
Weighted average number of common shares outstanding	22,315,548	22,301,298	22,315,548	20,877,355

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

BAYSWATER URANIUM CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)

	Six Months Ended August 31, 2011	Six Months Ended August 31, 2010 (Note 15)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,124,473)	$ (2,314,048)
Items not affecting cash:		
Amortization	13,256	15,150
Stock-based compensation	29,176	535,558
Accretion of interest on long-term receivable	-	(5,673)
Unrealized (gain) loss on marketable securities	634,870	(1,088,991)
Realized loss on sale of marketable securities	74,067	1,186,811
Write-off of mineral properties	-	1,132,406
Changes in non-cash working capital items:		
Increase in receivables	(2,303)	(64,855)
Increase in prepaids and deposits	(26,264)	(19,988)
Increase (decrease) in accounts payable and accrued liabilities	(306,032)	117,457
Net cash used in operating activities	(707,703)	(506,173)
CASH FLOWS FROM INVESTING ACTIVITIES		
Short-term investments	-	1,949,000
Proceeds on sale of marketable securities	180,013	663,675
Equipment	-	(7,629)
Mineral property expenditures	(638,129)	(570,088)
Mineral property recoveries	734,168	163,143
Investment in subsidiary, net of cash acquired	-	(1,345,707)
(Purchase) recovery of reclamation bonds	-	(26,779)
Net cash provided by investing activities	276,052	825,615
CASH FLOWS FROM FINANCING ACTIVITY		
Capital stock issued	-	334,765
Net cash provided by financing activity	-	334,765
Increase in cash during the period	(431,651)	654,207
Cash, beginning of period	953,893	394,679
Cash, end of period	$ 522,242	$ 1,048,886

Supplemental disclosure with respect to cash flows (Note 11)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

BAYSWATER URANIUM CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	Number of Common Shares	Capital Stock Amount	Reserves	Deficit	Total
Balance, February 28, 2010	15,436,373	$ 68,810,148	$ 15,768,920	$ (46,926,018)	$ 37,653,050
Shares issued for Reno Creek property	6,256,262	3,503,010	-	-	3,503,010
Private placements	608,663	334,765	-	-	334,765
Stock-based compensation	-	-	535,558	-	535,558
Loss for the period	-	-	-	(2,314,048)	(2,314,048)
Balance, August 31, 2010	22,301,298	72,647,923	16,304,478	(49,240,066)	39,712,335
Exercise of options	14,250	7,837	-	-	7,837
Reclassification of reserves on the exercise of stock options	-	2,350	(2,350)	-	-
Stock-based compensation	-	-	145,243	-	145,243
Loss for the period	-	-	-	(7,593,522)	(7,593,522)
Balance, February 28, 2011	22,315,548	72,658,110	16,447,371	(56,833,588)	32,271,893
Stock-based compensation	-	-	29,176	-	29,176
Loss for the period	-	-	-	(1,124,473)	(1,124,473)
Balance, August 31, 2011	22,315,548	$ 72,658,110	$ 16,476,547	$(57,958,061)	$ 31,176,596

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Bayswater Uranium Corporation (incorporated under the laws of the Province of British Columbia) and its wholly-owned subsidiaries ("Bayswater" or the "Company") are engaged in the acquisition and exploration of their mineral properties and have not yet determined whether these properties contain economically recoverable reserves. To date, the Company has not earned significant revenues.

The Company's head office, principal address and registered and records office is 1100 – 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6.

These condensed interim consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. The Company has incurred operating losses over the past several years and does not have a current source of revenue or sufficient financial resources to sustain operations in the long term.

The Company continues to be dependent upon its ability to finance its operations and exploration programs, and has not met certain funding obligations with respect to the Reno Creek Property (Note 7). The financing activities may include issuances of additional debt or equity securities or disposal of mineral property interests in order to re-invest the proceeds. The recoverability of the carrying value and maintenance of ownership interests on exploration projects, and ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the development of the properties, future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

While management intends to pursue additional financings and the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. BASIS OF PREPARATION AND FIRST-TIME ADOPTION OF IFRS

Statement of compliance

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's transition date to IFRS is March 1, 2010. The rules for first-time adoption of IFRS are set out in IFRS 1, "First-time adoption of International Financial Reporting Standards". In preparing the Company's first IFRS financial statements, these transition rules have been applied to the amounts previously reported in accordance with Canadian generally accepted accounting principles ("GAAP"). Historical results and balances have been restated under IFRS. These interim consolidated financial statements should be read in conjunction with the Company's February 28, 2011 GAAP annual consolidated financial statements, and in consideration of the disclosure regarding the transition from Canadian GAAP to IFRS included in Note 15. Certain disclosures that are required to be included in annual consolidated financial statements prepared in accordance with IFRS are not included in these condensed interim consolidated financial statements nor in the Company's most current annual GAAP consolidated financial statements.

2. BASIS OF PREPARATION AND FIRST-TIME ADOPTION OF IFRS (cont'd…)

Basis of consolidation and presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. These condensed interim consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of receivables, valuation and amortization of equipment and mining interests, valuation of share-based payments, recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors indentified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

Financial instruments

<u>Financial assets</u>

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial assets (cont'd…)

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method.

Short-term investments

Short-term investments include Canadian guaranteed investment certificates with a major Canadian banking institution that are readily convertible to cash with an original term of more than 90 days when acquired. These investments are carried at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Equipment

Equipment is recorded at cost, net of accumulated amortization. Amortization is calculated on an annual basis over the estimated useful lives of the assets as follows:

Furniture and fixtures	20% declining balance
Computer equipment	30% declining balance
Exploration equipment	30% declining balance
Leasehold improvements	5 years straight-line

Mineral properties

Pre-exploration costs are expensed as incurred.

Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Mineral properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

Government mining assistance

The Company carries on certain mineral exploration activities in Newfoundland and Labrador and is eligible to earn refundable credits based on qualifying expenditures. Payments received for mining exploration assistance are recorded as either a reduction of the cost of applicable assets or credited in the statement of operations depending on the nature of the expenditures which gave rise to the credits.

Share-based payments

The Company grants stock options to directors, officers, employees and consultants. The fair value of stock options is measured on the grant date, using the Black-Scholes option pricing model and is recognized over the vesting period of the related options. Consideration paid for the shares on the exercise of stock options is credited to share capital.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Flow through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow through features at the time of issue is credit to other liabilities and included income at the same time the qualifying expenditures are made.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

New standards not yet adopted

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change, due to their own credit risk, out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for the Company on January 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively. There will be no significant impact on the Company upon implementation of the issued standard.

4. MARKETABLE SECURITIES

As at August 31, 2011, marketable securities consist of shares in publicly-traded companies with an initial cost of $1,101,424 (February 28, 2011 - $1,295,504) and a fair value of $653,685 (February 28, 2011 - $1,482,635). An unrealized loss on marketable securities of $634,870 (2010 – gain of $1,088,991) was recorded in the results of operations for the six months ended August 31, 2011.

Included in marketable securities as at August 31, 2011, are 1,500,000 (February 28, 2011 - 2,000,000) common shares of Otis Gold Corp. which are subject to hold periods (Note 7). The hold period on 500,000 of these securities extends beyond August 31, 2012. Consequently, a balance of $175,000 (February 28, 2011 - $720,000) has been classified as non-current.

(Expressed in Canadian Dollars)

5. RECEIVABLES

The Company's receivables as follows:

	August 31, 2011	February 28, 2011	March 1, 2010
Due from the sale of mineral properties	$ 311,149	$ 1,103,817	$ 66,667
HST/GST receivable	55,344	48,748	61,131
Other	1,987	6,280	7,921
Allowance for doubtful accounts	-	-	-
Total	$ 368,480	$ 1,158,845	$ 135,719

6. EQUIPMENT

	Furniture and fixtures	Computer equipment	Exploration equipment	Leasehold improvements	Total
Cost					
Balance, March 1, 2010	$ 11,970	$ 138,020	$ 125,607	$ 10,191	$ 285,788
Disposals	(2,434)	(8,225)	-	(10,191)	(20,850)
Balance, February 28, 2011	9,536	129,795	125,607	-	264,938
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance, August 31, 2011	$ 9,536	$ 129,795	$ 125,607	$ -	$ 264,938
Accumulated amortization					
Balance, March 1, 2010	$ 10,267	$ 77,237	$ 61,538	$ 9,625	$ 158,667
Amortization	601	22,691	12,874	566	36,732
Disposals	(2,434)	(8,225)	-	(10,191)	(20,850)
Balance, February 28, 2011	8,434	91,703	74,412	-	174,549
Amortization	140	7,604	5,512	-	13,256
Disposals	-	-	-	-	-
Balance, August 31, 2011	$ 8,574	$ 99,307	$ 79,924	$ -	$ 187,805
Carrying amounts					
As at February 28, 2011	$ 1,102	$ 38,092	$ 51,195	$ -	$ 90,389
As at August 31, 2011	$ 962	$ 30,488	$ 45,683	$ -	$ 77,133

(Expressed in Canadian Dollars)

7. MINERAL PROPERTIES

Six Months Ended August 31, 2011	CMB Labrador Claims	Thelon Basin Projects	Collins Bay Property, Saskatchewan	USA Properties	Ireland Properties	Reno Creek Project	Total
Acquisition costs							
Balance, beginning of period	$ 1,618,399	$ 1	$ 1,850,049	$ 3,492,298	$ 1	$ 6,950,778	$13,911,526
Additions	9,420	-	-	-	-	-	9,420
Recoveries	(1,500)	-	-	-	-	-	(1,500)
Written-off during the period	-	-	-	-	-	-	-
Balance, end of period	1,626,319	1	1,850,049	3,492,298	1	6,950,778	13,919,446
Deferred exploration costs							
Balance, beginning of period	8,894,094	-	2,046,937	4,650,693	-	1,219,611	16,811,335
Analytical	-	-	-	9,381	-	-	9,381
Field administration	5,832	-	-	15,061	-	-	20,893
Geological consulting	10,000	-	5,250	59,478	-	-	74,728
Property maintenance	-	-	-	182,357	-	-	182,357
	15,832	-	5,250	266,277	-	-	287,359
Balance, end of period	8,909,926	-	2,052,187	4,916,970	-	1,219,611	17,098,694
Total, end of period	$ 10,536,245	$ 1	$ 3,902,236	$ 8,409,268	$ 1	$ 8,170,389	$31,018,140

(Expressed in Canadian Dollars)

7. MINERAL PROPERTIES (cont'd…)

Year Ended February 28, 2011	CMB Labrador Claims	Thelon Basin Projects	Collins Bay Property, Saskatchewan	Niger, West Africa	USA Properties	Ireland Properties	Reno Creek Project	Total
Acquisition costs								
Balance, beginning of year	$ 1,598,714	$ 828,313	$ 1,875,465	$ 125,074	$ 5,234,580	$ 600,000	$ -	$ 10,262,146
Additions	21,935	-	-	-	-	-	6,950,778	6,972,713
Recoveries	(2,250)	-	(25,416)	-	(1,067,073)	-	-	(1,094,739)
Written-off during the year	-	(828,312)	-	(125,074)	(425,802)	(599,999)	-	(1,979,187)
Disposed of during the year	-	-	-	-	(249,407)	-	-	(249,407)
Balance, end of year	1,618,399	1	1,850,049	-	3,492,298	1	6,950,778	13,911,526
Deferred exploration costs								
Balance, beginning of year	8,903,252	3,959,493	2,046,937	131,801	7,065,133	1,007,522	-	23,114,138
Analytical	690	-	-	-	11,111	-	-	11,801
Compilation	6,000	450	-	-	17,816	-	36,450	60,716
Drilling	-	-	-	-	20,087	-	99,484	119,571
Environmental	-	-	-	-	-	-	181,859	181,859
Exploration advances	-	-	-	-	-	-	366,421	366,421
Field administration	14,981	-	-	-	14,410	-	90,489	119,880
Geological consulting	92,500	-	-	-	108,443	73,711	214,666	489,320
Property cost recoveries	(138,117)	-	-	-	(2,119,135)	-	-	(2,257,252)
Property maintenance	12,800	3,435	-	-	263,021	-	224,970	504,226
Travel and related	1,988	-	-	-	1,733	-	5,272	8,993
	(9,158)	3,885	-	-	(1,682,514)	73,711	1,219,611	(394,465)
Disposed of during the year	-	-	-	-	(25,322)	-	-	(25,322)
Written-off during the year	-	(3,963,378)	-	(131,801)	(706,604)	(1,081,233)	-	(5,883,016)
Balance, end of year	8,894,094	-	2,046,937	-	4,650,693	-	1,219,611	16,811,335
Total, end of year	$ 10,512,493	$ 1	$ 3,896,986	$ -	$ 8,142,991	$ 1	$ 8,170,389	$30,722,861

7. MINERAL PROPERTIES (cont'd…)

Title to mineral properties

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

Uranium properties

Investment in Reno Creek Property

During the year ended February 28, 2010, the Company entered into a formal Purchase Agreement (the "Agreement") with Strathmore Resources (US) Ltd. ("Strathmore"), a wholly owned subsidiary of Strathmore Minerals Corp., and American Uranium Corp. ("American"), for the acquisition (the "Acquisition") of a 100% interest in the Reno Creek uranium property, located in northeastern Wyoming (the "Reno Creek Property" or the "Property").

Effective April 7, 2010, the acquisition of the Reno Creek Property was completed through the acquisition of AUC LLC ("AUC"), a limited liability company, in consideration for the aggregate payment of US$20,000,000 (CDN$20,026,000) to Strathmore, of which US$17,500,000 was paid in cash and US$2,500,000 was paid through the issuance of 4,422,807 common shares of the Company valued at $2,502,150. In consideration for a historical database, rights to a previous permit and in exchange for American's consent to the transaction and termination of its rights pursuant to a previous joint venture on the Property, the Company paid American US$1,000,000 and issued 1,833,455 common shares of the Company valued at US$1,000,000 (CDN$1,000,860).

The Company executed an investment agreement dated April 7, 2010 pursuant to which Pacific Road Resources Funds ("PRRF"), a private mining equity investor, provided US$20,000,000 in financing to fund the purchase of the Property. The financing consisted of a US$20,000,000 investment into Reno Creek Holdings Inc. ("RCHI") (formerly 514565 Canada Inc. and formerly referred to as "Newco") which holds the Property indirectly through AUC LLC. PRRF initially held a 76.92% interest in RCHI and the Company initially held a 23.08% interest in RCHI. The Company's cost of its 23.08% interest totaled $8,250,678, which included an establishment fee of US$700,000, (originally payable on or before December 1, 2010, and subsequently amended to be paid upon, or prior to, the next capital contribution to RCHI by the Company, and bearing interest at the rate of prime plus 15% per annum) and a finder's fee of US$1,000,000, both payable in conjunction with this investment agreement. The Company and PRRF entered into a shareholders' agreement in respect of RCHI which permitted the Company to contribute additional amounts to RCHI in order to achieve a 50% ownership interest. PRRF has the right to convert its investment in RCHI into common shares of the Company at any time up to six months following the latter of completion of a feasibility study and mine permitting but, in any event, PRRF shall convert its investment not later than five years from April 7, 2010, provided certain conditions are met. Upon conversion of PRRF's investment, the Company would own a 100% interest in RCHI which holds the Reno Creek Property. The shareholders' agreement also provides for equal representation on the board of RCHI, subject to adjustment, as well as unanimous RCHI shareholder approval for certain key decisions including annual work program and budgets for the Property.

The Company was to contribute additional amounts in stages totaling US$14,000,000 to earn a 50% interest in RCHI and in order to complete a feasibility study and to secure mining permits.

7. MINERAL PROPERTIES (cont'd…)

Uranium properties (cont'd…)

Investment in Reno Creek Property (cont'd…)

Pursuant to the investment agreement and shareholders agreement dated April 7, 2010 (the "Agreements") involving PRRF, the Company was obliged to fund AUC, which directly holds the Reno Creek Uranium Project, with US$7,000,000 and pay certain fees to PRRF on or before December 1, 2010. Such funding and payment of fees did not occur. On January 5, 2011, PRRF and the Company entered into an amending agreement in respect of the Agreements whereby PRRF funded the first quarter of the 2011 AUC budget in the amount of US$1,750,000 and, as a result, the interest held by the Company in RCHI was reduced to 21.29% from 23.08% with a maximum interest the Company could earn in RCHI having been reduced from 50.0% to 45.13%. The remaining balance of the 2011 AUC budget, being US$5,250,000 plus certain fees (and accrued interest thereon), was due before March 1, 2011. The Company was unable to secure such funding before March 1, 2011. As a result, PRRF funded the balance of $5,250,000 and, as of March 1, 2011, the interest held by Bayswater in RCHI was reduced to 17.27% from 21.29% with a maximum interest the Company may now earn in RCHI having been reduced from 45.13% to 31.14%. The Company may increase its interest in RCHI to the maximum level of 31.14% by contributing US$7,000,000 to RCHI and by paying certain fees and interest charges to PRRF on or before the time of the setting of the next Reno Creek budget, currently anticipated to be December 1, 2011. Upon PRRF converting its investment in RCHI into common shares of the Company, as outlined above, the Company would own a 100% interest in RCHI and, thus, the Reno Creek Property.

Future obligations associated with the Reno Creek Property consist of payments pursuant to maintaining mineral claims and various underlying mineral lease, surface access and property option agreements. The Company's 17.27% share of these future payments total US$193,940.

Central Mineral Belt ("CMB") Properties, Labrador

On November 17, 2005, the Company entered into an option agreement with Longview Capital Partners Inc. (formerly Longview Strategies Incorporated) ("Longview"), a company related by a former director in common, to acquire a 100% interest in certain claim blocks located in Labrador, Newfoundland. Under the terms of the agreement, the Company paid Longview $560,000 and issued 168,120 common shares valued at $872,000. A net smelter royalty ("NSR") of 2% will be payable to an underlying option holder on each of the claim blocks retained. The Company has the right to purchase one-half of the NSR (1%) at any time for $1,500,000. By agreement dated November 22, 2005, Longview assigned all its staking rights with the underlying option holder to the Company.

On November 29, 2005, the Company entered into an agreement with the underlying option holder to stake additional claim blocks at a cost of $61,440. In consideration, the Company paid the underlying option holder a staking fee of 5,000 common shares valued at $15,000. A NSR of 2% will be payable on each of the claim blocks. The Company has the right to purchase one-half of the NSR (1%) at any time for $1,500,000.

7. MINERAL PROPERTIES (cont'd…)

Uranium properties (cont'd…)

Central Mineral Belt ("CMB") Properties, Labrador (cont'd…)

On January 3, 2006, the Company entered into an agreement with the underlying option holder to stake additional claim blocks at a cost of $599,040. In consideration, the Company paid the underlying option holder a staking fee of $10,000 in cash and 18,000 common shares valued at $86,400. A NSR of 1% will be payable on each of the claim blocks. The Company has the right to purchase all of the NSR (1%) at any time for $2,000,000.

The Company acquired by staking, during the year ended February 28, 2007, additional claims in Labrador. In consideration, the Company paid a staking fee of $19,400 in addition to staking costs of $144,800. An NSR of 1% will be payable on these claims. The Company retains the right to purchase the NSR (1%) at any time for $2,000,000.

The Company purchased, during the year ended February 28, 2007, additional claims in Labrador for cash consideration of $5,600. An NSR of 2% will be payable on these claims. The Company has the right to purchase one-half of the NSR (1%) at any time for $1,500,000.

The Company has acquired, during the year ended February 28, 2007, a 100% interest, by staking, in additional claims in Labrador, subject to a 1% or 2% NSR for a staking fee of $3,000. The Company has the right to purchase, respectively, all or one-half of the NSR (1%) at any time for $1,000,000.

The Company has acquired, during the six months ended August 31, 2011 and during the years ended February 29, 2008 and February 28, 2007, a 100% interest, by staking, in additional claims in Labrador.

During the year ended February 29, 2008, the Company entered into an option/joint venture agreement with Ucore Uranium Inc. ("Ucore"), whereby the Company and Ucore pooled certain claims and option rights on additional claims held by Ucore in Labrador. Pursuant to the terms of the agreement, the Company and Ucore each have the option to acquire a 50% interest in the pooled claims and option rights by incurring exploration expenditures totaling $400,000 (completed).

During the year ended February 28, 2010, the Company wrote down the CMB Properties in the amount of $8,903,251 due to market conditions and continues to maintain its key landholdings in Labrador.

Thelon Basin Projects

These properties include the Canada Uranium Joint Venture and the Company's other property holdings in the Thelon Basin:

Thelon Basin Properties, Northwest Territories ("NWT") and Nunavut ("NU")

The Company entered into an agreement, dated April 13, 2006, with Yukon 37999 Inc. to acquire a 100% interest in certain uranium claims in the South Thelon area of the NWT. As consideration, the Company paid cash of $102,903 and issued 10,886 common shares valued at $95,432. A NSR of 2% on metals and a gross overriding royalty ("GOR") of 2% on diamonds will be payable on each of the claims. The Company retains the right to purchase one-half of the royalties (1.0%) at any time for $2,000,000.

7. MINERAL PROPERTIES (cont'd…)

Uranium properties (cont'd…)

Thelon Basin Properties, Northwest Territories ("NWT") and Nunavut ("NU") (cont'd…)

During the year ended February 28, 2007, the Company entered into agreements with Aurora Geosciences Ltd. ("Aurora") to stake a minimum of 1,100,000 acres in Thelon Basin, NWT and NU. Under the terms of the agreements, consideration for staking was $0.60 per acre and one-third of a common share of the Company per acre, for claims located on land and $0.40 per acre and one-quarter of a common share of the Company per acre for claims located over water. During the year ended February 28, 2007, a total of $1,056,356 was paid by the Company for staking costs and 52,030 common shares were issued to Aurora. In addition, during the year ended February 29, 2008, a total of $333,368 was paid for staking costs and 18,387 common shares were issued to Aurora.

Pursuant to a Memorandum of Understanding ("MOU") dated April 11, 2005, the Company was granted an option to acquire an 80% interest in uranium rights in certain exploration permits acquired by Diamonds North Resources Ltd. ("Diamonds North"), and now held by Uranium North Resources Corp. ("Uranium North"), located within and around the Thelon Basin, Northwest Territories, in consideration of making a cash payment of $100,000 (paid) and issuing a total of 200,000 common shares. The Company issued 29,400 shares during the year ended February 29, 2008. The Company must also incur staged optional exploration expenditures on the property totaling $4,000,000, of which $400,000 must be expended by April 11, 2006 (completed), a further $1,600,000 by April 11, 2007 (completed) and a further $2,000,000 by April 11, 2008. The Company and Uranium North agreed to suspend the remaining required exploration expenditures due to permitting restrictions. During the year ended February 28, 2011, the Company relinquished its option to acquire an 80% interest in the exploration permits. All related costs were already written off during the year ended February 28, 2010.

During the year ended February 29, 2008, the Company granted an option to Stornoway Diamond Corp. ("Stornoway"), whereby Stornoway may earn a 60% interest in certain diamond rights at Itza Lake, Nunavut by issuing to the Company common shares of Stornoway with a value of $75,000 (received) and by incurring $4,000,000 in exploration expenditures over five years with a minimum of $500,000 to be incurred prior to September 1, 2011 Subsequent to August 31, 2011, the Company received notice from Stornoway that it will not be proceeding to exercise its option. As a result, the option agreement has been terminated.

During the year ended February 28, 2010, the Company wrote-off the South Thelon Properties in the amount of $7,043,759 due to permitting constraints as well as market conditions.

During the year ended February 28, 2011, the Company wrote-off the remainder of the Thelon Properties in the amount of $3,963,378 due to market conditions.

Canada Uranium Joint Venture

On January 23, 2006, the Company entered into a joint venture agreement with Strongbow Exploration Inc. ("Strongbow") to identify, acquire and explore uranium properties in Canada. The Company will be the operator of the joint venture and, over the first five years of the agreement, shall contribute funding of up to $500,000 for the acquisition of prospective Canadian uranium properties identified by Strongbow. Strongbow and the Company shall each retain a 50% working interest in each acquired property, subject to the right of Strongbow to select up to three joint venture properties ("Earn-In Properties") for which the Company must fund the first $600,000 in exploration expenditures on each such property. Under the terms of the joint venture arrangement, Strongbow must offer all Canadian uranium opportunities that it identifies to the Company for inclusion in the joint venture. The Company maintains the right to identify and acquire Canadian uranium prospects outside of the joint venture, with no obligation to offer such projects to Strongbow unless such prospect is located in any of the Yukon, Nunavut, or Northwest Territories.

7. MINERAL PROPERTIES (cont'd…)

Uranium properties (cont'd…)

Canada Uranium Joint Venture (cont'd…)

Pursuant to the joint venture, the Company entered into an agreement dated April 13, 2006 with Yukon 37999 Inc. ("Yukon") to acquire a 100% interest in certain uranium claims in the South Thelon Basin area of the NWT for cash consideration totaling $105,706. A 1% NSR on metals and a 1% GOR on diamonds will be payable on each of the claim blocks. The joint venture retains the right to purchase one-half of the royalties (0.5%) at any time for $1,000,000. Strongbow has elected to include these claims as an Earn-In Property.

Pursuant to the joint venture, certain prospecting permits have been granted to Strongbow, now partially replaced by staked claims, in the North Thelon Basin, Nunavut. Strongbow has elected to include these permits and certain staked claims as an Earn-In Property under the Joint Venture.

Baca Property, New Mexico, United States

During the year ended February 29, 2008, the Company acquired an option (subsequently amended) to earn a 100% interest in claims comprising the Baca Property in New Mexico by paying US $520,000 (US $120,000 paid) and issuing 130,000 common shares (30,000 shares issued) over a period ending on July 31, 2014. A 4% NSR on mineral products produced will be payable on the claims. The Company retains the right to purchase one half of the NSR (2%) at any time for $2,000,000. A 4% NSR is also payable on production from mineral rights acquired by the Company within a one kilometer perimeter of the property unless such production is already burdened by a royalty or similar interest, in which case the Company will only be required to pay a 1% NSR. Upon the fourth anniversary of the option agreement, advance royalty payments of US $50,000 are to be paid annually and will be credited against future production royalties.

During the year ended February 29, 2008, the Company acquired a 100% interest by staking additional claims in the region of the Baca Property.

During the year ended February 28, 2010, the Company entered into a quitclaim deed indenture with Running Fox Resource Corp. in order to exchange and assign certain mineral claims, at no cost, in connection with its New Mexico uranium acreage in the region of the Baca property. Most of the swapped claims were either adjoining or overlapping each company's respective landholdings.

During the year ended February 28, 2011, the Company abandoned the Baca property and, as a result, related costs of $1,132,406 were written off to operations.

7. MINERAL PROPERTIES (cont'd…)

Uranium properties (cont'd…)

Montana, Wyoming, California and Nevada Uranium Properties, United States

During the year ended February 29, 2008, pursuant to an amalgamation, the Company acquired the following:

a) a 100% interest in several uranium properties located in the states of Montana, Wyoming, California and Nevada, USA. During the year ended February 28, 2011, the Company sold its claims located in California and, as a result, recorded a loss on sale of mineral properties totaling $262,729.

b) a 100% interest in two uranium state leases in Wyoming, and entered into a surface and mineral lease agreement on lands in Carter County, Montana (the "Schlosser Lease"). Under the surface and mineral lease agreement, the Company is responsible for payment of production royalties at rates of between 1% and 3% based on gross value of mineral materials sold and for making certain minimum annual royalties payable in advance. Annual advance minimum royalty payments made by the Company shall be applied as a credit against production royalties. The first annual advance minimum royalty payment, being $10,000, was due and paid on November 1, 2005, and increases on each anniversary date thereafter to a maximum of US$100,000 by the 14^{th} anniversary date. The annual minimum royalty payment will also increase upon commercial production of mineral materials from the lease. The primary term of the lease is for twenty years, and with a consecutive secondary term thereafter that begins on the twentieth (20^{th}) anniversary, unless terminated sooner.

c) a 100% interest in additional claims staked in Nevada and acquired a 100% interest in certain uranium state leases in Wyoming.

d) pursuant to a data base purchase agreement, the Company agreed to pay an NSR of 0.25% on uranium production from certain mineral lands within Carter County, Montana and Crook County, Wyoming and to pay a bonus of US$100,000 in the event a uranium mine is constructed in the same region.

e) a 100% interest in additional staked claims in Montana and Wyoming; and entered into a surface and mineral lease agreement on land in Carter County, Montana (the "Cochrane Lease"). Under the surface and mineral lease agreement, the Company is responsible for an upfront payment of US$25,000, and payment of production royalties at rates of between 2% and 5% based on net value realized from sale of minerals, and subject to certain minimum annual royalties payable in advance. Advance annual minimum royalty payment made by the Company shall be applied as a credit against production royalties. The advance annual minimum royalty is US$3 per acre during the primary term, increasing to US$6 per acre on the tenth (10^{th}) anniversary date. The primary term of the lease is for ten years, and with a consecutive secondary term thereafter that begins on the tenth (10^{th}) anniversary date, unless sooner terminated.

f) a database on the Mountain West Property in Elko county, Nevada. The database was acquired for an initial cash payment of US$50,000, with a further cash payment of US$100,000 to be made when the Company receives a Nevada mine permit. The acquisition agreement also includes the grant of a right of first offer to UG USA, Inc., under which the Company has entered into an agreement for the sale of uranium concentrates to UG USA, Inc. The right of first offer applies to the first one million pounds of uranium concentrate production from the Mountain West Property, at a 1% discount to the prevailing spot price of uranium. In addition, during the year ended February 28, 2009, the Company acquired a 100% interest in certain unpatented mineral claims adjacent to the Mountain West Property by issuing 20,000 common shares.

7. MINERAL PROPERTIES (cont'd…)

Uranium properties (cont'd…)

Saskatchewan, Canada; Nevada, Wyoming and South Dakota, USA and Mali and Niger, West Africa Uranium Properties

During the year ended February 29, 2008, pursuant to an amalgamation, the Company acquired the following:

a) **Saskatchewan Properties:** On June 15, 2005, the Company entered into an option agreement with Bullion Fund Inc. ("Bullion"), pursuant to which it acquired an undivided 90% interest in certain mineral claim blocks in northern Saskatchewan (the "Collins Bay Extension"). Under the terms of the option agreement, Bullion retained an undivided 10% carried interest in all the claims.

During the year ended February 29, 2008, the Company purchased the 10% interest held by Bullion in the claims subject to the initial purchase agreement by paying $125,000 cash and $225,000 through the issuance of 36,946 common shares.

During the year ended February 28, 2010, the Company entered into an agreement with CanAlaska Uranium Ltd. ("CanAlaska"), whereby CanAlaska has an option to earn a 51% interest in the Collins Bay Extension property in the Athabasca Basin by spending $4,000,000 in exploration over five years and by issuing 50,000 shares (10,000 received to date) to the Company. CanAlaska also has an option to increase its interest to 70% by spending an additional $2,000,000 in exploration over a further three year period and by issuing an additional 80,000 shares to the Company.

During the year ended February 28, 2010, the Company wrote down the Collins Bay Extension Properties in the amount of $3,997,235 due to market conditions.

b) **Wyoming and South Dakota Properties:** By agreement, effective March 14, 2006, with Miller-Berdahl Partnership ("Miller-Berdahl") the Company has an option over a three year period to acquire a 100% interest, subject to certain production royalties, in state of Wyoming leases, mineral claims and one surface right agreement in four project areas in Wyoming and in one project area located in South Dakota and Wyoming. The surface right agreement, entered into between Stockade Beaver Creek Ltd., a company owned by Miller-Berdahl, and D. Spencer and P. Spencer and assigned to the Company as per terms of the Miller-Berdahl option agreement, provides the Company access and mining rights for the consideration of a 2% NSR production royalty and annual access payments in the amount of $3.00 per acre. Under the terms of the Miller-Berdahl option agreement, the Company made cash payments totalling US$750,000 and issued 32,500 common shares in order to exercise the option.

Also, the Company has three surface rights agreements (providing also rights to mineral interests to the extent owned by the vendor) for access and mining rights in the Elkhorn project area.

During the year ended February 28, 2009, the Company sold its interest in certain claims and state leases in eastern Wyoming and in South Dakota to Powertech Uranium Corp., by agreement dated December 10, 2008, for consideration totaling US$50,000 and retained yellowcake royalties ranging between 1% and 5%.

During the year ended February 28, 2010, the Company entered into an agreement, subsequently amended, to acquire a 75% interest in the Hauber Uranium Project in Crook County, Wyoming. To earn its 75% interest, the Company must incur exploration expenditures totalling US$1,000,000 by March 31, 2015.

7. MINERAL PROPERTIES (cont'd…)

Uranium properties (cont'd…)

Saskatchewan, Canada; Nevada, Wyoming and South Dakota, USA and Mali and Niger, West Africa Uranium Properties (cont'd…)

c) **Mali Properties:** The Company owned a Mali subsidiary, Northern Canadian Minerals Inc. Mali ("NCA Mali") for the purpose of applying for and holding mineral rights in Mali.

During the year ended February 28, 2010, the Company sold to Cascade Resources Ltd. ("Cascade"), a TSX listed company, 100% of its interest in exploration and mining rights and permits in Mali for the consideration of 1,000,000 shares valued at $75,000 (received), a $250,000 promissory note (with an initial fair value of $215,959) amended and replaced by 1,000,000 common shares of Cascade with a value of $60,000 (received), and a 2.5% NSR on future production.

d) **Niger Properties:** During the year ended February 29, 2008, the Company applied for 12 uranium concessions in two blocks (subsequently reduced to four concessions in one block, pursuant to policy changes made by the Government of Niger) in north central Niger, West Africa. Granting of one block of four concessions was pending. However, during the six months ended August 31, 2011, the Company dropped its interest in these concessions.

Niger Concessions

The Company entered into an option agreement dated November 17, 2005 with Longview to acquire a 100% interest in two uranium and two gold concessions located in Niger, West Africa.

During the year ended February 28, 2011, and subject to regulatory approval, the Company entered into an agreement with Cascade to sell all of its interests in its Niger properties for consideration comprised of 2,000,000 common shares of Cascade plus a 2.5% NSR on future production. Subsequently, Cascade declined to close the transaction and, as a result, the Company dropped its interest in all Niger concessions and related costs of $256,875 were written off to operations.

Gold and base metal properties

Kilgore Gold and Other Gold Properties, Idaho, United States

The Kilgore Gold, Hai and Gold Bug Properties (the "Properties") are located in Idaho and consist of certain mineral claims owned 100% by the Company.

During the year ended February 28, 2009, the Company entered into an option/joint venture agreement with Otis Gold Corp. (formerly Otis Capital Corp.) ("Otis") whereby Otis could earn up to a 75% interest in the Properties by paying US $200,000 (received), issuing 3,000,000 common shares (received 1,300,000 common shares valued at $500,000) and incurring exploration expenditures totaling $3,000,000 over a five year period. A 2% NSR would be paid to the Company on production of gold from the Property. At any time, Otis would have the right to purchase each one-fourth of the NSR for the sum of $500,000, up to a maximum of three-fourths (3/4), following which the Company would hold a 0.5% NSR.

(Expressed in Canadian Dollars)

7. MINERAL PROPERTIES (cont'd…)

Gold and base metal properties (cont'd…)

Kilgore Gold and Other Gold Properties, Idaho, United States (cont'd…)

During the year ended February 28, 2011, the Company entered into a Purchase Agreement, which replaced the option/joint venture agreement, to sell a 100% interest in the Properties to Otis. The Purchase Agreement requires Otis to pay an additional US $1,750,000 and issue 2,000,000 common shares. The cash will be paid over a one year period from the date of closing (US $750,000 within forty five days (received); US$750,000 within four months (received); and US $250,000 within twelve months). As at August 31, 2011, $244,482 (February 28, 2011 - $977,150) has been recorded as receivables on the balance sheet. Otis issued the 2,000,000 common shares at closing (Note 4). The shares are subject to hold periods (500,000 for six months; 500,000 for twelve months; 500,000 for eighteen months; and 500,000 for twenty four months).

Avoca Property, Ireland

The Company, through Jadebay Limited ("Jadebay"), a 100% owned Irish subsidiary, maintains a 100% interest in two prospecting licences in the Republic of Ireland. To maintain the licenses, the Company must incur exploration expenditures of €37,500 (approximately CDN $50,400) per license, annually.

During the year ended February 28, 2011, the Company's licenses were renewed for an additional two-year period ending June 10, 2012. However, due to delays in development, the Company wrote-down the property by $1,681,233 to $1 during the year ended February 28, 2011.

8. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	August 31, 2011	February 28, 2011
Trade payables	$ 1,441,094	$ 2,016,796
Accrued liabilities	105,929	177,609
Total	$ 1,547,023	$ 2,194,405

9. CAPITAL STOCK AND RESERVES

Authorized capital stock

As at August 31, 2011, the authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of Class A convertible preferred shares without par value.

(Expressed in Canadian Dollars)

9. CAPITAL STOCK AND RESERVES (cont'd…)

Private placements

During the year ended February 28, 2011, the Company completed private placements consisting of 608,663 units at a price of $0.55 per unit for gross proceeds of $334,765. Each unit consisted of one common share and one-half of one share purchase warrant. Of the 304,332 whole warrants, 233,182 are exercisable at $0.75 per share until April 6, 2012 and 71,150 are exercisable at $0.75 per share until April 14, 2012.

Stock options

The Company has a stock option plan where the directors are authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option shall not be less than the closing price of the Company's shares on the date of grant less any discount permitted by the TSX Venture Exchange ("TSX-V") and vesting terms are at the discretion of the board of directors. The options can be granted up to a maximum term of 10 years.

As at August 31, 2011, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
41,375	$ 4.50	June 10, 2013
2,085,750	0.55	April 29, 2017
2,200,000	1.00	February 3, 2018
4,327,125		

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, February 28, 2010	1,332,079	$	4.50
Options granted	4,300,000		0.78
Options exercised	(14,250)		0.55
Options cancelled/expired	(1,290,704)		4.50
Balance, February 28 and August 31, 2011	4,327,125	$	0.82
Number of options currently exercisable	2,127,125	$	0.63

(Expressed in Canadian Dollars)

9. CAPITAL STOCK AND RESERVES (cont'd…)

Warrants

As at August 31, 2011, the Company had outstanding share purchase warrants and broker warrants enabling the holders to acquire common shares as follows:

Number of Shares		Exercise Price	Expiry Date
233,182	$	0.75	April 6, 2012
71,150		0.75	April 14, 2012
304,332			

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
As at February 28, 2010	401,250	$	1.93
Issued	304,332		0.75
Expired	(401,250)		1.93
As at February 28 and August 31, 2011	304,332	$	0.75

Stock-based compensation

For the six months ended August 31, 2011, the Company recorded $29,176 (2010 - $535,558) as stock-based compensation expense pursuant to the vesting of 525,000 (2010 – 1,050,000) stock options, with an offset to reserves for options that vested during the current period.

(Expressed in Canadian Dollars)

9. CAPITAL STOCK AND RESERVES (cont'd…)

Stock-based compensation (cont'd…)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options and compensation options granted during the six months ended August 31, 2011 and 2010:

	2011	2010
Risk-free interest rate:	-	2.49%
Expected life of options:	-	3 years
Annualized volatility:	-	103.75%
Dividend rate:	-	0%

10. RELATED PARTY TRANSACTIONS

During the six months ended August 31, 2011, the Company:

a) Paid or accrued $60,000 (2010 - $60,000) for management fees, $6,000 (2010 - $6,000) for rent, and $60,000 (2010 - $60,000) for geological consulting fees included in deferred exploration costs to a company controlled by the president of the Company and to a director of the Company.

b) Paid or accrued $7,500 (2010 - $7,500) for administration fees to a company owned by an officer of the Company.

Included in accounts payable and accrued liabilities at August 31, 2011 is $9,475 (February 28, 2011 - $289,014) owing to a company controlled by the president of the Company and to directors of the Company, all related to the above transactions.

The remuneration of directors and key management personnel during the six months ended August 31, 2011 and 2010 are as follows:

	2011	2010
Administration fees	$ 7,500	$ 7,500
Directors' fees	20,250	21,750
Management fees	60,000	60,000
Rent	6,000	6,000
Share-based payments (i)	14,171	260,128
Geological consulting fees included in deferred exploration costs	60,000	60,000
	$ 167,921	$ 415,378

(i) Share-based payments are the fair value of options granted to key management personnel.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the six months ended August 31, 2011 included:

a) accruing $244,482 of mineral property sales proceeds in receivables as at August 31, 2011; and

b) accruing $9,972 of mineral property expenditures and $1,339,764 of acquisition costs related to the acquisition of the Reno Creek Property in accounts payable and accrued liabilities as at August 31, 2011.

The significant non-cash investing and financing transactions during the six months ended August 31, 2010 included:

a) issuing 6,256,262 common shares valued at $3,503,010 pursuant to the acquisition of the Reno Creek Property (Note 7);

b) receiving marketable securities valued at $152,000 pursuant to a mineral property option agreement; and

c) accruing $130,992 of mineral property expenditures and $1,769,463 of acquisition costs related to the acquisition of the Reno Creek Property in accounts payable and accrued liabilities as at August 31, 2010.

12. COMMITMENTS

During the year ended February 29, 2008, the Company entered into management services agreements with the Company's President and its Chief Operating Officer. Both contracts were effective from January 1, 2008 to December 31, 2009 (subsequently amended to December 31, 2011) and remuneration was originally $20,000 per month (reduced to $10,000 per month effective January 1, 2009). On April 1, 2010, these management services agreements were replaced by new, substantively identical, agreements with effective dates from April 1, 2010 to March 31, 2012. If the Company terminates either agreement, the Company will, in certain circumstances, be obligated to make a termination payment equal to twenty-four times the reduced monthly management fee.

13. FINANCIAL AND CAPITAL RISK MANAGEMENT

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities approximate their carrying values. The Company's other financial instruments, being cash and marketable securities, are measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at a large Canadian financial institution in interest bearing accounts.

The Company's receivables consist mainly of amounts due from the sale of mineral properties and HST receivable due from the government of Canada (Note 5).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Accounts payable relating to mineral properties and other accounts payable and accrued liabilities are due within one year.

The Company has a working capital deficiency as at August 31, 2011 of $111,462. Included in accounts payable and accrued liabilities are finder's and establishment fees totaling $1,339,764 (US$1,370,000) associated with the acquisition of the Reno Creek Property (Note 7).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

   Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

   The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is minimal because these investments roll over daily.

13. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd…)

b) Foreign currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, the United States and Ireland. The Company funds cash calls to its subsidiary companies outside of Canada in US dollars and a portion of its expenditures are also in the other local currencies. The greatest risk is the exchange rate of the Canadian dollar relative to the US dollar and a significant change in this rate could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. At August 31, 2011, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

	US$
Cash	470,569
Receivables	250,000
Reclamation bonds	16,000
Accounts payable and accrued liabilities	(1,377,156)
Net exposure	(640,587)

Based on the above net exposure as at August 31, 2011, and assuming that all other variables remain constant, a 10% change in the value of the Canadian dollar against the US dollar would not materially affect the loss from operations.

c) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly uranium. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

The Company currently maintains investments in certain marketable securities. There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties. The Company relies mainly on equity issuances to raise new capital and on entering joint venture agreements on certain properties which enables it to conserve capital and to reduce risk. In the management of capital, the Company includes the components of shareholders' equity. The Company prepares annual estimates of exploration expenditures and monitors actual expenditures compared to the estimates in effort to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to negotiate premium interest rates on savings accounts or to invest its cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated at any time without interest penalty. The Company will require additional financing in order to provide working capital to fund costs relating to the financing of the investment in the Reno Creek Property and fund its exploration programs. These financing activities may include issuances of additional debt or equity securities or disposal of mineral property interests in order to re-invest the proceeds.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

(Expressed in Canadian Dollars)

14. SEGMENTED INFORMATION

The primary business of the Company is the acquisition and exploration of mineral properties.

Geographic information is as follows:

	August 31, 2011	February 28, 2011
Capital assets		
Canada	$ 14,481,094	$ 14,457,931
United States	16,611,204	16,355,318
Ireland	2,975	1
	$ 31,095,273	$ 30,813,250

15. FIRST TIME ADOPTION OF IFRS

As stated in Note 2, these unaudited consolidated financial statements are for the period covered by the Company's second condensed consolidated interim financial statements prepared in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing the condensed consolidated interim financial statements for the six months ended August 31, 2011 and 2010, the consolidated financial statements for the year ended February 28, 2011 and the opening IFRS statement of financial position on March 1, 2010, the "Transition Date".

In preparing the opening IFRS statement of financial position and the financial statements for the interim period ended August 31, 2011, the Company has adjusted amounts reported previously in financial statements that were prepared in accordance with GAAP. An explanation of how the transition from GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

a) to apply the requirements of IFRS 3, Business Combinations, prospectively from the Transition Date;

b) to apply the requirements of IFRS 2, Share-based payment, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date; and

c) to transfer all foreign currency translation differences, recognized as a separate component of equity, to deficit at the Transition Date including those foreign currency differences which arose on adoption of IFRS.

Additionally, in accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of March 1, 2010 are consistent with its GAAP estimates for the same date.

(Expressed in Canadian Dollars)

15. FIRST TIME ADOPTION OF IFRS (cont'd…)

The reconciliation between the Canadian generally accepted accounting principles ("GAAP") and IFRS equity as at March 1, 2010 (date of transition to IFRS), August 31, 2010 and February 28, 2011 is provided below:

	Note	March 1, 2010	August 31, 2010	February 28, 2011
Equity under Canadian GAAP		$ 37,653,050	$ 39,712,335	$ 32,271,893
Adjustment	(a)	-	-	-
Equity under IFRS		$ 37,653,050	$ 39,712,335	$ 32,271,893

The reconciliation between the Canadian GAAP and IFRS total comprehensive income for the period ended August 31, 2010 and the year ended February 28, 2011 is provided below:

	Note	Three months ended August 31, 2010	Six months ended August 31, 2010	Year ended February 28, 2011
Comprehensive income under Canadian GAAP		$ (1,459,771)	$ (1,985,729)	$ (9,759,253)
Adjustment	(a)	(133,970)	(328,319)	(148,317)
Comprehensive income under IFRS		$ (1,593,741)	$ (2,314,048)	$ (9,907,570)

There are no differences between IFRS and Canadian GAAP in connection with the Company's statements of cash flows for the period ended August 31, 2010 or the year ended February 28, 2011.

a) Share-based payments

IFRS requires each tranche of a share-based award with different vesting dates to be considered a separate grant for purpose of fair value calculation, and the resulting fair value is amortized over the vesting period of the respective tranches. Furthermore, forfeiture estimates are recognized in the period they are estimated.

Under GAAP, the fair value of share-based awards with graded vesting was calculated as one single grant and the resulting fair value was recognized on a straight-line basis over the longest vesting period. Forfeitures of awards were only recognized in the period the forfeiture occurred.