BAYSWATER URANIUM CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED FEBRUARY 28, 2013

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Bayswater Uranium Corporation

We have audited the accompanying consolidated financial statements of Bayswater Uranium Corporation, which comprise the consolidated statements of financial position as at February 28, 2013 and February 29, 2012 and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Bayswater Uranium Corporation as at February 28, 2013 and February 29, 2012 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 describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Bayswater Uranium Corporation to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Accountants

June 28, 2013

BAYSWATER URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	February 28, 2013	February 29, 2012
ASSETS		
Current		
Cash	$ 58,847	$ 237,628
Marketable securities (Note 4)	40,436	313,580
Receivables (Note 5)	30,662	130,177
Prepaids and deposits	53,467	68,819
	183,412	750,204
Equipment (Note 6)	25,963	37,670
Reclamation bonds (Note 7)	6,862	17,785
Exploration and evaluation assets (Note 7)	8,280,686	10,240,392
	$ 8,496,923	$ 11,046,051
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	$ 2,091,928	$ 1,651,215
Shareholders' Equity		
Capital stock (Note 9)	83,288,869	83,253,560
Reserves (Note 9)	16,716,323	16,707,962
Deficit	(93,600,197)	(90,566,686)
	6,404,995	9,394,836
	$ 8,496,923	$ 11,046,051

Nature and continuance of operations (Note 1)
Commitments (Note 12)
Subsequent event (Note 16)

Approved and authorized on behalf of the Board on June 28, 2013:

"Victor Tanaka" Director "George Leary" Director

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

BAYSWATER URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year Ended February 28, 2013	Year Ended February 29, 2012
EXPENSES		
Administration (Note 10)	$ 31,928	$ 36,460
Amortization (Note 6)	9,307	21,988
Consulting fees	3,855	59,517
Directors' fees (Note 10)	40,104	39,000
Investor relations	-	3,548
Management fees (Note 10)	215,000	120,000
Office and miscellaneous	70,763	108,823
Professional fees	139,993	327,551
Rent (Note 10)	68,691	95,391
Shareholder communication	49,454	87,648
Stock-based compensation (Note 9)	7,856	260,591
Transfer agent and filing fees	15,704	15,497
Travel and related costs	4,576	14,520
Loss from operations	(657,231)	(1,190,534)
OTHER ITEMS		
Foreign exchange loss	(41,697)	(23,826)
Interest and other income	20,600	24,738
Interest expense	(150,534)	(126,303)
Write-off of receivables	(66,667)	-
Gain on sale of exploration and evaluation assets	-	10,000
Gain on disposal of equipment	-	19,269
Write-off of exploration and evaluation assets (Note 7)	(1,965,821)	(20,921,325)
Unrealized gain (loss) on marketable securities (Note 4)	201,864	(589,055)
Realized loss on sale of marketable securities (Note 4)	(374,025)	(340,612)
	(2,376,280)	(21,947,114)
Loss and comprehensive loss for the year	$ (3,033,511)	$ (23,137,648)
Basic and diluted loss per common share	$ (0.13)	$ (1.04)
Weighted average number of common shares outstanding	22,509,701	22,315,548

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

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

	Year Ended February 28, 2013	Year Ended February 29, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (3,033,511)	$ (23,137,648)
Items not affecting cash:		
Amortization	9,307	21,988
Stock-based compensation	7,856	260,591
Accrued interest expense	150,534	126,303
Write-off of receivables	66,667	-
Unrealized (gain) loss on marketable securities	(201,864)	589,055
Realized loss on sale of marketable securities	374,025	340,612
Gain on sale of exploration and evaluation assets	(5,600)	(10,000)
Gain on sale of equipment	-	(19,269)
Write-off of exploration and evaluation assets	1,965,821	20,921,325
Changes in non-cash working capital items:		
(Increase) decrease in receivables	32,848	(8,482)
(Increase) decrease in prepaids and deposits	15,352	(28,929)
Increase (decrease) in accounts payable and accrued liabilities	297,751	(242,498)
Net cash used in operating activities	(320,814)	(1,186,952)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of marketable securities	100,983	299,388
Proceeds on sale of equipment	8,000	50,000
Exploration and evaluation asset expenditures	(23,718)	(892,351)
Exploration and evaluation asset recoveries	10,031	978,650
Reclamation bonds	10,923	-
Proceeds on sale of exploration and evaluation assets	-	35,000
Net cash provided by investing activities	106,219	470,687
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital stock issued	38,100	-
Finder’s fees	(2,286)	-
Net cash provided by financing activities	35,814	-
Decrease in cash during the year	(178,781)	(716,265)
Cash, beginning of year	237,628	953,893
Cash, end of year	$ 58,847	$ 237,628

Supplemental disclosure with respect to cash flows (Note 11)

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

BAYSWATER URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Number of Common Shares		Capital Stock Amount		Reserves		Deficit		Total
Balance, February 28, 2011	22,315,548	$	83,253,560	$	16,447,371	$	(67,429,038)	$	32,271,893
Stock-based compensation	-		-		260,591		-		260,591
Loss for the year	-		-		-		(23,137,648)		(23,137,648)
Balance, February 29, 2012	22,315,548	$	83,253,560	$	16,707,962	$	(90,566,686)	$	9,394,836
Private placement	254,000		38,100		-		-		38,100
Finder's warrants	-		(505)		505		-		-
Finder's fees	-		(2,286)		-		-		(2,286)
Stock-based compensation	-		-		7,856		-		7,856
Loss for the year	-		-		-		(3,033,511)		(3,033,511)
Balance, February 28, 2013	22,569,548	$	83,288,869	$	16,716,323	$	(93,600,197)	$	6,404,995

The accompanying notes are an integral part of these consolidated 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 exploration and evaluation assets and have not yet determined whether these assets contain economically recoverable reserves. To date, the Company has not earned significant revenues.

The Company's principal address and registered and records office is 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4.

These 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 interests in exploration and evaluation assets 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 assets, future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

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. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These consolidated financial statements were authorized for issue on June 28, 2013 by the directors of the Company.

Basis of consolidation and presentation

These 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 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 consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Basis of consolidation and presentation (cont'd)

The Company's wholly-owned subsidiaries are as follows:

Bayswater Holdings Inc. (incorporated in British Columbia)
NCU Holdings Inc. (incorporated in British Columbia)
Kilgore Gold Company (incorporated in the United States of America)
NCA Nuclear Inc. (incorporated in the United States of America)
Jadebay Limited (incorporated in Ireland)

Basis of preparation

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Significant accounting judgments, estimates and assumptions

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

Areas requiring a significant degree of estimation and judgment relate to, but are not limited to:

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

ii) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and stock-based share issuance costs included in shareholders' equity. The share-based payments expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

iii) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the good or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Significant accounting judgments, estimates and assumptions (cont'd)

iv) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined to be the Canadian dollar for the Company and its subsidiaries. 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, the monetary assets and liabilities of the Company that are denominated in a currency other than the Canadian dollar are translated at the exchange rate at the reporting date, 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 the statement of loss and comprehensive loss in the period in which they arise.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

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

Stock-based compensation

The Company operates an incentive stock option plan. Stock-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Stock-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and is recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. When the options are exercised, the applicable amounts of reserves are transferred to capital stock.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. In calculating the diluted loss per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

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

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 cost less any provision for impairment.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

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. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

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 directly in equity. 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 equity and recognized in the statement of loss and comprehensive loss.

All financial assets except for those 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 any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial instruments (cont'd)

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

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

Other financial liabilities **–** This category includes promissory notes, amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash and marketable securities as fair value through profit or loss. The Company's receivables are classified as loans and receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Financial instruments measured at fair value are classified into one of the 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.

See Note 14 for relevant disclosures.

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Impairment of assets

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost 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 the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. A reversal of an impairment loss is recognized immediately in the statement of loss and comprehensive loss.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided using the statement of financial position liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Income taxes (cont'd)

Deferred tax: (cont'd)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, the income taxes relate to the same taxable entity and the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

Restoration and environmental obligations

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

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

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

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

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

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.

3. ACCOUNTING STANDARDS NOT YET EFFECTIVE

IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 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 approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013.

IFRS 10, "Consolidated Financial Statements"

IFRS 10, "Consolidated Financial Statements", requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation – Special Purpose Entities", and parts of IAS 27, "Consolidated and Separate Financial Statements". The standard is effective for annual periods beginning on or after January 1, 2013.

IFRS 11, "Joint Arrangements"

IFRS 11, "Joint Arrangements", requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities – Non-monetary Contributions by Venturers". The standard is effective for annual periods beginning on or after January 1, 2013.

IFRS 12, "Disclosure of Interests in Other Entities"

IFRS 12, "Disclosure of Interests in Other Entities", establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard is effective for annual periods beginning on or after January 1, 2013.

IFRS 13, "Fair Value Measurement"

IFRS 13, "Fair Value Measurement", is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The new converged fair value framework is effective for annual periods beginning on or after January 1, 2013.

(Expressed in Canadian Dollars)

4. MARKETABLE SECURITIES

As at February 28, 2013, marketable securities consist of shares in publicly-traded companies with an initial cost of $230,160 (February 29, 2012 - $715,504) and a fair value of $40,436 (February 29, 2012 - $313,580). An unrealized gain on marketable securities of $201,864 (February 29, 2012 – loss of $589,055) was recorded in the statement of loss for the year ended February 28, 2013.

5. RECEIVABLES

The Company's receivables consist of the following:

	February 28, 2013	February 29, 2012
Due from the sale of exploration and evaluation assets	$ -	$ 66,667
HST/GST receivable	14,341	35,842
Other	16,321	27,668
Total	$ 30,662	$ 130,177

6. EQUIPMENT

	Furniture and fixtures	Computer equipment	Exploration equipment	Total
Cost				
Balance, February 28, 2011	$ 9,536	$ 129,795	$ 125,607	$ 264,938
Disposals	-	(33,275)	(79,164)	(112,439)
Balance, February 29, 2012	9,536	96,520	46,443	152,499
Disposals	-	(12,000)	-	(12,000)
Balance, February 28, 2013	$ 9,536	$ 84,520	$ 46,443	$ 140,499
Accumulated amortization				
Balance, February 28, 2011	$ 8,434	$ 91,703	$ 74,412	$ 174,549
Amortization	259	13,511	8,218	21,988
Disposals	-	(27,773)	(53,935)	(81,708)
Balance, February 29, 2012	8,693	77,441	28,695	114,829
Amortization	149	5,382	3,776	9,307
Disposals	-	(9,600)	-	(9,600)
Balance, February 28, 2013	$ 8,842	$ 73,223	$ 32,471	$ 114,536
Carrying amounts				
As at February 28, 2011	$ 1,102	$ 38,092	$ 51,195	$ 90,389
As at February 29, 2012	$ 843	$ 19,079	$ 17,748	$ 37,670
As at February 28, 2013	$ 694	$ 11,297	$ 13,972	$ 25,963

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

Year Ended February 28, 2013	CMB Labrador Claims	Thelon Basin Projects	Collins Bay Property, Saskatchewan	USA Properties	Reno Creek Project	Total
Acquisition costs						
Balance, beginning of year	$ 1	$ 1	$ 1	$ 2,070,000	$ 6,950,778	$ 9,020,781
Recovery (Note 16)	-	-	-	(10,031)	-	(10,031)
Written-off during the year	-	-	-	(1,949,672)	-	(1,949,672)
Balance, end of year	1	1	1	110,297	6,950,778	7,061,075
Deferred exploration costs						
Balance, beginning of year	-	-	-	-	1,219,611	1,219,611
Analytical	-	-	-	-	-	-
Compilation	-	-	-	-	-	-
Drilling	-	-	-	-	-	-
Environmental	-	-	-	-	-	-
Exploration advances	-	-	-	-	-	-
Field administration	-	-	-	-	-	-
Geological consulting	-	-	-	-	-	-
Property cost recoveries	-	-	-	-	-	-
Property maintenance	-	-	-	16,149	-	16,149
Travel and related	-	-	-	-	-	-
	-	-	-	16,149	-	(16,149)
Written-off during the year	-	-	-	(16,149)	-	(16,149)
Balance, end of year	-	-	-	-	1,219,611	1,219,611
Total, end of year	$ 1	$ 1	$ 1	$ 110,297	$ 8,170,389	$ 8,280,686

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Year Ended February 29, 2012	CMB Labrador Claims	Thelon Basin Projects	Collins Bay Property, Saskatchewan	USA Properties	Ireland Properties	Reno Creek Project	Total
Acquisition costs							
Balance, beginning of year	$ 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 year	(1,626,318)	-	(1,850,048)	(1,422,298)	(1)	-	(4,898,665)
Balance, end of year	1	1	1	2,070,000	-	6,950,778	9,020,781
Deferred exploration costs							
Balance, beginning of year	8,894,094	-	2,046,937	4,650,693	-	1,219,611	16,811,335
Analytical	-	-	-	9,592	-	-	9,592
Field administration	11,498	-	-	30,177	-	-	41,675
Geological consulting	28,500	-	5,250	119,667	-	-	153,417
Property maintenance	-	-	-	226,252	-	-	226,252
	39,998	-	5,250	385,688	-	-	430,936
Written-off during the year	(8,934,092)	-	(2,052,187)	(5,036,381)	-	-	(16,022,660)
Balance, end of year	-	-	-	-	-	1,219,611	1,219,611
Total, end of year	$ 1	$ 1	$ 1	$ 2,070,000	$ -	$ 8,170,389	$ 10,240,392

7. EXPLORATION AND EVALUATION ASSETS (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 indirectly holds the Reno Creek Property. The shareholders' agreement also provided 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. EXPLORATION AND EVALUATION ASSETS (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 RCHI 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 RCHI 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%. As a result of this reduction in the Company's maximum earnable interest, PRRF obtained control of the project. On January 31, 2012, 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 the Company in RCHI was reduced to 17.27% from 21.29% with a maximum interest the Company could then earn in RCHI having been reduced from 45.13% to 31.14%. The Company would have been able to 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, which was December 7, 2011.

A budget in the amount of US$8,000,000 for the calendar 2012 Reno Creek Program was approved by PRRF and the Company on December 7th, 2011. On January 31, 2012, PRRF and the Company finalized a second amendment agreement whereby PRRF funded the entire US$8,000,000 for the 2012 Reno Creek program and, as a result, the interest held by the Company in RCHI was reduced to 13.47% from 17.27% with a maximum interest the Company could then earn in RCHI having been reduced from 31.14% to 13.47%.

On March 7, 2013, PRRF completed a further US$2,500,000 investment in RCHI. This financing is the first part of a US$5,500,000 new investment in RCHI which, together with cash on hand at March 7, 2013, will finance the US$7,500,000 2013 Reno Creek work program budget. As a result, the interest held by Bayswater in the Company was reduced to 12.73% from 13.47% with a maximum interest that Bayswater could then earn in the Company having been reduced from 13.47% to 12.73%.

Pursuant to the Agreements as amended on January 5, 2011 and January 31, 2012, PRRF continues to be entitled to convert its investment in RCHI into common shares of the Company at any time up to six months following the later of completion of a feasibility study or receipt of all requisite mining permits, but in any event, PRRF shall convert its investment not later than April 7, 2015, provided certain conditions are met. Upon conversion by PRRF, Bayswater will own a 100% interest in RCHI which indirectly holds 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 through calendar 2014. The Company's 12.73% share of these future payments total US$116,900.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Uranium properties (cont'd…)

Central Mineral Belt ("CMB") Properties, Labrador

The Company holds a 100% interest in certain claim blocks located in Labrador, Newfoundland. Net smelter royalties ("NSR") of 1% or 2% will be payable to an underlying option holder or staker, as the case may be, on certain of the claim blocks. The Company has the right to purchase any 1% NSR on certain claim blocks at any time for $1,000,000 to $2,000,000, and one-half of any 2% NSR (1%) on certain other claim blocks at any time for $1,000,000 to $1,500,000. During the year ended February 29, 2012, the Company wrote-down the property by $10,560,410 to $1 as a result of delayed development due to market conditions but continues to maintain its key landholdings in Labrador**.**

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

The Company holds a 100% interest in certain uranium claims in the Thelon Basin area of the NWT and NU. A NSR of 2% on metals and a gross overriding royalty ("GOR") of 2% on diamonds will be payable on some of the claims. The Company retains the right to purchase one-half of the royalties (1.0%) at any time for $2,000,000.

During the year ended February 29, 2008, the Company granted an option to Stornoway Diamond Corp. ("Stornoway"), whereby Stornoway could 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. During the year ended February 29, 2012, the Company received notice from Stornoway that it will not be proceeding to exercise its option. As a result, the option agreement was terminated.

Collins Bay Extension, Saskatchewan

The Company holds an undivided 100% interest in certain mineral claim blocks in northern Saskatchewan (the "Collins Bay Extension").

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 29, 2012, the Company wrote-down the property by $3,902,235 to $1 as a result of market conditions but the agreement with CanAlaska remains in good standing.

Mountain West Properties, Nevada

The Company holds an undivided 100% interest in certain mineral claims in Elko County, Nevada ("Mountain West Property").

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Uranium properties (cont'd…)

Mountain West Properties, Nevada (cont'd…)

The Company acquired a database on the Mountain West Property for an initial cash payment of US$50,000 (paid), 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 1,000,000 pounds of uranium concentrate production from the Mountain West Property, at a 1% discount to the prevailing spot price of uranium. In addition, the Company acquired a 100% interest in certain unpatented mineral claims adjacent to the Mountain West Property by issuing 20,000 common shares.

During the year ended February 29, 2012, the Company wrote-down the property to $72,863 as a result of market conditions. During the year ended February 28, 2013, the Company abandoned its claims at Mountain West, Nevada due to difficult permitting issues in the state and as a result of general market conditions. As a result, during the year ended February 28, 2013, the Company wrote off the remaining costs totalling $72,863.

Elkhorn Property, Wyoming

By agreement with Miller-Berdahl Partnership ("Miller-Berdahl") the Company acquired a 100% interest, subject to certain production royalties, in state leases and mineral claims in Wyoming. 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 first half of fiscal 2013, all of these agreements were terminated.

During the year ended February 29, 2012, the Company wrote-down the property to $1,997,133 as a result of market conditions.

During the year ended February 28, 2013, the Company wrote-down the property by an additional $1,876,809 as a result of the fact that subsequent to February 28, 2013, this property, together with the Alzada Property (see Alzada Property section below) were sold for $120,328 (US$120,000), of which $10,031 (US$10,000) was received as at February 28, 2013.

Hauber Project, Wyoming

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 was required to incur exploration expenditures totalling US$1,000,000 by March 31, 2015. However, during the first half of fiscal 2013, the Company provided its notice of termination of this option agreement (with a formal termination agreement having been signed on July 25, 2012) and, as a result, $397,415 of exploration costs were written off to operations during the year ended February 29, 2012.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Uranium properties (cont'd…)

Alzada Property, Montana

The Company previously held three separate blocks of 100%-owned mineral claims in Crook County, southeastern Montana. Two of these claim blocks have associated surface and mineral lease agreements ("Schlosser Lease" and "Cochran Lease").

Under the Schlosser 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 14th 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 (20th) anniversary, unless terminated sooner. During the first half of fiscal 2013, this agreement was terminated.

Under the Cochran Lease agreement, the Company is responsible for an upfront payment of US$25,000 (paid), 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 (10th) anniversary date. The primary term of the lease is for ten years, and with a consecutive secondary term thereafter that begins on the tenth (10th) anniversary date, unless sooner terminated. During the first half of fiscal 2013, this agreement was terminated.

Pursuant to a database 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. This agreement relates to land held pursuant to the Alzada Property in Montana and Elkhorn Property in Wyoming.

The Company currently holds one of the three original claim blocks as stated above in Crook County, southeastern Montana.

During the year ended February 29, 2012, the Company wrote-off costs associated with the Alzada Property as a result of delayed development due to market conditions but continues to maintain its key landholdings.

Subsequent to February 28, 2013, the Company sold the Alzada property, along with the Elkhorn property, for proceeds totaling $120,328 (US$120,000) (see Elkhorn Property section above).

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Gold and base metal properties

Kilgore Gold and Other Gold Properties, Idaho, United States

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 Kilgore Gold, Hai and Gold Bug Properties (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.

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 required Otis to pay an additional US $1,750,000 and issue 2,000,000 common shares. The cash was 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 (received)). Otis issued the 2,000,000 common shares at closing. The shares were subject to hold periods which expired in December 2012.

8. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

		February 28, 2013		February 29, 2012
Trade payables	$	1,631,666	$	1,368,983
Accrued liabilities		460,262		282,232
Total	$	2,091,928	$	1,651,215

9. CAPITAL STOCK AND RESERVES

Authorized capital stock

As at February 29, 2013, 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.

Private placement

During the year ended February 28, 2013, the Company issued 254,000 units for total gross proceeds of $38,100 pursuant to a private placement. Each unit consists of one common share and one share purchase warrant enabling the holder to acquire an additional common share at $0.25, expiring May 24, 2014. A cash commission of $2,286 and 15,240 finder's warrants valued at $505, using the Black-Scholes Option Pricing Model with an exercise price of $0.25, expected life of two years, risk-free rate of 1.11%, a dividend rate of 0% and a volatility of 76%, were paid in connection with the private placement. The warrants issued to the finder were issued under the same terms and conditions as the units sold pursuant to the private placement.

(Expressed in Canadian Dollars)

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

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 February 29, 2013, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price (4)	Expiry Date
41,375	$0.30	June 10, 2013 (1)
2,085,750	0.30	April 29, 2017 (2)
2,200,000	0.30	February 3, 2018 (3)
4,327,125		

(1) expired unexercised subsequent to February 28, 2013
(2) 7,500 cancelled subsequent to February 28, 2013
(3) 10,000 cancelled subsequent to February 28, 2013
(4) Subsequent to February 28, 2013, the exercise price of all stock options was reduced to $0.10, subject to TSX Venture approval as well as disinterested shareholder approval with respect to those stock options granted to insiders of the Company.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, February 28, 2011	4,327,125	$ 0.82
Repriced	(4,327,125)	0.82
Repriced	4,327,125	0.30
Balance, February 29, 2012 and February 28, 2013	4,327,125	$ 0.30
Number of options currently exercisable	4,327,125	$ 0.30

(Expressed in Canadian Dollars)

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

Warrants

As at February 29, 2013, the Company had outstanding share purchase warrants and broker warrants enabling the holders to acquire common shares as follows:

	Number of Warrants		Exercise Price	Expiry Date
Purchase warrants	254,000	$	0.25	May 24, 2014
Broker warrants	15,240		0.25	May 24, 2014
	269,240			

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
As at February 28, 2011 and February 29, 2012	304,332	$	0.75
Issued	269,240		0.25
Expired	(304,332)		0.75
As at February 28, 2013	269,240	$	0.25

Stock-based compensation

For the year ended February 28, 2013, the Company recorded $7,856 (February 29, 2012 - $224,567) as stock-based compensation expense pursuant to the vesting of 75,000 (February 29, 2012 – 2,640,000) stock options granted in a prior year, with an offset to reserves for options that vested during the current year.

During the year ended February 28, 2013, the Company also repriced Nil (2012 - 4,327,125) previously-granted stock options that were exercisable at prices ranging from $0.55 - $4.50 to a price of $0.30 per option. As a result, additional stock-based compensation of $Nil (February 29, 2012 - $36,024) has been recorded.

The weighted average fair value of stock options repriced during the year ended February 29, 2013 was $Nil (February 29, 2012 - $0.09) per option.

(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 or repriced during the years ended February 28, 2013 and February 29, 2012:

	2013	2012
Risk-free interest rate:	-	0.89%
Expected life of options:	-	3 years
Annualized volatility:	-	109.24%
Dividend rate:	-	0%

10. RELATED PARTY TRANSACTIONS

During the year ended February 28, 2013, the Company:

a) Paid or accrued $215,000 (2012 - $120,000) for management fees, $9,000 (2012 - $12,000) for rent, and $Nil (2012 - $120,000) for geological consulting fees included in deferred exploration costs to a company controlled by the former CEO of the Company and to the current CEO of the Company.

b) Paid or accrued $27,000 (2012 - $15,000) for administration fees and $6,000 (2012 - $Nil) for rent to a company owned by an officer of the Company.

Included in accounts payable and accrued liabilities at February 28, 2013 is $267,647 (February 29, 2012 - $27,112) owing to a company controlled by the former CEO of the Company and to the current CEO of the Company, all related to the above transactions.

The remuneration of directors and key management personnel during the years ended February 28, 2013 and February 29, 2012 are as follows:

	2013	2012
Administration fees	$ 27,000	$ 15,000
Directors' fees	40,104	39,000
Management fees	215,000	120,000
Professional fees	53,408	42,600
Rent	15,000	12,000
Stock-based compensation (i)	-	166,536
Geological consulting fees included in deferred exploration costs	-	120,000
	$ 350,512	$ 515,136

(i) Stock-based compensation is the fair value of options granted to key management personnel.

(Expressed in Canadian Dollars)

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2013	2012
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

The significant non-cash investing and financing transactions during the year ended February 28, 2013 included:

a) the issuance of 15,240 finder's warrants valued at $505, in conjunction with a private placement (Note 9); and

b) accruing $Nil of deferred exploration costs for exploration and evaluation assets and $1,256,519 of acquisition costs related to the acquisition of the Reno Creek Property in accounts payable and accrued liabilities.

The significant non-cash investing and financing transactions during the year ended February 29, 2012 included:

a) receiving 1,000,000 common shares of a publicly-traded company to settle receivables of $60,000; and

b) accruing $3,443 of deferred exploration costs for exploration and evaluation assets and $1,260,648 of acquisition costs related to the acquisition of the Reno Creek Property in accounts payable and accrued liabilities as at February 29, 2012.

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, 2013 with remuneration of $10,000 per month. 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 monthly management fee.

13. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	2013	2012
Loss for the year	$ (3,033,511)	$ (23,137,648)
Expected income tax (recovery)	$ (758,000)	$ (6,074,000)
Change in statutory, foreign tax and foreign exchange rates	(123,000)	(138,000)
Permanent difference	22,000	189,000
Change in unrecognized deductible temporary differences	859,000	6,023,000
Total income tax expense (recovery)	$ -	$ -

(Expressed in Canadian Dollars)

13. INCOME TAXES (cont'd…)

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada.

The significant components of the Company's unrecorded deferred tax assets are as follows:

	2013	2012
Deferred Tax Assets (Liabilities):		
Exploration and evaluation assets	$ 8,024,000	$ 7,349,000
Property and equipment	46,000	52,000
Marketable securities	25,000	50,000
Allowable capital losses	225,000	178,000
Non-capital losses available for future period	4,304,000	4,136,000
	12,624,000	11,765,000
Unrecognized deferred tax assets	(12,624,000)	(11,765,000)
Net deferred tax assets	$ -	$ -

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2013	Expiry Date Range	2012
Temporary differences:			
Exploration and evaluation assets	$ 29,132,000	No expiry date	$ 27,150,000
Property and equipment	190,000	No expiry date	216,000
Marketable securities	203,000	No expiry date	402,000
Share issue costs	2,000	2034 - 2037	-
Allowable capital losses	898,000	No expiry date	711,000
Investment tax credits	150,000	2020 - 2032	150,000
Non-capital losses available for future period	16,700,000	2014 - 2033	16,035,000

Tax attributes are subject to review, and potential adjustment, by tax authorities.

14. 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.

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

The fair value of the Company's receivables and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature. 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 exploration and evaluation assets 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 exploration and evaluation assets and other accounts payable and accrued liabilities are due within one year.

The Company has a working capital deficiency as at February 28, 2013 of $1,908,516. Included in accounts payable and accrued liabilities are finder's and establishment fees (and accrued interest thereon) totaling $1,639,279 (US$1,597,894) 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 is minimal because these investments roll over daily.

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

Market risk (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 February 28, 2013, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

	US$
Cash	22,038
Reclamation bonds	6,688
Accounts payable and accrued liabilities	(1,600,848)
Net exposure	(1,572,122)

Based on the above net exposure as at February 28, 2013, 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 resource 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 resource 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)

15. SEGMENTED INFORMATION

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

Geographic information is as follows:

	February 28, 2013	February 29, 2012
Capital assets		
Canada	$ 5,251	$ 9,932
United States	8,308,260	10,268,130
	$ 8,313,511	$ 10,278,062

16. SUBSEQUENT EVENT

Subsequent to February 28, 2013, the Company completed a purchase and sale agreement, between Royal USA Inc., a subsidiary of Aldershot Resources Ltd. ("Aldershot"), and NCA Nuclear Inc. and Kilgore Gold Co., subsidiaries of the Company, whereby Aldershot has acquired the Elkhorn and Alzada properties located in Crooke county, Wyoming, and Carter county, Montana. Consideration received by the Company was US$120,000 and 250,000 common shares of Aldershot (of which US$10,000 was received as at February 28, 2013).