BAYSWATER URANIUM CORPORATION

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

FOR THE THREE MONTHS ENDED MAY 31, 2013

These unaudited condensed consolidated interim financial statements of Bayswater Uranium Corporation for the three months ended May 31, 2013 have been prepared by management and approved by the Board of Directors. These unaudited 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)
AS AT

	May 31, 2013	February 28, 2013 (audited)
ASSETS		
Current		
Cash	$ 137,759	$ 58,847
Marketable securities (Note 4)	35,997	40,436
Receivables (Note 5)	34,229	30,662
Prepaids and deposits	69,565	53,467
	277,550	183,412
Equipment (Note 6)	24,383	25,963
Reclamation bonds (Note 7)	6,862	6,862
Exploration and evaluation assets (Note 7)	8,170,389	8,280,686
	$ 8,479,184	$ 8,496,923
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	$ 2,234,671	$ 2,091,928
Shareholders' equity		
Capital stock (Note 9)	83,288,869	83,288,869
Reserves (Note 9)	16,716,323	16,716,323
Deficit	(93,760,679)	(93,600,197)
	6,244,513	6,404,995
	$ 8,479,184	$ 8,496,923

Nature and continuance of operations (Note 1)
Commitments (Note 12)
Subsequent events (Note 7)

Approved and authorized on behalf of the Board on July 29, 2013:

"Victor Tanaka" Director "George Leary" Director

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

BAYSWATER URANIUM CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)
Three Months Ended May 31,

	2013	2012
EXPENSES		
Administration (Note 10)	$ 8,250	$ 8,554
Amortization (Note 6)	1,580	3,395
Consulting fees	-	355
Directors' fees (Note 10)	12,500	9,375
Management fees (Note 10)	30,000	60,000
Office and miscellaneous	9,055	23,216
Professional fees	26,269	39,488
Rent (Note 10)	6,868	26,104
Shareholder communication	6,750	17,518
Stock-based compensation	-	1,964
Transfer agent and filing fees	2,346	4,362
Travel and related costs	-	3,291
Loss from operations	(103,618)	(197,622)
OTHER ITEMS		
Foreign exchange loss	(14,212)	(35,360)
Interest and other income	-	15,282
Interest expense	(41,943)	(35,014)
Write-off of exploration and evaluation assets (Note 7)	-	(6,876)
Unrealized gain (loss) on marketable securities (Note 4)	21,161	(149,916)
Realized gain (loss) on sale of marketable securities (Note 4)	(21,870)	16,392
	(56,864)	(195,492)
Loss and comprehensive loss for the period	$ (160,482)	$ (393,114)
Basic and diluted loss per common share	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding	22,569,548	22,332,113

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)
Three Months Ended May 31,

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (160,482)	$ (393,114)
Items not affecting cash:		
Amortization	1,580	3,395
Stock-based compensation	-	1,964
Accrued interest expense	41,943	35,014
Unrealized (gain) loss on marketable securities	(21,161)	149,916
Realized gain (loss) on sale of marketable securities	21,870	(16,392)
Write-off of exploration and evaluation assets	-	6,876
Changes in non-cash working capital items:		
Increase in receivables	(3,567)	(1,611)
Increase in prepaids and deposits	(16,098)	(9,713)
Increase in accounts payable and accrued liabilities	100,800	61,790
Net cash used in operating activities	(35,115)	(161,875)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of marketable securities	3,730	19,720
Exploration and evaluation asset expenditures	-	(13,566)
Exploration and evaluation asset recoveries	110,297	-
Net cash provided by investing activities	114,027	6,154
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital stock issued	-	38,100
Finder’s fees	-	(2,286)
Net cash provided by financing activities	-	35,814
Change in cash during the period	78,912	(119,907)
Cash, beginning of period	58,847	237,628
Cash, end of period	$ 137,759	$ 117,721

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 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	-		-		1,964		-		1,964
Loss for the period	-		-		-		(393,114)		(393,114)
Balance, May 31, 2012	22,569,548	$	83,288,869	$	16,710,431	$	(90,959,800)	$	9,039,500
Balance, February 28, 2013	22,569,548	$	83,288,869	$	16,716,323	$	(93,600,197)	$	6,404,995
Loss for the period	-		-		-		(160,482)		(160,482)
Balance, May 31, 2013	22,569,548	$	83,288,869	$	16,716,323	$	(93,760,679)	$	6,244,513

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 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 unaudited condensed consolidated interim 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. These unaudited condensed consolidated interim 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 PRESENTATION

These unaudited condensed consolidated interim financial statements were authorized for issue on July 29, 2013 by the directors of the Company.

Statement of compliance and conversion to International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company comply 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").

These unaudited condensed consolidated interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the year ended February 28, 2013.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

The following standards and amendments to existing standards have been adopted by the Company commencing March 1, 2013:

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 adoption of this standard had no impact on the Company's unaudited condensed consolidated interim financial statements.

IFRS 10, "Consolidated Financial Statements"

IFRS 10, "Consolidated Financial Statements", provides a definition of control under IFRS such that the same criteria are applied to all entities. Control exists when an entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the investor's return. The adoption of this standard had no impact on these unaudited condensed consolidated interim financial statements.

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 adoption of this standard had no impact on these unaudited condensed consolidated interim financial statements.

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 adoption of this standard had no impact on these unaudited condensed consolidated interim financial statements.

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 full disclosure requirements of IFRS 13 are prospective and will be incorporated in the Company's annual consolidated financial statements for the year ending February 28, 2014.

(Expressed in Canadian Dollars)

4. MARKETABLE SECURITIES

As at May 31, 2013, marketable securities consist of shares in publicly-traded companies with an initial cost of $207,060 (February 28, 2013 - $230,160) and a fair value of $35,997 (February 28, 2013 - $40,436). An unrealized gain on marketable securities of $21,161 (2012 – loss of $149,916) was recorded in the statement of loss for the three months ended May 31, 2013.

5. RECEIVABLES

The Company's receivables consist of the following:

	May 31, 2013	February 28, 2013
HST/GST receivable	$ 3,164	$ 14,341
Other	31,065	16,321
Total	$ 34,229	$ 30,662

6. EQUIPMENT

	Furniture and fixtures	Computer equipment	Exploration equipment	Total
Cost				
Balance, February 29, 2012	$ 9,536	$ 96,520	$ 46,443	$ 152,499
Disposals	-	(12,000)	-	(12,000)
Balance, February 28, 2013 and May 31, 2013	$ 9,536	$ 84,520	$ 46,443	$ 140,499
Accumulated amortization				
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
Amortization	35	847	698	1,580
Balance, May 31, 2013	$ 8,877	$ 74,070	$ 33,169	$ 116,116
Carrying amounts				
As at February 29, 2012	$ 843	$ 19,079	$ 17,748	$ 37,670
As at February 28, 2013	$ 694	$ 11,297	$ 13,972	$ 25,963
As at May 31, 2013	$ 659	$ 10,450	$ 13,274	$ 24,383

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

Three Months Ended May 31, 2013	CMB Labrador Claims	Thelon Basin Projects	Collins Bay Property, Saskatchewan	USA Properties	Reno Creek Project	Total
Acquisition costs						
Balance, beginning of period	$ 1	$ 1	$ 1	$ 110,297	$ 6,950,775	$ 7,061,075
Recovery (Note 16)	-	-	-	(110,297)	-	(110,297)
Balance, end of period	1	1	1	-	6,950,775	6,950,778
Deferred exploration costs						
Balance, beginning and end of period	-	-	-	-	1,219,611	1,219,611
Total, end of period	$ 1	$ 1	$ 1	$ -	$ 8,170,386	$ 8,170,389

(Expressed in Canadian Dollars)

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

Year Ended February 28, 2013	CMB Labrador Claims	Thelon Basin Projects	Collins Bay Property, Saskatchewan	USA Properties	Ireland Properties	Reno Creek Project
Acquisition costs						
Balance, beginning of year	$ 1	$ 1	$ 1	$ 2,070,000	$ 6,950,775	$ 9,020,778
Recovery (Note 7)	-	-	-	(10,031)	-	(10,031)
Written-off during the year	-	-	-	(1,949,672)	-	(1,949,672)
Balance, end of year	1	1	1	110,297	6,950,775	7,061,075
Deferred exploration costs						
Balance, beginning of year	-	-	-	-	1,219,611	1,219,611
Property maintenance	-	-	-	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	$ 8,170,386	$ 8,280,686

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%.

Subsequent to May 31, 2013, PRRF completed a further US$3,105,000 investment in RCHI. The proceeds from this financing was used by AUC to fund AUC's acquisition of the AUC corporate 5% gross production royalty obligation to Strathmore for US$3,000,000 plus certain fees totalling US$105,000. Following the purchase of the royalty by AUC, the royalty was cancelled. As a result, the interest held by Bayswater in the Company was reduced to 11.76% from 12.73% with a maximum interest that Bayswater could then earn in the Company having been reduced from 12.73% to 11.76%.

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 11.76% share of these future payments total US$93,409.

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**.**

Subsequent to May 31, 2013, the Company entered into an asset purchase agreement for the sale of its Central Mineral Belt properties for cash consideration totalling $125,000, less a finder's fee of $12,500 payable in cash. This transaction has not yet closed.

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.

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

Uranium properties (cont'd…)

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 and $110,297 (US$110,000) was received during the three months ended May 31, 2013.

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 had associated surface and mineral lease agreements.

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 continued to maintain its key landholdings.

During the three months ended May 31, 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)

8. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

		May 31, 2013		February 28, 2013
Trade payables	$	1,710,159	$	1,631,666
Accrued liabilities		524,495		460,262
Total	$	2,234,654	$	2,091,928

9. CAPITAL STOCK AND RESERVES

Authorized capital stock

As at May 31, 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.

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.

(Expressed in Canadian Dollars)

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

Stock options (cont'd…)

As at May 31, 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)
2,078,250	0.30	April 29, 2017
2,190,000	0.30	February 3, 2018
4,309,625		

(1) Expired unexercised subsequent to May 31, 2013.
(2) Subsequent to May 31, 2013, the exercise price of all stock options was reduced to $0.10, subject to TSX Venture Exchange approval as well as to 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 29, 2012 and February 28, 2013	4,327,125	$	0.30
Cancelled	(17,500)		0.30
Balance, May 31, 2013	4,309,625	$	0.30
Number of options currently exercisable	4,309,625	$	0.30

(Expressed in Canadian Dollars)

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

Warrants

As at May 31, 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 29, 2012	304,332	$	0.75
Issued	269,240		0.25
Expired	(304,332)		0.75
As at February 28, 2013 and May 31, 2013	269,240	$	0.25

10. RELATED PARTY TRANSACTIONS

During the three months ended May 31, 2013, the Company:

a) Paid or accrued $30,000 (2012 - $30,000) for management fees to the current CEO of the Company.

b) Paid or accrued $Nil (2012 - $30,000) for management fees and $Nil (2012 - $3,000) for rent to a company controlled by the former CEO of the Company.

c) Paid or accrued $8,250 (2012 - $3,750) for administration fees and $2,250 (2012 - $Nil) for rent to a company owned by an officer of the Company.

d) Paid or accrued $12,500 (2012 - $9,375) for directors' fees.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (cont'd…)

Included in accounts payable and accrued liabilities at May 31, 2013 is $274,479 (February 28, 2013 - $231,979) owing to directors, 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 three months ended May 31, 2013 and 2012 are as follows:

	2013	2012
Administration fees	$ 8,250	$ 3,750
Directors' fees	12,500	9,375
Management fees	30,000	60,000
Professional fees	7,500	9,750
Rent	2,250	3,000
	$ 60,500	$ 85,875

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

The significant non-cash transaction during the three months ended May 31, 2013 was the receipt of 250,000 common shares of Aldershot valued at $2,500, in conjunction with the sale of the Elkhorn and Alzada properties (Note 7).

The significant non-cash transaction during the three months ended May 31, 2012 was the issuance of 15,240 finder's warrants valued at $505, in conjunction with a private placement (Note 9).

12. COMMITMENTS

During the three months ended May 31, 2013, the Company entered into a management services agreement with the Company's new CEO 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. 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 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 of amounts due from a related company 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 May 31, 2013 of $1,957,121. Included in accounts payable and accrued liabilities are finder's and establishment fees (and accrued interest thereon) totaling $1,694,166 (US$1,638,458) 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.

13. 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 May 31, 2013, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

	US$
Cash	$ 16,565
Reclamation bonds	6,688
Accounts payable and accrued liabilities	(1,638,458)
Net exposure	$(1,615,205)

Based on the above net exposure as at May 31, 2013, and assuming that all other variables remain constant, a 10% change in the value of the Canadian dollar against the US dollar would affect the loss from operations by $161,520.

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)

14. SEGMENTED INFORMATION

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

Geographic information is as follows:

	May 31, 2013	February 28, 2013
Capital assets		
Canada	$ 4,869	$ 5,251
United States	8,196,765	8,308,260
	$ 8,201,634	$ 8,313,511