

**BAYSWATER URANIUM CORPORATION**

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

**SIX MONTHS ENDED AUGUST 31, 2015**

**These unaudited condensed consolidated interim financial statements of Bayswater Uranium Corporation for the six months ended August 31, 2015 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

	August 31, 2015	February 28, 2015 (Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 307,399	\$ 96,638
Marketable securities (Note 3)	41,176	21,551
Receivables (Note 4)	5,926	4,635
Prepays and deposits	<u>13,983</u>	<u>42,671</u>
	368,484	165,495
<b>Equipment</b> (Note 5)	10,932	12,348
<b>Reclamation bonds</b> (Note 6)	6,862	6,862
<b>Exploration and evaluation assets</b> (Note 6)	<u>4,157,244</u>	<u>4,157,244</u>
	\$ 4,543,522	\$ 4,341,949

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	<u>\$ 3,576,058</u>	<u>\$ 3,305,620</u>
<b>Shareholders' equity</b>		
Capital stock (Note 8)	83,632,678	83,592,678
Reserves (Note 8)	16,749,754	16,749,754
Deficit	<u>(99,414,968)</u>	<u>(99,306,103)</u>
	<u>967,464</u>	<u>1,036,329</u>
	\$ 4,543,522	\$ 4,341,949

**Nature and continuance of operations** (Note 1)  
**Commitments** (Note 11)

**Approved and authorized on behalf of the Board on October 30, 2015:**

\_\_\_\_\_  
"Victor Tanaka" Director      \_\_\_\_\_ "Praveen Varshney" Director

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

**BAYSWATER URANIUM CORPORATION****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**

(Unaudited)

(Expressed in Canadian Dollars)

	Three Months Ended August 31, 2015	Three Months Ended August 31, 2014	Six Months Ended August 31, 2015	Six Months Ended August 31, 2014
<b>EXPENSES</b>				
Administration (Note 9)	\$ 5,250	\$ 8,250	\$ 11,500	\$ 16,500
Amortization (Note 5)	684	899	1,416	1,861
Directors' fees (Note 9)	9,375	12,500	18,750	25,000
Investor relations	18,000	-	36,000	-
Management fees (Note 9)	30,000	30,000	60,000	60,000
Office and miscellaneous	12,093	6,984	15,999	15,144
Professional fees	10,046	15,842	21,886	40,519
Rent (Note 9)	885	10,569	3,265	24,070
Shareholder communications	9,668	6,750	16,753	12,177
Transfer agent and filing fees	5,269	6,883	7,447	9,339
<b>Loss from operations</b>	<u>(101,270)</u>	<u>(98,677)</u>	<u>(193,016)</u>	<u>(204,610)</u>
<b>OTHER ITEMS</b>				
Foreign exchange gain (loss)	(153,821)	(8,498)	(144,951)	43,844
Interest expense (Note 6)	(72,170)	(52,815)	(139,603)	(104,536)
Gain on sale of exploration and evaluation asset (Note 6)	349,080	-	349,080	-
Unrealized gain on marketable securities (Note 3)	13,638	2,590	19,625	4,612
	<u>136,727</u>	<u>(58,723)</u>	<u>84,151</u>	<u>(56,080)</u>
<b>Income (loss) and comprehensive income (loss) for the period</b>	<u>\$ 35,457</u>	<u>\$ (157,400)</u>	<u>\$ (108,865)</u>	<u>\$ (260,690)</u>
<b>Basic and diluted earnings (loss) per common share</b>	<u>\$ 0.00</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
<b>Weighted average number of common shares outstanding</b>	<u>29,747,678</u>	<u>23,999,548</u>	<u>29,413,461</u>	<u>23,997,918</u>

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

**BAYSWATER URANIUM CORPORATION**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)  
(Unaudited)  
Six Months ended August 31,

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (108,865)	\$ (260,690)
Items not affecting cash:		
Amortization	1,416	1,861
Accrued interest expense	139,603	104,536
Gain on sale of exploration and evaluation asset	(349,080)	-
Unrealized gain on marketable securities	(19,625)	(4,612)
Changes in non-cash working capital items:		
Increase in receivables	(1,291)	(3,583)
Decrease (increase) in prepaids and deposits	28,688	(10,147)
Increase in accounts payable and accrued liabilities	<u>130,835</u>	<u>88,575</u>
Net cash used in operating activities	<u>(178,319)</u>	<u>(84,060)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Sale of exploration and evaluation asset, net	<u>389,080</u>	<u>-</u>
Net cash from investing activity	<u>389,080</u>	<u>-</u>
<b>Change in cash</b>	210,761	(84,060)
<b>Cash, beginning of period</b>	<u>96,638</u>	<u>146,475</u>
<b>Cash, end of period</b>	<u>\$ 307,399</u>	<u>\$ 62,415</u>

**Supplemental disclosure with respect to cash flows (Note 10)**

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

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

	Number of Common Shares	Capital Stock Amount	Reserves	Deficit	Total
<b>Balance, February 29, 2014</b>	23,899,548	\$ 83,356,069	\$ 16,747,323	\$ (94,364,368)	\$ 5,739,024
Warrants exercised	100,000	7,500	-	-	7,500
Loss for the period	-	-	-	(260,690)	(260,690)
<b>Balance, August 31, 2014</b>	23,999,548	\$ 83,363,569	\$ 16,747,323	\$ (94,625,058)	\$ 5,485,834
<b>Balance, February 28, 2015</b>	28,739,548	\$ 83,592,678	\$ 16,749,754	\$ (99,306,103)	\$ 1,036,329
Shares issued	2,000,000	40,000	-	-	40,000
Loss for the period	-	-	-	(108,865)	(108,865)
<b>Balance, August 31, 2015</b>	30,739,548	\$ 83,632,678	\$ 16,749,754	\$ (99,414,968)	\$ 967,464

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

**BAYSWATER URANIUM CORPORATION**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
(Unaudited)  
SIX MONTHS ENDED AUGUST 31, 2015

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**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 is suite 1100 – 1111 Melville Street, Vancouver, BC, V6E 3V6 and its 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. The Company has not met certain funding obligations with respect to the Reno Creek Property which has resulted in the dilution of the Company’s ownership interest (Note 6). During the year ended February 28, 2015, the Company also pledged 22.2% of its 10.40% interest in the Reno Creek Property as security on a balance of \$1,860,708 owing to the manager of the Pacific Road Resources Funds.

The Company’s 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 assets 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.

In accordance with the TSX Venture Exchange’s Policy 2.5, the Company no longer meets Tier 1 requirements. As a result, effective at market open on October 29, 2015, the Company’s Tier classification changed from Tier 1 to Tier 2.

**BAYSWATER URANIUM CORPORATION**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**2. BASIS OF PREPARATION**

**Statement of Compliance**

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

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 audited annual consolidated financial statements of the Company for the year ended February 28, 2015.

**Approval of the financial statements**

The unaudited condensed consolidated interim financial statements of the Company for the six months ended August 31, 2015 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on October 30, 2015.

**3. MARKETABLE SECURITIES**

As at August 31, 2015, marketable securities consist of shares in publicly-traded companies with an initial cost of \$207,060 (February 28, 2015 - \$207,060) and a fair value of \$41,176 (February 28, 2015 - \$21,551). An unrealized gain on marketable securities of \$19,625 (2014 - \$2,022) was recorded in the statement of loss and comprehensive loss for the six months ended August 31, 2015.

**4. RECEIVABLES**

The Company’s receivables consist of the following:

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	August 31, 2015	February 28, 2015
GST receivable	\$ 5,192	\$ 4,124
Other	<u>734</u>	<u>511</u>
Total	<u>\$ 5,926</u>	<u>\$ 4,635</u>

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**BAYSWATER URANIUM CORPORATION**  
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**5. EQUIPMENT**

	Furniture and fixtures	Computer equipment	Exploration equipment	Total
<b>Cost</b>				
Balance, February 28, 2015 and August 31, 2015	\$ 9,536	\$ 84,520	\$ 24,436	\$ 118,492
<b>Accumulated amortization</b>				
Balance, February 28, 2015	\$ 9,076	\$ 77,742	\$ 19,326	\$ 106,144
Amortization	40	908	468	1,416
Balance, August 31, 2015	\$ 9,116	\$ 78,650	\$ 19,794	\$ 107,560
<b>Carrying amounts</b>				
As at February 28, 2015	\$ 460	\$ 6,778	\$ 5,110	\$ 12,348
As at August 31, 2015	\$ 420	\$ 5,870	\$ 4,642	\$ 10,932

**6. EXPLORATION AND EVALUATION ASSETS**

<b>Six Months Ended August 31, 2015</b>	Saskatchewan	Reno Creek Project, Wyoming	Total
<b>Acquisition costs</b>			
Balance, beginning and end of period	\$ 1	\$ 2,937,632	\$ 2,937,633
<b>Deferred exploration costs</b>			
Balance, beginning and end of period	-	1,219,611	1,219,611
<b>Total, end of period</b>	\$ 1	\$ 4,157,243	\$ 4,157,244

<b>Year Ended February 28, 2015</b>	Saskatchewan	Reno Creek Project, Wyoming	Total
<b>Acquisition costs</b>			
Balance, beginning of year	\$ 1	\$ 6,950,775	\$ 6,950,776
Impairment	-	(4,013,143)	(4,013,143)
Balance, end of year	1	2,937,632	2,937,633
<b>Deferred exploration costs</b>			
Balance, beginning and end of year	-	1,219,611	1,219,611
<b>Total, end of year</b>	\$ 1	\$ 4,157,243	\$ 4,157,244

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**6. 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 AUCLLC ("AUC"), a limited liability company, in consideration for the aggregate payment of US\$20,000,000 (\$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 (\$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.

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**6. 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 7<sup>th</sup>, 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 was the first part of a US\$5,500,000 new investment in RCHI which, together with cash on hand at March 7, 2013, would 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%.

During June, 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 totaling US\$105,000. Following the purchase of the royalty by AUC, the royalty was cancelled. As a result, the interest held by Bayswater in RCHI was reduced to 11.76% from 12.73% with a maximum interest that Bayswater could then earn in RCHI having been reduced from 12.73% to 11.76%.

During August, 2013, PRRF completed a further US\$3,000,000 investment in RCHI. This financing was the second of two parts of a total US\$5,500,000 (as discussed above). As a result, the interest held by Bayswater in RCHI was reduced to 11.09% from 11.76% with a maximum interest that Bayswater could then earn in RCHI having been reduced from 11.76% to 11.09%.

During March 2014, the Company pledged 20.8% of its then 11.09% interest in the Reno Creek Property as security on a balance of \$1,457,243 owing to the manager of the PRRF.

During December 2014, PRRF completed a further US\$3,250,000 investment in RCHI. As a result, the interest held by Bayswater in RCHI was reduced to 10.40% from 11.09% with a maximum interest that Bayswater could then earn in RCHI having been reduced from 11.09% to 10.40%.

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**6. EXPLORATION AND EVALUATION ASSETS (cont'd)**

*Uranium properties* (cont'd)

**Investment in Reno Creek Property (cont'd)**

Pursuant to, and in accordance with the terms of, the investment agreement dated April 7, 2010 between Bayswater and PRRF, (as amended), PRRF was entitled to exchange its shares in Reno Creek Holdings Inc. ("RCHI") for common shares of Bayswater within six months following the later of the completion of a feasibility study on the Reno Creek uranium project or receipt of all required permits for production, but in any event not later than within five years of closing (April 7, 2010) provided certain conditions were met.

The conditions to such exchange were not satisfied by April 7, 2015 and, accordingly, PRRF's interest in RCHI was not exchanged for common shares of Bayswater. As a result, PRRF no longer has the right or obligation to convert its RCHI shares into shares of Bayswater.

During the year ended February 28, 2015, the Company wrote down its investment in the Reno Creek property by \$4,013,143 to better reflect its estimated recoverable amount with respect to market conditions existing at the time of the write down.

**Collins Bay Extension and Brudell Property, Saskatchewan**

The Company held an undivided 100% interest in certain mineral claim blocks in northern Saskatchewan (the "Collins Bay Extension") and holds certain mineral claim blocks in the Athabasca Basin, Saskatchewan (the "Brudell property").

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 ("CBE") property in the Athabasca Basin by spending \$4,000,000 in exploration over five years and by issuing 50,000 shares (20,000 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 six months ended August 31, 2015, the Company completed the sale of its CBE property to Nu Nova Energy Ltd. ("Nu Nova"), a private British Columbia company, for proceeds totaling \$400,000. In conjunction with the sale, the Company incurred \$10,920 of legal fees and issued 2,000,000 common shares (valued at \$40,000) to CanAlaska as an option agreement break fee.

The CBE property, located on the northeast margin of the Athabasca basin in Saskatchewan, was under option to CanAlaska Uranium Ltd. ("CanAlaska"), which had the right to acquire a 70% interest. In consideration for CanAlaska agreeing to terminate its option, the Company issued two million common shares and a 2.5% net-smelter-return royalty to CanAlaska. Nu Nova received the right of first refusal to purchase up to a 1.5% net-smelter-return royalty from CanAlaska for \$500,000 per 0.5% royalty after production is achieved.

The Brudell property remains in good standing.

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**7. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities are comprised of the following:

	August 31, 2015	February 28, 2015
Trade payables (Note 9)	\$ 2,303,033	\$ 2,228,590
Accrued liabilities (Note 9)	<u>1,273,025</u>	<u>1,077,030</u>
<b>Total</b>	<b>\$ 3,576,058</b>	<b>\$ 3,305,620</b>

**8. CAPITAL STOCK AND RESERVES**

**Authorized capital stock**

As at August 31, 2015, 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.

**Share Issuances**

During the six months ended August 31, 2015, the Company issued 2,000,000 common shares to CanAlaska pursuant to an agreement to sell its CBE property. The shares were valued at \$40,000.

During the year ended February 28, 2015, the Company received \$57,000 pursuant to a non-brokered private placement of 1,140,000 units at a price of \$0.05 per unit. Each unit was comprised of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company for two years at a price of \$0.10 per share. Total commissions paid consisted of \$5,460 cash and the issuance of 91,200 finder's fee warrants valued at \$2,431 using the black-scholes option pricing model with a volatility of 134%, an expected life of 2 years, a risk-free rate of 1.02%, a dividend rate of 0% and a forfeiture rate of 0%. The finder's warrants are subject to the same terms as the private placement warrants.

During the year ended February 28, 2015, the Company received \$180,000 pursuant to a non-brokered private placement of 3,600,000 units at a price of \$0.05 per unit. Each unit was comprised of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company for two years at a price of \$0.10 per share.

**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.

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**8. CAPITAL STOCK AND RESERVES (cont'd)**

**Stock options (cont'd)**

As at August 31, 2015, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price <sup>(1)</sup>	Expiry Date
1,853,250	\$ 0.10	April 29, 2017
<u>2,052,500</u>	0.10	February 3, 2018
<u>3,905,750</u>		

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, February 28, 2014	4,268,250	\$ 0.10
Cancelled/expired	<u>(362,500)</u>	0.10
Balance, February 28, 2015 and August 31, 2015	<u>3,905,750</u>	\$ 0.10
Number of options currently exercisable	<u>3,905,750</u>	\$ 0.10

**Warrants**

As at August 31, 2015, 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
1,230,000	\$ 0.075	October 30, 2015
1,231,200	0.10	November 6, 2016
<u>3,600,000</u>	0.10	December 22, 2016
<u>6,061,200</u>		

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**8. CAPITAL STOCK AND RESERVES (cont'd)**

**Warrants (cont'd)**

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
As at February 28, 2014	1,599,240	\$ 0.11
Issued	4,831,200	0.10
Exercised	(100,000)	0.075
Expired	<u>(269,240)</u>	0.25
As at February 28, 2015 and August 31, 2015	<u>6,061,200</u>	<u>\$ 0.095</u>

**9. RELATED PARTY TRANSACTIONS**

During the six months ended August 31, 2015, the Company:

- a) Accrued \$60,000 (2014 - \$60,000) for management fees to the CEO of the Company.
- b) Paid or accrued \$11,500 (2015 - \$16,500) for administration fees and \$750 (2014 - \$4,500) for rent to a company owned by an officer of the Company.
- c) Accrued \$18,750 (2014 - \$25,000) for directors' fees.

Included in accounts payable and accrued liabilities at August 31, 2015 is \$667,111 (February 28, 2015 - \$597,736) owing to directors of the Company, 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 and for directors' fees.

The remuneration of directors and key management personnel during the six months ended August 31, 2015 and 2014 are as follows:

	2015	2014
Administration fees	\$ 11,500	\$ 16,500
Directors' fees	18,750	25,000
Management fees	60,000	60,000
Professional fees	17,000	18,000
Rent	<u>750</u>	<u>4,500</u>
	<u>\$ 108,000</u>	<u>\$ 124,000</u>

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**10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	2015	2014
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -

During the six months ended August 31, 2015, the Company issued 2,000,000 common shares, valued at \$40,000, in conjunction with the sale of its CBE property (Note 6).

There were no significant non-cash transactions during the six months ended August 31, 2014.

**11. COMMITMENTS**

During the year ended February 28, 2014, the Company entered into a management services agreement and various consulting agreements with the Company's CEO and consultants with remuneration of \$10,000 and \$9,250 per month, respectively. If the Company terminates the agreements, the Company will, in certain circumstances, be obligated to make a termination payment equal to twenty-four times, and twelve times, respectively, the monthly management or consulting fees.

**12. FINANCIAL AND CAPITAL RISK MANAGEMENT**

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

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

*Credit risk*

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

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

The Company's receivables consist mainly of GST 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 August 31, 2015 of \$3,207,574. Included in accounts payable and accrued liabilities are finder's and establishment fees (and accrued interest thereon) totaling \$2,740,301 (US\$2,076,300) associated with the acquisition of the Reno Creek Property (Note 6).



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**12. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd)**

*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.

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 and the United States. The Company funds cash calls to its subsidiary companies outside of Canada in US dollars. The greatest risk is the exchange rate of the Canadian dollar relative to the US dollar and a significant change in this rate could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. At August 31, 2015, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

	US\$
Cash	11,851
Reclamation bonds	6,688
Accounts payable and accrued liabilities	(2,076,300)
Net exposure	(2,094,839)

Based on the above net exposure as at August 31, 2015, 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 and comprehensive loss by \$209,484.

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.

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**12. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd)**

*Capital management (cont'd...)*

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.

**13. SEGMENTED INFORMATION**

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

Geographic information is as follows:

	August 31, 2015	February 28, 2015
<b>Capital assets</b>		
Canada	\$ 2,457	\$ 2,858
United States	4,172,581	4,173,596
	<u>\$ 4,175,038</u>	<u>\$ 4,176,454</u>