BAYSWATER URANIUM CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

YEAR ENDED FEBRUARY 28, 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Bayswater Uranium Corporation

We have audited the accompanying consolidated financial statements of Bayswater Uranium Corporation, which comprise the consolidated statements of financial position as at February 28, 2017 and February 29, 2016 and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity (deficiency) for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Bayswater Uranium Corporation as at February 28, 2017 and February 29, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Bayswater Uranium Corporation's ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

June 28, 2017

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

	February 28, 2017	February 29, 2016
ASSETS		
Current		
Cash	$ 130,900	$ 205,361
Marketable securities (Note 4)	48,625	49,726
Receivables (Note 5)	21,816	9,921
Prepaids and deposits	1,415	12,769
	202,756	277,777
Equipment (Note 6)	7,329	9,499
Reclamation bonds	6,862	6,862
Exploration and evaluation assets (Note 7)	957,157	3,234,438
	$ 1,174,104	$ 3,528,576
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities (Note 8)	$ 1,631,332	$ 3,779,869
Shareholders' equity (deficiency)		
Capital stock (Note 9)	83,632,678	83,632,678
Reserves (Note 9)	16,749,754	16,749,754
Deficit	(100,839,660)	(100,633,725)
	(457,228)	(251,293)
	$ 1,174,104	$ 3,528,576

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

Approved and authorized on behalf of the Board on June 28, 2017:

"Victor Tanaka" Director   "Ken Armstrong" Director

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

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

	February 28, 2017	February 29, 2016
EXPENSES		
Administration (Note 10)	$ 21,000	$ 22,000
Amortization (Note 6)	2,170	2,849
Directors' fees (Note 10)	18,750	37,500
Investor relations	-	42,000
Management fees (Note 10)	60,000	120,000
Office and miscellaneous	16,426	27,944
Professional fees (Note 10)	76,874	74,711
Rent (Note 10)	-	528
Shareholder communication	16,079	28,003
Transfer agent and filing fees	19,283	19,437
Travel and related costs	-	773
Loss from operations	(230,582)	(375,745)
Foreign exchange loss (gain)	122,593	(215,264)
Interest expense (Note 7)	-	(258,619)
Gain on sale of exploration and evaluation assets (Note 7)	-	348,622
Write-down of exploration and evaluation assets (Note 7)	(163,138)	(922,806)
Gain on forgiveness of debt	-	68,015
Gain on sale of marketable securities	49,594	-
Unrealized gain (loss) on marketable securities (Note 4)	15,598	28,175
	24,647	(951,877)
Loss and comprehensive loss for the year	$ (205,935)	$ (1,327,622)
Basic and diluted loss per common share	$ (0.01)	$ (0.04)
Weighted average number of common shares outstanding	30,072,881	30,072,881

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

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

	February 28, 2017	February 29, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (205,935)	$ (1,327,622)
Items not affecting cash:		
Amortization	2,170	2,849
Accrued interest expense	-	258,619
Unrealized loss (gain) on marketable securities	(15,598)	(28,175)
Gain on sale of marketable securities	(49,594)	-
Gain on sale of exploration and evaluation assets	-	(68,015)
Gain on forgiveness of debt	-	(348,622)
Write-down of exploration and evaluation assets	163,138	922,806
Changes in non-cash working capital items:		
Increase in receivables	(11,895)	(5,286)
Decrease (increase) in prepaids and deposits	11,354	29,902
Increase in accounts payable and accrued liabilities	(34,393)	283,645
Net cash used in operating activities	(140,753)	(279,899)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	66,292	-
Exploration and evaluation asset recoveries and proceeds on sale	-	388,622
Net cash provided by investing activities	66,292	388,622
Change in cash during the year	(74,461)	108,723
Cash, beginning of year	205,361	96,638
Cash, end of year	$ 130,900	$ 205,361

Supplemental disclosure with respect to cash flows (Note 11)

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

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

	Number of Common Shares	Capital Stock Amount	Reserves	Deficit	Total
Balance, February 28, 2015	28,739,548	$ 83,592,678	$ 16,749,754	$ (99,306,103)	$ 1,036,329
Shares issued for exploration and evaluation asset	2,000,000	40,000	-	-	40,000
Loss for the year	-	-	-	(1,327,622)	(1,327,622)
Balance, February 29, 2016	30,739,548	83,632,678	16,749,754	(100,633,725)	(251,293)
Loss for the year	-	-	-	(205,935)	(205,935)
Balance, February 28, 2017	30,739,548	$ 83,632,678	$ 16,749,754	$ (100,839,660)	$ (457,228)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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

The Company's principal address is suite 545 – 999 Canada Place, Vancouver, BC, V6C 3E1 and its registered and records office is 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4.

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

The Company continues to be dependent upon its ability to finance its operations and exploration programs. 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 7).

The financing activities may include issuances of additional debt or equity securities or disposal of interests in exploration and evaluation assets in order to re-invest the proceeds. During the year ended February 28, 2017, the Company transferred a portion of its ownership interest in the Reno Creek property to settle payables of $2,219,335 (US$1,639,737) (Notes 7 and 16). 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. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These consolidated financial statements were authorized for issue on June 28, 2017 by the directors of the Company.

Basis of consolidation and presentation

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

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Basis of consolidation and presentation (cont'd)

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

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

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

Basis of preparation

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

Significant accounting judgments, estimates and assumptions

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

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

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

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

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

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

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

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

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined to be the Canadian dollar for the Company and its subsidiaries. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in a currency other than the Canadian dollar are translated at the exchange rate at the reporting date, while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss in the period in which they arise.

Exploration and evaluation expenditures

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

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

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

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

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

Stock-based compensation

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

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

Loss per share

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

Financial instruments

Financial assets

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

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

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

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

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

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

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

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

Financial instruments (cont'd)

Financial liabilities

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

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

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

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

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

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

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

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

See Note 14 for relevant disclosures.

Equipment

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

Furniture and fixtures	20% declining balance
Computer equipment	30% declining balance
Exploration equipment	30% declining balance

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

Impairment of assets

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

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

Income taxes

<u>Current income tax:</u>

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

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

<u>Deferred tax:</u>

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

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

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

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

Income taxes (cont'd)

Deferred tax: (cont'd)

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

Restoration and environmental obligations

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

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

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

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

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

(Expressed in Canadian Dollars)

3. ACCOUNTING STANDARDS NOT YET EFFECTIVE

The Company has not early adopted these standards, which are effective for annual periods beginning on or after March 1, 2017, and is assessing the impact that these standards will have on its financial statements:

a) IFRS 9 Financial Instruments (new; to replace IAS 39 and IFRIC 9);
b) IFRS 15 Revenue from Contracts from Customers (new, to replace IAS 11, IAS 18, IFRIC 13 and IFRIC 15); and
c) IFRS 16 Leases (new)

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements.

4. MARKETABLE SECURITIES

As at February 29, 2017, marketable securities consist of shares in publicly-traded companies with an initial cost of $190,362 (2016 - $207,060) and a fair value of $48,625 (2016 - $49,726). An unrealized gain on marketable securities of $15,598 (2016 –$28,175) was recorded in the statement of loss and comprehensive loss for the year ended February 28, 2017.

5. RECEIVABLES

The Company's receivables consist of the following:

		February 28, 2017		February 29, 2016
GST receivable	$	14,592	$	8,957
Other (Note 10)		7,224		964
Total	$	21,816	$	9,921

(Expressed in Canadian Dollars)

6. EQUIPMENT

		Furniture and fixtures		Computer equipment		Exploration equipment		Total
Cost								
Balance, February 28, 2015, February 29, 2016 and February 28, 2017	$	9,536	$	84,520	$	24,436	$	118,492
Accumulated amortization								
Balance, February 28, 2015	$	9,076	$	77,742	$	19,326	$	106,144
Amortization		85		1,816		948		2,849
Balance, February 29, 2016		9,161		79,558		20,274		108,993
Amortization		69		1,329		772		2,170
Balance, February 28, 2017	$	9,230	$	80,887	$	21,046	$	111,163
Carrying amounts								
As at February 29, 2016	$	375	$	4,962	$	4,162	$	9,499
As at February 28, 2017	$	306	$	3,633	$	3,390	$	7,329

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

Year Ended February 28, 2017	Collins Bay Property, Saskatchewan	Reno Creek Project, Wyoming	Total
Acquisition costs			
Balance, beginning of year	$ 1	$ 2,014,826	$ 2,014,827
Debt settlement with PRRF (Note 7)	-	(894,532)	(894,532)
Impairment	-	(163,138)	(163,138)
Balance, end of year	1	957,156	957,157
Deferred exploration costs			
Balance, beginning of year	-	1,219,611	1,219,611
Debt settlement with PRRF (Note 7)	-	(1,219,611)	(1,219,611)
Balance, end of year	-	-	-
Total, end of year	$ 1	$ 957,156	$ 957,157

Year Ended February 29, 2016	Collins Bay Property, Saskatchewan	Reno Creek Project, Wyoming	Total
Acquisition costs			
Balance, beginning of year	$ 1	$ 2,937,632	$ 2,937,633
Impairment	-	(922,806)	(922,806)
Balance, end of year	1	2,014,826	2,014,827
Deferred exploration costs			
Balance, beginning and end of year	-	1,219,611	1,219,611
Total, end of year	$ 1	$ 3,234,437	$ 3,234,438

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

Title to mineral properties

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

Uranium properties

Investment in Reno Creek Property

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

Effective April 7, 2010, the acquisition of the Reno Creek Property was completed through the acquisition of AUC LLC ("AUC"), a limited liability company, in consideration for the aggregate payment of US$20,000,000 ($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 was to convert its investment not later than five years from April 7, 2010, provided certain conditions were met. Upon conversion of PRRF's investment, the Company would own a 100% interest in RCHI which indirectly holds the Reno Creek Property. 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.

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

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

Uranium properties (cont'd…)

Investment in Reno Creek Property (cont'd…)

Prior to the beginning of the year ended February 29, 2016, the Company's interest held in RCHI was reduced to 10.4%.

During January 2016, PRRF completed a further US$3,350,000 investment in RCHI. As a result, the interest held by Bayswater in RCHI was reduced to 9.50% from 10.40% with a maximum interest that Bayswater could then earn in RCHI having been reduced from 10.40% to 9.50%.

During the year ended February 29, 2016, the Company wrote down its investment in the Reno Creek property by $922,806 (2015 - $4,013,143) to better reflect its estimated recoverable amount with respect to market conditions existing at the time of the write down.

During the year ended February 28, 2017, the Company announced that PRRF, Pacific Road Capital Management Pty Ltd. ("PRCM") and the Company agreed to a settlement of all outstanding indebtedness of the Company owed to PRRF and PRCM, under the investment agreement dated April 7, 2010, as amended, between the Company, its subsidiary, Bayswater Holdings Inc. ("BHI") and PRRF and the shareholders agreement dated April 7, 2010, as amended (the "Shareholders Agreement"), between the Company, BHI, PRRF and RCHI.

Pursuant to a debt settlement agreement dated May 11, 2016, BHI transferred an aggregate of 4,047,321 of its 6,000,000 common shares of RCHI, which shares had previously been pledged to PRRF under prior amendments to the Shareholders Agreement, in settlement of $2,114,143 (US$1,639,737) owing to PRRF. Additionally, the Company waived certain rights of first refusal and first offer under the Shareholders Agreement. As a result of the debt settlement, PRRF's interest in Reno Creek increased to 96.91% and the Company's interest decreased to 3.09%.

During February 2017, PRRF completed a further US$1,500,000 investment in RCHI. As a result, the interest held by Bayswater in RCHI was reduced to 2.73% from 3.09%.

During the year ended February 28, 2017, the Company wrote down its investment in the Reno Creek property by $163,138 (fiscal 2016 - $922,806) to better reflect its estimated recoverable amount to be received on subsequent disposal of the investment (Note 16).

The value of the Reno Creek property as at February 28, 2017 reflects the value of the common shares and share purchase warrants to be received as part of the subsequent share purchase agreement with Uranium Energy Corp. (Note 16). The shares and warrants were valued at $700,339 and $256,818, respectively. The warrants were valued using the Black-Scholes pricing model using a volatility of 71.16%, a share price of US$1.35, an expected life of 5 years and a discount rate of 0.85%.

(Expressed in Canadian Dollars)

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

Uranium properties (cont'd…)

Collins Bay Extension and Brudell Property, Saskatchewan

During the year ended February 29, 2016, the Company completed the sale of its CBE property to Nu Nova Energy Ltd. ("Nu Nova"), a private British Columbia company, for gross 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) and a 2.5% net-smelter-return royalty to CanAlaska as an option agreement break fee. 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 Company owns a 100% interest in the Brudell property, which remains in good standing.

8. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

		February 28, 2017		February 29, 2016
Trade payables (Note 10)	$	1,618,832	$	2,314,734
Accrued liabilities (Note 10)		12,500		1,465,135
Total	$	1,631,332	$	3,779,869

9. CAPITAL STOCK AND RESERVES

Authorized capital stock

As at February 28, 2017, 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 issuance for exploration and evaluation asset

During the year ended February 29, 2016, the Company issued 2,000,000 common shares to CanAlaska pursuant to an agreement to sell its CBE property (Note 7). The shares were valued at $40,000.

The Company did not issue any common shares during the year ended February 28, 2017.

(Expressed in Canadian Dollars)

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

Stock options

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

As at February 28, 2017, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price(1)	Expiry Date
1,753,250	0.10	April 29, 2017 *
1,952,500	0.10	February 3, 2018
3,705,750	0.10	February 3, 2018

* Expired unexercised subsequent to February 28, 2017.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, February 28, 2015	3,905,750	$ 0.10
Cancelled/expired	(200,000)	0.10
Balance, February 29, 2016 and February 28, 2017	3,705,750	0.10
Number of options currently exercisable	3,705,750	$ 0.10

(Expressed in Canadian Dollars)

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

Warrants

As at February 28, 2017, the Company had no outstanding share purchase warrants.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
As at February 28, 2015	6,061,200	$ 0.095
Expired	(1,230,000)	0.075
As at February 29, 2016	4,831,200	0.10
Expired	(4,831,200)	0.10
As at February 28, 2017	-	$ -

10. RELATED PARTY TRANSACTIONS

During the year ended February 28, 2017, the Company:

a) Paid or accrued $60,000 (2016 - $120,000) for management fees to the current CEO of the Company.

b) Paid or accrued $21,000 (2016 - $22,000) for administration fees, $Nil (2016 - $750) for rent and $34,000 (2016 - $34,000) for professional fees to a company associated with two officers of the Company.

c) Accrued $18,750 (2016 - $37,500) for director fees.

Included in receivables at February 28, 2017 is $6,705 owing from AUC LLC, a company related via officers in common (2016 - $445).

Included in accounts payable and accrued liabilities at February 28, 2017 is $806,753 (February 29, 2016 - $761,374) owing to a company controlled by the former CEO of the Company, to the current CEO of the Company, to directors of the Company and to a company controlled by an officer of the Company, all related to the above transactions and for directors' fees.

The remuneration of directors and key management personnel during the years ended February 28, 2017 and February 29, 2016 are as follows:

	2017	2016
Administration fees	$ 21,000	$ 22,000
Directors' fees	18,750	37,500
Management fees	60,000	120,000
Professional fees	34,000	34,000
Rent	-	750
	$ 133,750	$ 214,250

(Expressed in Canadian Dollars)

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2017	2016
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

The significant non-cash transaction during the year ended February 29, 2016 included the issuance of 2,000,000 common shares, valued at $40,000, in conjunction with the sale of its CBE property (Note 7).

The significant non-cash transaction during the year ended February 28, 2017 included the reduction in the Company's interest in RCHI in return for debt settled with PRRF in the amount of $2,114,143 (Note 7).

12. 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 $5,733 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.

13. INCOME TAXES

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

	2017	2016
Loss for the year	$ (205,935)	$ (1,327,623)
Expected income tax (recovery)	$ (54,000)	$ (345,000)
Change in statutory, foreign tax and foreign exchange rates	-	(125,000
Pe)rmanent difference	27,000	21,000
Change in unrecognized deductible temporary differences	27,000	491,000
Total income tax expense (recovery)	$ -	$ -

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

	2017	2016
Deferred Tax Assets (Liabilities):		
Exploration and evaluation assets	$ 9,452,000	$ 9,452,000
Property and equipment	35,000	34,000
Share issuance costs	1,000	2,000
Marketable securities	18,000	20,000
Allowable capital losses	236,000	236,000
Non-capital losses available for future period	4,429,000	4,401,000
Unrecognized deferred tax assets	$ 14,171,000	$ 14,145,000

(Expressed in Canadian Dollars)

13. INCOME TAXES (cont'd…)

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

		2017	Expiry Date Range		2016
Temporary differences:					
Exploration and evaluation assets	$	33,629,000	No expiry date	$	33,629,000
Property and equipment		133,000	No expiry date		131,000
Marketable securities		142,000	No expiry date		157,000
Share issue costs		4,000	2038 - 2039		6,000
Allowable capital losses		909,000	No expiry date		909,000
Investment tax credits		150,000	2020 - 2032		150,000
Non-capital losses available for future period		16,509,000	2024 - 2037		16,401,000

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

14. 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 February 28, 2017 of $1,428,576. Included in accounts payable and accrued liabilities are finder's and establishment fees (and accrued interest thereon) totaling $693,142 (US$525,000) (2016 - $2,929,907 (US$2,164,737)) associated with the acquisition of the Reno Creek Property (Note 7).

14. 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 February 28, 2017, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

	US$
Cash	6,290
Reclamation bonds	5,070
Accounts payable and accrued liabilities	(525,000)
Net exposure	(513,640)

Based on the above net exposure as at February 28, 2017, 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 $51,364.

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.

(Expressed in Canadian Dollars)

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

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its resource properties. The Company relies mainly on equity issuances to raise new capital and on entering joint venture agreements on certain properties which enables it to conserve capital and to reduce risk. In the management of capital, the Company includes the components of shareholders' equity (deficiency). 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.

15. SEGMENTED INFORMATION

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

Geographic information is as follows:

	February 28, 2017	February 29, 2016
Non-current assets		
Canada	$ 1,562	$ 2,113
United States	969,786	3,248,686
	$ 971,348	$ 3,250,799

16. SUBSEQUENT EVENT

Subsequent to February 28, 2017, Pacific Road Resources Funds ("PRRF") entered into a definitive share purchase agreement with Uranium Energy Corp. ("UEC") to sell all of PRRF's issued and outstanding shares of Reno Creek Holdings Inc. ("RCHI") and, indirectly thereby, 100% of the fully permitted Reno Creek.

The Company presently owns a 2.73% interest in RCHI and has received notice from PRRF whereby PRRF has exercised certain drag-along rights requiring the Company to sell its 2.73% interest in RCHI to UEC for prorated consideration identical to the consideration being issued to PRRF.

16. SUBSEQUENT EVENT (cont'd…)

Under the terms of the agreement, UEC will issue to the Company, in return for the Company's 2.73% ownership interest in RCHI, the following:

a) 392,927 common shares of UEC;
b) 308,728 share purchase warrants of UEC, with each warrant entitling the holder to acquire one share of UEC at an exercise price of US$2.30 per share for a period of five years from closing. The warrants will have an accelerator clause that provides that, in the event that the closing price of UEC's common shares on its principally traded exchange is equal to or greater than US$4.00 per share for a period of twenty consecutive trading days, UEC may accelerate the expiry date of the warrants to within thirty days by providing written notice to the holders; and
c) At the Company's election, to be made in writing prior to the closing date for the transaction, a 0.01403% net profit interest royalty capped at US$70,165.50 (or the payment of US$2,807).

All securities issued to the Company are subject to a four-month hold period pursuant to applicable securities legislation, and UEC has agreed to register the UEC shares issuable with the U.S. Securities and Exchange Commission for resale in the United States.