BAYSWATER URANIUM CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2010

(Unaudited – Prepared by management)

These unaudited interim consolidated financial statements of Bayswater Uranium Corporation for the nine months ended November 30, 2010 have been prepared by management and approved by the Board of Directors.

BAYSWATER URANIUM CORPORATION
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited)

	November 30, 2010	February 28, 2010 (Audited)
ASSETS		
Current		
Cash (Note 11)	$ 613,910	$ 394,679
Short-term investments	-	1,949,000
Marketable securities (Note 4)	349,153	861,062
Receivables	142,021	135,719
Prepaids and deposits	69,681	76,200
	1,174,765	3,416,660
Long-term receivable (Note 7)	230,143	221,633
Equipment (Note 5)	109,104	127,121
Reclamation bonds	44,564	17,785
Exploration advances	-	7,500
Deferred acquisition costs (Note 6)	-	826,306
Mineral properties (Note 7)	40,071,137	33,376,284
	$ 41,629,713	$ 37,993,289
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 13(c))	$ 2,361,642	$ 340,239
Shareholders' equity		
Capital stock (Note 8)	72,647,923	68,810,148
Contributed surplus (Note 8)	16,079,779	15,768,920
Deficit	(49,459,631)	(46,926,018)
	39,268,071	37,653,050
	$ 41,629,713	$ 37,993,289

Nature of operations and going concern (Note 1)
Commitments (Note 12)
Subsequent events (Note 16)

On behalf of the Board:

"George Leary" Director   "Victor Tanaka" Director

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

BAYSWATER URANIUM CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
(Unaudited)

	Three Months Ended November 30, 2010	Three Months Ended November 30, 2009	Nine Months Ended November 30, 2010	Nine Months Ended November 30, 2009
EXPENSES				
Administration	$ 7,163	$ 5,341	$ 24,324	$ 16,021
Amortization	10,904	12,646	26,054	31,076
Consulting fees	64,316	63,553	188,441	138,690
Directors' fees (Note 10)	10,875	10,875	32,625	32,625
Investor relations	21,401	39,777	68,380	113,631
Management fees (Note 10)	30,000	12,000	90,000	36,000
Office and miscellaneous	33,481	26,789	122,910	150,322
Professional fees	66,113	65,462	193,775	176,921
Property investigation costs	-	-	-	26,904
Rent	22,832	28,020	74,308	84,858
Shareholder communications	22,280	70,340	61,654	119,588
Stock-based compensation (Note 9)	103,620	-	310,859	418,736
Transfer agent and filing fees	6,018	7,283	16,047	22,240
Travel and related costs	2,147	42,002	14,114	70,136
Loss before other items	(401,150)	(384,088)	(1,223,491)	(1,437,748)
OTHER ITEMS				
Foreign exchange gain (loss)	(21,555)	(8,588)	21,369	25,163
Interest and other income	14,642	15,977	38,556	55,101
Unrealized gain (loss) on marketable securities (Note 4)	97,586	34,327	1,186,577	95,063
Realized loss on sale of marketable securities	-	-	(1,186,811)	-
Write-off of mineral properties (Note 7)	-	-	(1,132,406)	-
Gain (loss) on sale of mineral properties (Note 7)	(237,407)	-	(237,407)	229,488
	(146,734)	41,716	(1,310,122)	404,815
Loss before income taxes	(547,884)	(342,372)	(2,533,613)	(1,032,933)
Future income tax expense	-	-	-	(103,000)
Loss and comprehensive loss for the period	(547,884)	(342,372)	(2,533,613)	(1,135,933)
Deficit, beginning of period	(48,911,747)	(24,688,460)	(46,926,018)	(23,894,899)
Deficit, end of period	$ (49,459,631)	$ (25,030,832)	$ (49,459,631)	$ (25,030,832)
Basic and diluted loss per common share	$ (0.02)	$ (0.02)	$ (0.12)	$ (0.07)
Weighted average number of common shares outstanding	22,301,298	15,436,373	21,348,551	15,430,550

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

BAYSWATER URANIUM CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended November 30, 2010	Three Months Ended November 30, 2009	Nine Months Ended November 30, 2010	Nine Months Ended November 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (547,884)	$ (342,372)	$ (2,533,613)	$ (1,135,933)
Items not affecting cash:				
Amortization	10,904	12,646	26,054	31,076
Stock-based compensation	103,620	-	310,859	418,736
Accretion of interest on long-term receivable	(2,837)	(2,838)	(8,510)	(2,838)
Unrealized (gain) loss on marketable securities	(97,586)	(34,327)	(1,186,577)	(95,063)
Realized loss on sale of marketable securities	-	-	1,186,811	-
Write-off of mineral properties	-	-	1,132,406	-
(Gain) loss on sale of mineral properties	237,407	-	237,407	(229,488)
Future income tax expense	-	-	-	103,000
Changes in non-cash working capital items:				
(Increase) decrease in receivables	58,553	65,719	(6,302)	217,264
(Increase) decrease in prepaids and deposits	26,507	(23,782)	6,519	(19,314)
Increase (decrease) in accounts payable and accrued liabilities	105,568	(72,940)	223,025	(96,425)
Net cash used in operating activities	(105,748)	(397,894)	(611,921)	(808,985)
CASH FLOWS FROM INVESTING ACTIVITIES				
Short-term investments	-	811,500	1,949,000	2,147,753
Proceeds on sale of marketable securities	-	-	663,675	-
Equipment	(408)	-	(8,037)	(1,402)
Mineral property expenditures	(336,320)	(398,015)	(944,433)	(1,639,355)
Mineral property recoveries	-	-	163,143	357,705
Deferred acquisition costs	-	(157,381)	-	(463,059)
Investment in subsidiary, net of cash acquired	-	-	(1,307,682)	-
Exploration advances	7,500	1,060	7,500	95,726
Proceeds on sale of mineral properties	-	-	-	52,624
(Purchase) recovery of reclamation bonds	-	-	(26,779)	306,709
Net cash provided by (used in) investing activities	(329,228)	257,164	496,387	856,701
CASH FLOWS FROM FINANCING ACTIVITY				
Capital stock issued	-	-	334,765	26,250
Net cash provided by financing activity	-	-	334,765	26,250
Change in cash during the period	(434,976)	(140,730)	219,231	73,966
Cash, beginning of period	1,048,886	556,918	394,679	342,222
Cash, end of period	$ 613,910	$ 416,188	$ 613,910	$ 416,188

Supplemental disclosure with respect to cash flows (Note 11)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

During fiscal 2010, the Company consolidated its outstanding common shares on the basis of ten existing shares to one new share (Note 8). All references to number of shares and per share amounts have been retroactively restated to reflect the consolidation.

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements 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, including an expected US$14,000,000 cash contribution and payment of the remaining US$1,600,000 in fees relating to the financing of the investment in the Reno Creek Property (Note 6). The financing activities may include issuances of additional debt or equity securities or disposal of mineral property interests in order to re-invest the proceeds. The recoverability of the carrying value and maintenance of ownership interests on exploration projects, and ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the development of the properties, future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying financial information reflects all adjustments, consisting primarily of normal and recurring adjustments considered necessary for fair presentation of the results for the interim period. Operating results for the nine months ended November 30, 2010 are not necessarily indicative of the results that may be expected for the year ending February 28, 2011. These interim consolidated financial statements follow the same accounting policies, except as noted below, as the annual financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the 2010 annual financial statements and notes thereto.

Principles of consolidation

The companies and ventures jointly controlled by the Company are consolidated using the proportionate consolidation method. Joint control is deemed to exist when agreements exist that require that material changes to the operating, investing and financing policies of such company or venture be approved by a percentage of the participating interest sufficiently high enough to prevent any one participant from exercising unilateral control.

3. FUTURE CHANGES IN ACCOUNTING POLICIES

International financial reporting standards

In February 2008, the Accounting Standards Board ("AcSB"), announced that 2011 is the changeover date for publicly listed companies to use International Financial Reporting Standards ("IFRS"), replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date for the Company will be March 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended February 28, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Business Combinations

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These Sections are applicable for interim and annual consolidated financial statements for fiscal years beginning January 1, 2011. Early adoption of these Sections is permitted and all these sections must be adopted concurrently.

4. MARKETABLE SECURITIES

As at November 30, 2010, marketable securities consist of shares in publicly traded companies with an initial cost of $236,054 (February 28, 2010 - $1,934,540) and a fair value of $349,153 (February 28, 2010 - $861,062). An unrealized gain on marketable securities of $1,186,577 (2009 – unrealized gain of $95,063) was recorded in the results of operations for the nine months ended November 30, 2010.

5. EQUIPMENT

	November 30, 2010			February 28, 2010		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	$ 14,167	$ 10,539	$ 3,628	$ 11,970	$ 10,267	$ 1,703
Computer equipment	143,736	92,667	51,069	138,020	77,237	60,783
Exploration equipment	121,038	66,631	54,407	120,914	56,845	64,069
Leasehold improvements	-	-	-	10,191	9,625	566
	$ 278,941	$ 169,837	$ 109,104	$ 281,095	$ 153,974	$ 127,121

6. 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”).

As at February 28, 2010, the Company had incurred deferred acquisition costs relating to this transaction totalling $826,306. This total included US $500,000 of non-refundable deposits paid to Strathmore which were credited to the purchase price when the transaction closed during the nine months ended November 30, 2010.

Effective April 7, 2010, pursuant to a series of agreements, the acquisition of the Reno Creek Property was completed through the acquisition of AUC LLC, a limited liability company, in consideration for the aggregate payment of US$20,000,000 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. In consideration for an extensive 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$2,000,000, of which US$1,000,000 was paid in cash and US$1,000,000 was paid through the issuance of 1,833,455 common shares of the Company. All common shares of the Company issued to Strathmore and American had a four month hold period which expired August 8, 2010.

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 7514565 Canada Inc. (“Newco”) which holds the Property through certain wholly-owned subsidiaries. PRRF holds a 76.92% interest in Newco and the Company holds a 23.08% interest in Newco. The Company’s cost of its 23.08% interest totaled $8,250,678, which included an establishment fee of US$700,000 (payable on or before December 1, 2010 and bearing interest at the rate of 15% per annum) and a finder’s fee of US$1,000,000 (US$100,000 paid on closing with the balance payable on or before December 1, 2010), both payable in conjunction with this investment agreement. The Company and PRRF have entered into a shareholders’ agreement in respect of Newco which permits the Company to contribute additional amounts to Newco in order to achieve a 50% ownership interest. PRRF has the right to convert its investment in Newco into common shares of the Company, subject to shareholder approval, at any time up to six months following the latter of completion of a feasibility study and mine permitting, but not later than five years from April 7, 2010. Should shareholder approval not be obtained, PRRF may purchase the Company’s shares of Newco at cost. The shareholders’ agreement also provides for equal representation on the board of Newco, subject to adjustment, as well as unanimous Newco shareholder approval for certain key decisions including annual work program and budgets for the Property.

The Company is the initial manager of the Property and is to contribute additional amounts in stages totaling US$14,000,000 in order to complete a feasibility study and to secure mining permits. Upon the Company making the US$14,000,000 cash contribution to Newco, it will own a 50% interest in Newco. Upon PRRF converting its investment in Newco into common shares of the Company, the Company will then own a 100% interest in Newco and, thus, the Reno Creek Property.

If the Company does not contribute a minimum of US$7,000,000 on or before December 1, 2010, PRRF may elect to fund this amount by either diluting Bayswater’s interest in Newco with conversion of PRRF’s interest as stated above or by advancing a loan to Newco that will bear interest at 15% per annum. (See Subsequent Events - Note 16).

7. MINERAL PROPERTIES

Nine Months Ended November 30, 2010	CMB Labrador Claims	Thelon Basin Projects	Collins Bay Property, Saskatchewan	Niger, West Africa	USA Properties	Ireland Properties	Reno Creek Project (Note 6)	Total
Acquisition costs								
Balance, beginning of period	$ 1,598,714	$ 828,313	$ 1,875,465	$ 125,074	$ 5,234,580	$ 600,000	$ -	$ 10,262,146
Additions	-	-	-	-	-	-	7,343,610	7,343,610
Recoveries	-	-	(25,416)	-	(152,000)	-	-	(177,416)
Written-off during the period	-	-	-	-	(425,802)	-	-	(425,802)
Disposed of during the period	-	-	-	-	(249,407)	-	-	(249,407)
Balance, end of period	1,598,714	828,313	1,850,049	125,074	4,407,371	600,000	7,343,610	16,753,131
Deferred exploration costs								
Balance, beginning of period	8,903,252	3,959,493	2,046,937	131,801	7,065,133	1,007,522	-	23,114,138
Analytical	690	-	-	-	-	-	-	690
Camp costs	5,100	-	-	-	-	-	-	5,100
Compilation	6,000	-	-	-	16,932	-	38,767	61,699
Drilling	-	-	-	-	15,721	-	84,762	100,483
Environmental	-	-	-	-	-	-	123,909	123,909
Field administration	6,688	-	-	-	14,110	-	33,410	54,208
Geological consulting	75,000	-	-	-	85,390	73,711	161,745	395,846
Property cost recoveries	(138,117)	-	-	-	-	-	-	(138,117)
Property maintenance	-	3,435	-	-	234,816	-	65,714	303,965
Travel and related	1,988	-	-	-	-	-	701	2,689
	(42,651)	3,435	-	-	366,969	73,711	509,008	910,472
Written-off during the period	-	-	-	-	(706,604)	-	-	(706,604)
Balance, end of period	8,860,601	3,962,928	2,046,937	131,801	6,725,498	1,081,233	509,008	23,318,006
Total, end of period	$ 10,459,315	$ 4,791,241	$ 3,896,986	$ 256,875	$ 11,132,869	$ 1,681,233	$ 7,852,618	$40,071,137

7. MINERAL PROPERTIES (cont'd…)

Year Ended February 28, 2010	CMB Labrador Claims	Thelon Basin Projects	Athabasca Basin, Saskatchewan	Collins Bay Property, Saskatchewan	Mali and Niger, West Africa	USA Properties	Ireland Properties	Italy Properties	Total
Acquisition costs									
Balance, beginning of year	$ 1,595,714	$ 2,735,054	$ 618,640	$ 3,803,210	$ 125,075	$ 5,485,207	$ 600,000	$ 194,744	$ 15,157,644
Additions	3,000	-	-	-	-	10,877	-	-	13,877
Recoveries	-	-	-	(16,500)	-	(261,504)	-	-	(278,004)
Written-off during the year		(1,906,741)	(618,640)	(1,911,245)					(4,436,626)
Disposed of during the year	-	-	-	-	(1)	-	-	(194,744)	(194,745)
Balance, end of year	1,598,714	828,313	-	1,875,465	125,074	5,234,580	600,000	-	10,262,146
Deferred exploration costs									
Balance, beginning of year	17,215,113	9,019,414	3,470,988	4,077,021	121,609	6,169,568	996,218	289,366	41,359,297
Analytical	51,672	-	-	-	-	-	-	-	51,672
Camp costs	28,934	-	-	-	-	-	-	-	28,934
Community relations	1,480	365	-	-	-	-	-	-	1,845
Compilation	9,415	320	-	3,070	-	5,539	-	-	18,344
Environmental	-	-	-	-	-	123,680	-	-	123,680
Equipment	23,955	140	-	-	-	-	-	-	24,095
Field administration	18,510	1,406	-	310	-	-	3,268	-	23,494
Field supplies	2,754	-	-	-	-	-	-	-	2,754
Fixed wing/helicopter	97,863	-	-	-	-	-	-	-	97,863
Geological consulting	324,738	145,645	37,500	48,048	10,192	215,242	8,036	-	789,401
Property cost recoveries	-	(93,944)	-	-	-	-	-	-	(93,944)
Property maintenance	2,039	9,819	-	415	-	537,597	-	-	549,870
Travel and related	30,030	13,346	4,489	4,063	-	13,507	-	-	65,435
	591,390	77,097	41,989	55,906	10,192	895,565	11,304	-	1,683,443
Disposed of during the year	-	-	-	-	-	-	-	(289,366)	(289,366)
Written-off during the year	(8,903,251)	(5,137,018)	(3,512,977)	(2,085,990)	-	-	-	-	(19,639,236)
Balance, end of year	8,903,252	3,959,493	-	2,046,937	131,801	7,065,133	1,007,522	-	23,114,138
Total, end of year	$ 10,501,966	$ 4,787,806	$ -	$ 3,922,402	$ 256,875	$ 12,299,713	$ 1,607,522	$ -	$ 33,376,284

7. MINERAL PROPERTIES (cont'd…)

Title to mineral properties

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

Uranium properties

Reno Creek Property, Wyoming

Effective April 7, 2010, the acquisition of a 100% interest in the Reno Creek Property, located in northeastern Wyoming, was completed (Note 6). The Company executed an investment agreement dated April 7, 2010 pursuant to which PRRF 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 Newco which holds the Property through certain wholly-owned subsidiaries. PRRF holds a 76.92% interest, and the Company holds a 23.08% interest in Newco. Newco is jointly controlled by the Company and PRRF and, as such, the Company accounts for its interest using the proportionate consolidation method whereby the Company records its 23.08% share of the joint venture's assets, liabilities and expenses (See Note 6 for further details).

The Company's share of assets, liabilities and expenses is as follows:

	23.08% Share of Assets, Liabilities and Expenses	Additional Acquisition and Exploration Costs	November 30, 2010	February 28, 2010
Balance sheet				
Cash	$ 417,908	$ -	$ 417,908	$ -
Receivables	95		95	
Prepaids and deposits	14,083	-	14,083	-
Equipment	8,037	-	8,037	-
Reclamation bonds	26,779	-	26,779	-
Mineral properties	5,610,541	2,242,077	7,852,618	-
Accounts payable and accrued liabilities	(46,487)	-	(46,487)	-
	$ 6,030,956	$ 2,242,077	$ 8,273,033	$ -
Statement of operations				
Expenses	$ (18)	$ -	$ (18)	$ -
Foreign exchange gain	22,373	-	22,373	-
	$ 22,355	$ -	$ 22,355	$ -

7. MINERAL PROPERTIES (cont'd…)

Uranium properties (cont'd…)

Reno Creek Property, Wyoming (cont'd…)

Future obligations associated with the Reno Creek Property consist of payments pursuant to maintaining mineral claims and various underlying mineral lease, surface access and property option agreements. The Company's 23.08% share of these future payments are as follows:

	Payments	Due Dates
US$	189,219	February, 2011
	2,530	May, 2011
	39,437	August, 2011
	28,157	February, 2012
	2,530	May, 2012
	41,720	August, 2012
	28,157	February, 2013
	2,530	May, 2013
	41,720	August, 2013
	28,157	February, 2014
	2,530	May, 2014
	41,720	August, 2014
US$	448,407	

Central Mineral Belt ("CMB") Properties, Labrador

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

7. MINERAL PROPERTIES (cont'd…)

Uranium properties (cont'd…)

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

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

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

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

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

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

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

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

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

Thelon Basin Projects

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

7. MINERAL PROPERTIES (cont'd…)

Uranium properties (cont'd…)

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

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

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

Pursuant to a Memorandum of Understanding ("MOU") dated April 11, 2005, the Company was granted an option to acquire an 80% interest in uranium rights in certain exploration permits acquired by Diamonds North Resources Ltd. ("Diamonds North"), and now held by Uranium North Resources Corp. ("Uranium North"), located within and around the Thelon Basin, Northwest Territories, in consideration of making a cash payment of $100,000 (paid) and issuing a total of 200,000 common shares. The Company issued 29,400 shares during the year ended February 29, 2008. The Company must also incur staged optional exploration expenditures on the property totaling $4,000,000, of which $400,000 must be expended by April 11, 2006 (completed), a further $1,600,000 by April 11, 2007 (completed) and a further $2,000,000 by April 11, 2008. The Company and Uranium North agreed to suspend the remaining required exploration expenditures due to permitting restrictions. Subsequent to November 30, 2010, the Company relinquished its option to acquire an 80% interest in the exploration permits. All related costs were already written off during the year ended February 28, 2010

During the year ended February 29, 2008, the Company granted an option to Stornoway Diamond Corp. ("Stornoway"), whereby Stornoway may earn a 60% interest in certain diamond rights at Itza Lake, Nunavut by issuing to the Company common shares of Stornoway with a value of $75,000 (received) and by incurring $4,000,000 in exploration expenditures over five years (with a minimum of $500,000 to be incurred prior to September 1, 2008 (subsequently amended to September 1, 2011)).

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

7. MINERAL PROPERTIES (cont'd…)

Uranium properties (cont'd…)

Canada Uranium Joint Venture

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

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

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

Brudell Lake Properties, Athabasca Basin, Saskatchewan

The Company entered into a purchase agreement dated July 19, 2006 as amended September 28, 2006 between the Company and the Saskatchewan Syndicate (the "Vendor") whereby the Company acquired a 100% interest in certain mineral claims in three claim blocks referred to as the Brudell Lake Property, Worden Lake Property and the William River Property located in the Athabasca Basin, Saskatchewan. As consideration, the Company issued 350,000 common shares valued at $3,710,000 and paid $1,500,000 cash. The properties are also subject to a 2% NSR on all metals produced and 2% GOR on all diamonds produced. During the year ended February 28, 2007, the Company also paid a finder's fee of 10,000 common shares to a private individual for his assistance in introducing this property to the Company.

During the year ended February 28, 2007, the Company acquired, by staking, additional claims adjacent to the Brudell Lake properties at a cost of $183,024.

During the year ended February 28, 2009, the Company allowed certain of its mineral claims to lapse and, as a result, related costs of $5,553,108 were written off to operations. As at February 28, 2010, the Company has, or will, allow all claims to lapse. As a result, the Company wrote-off the Brudell Lake Properties in the amount of $4,131,617.

7. MINERAL PROPERTIES (cont'd…)

Uranium properties (cont'd…)

Baca Property, New Mexico, United States

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

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

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

During the nine months ended November 30, 2010, the Company abandoned the Baca property and, as a result, related costs of $1,132,406 were written off to operations.

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

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

a) a 100% interest in several uranium properties located in the states of Montana, Wyoming, California and Nevada, USA. During the nine months ended November 30, 2010, the Company sold certain claims located in California and, as a result, recorded a loss on sale of mineral properties totaling $237,407.

b) a 100% interest in two uranium state leases in Wyoming, and entered into a surface and mineral lease agreement on lands in Carter County, Montana (the "Schlosser Lease"). Under the surface and mineral lease agreement, the Company is responsible for payment of production royalties at rates of between 1% and 3% based on gross value of mineral materials sold and for making certain minimum annual royalties payable in advance. Annual advance minimum royalty payments made by the Company shall be applied as a credit against production royalties. The first annual advance minimum royalty payment, being $10,000, was due and paid on November 1, 2005, and increases on each anniversary date thereafter to a maximum of US$100,000 by the 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.

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

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

7. MINERAL PROPERTIES (cont'd…)

Uranium properties (cont'd…)

Montana, Wyoming, California and Nevada Uranium Properties, United States (cont'd…)

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

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

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

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

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

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

During the year ended February 28, 2010, the Company entered into an agreement with CanAlaska Uranium Ltd. ("CanAlaska"), whereby CanAlaska has an option to earn a 51% interest in the Collins Bay Extension property in the Athabasca Basin by spending $4,000,000 in exploration over five years and by issuing 500,000 shares (100,000 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 800,000 shares to the Company.

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

7. MINERAL PROPERTIES (cont'd…)

Uranium properties (cont'd…)

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

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

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

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

During the year ended February 28, 2010, the Company entered into an agreement to acquire a 75% interest in the Hauber Uranium Project in Crook County, Wyoming. To earn its 75% interest, the Company must incur exploration expenditures totalling $1,000,000 by December 1, 2013.

c) **Mali Properties:** The Company owned a Mali subsidiary, Northern Canadian Minerals Inc. Mali ("NCA Mali") for the purpose of applying for and holding mineral rights in Mali. By an Establishment Agreement dated April 2, 2007 with the Government of the Republic of Mali, the Company acquired exclusive exploration and mining rights for uranium for a term of 30 years on the Samit Property in northeastern Mali; and by an exploration permit dated June 23, 2008, obtained the right to carry out certain exploration programs over the first three years of the permit term, commencing June 23, 2008. The Company was obligated to complete work commitments in the first three years to maintain the land comprising the equivalent of about US$470,000. Upon a production decision by the Company, the Government of Mali would hold a 10% carried interest in the project and would have the right to participate for up to an additional 10% interest by contributing to the development costs as per its prorate 10% participating interest.

In addition, the Company was granted, on September 27, 2007, a Prospecting Permit which provides the Company with exclusive rights to explore for uranium and apply for Establishment Agreements within an area in northeastern Mali. The permit expired on December 23, 2007, subject to notice of same from the government of Mali. The Company applied for two Establishment Agreements within the Prospecting Permit area.

As a result of the civil unrest in the country, related costs incurred were written down to $1 during the year ended February 29, 2008.

During the year ended February 28, 2010, the Company sold to Cascade Resources Inc. ("Cascade"), a TSX listed company, 100% of its interest in exploration and mining rights and permits in Mali for the consideration of 1,000,000 shares valued at $75,000 (received), a $250,000 promissory note (with a fair value of $215,959) due within 36 months of completion of the acquisition by Cascade (subsequently amended, subject to regulatory approval, to be replaced by 1,000,000 common shares of Cascade) and a 2.5% NSR on future production.

7. MINERAL PROPERTIES (cont'd…)

Uranium properties (cont'd…)

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

d) **Niger Properties:** During the year ended February 29, 2008, the Company applied for 12 uranium concessions in two blocks (subsequently reduced to four concessions in one block, pursuant to policy changes made by the Government of Niger) in north central Niger, West Africa. Granting of one block of four concessions is pending.

Niger Concessions

The Company entered into an option agreement dated November 17, 2005 with Longview to acquire a 100% interest in two uranium and two gold concessions located in Niger, West Africa. Pursuant to the option agreement, an application has been made to the Ministry of Mines and Energy of the Republic of Niger to acquire exploration and exploitation rights to the four concessions. Under the terms of the agreement, the Company must pay Longview $200,000 ($32,817 paid) and issue 25,000 common shares once the concessions are granted. In addition, the Company must make staged payments of up to $840,000 in cash and issue 55,000 common shares over two years. The Company has the option to issue 50% of the payments in common shares in lieu of the cash.

Subject to regulatory approval, the Company entered into an agreement dated November 24, 2005 with the underlying option holder to acquire a 100% interest in two additional uranium concessions located in Niger, West Africa. As consideration, the Company paid the underlying option holder a fee of 1,563 common shares valued at $5,000. In addition, the Company must pay the underlying option holder $15,000 in cash and $15,000 in common shares once the concessions are granted. Additionally, the Company must pay the underlying option holder 1,000 common shares for each concession held twelve months after the date the concessions are granted.

Pursuant to a change to the mining code in Niger, approved by Parliament effective November 1, 2006, both Longview and the Company reapplied for uranium concessions in the aggregate comprising 16 concessions in two blocks (reduced to eight concessions in two blocks, during the year ended February 28, 2009, pursuant to policy changes made by the Government of Niger). The Company incurred application fees for the 16 concessions totaling €23,050. During the year ended February 29, 2008, two of the concessions applied for by the Company were granted and, during the year ended February 28, 2009, an additional two of these concessions were granted. During the year ended February 28, 2009, four Longview concessions were granted. No work expenditures are necessary to maintain the concessions granted as an unofficial "force majeure" is in effect until such time as current civil unrest in the country is under control. The gold concessions in Niger were not reapplied for by Longview under the new system.

During the year ended February 28, 2010, the agreement with Longview was amended due to cancelation of applications for gold concessions and substantive changes in applications for uranium concessions whereby no further consideration is to be paid to Longview and the Company assumed all of Longview's obligations to the underlying option holder.

Upon a production decision by the Company, the Government of Niger would hold a 10% carried interest in the project and would have the right to participate for up to an additional 20% interest by contributing to the development costs as per its pro-rata 20% participating interest and by paying for its pro-rata share of prior exploration expenditures.

During the nine months ended November 30, 2010, and subject to regulatory approval, the Company entered into an agreement with Cascade to sell all of its interests in its Niger properties for consideration comprised of 2,000,000 common shares of Cascade plus a 2.5% NSR on future production.

7. MINERAL PROPERTIES (cont'd…)

Gold and base metal properties

Kilgore Gold and Other Gold Properties, Idaho, United States

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

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

During the nine months ended November 30, 2010, the Company entered into a Purchase Agreement, which replaces the option/joint venture agreement, to sell a 100% interest in the Properties to Otis. The Purchase Agreement requires Otis to pay an additional US $1,750,000 and issue 2,000,000 common shares. The cash will be paid over a one year period from the date of closing (US $750,000 within forty five days (received subsequent to November 30, 2010); US$750,000 within four months; and US $250,000 within twelve months). Otis will issue the 2,000,000 common shares at closing.(received subsequent to November 30, 2010). The shares will be subject to hold periods (500,000 for six months; 500,000 for twelve months; 500,000 for eighteen months; and 500,000 for twenty four months). This transaction was completed subsequent to November 30, 2010.

Tuscany Gold Project, Italy

The Company held an Italian subsidiary, Tuscany Minerals S.r.l. ("Tuscany"), to facilitate the application process and holding of exploration and mining permits in Italy. The Company was granted six gold permits in Italy. To maintain the permits minimal work requirements are necessary and annual fees of €76,000 (approximately $109,000) are required. The permits are renewable every two years. In addition, during the year ended February 28, 2007, the Company issued 3,333 common shares valued at $12,500 to acquire data related to the area for which the gold permits were filed.

During the year ended February 28, 2010, the Company completed the sale of Tuscany to Coltstar Ventures Inc. ("Coltstar") for $250,000 cash and 1,000,000 common shares of Coltstar valued at $250,000. As at the date of sale, the carrying value of the investment in Tuscany was $561,470.

Avoca Property, Ireland

The Company, through Jadebay Limited ("Jadebay"), a 100% owned Irish subsidiary, maintains a 100% interest in two prospecting licences in the Republic of Ireland. To maintain the licenses, the Company must incur exploration expenditures of €37,500 (approximately CDN $54,000) per license, annually.

Exploration expenditures in the amount of €37,500 (approximately CDN $54,000) per prospecting license and filing of corresponding report has been completed as required, pursuant to a recent drill program, in order to maintain and renew the licenses for a two year period to June 10, 2010.

During the nine months ended November 30, 2010, the Company completed an exploration program and has filed the required report so as to renew the licenses for an additional two-year period ending June 10, 2012.

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares		Capital Stock		Contributed Surplus
Authorized					
Unlimited common shares without par value					
Unlimited Class A convertible preferred shares without par value					
Issued					
Balance, February 28, 2009	15,410,123	$	68,779,241	$	15,354,841
Exercise of warrants	26,250		26,250		-
Reclassification of contributed surplus on the exercise of warrants	-		4,657		(4,657)
Stock-based compensation	-		-		418,736
Balance, February 28, 2010	15,436,373		68,810,148		15,768,920
Investment in 7514565 Canada Inc. (Note 6)	6,256,262		3,503,010		-
Private placements	608,663		334,765		-
Stock-based compensation	-		-		310,859
Balance, November 30, 2010	22,301,298	$	72,647,923	$	16,079,779

Share consolidation

During the year ended February 28, 2010, the Company consolidated its share capital on the basis of 10 old shares for one new share. All common share, per share, option, warrant and weighted average price amounts have been restated to reflect this consolidation.

Private placements

During the nine months ended November 30, 2010, the Company completed private placements consisting of 608,663 units (the "Units") at a price of $0.55 per unit for gross proceeds of $334,765. Each unit consisted of one common share and one-half of one share purchase warrant. Of the 304,332 whole warrants, 233,182 are exercisable at $0.75 per share until April 6, 2012 and 71,150 are exercisable at $0.75 per share until April 14, 2012.

9. STOCK OPTIONS AND WARRANTS

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 10% 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 November 30, 2010, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
41,375	$ 4.50	June 10, 2013
2,100,000	0.55	April 29, 2017
2,141,375		

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, February 28, 2009	1,389,329	$	4.50
Options cancelled/expired	(57,250)		4.50
Balance, February 28, 2010	1,332,079		4.50
Options granted	2,100,000		0.55
Options cancelled/expired	(1,290,704)		4.49
Balance, November 30, 2010	2,141,375	$	0.63
Number of options currently exercisable	1,616,375	$	0.65

9. STOCK OPTIONS AND WARRANTS (cont'd…)

Warrants

As at November 30, 2010, the Company had outstanding share purchase warrants and broker warrants enabling the holders to acquire common shares as follows:

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

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
As at February 28, 2009	427,500	$	1.88
Exercised	(26,250)		1.00
As at February 28, 2010	401,250		1.93
Issued	304,332		0.75
Expired	(401,250)		1.93
As at November 30, 2010	304,332	$	0.75

Stock-based compensation

During the nine months ended November 30, 2010, the Company recorded $310,859 (2009 - $418,736) of stock-based compensation expense pursuant to the granting of 2,100,000 stock options with an exercise price of $0.55 per share, expiring April 29, 2017, with an offset to contributed surplus, for options that vested during the period.

The weighted average fair value of the stock options granted during the nine months ended November 30, 2010 was $0.20 (2009 - $Nil) per option.

9. STOCK OPTIONS AND WARRANTS (cont'd…)

Stock-based compensation (cont'd…)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options and compensation options granted during the nine months ended November 30, 2010 and 2009:

	2010	2009
Risk-free interest rate:	2.49%	-
Expected life of options:	3 years	-
Annualized volatility:	54.08%	-
Dividend rate:	0%	-

10. RELATED PARTY TRANSACTIONS

During the nine months ended November 30, 2010, the Company:

a) Paid or accrued $90,000 (2009 - $36,000) for management fees to a company controlled by the president of the Company and to a director of the Company.

b) Paid or accrued $32,625 (2009 - $32,625) for directors' fees to directors of the Company.

c) Paid or accrued $9,000 (2009 - $9,000) for rent to a company controlled by the president of the Company.

d) Paid or accrued $11,250 (2009 - $11,250) for administration fees to a company owned by an officer of the Company.

e) Paid or accrued $90,000 (2009 - $144,000) for geological consulting fees included in deferred exploration costs to a director of the Company and to a company controlled by the president of the Company.

Included in accounts payable and accrued liabilities at November 30, 2010 is $199,690 (February 28, 2010 - $83,937) owing to a company controlled by the president of the Company, to a company with a director in common and to directors of the Company, all related to the above transactions.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Nine Months Ended November 30, 2010	Nine Months Ended November 30, 2009
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd…)

Included in the cash balance of $613,910, as at November 30, 2010, is $417,908 available for current purposes but restricted for use within the Reno Creek joint venture (Notes 6 & 7).

The significant non-cash investing and financing transactions during the nine months ended November 30, 2010 included:

a) Issuing 6,256,262 common shares valued at $3,503,010 pursuant to the investment in 7514565 Canada Inc. (Note 6);

b) accruing $117,171 of mineral property expenditures and $1,769,463 of acquisition costs relating to the investment in 7514565 Canada Inc., in accounts payable and accrued liabilities as at November 30, 2010; and

c) receiving marketable securities valued at $152,000 pursuant to a mineral property option agreement.

The significant non-cash investing and financing transactions during the nine months ended November 30, 2009 included:

a) receiving 1,000,000 common shares of a publicly listed company valued at $250,000 pursuant to the sale of Tuscany (Note 7);

b) receiving common shares valued at $156,250 pursuant to mineral property option agreements;

c) receiving 1,000,000 common shares valued at $75,000 and a promissory note receivable with a fair value of $215,959 pursuant to the sale of NCA Mali; and

d) accruing $67,696 of mineral property expenditures in accounts payable and accrued liabilities as at November 30, 2009.

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 are 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) (Note 10 (a). If the Company terminates either agreement, the Company will, in certain circumstances, be obligated to make a termination payment equal to twelve times the original monthly management fee.

13. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, short-term investments, receivables, marketable securities, long-term receivables, reclamation bonds and accounts payable and accrued liabilities. The fair value of receivables and accounts payable and accruals approximates their carrying value due to their short-term nature. Long-term receivables and reclamation bonds are carried at amortized cost. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

13. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 613,910	$ -	$ -	$ 613,910
Marketable securities	-	349,153	-	349,153
Total	$ 613,910	$ 349,153	$ -	$ 963,063

The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk, interest rate risk and market risk.

(a) 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, Africa 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 November 30, 2010, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

	US$
Cash and cash equivalents	488,553
Reclamation bonds	42,779
Accounts payable and accrued liabilities	(1,715,775)
Net exposure	(1,184,443)

Based on the above net exposure as at November 30, 2010, 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.

(b) Credit Risk
The Company's cash and short-term investments are mainly held through large Canadian financial institutions and at November 30, 2010 mostly consist of cash held in interest bearing accounts. Accordingly, credit risk is minimized. The Company's receivables are mainly GST recoverable from the Canadian government, amounts due from the sale of the Company's subsidiary, Tuscany and from recoveries from 7514565 Canada Inc. The long-term receivable is an amount due from the sale of exploration and mining rights and permits in Mali (Note 7), and is unsecured.

(c) Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a working capital deficiency as at November 30, 2010 of $1,186,877. Included in the cash balance of $613,910 as at November 30, 2010 is $417,908 available for current purposes but restricted for use within the Reno Creek joint venture (Notes 6 & 7). This increases the working capital deficiency for financial obligations outside of the joint venture. Included in accounts payable and accrued liabilities are finder's and establishment fees, totaling $1,682,500 (US$1,600,000) associated with the acquisition of the Reno Creek Property which are scheduled to be paid by December 1, 2010 (Notes 6 and 16). The Company does not currently have the working capital required to satisfy these obligations. The Company manages liquidity risk through the management of its capital resources as outlined in Note 15.

13. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

(d) 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 the market interest rates. The Company's cash is held mainly in interest bearing accounts and therefore there is currently minimal interest rate risk.

(e) Market Risk

Commodity Price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market prices of uranium, gold and other base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Equity market risk

The Company is exposed to equity price risk arising from marketable securities. Marketable securities are classified as held for trading. The Company intends to liquidate the marketable securities when market conditions are conducive to a sale of these securities.

14. SEGMENTED INFORMATION

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

Geographic information is as follows:

	November 30, 2010	February 28, 2010
Capital assets		
Canada	$ 19,202,016	$ 19,279,544
United States	19,040,117	13,185,770
Ireland	1,681,233	1,607,522
Africa	256,875	256,875
	$ 40,417,648	$ 34,329,711

15. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties. The Company relies mainly on equity issuances to raise new capital and on entering joint venture agreements on certain properties which enables it to conserve capital and to reduce risk. In the management of capital, the Company includes the components of shareholders' equity. The Company prepares annual estimates of exploration expenditures and monitors actual expenditures compared to the estimates 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. As at November 30, 2010, the Company has sufficient working capital to fund its administrative costs for the remainder of the 2011 fiscal year. The Company will require additional financing in order to provide working capital to fund the finder's and establishment fees of $1,682,500 relating to the financing of the investment in the Reno Creek Property and fund its exploration programs. These financing activities may include issuances of additional debt or equity securities or disposal of mineral property interests in order to re-invest the proceeds.

16. SUBSEQUENT EVENTS

Subsequent to November 30, 2010, the Purchase Agreement with Otis (Note 7) received regulatory approval and, as a result, the Company received 2,000,000 common shares of Otis plus cash totaling US$750,000.

Pursuant to the investment agreement and shareholders agreement dated April 7, 2010 (the "Agreements") involving Pacific Road Resources Funds ("PRRF"), the Company was obliged to fund the special purpose entity ("Newco"), which holds the Reno Creek Uranium Project, with US$7,000,000 and pay certain fees to PRRF on or before December 1, 2010. To date, such funding and payment of fees has not occurred. On January 5, 2011, PRRF and the Company entered into an amending agreement in respect of the Agreements whereby PRRF funded the first quarter 2011 Newco budget in an amount of US$1,750,000 and, as a result, the interest held by Bayswater in Newco has been reduced to 21.3% from 23.1% and the maximum interest the Company may now earn in Newco has been reduced from 50.0% to 45.13%. The parties are proceeding on the basis that the Company shall fund the remaining amount of the 2011 Newco budget, being US$5,250,000 plus certain fees (and accrued interest thereon) before March 1, 2011, notwithstanding the right of PRRF to complete such funding and convert certain fees into shares in Newco. The Company is using its best efforts to secure such funding before March 1, 2011.

Pursuant to the Agreements as amended, PRRF continues to be entitled to convert its investment in Newco 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 not later than within five years of acquisition of the Property as previously disclosed. On conversion, PRRF's investment in Newco will be converted into common shares of the Company, pursuant to prescribed formulas. At that time, Bayswater will own a 100% interest in Newco which holds the Reno Creek property.