BAYSWATER URANIUM CORPORATION

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

THREE MONTHS ENDED MAY 31, 2017

These unaudited condensed consolidated interim financial statements of Bayswater Uranium Corporation for the three months ended May 31, 2016 have been prepared by management and approved by the Board of Directors. These unaudited condensed consolidated interim financial statements have not been reviewed by the Company’s external auditors.

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

	May 31, 2017	February 28, 2017 (Audited)
ASSETS		
Current		
Cash	$ 111,746	$ 130,900
Marketable securities (Note 4)	41,063	48,625
Receivables (Note 5)	16,783	21,816
Prepaids and deposits	10,471	1,415
	180,063	202,756
Equipment (Note 6)	6,872	7,329
Reclamation bonds	6,862	6,862
Exploration and evaluation assets (Note 7)	957,157	957,157
	$ 1,150,954	$ 1,174,104
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities (Note 8)	$ 1,677,569	$ 1,631,332
Shareholders' equity (deficiency)		
Capital stock (Note 9)	83,632,678	83,632,678
Reserves (Note 9)	16,749,754	16,749,754
Deficit	(100,909,047)	(100,839,660)
	(526,615)	(457,228)
	$ 1,150,954	$ 1,174,104

Nature and continuance of operations (Note 1)
Commitments (Note 12)
Significant transaction (Note 15)

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

"Victor Tanaka" Director "Ken Armstrong" Director

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

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

	2017	2016
EXPENSES		
Administration (Note 10)	$ 5,250	$ 5,250
Amortization (Note 6)	457	599
Directors' fees (Note 10)	4,687	4,687
Management fees (Note 10)	15,000	15,000
Office and miscellaneous	3,514	3,920
Professional fees (Note 10)	12,500	18,500
Shareholder communication	3,919	3,375
Transfer agent and filing fees	2,333	2,245
Loss from operations	(47,660)	(53,576)
Foreign exchange gain (loss)	(14,164)	130,073
Write-down of exploration and evaluation assets (Note 7)	-	(140,837)
Unrealized gain (loss) on marketable securities (Note 4)	(7,563)	35,013
	(21,727)	24,249
Loss and comprehensive loss for the year	$ (69,387)	$ (29,327)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding	30,072,881	30,072,881

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

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

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (69,387)	$ (29,327)
Items not affecting cash:		
Amortization	457	599
Unrealized loss (gain) on marketable securities	7,563	(35,013)
Gain on sale of exploration and evaluation assets	-	(68,015)
Write-down of exploration and evaluation assets	-	140,837
Changes in non-cash working capital items:		
Increase in receivables	5,033	(7,388)
Decrease (increase) in prepaids and deposits	(9,056)	2,298
Increase in accounts payable and accrued liabilities	46,236	(96,804)
Net cash used in operating activities	(19,154)	(24,798)
Cash, beginning of period	130,900	180,563
Cash, end of period	$ 111,746	$ 205,361

Supplemental disclosure with respect to cash flows (Note 11)

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

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

	Number of Common Shares	Capital Stock Amount	Reserves	Deficit	Total
Balance, February 29, 2016	28,739,548	$ 83,592,678	$ 16,749,754	$ (100,663,052)	$ 1,036,329
Loss for the period	-	-	-	(29,327)	(29,327)
Balance, May 31, 2016	28,739,548	$ 83,592,678	$ 16,749,754	$ (100,663,052)	$ (280,620)
Balance, February 29, 2017	30,739,548	$ 83,632,678	$ 16,749,754	$ (100,839,660)	$ (457,228)
Loss for the period	-	-	-	(69,387)	(69,387)
Balance, May 31, 2017	30,739,548	$ 83,632,678	$ 16,749,754	$ (100,909,047)	$ (526,615)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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

The Company's principal address 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 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 7).

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. 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) (Note 7). 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

Basis of consolidation and presentation

These unaudited condensed consolidated interim 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.

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

Basis of consolidation and presentation (cont'd)

These unaudited condensed consolidated interim 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 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 29, 2017.

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.

(Expressed in Canadian Dollars)

4. MARKETABLE SECURITIES

As at May 31, 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 $41,063 (February 28, 2017 - $48,625). An unrealized loss on marketable securities of $7,563 (2016 – gain of $35,013) was recorded in the statement of loss and comprehensive loss for the three months ended May 31, 2016.

5. RECEIVABLES

The Company’s receivables consist of the following:

	May 31, 2017	February 28, 2017
GST receivable	$ 15,797	$ 8,957
Other (Note 10)	986	964
Total	$ 16,783	$ 9,921

6. EQUIPMENT

	Furniture and fixtures	Computer equipment	Exploration equipment	Total
Cost				
Balance, February 28, 2015, February 28, 2017 and May 31, 2017	$ 9,536	$ 84,520	$ 24,436	$ 118,492
Accumulated amortization				
Balance, February 28, 2017	$ 9,230	$ 80,887	$ 21,046	$ 111,163
Amortization	8	105	344	457
Balance, May 31, 2017	$ 9,238	$ 80,992	$ 21,390	$ 111,620
Carrying amounts				
As at February 28, 2017	$ 306	$ 3,633	$ 3,390	$ 7,329
As at May 31, 2017	$ 298	$ 3,528	$ 3,046	$ 6,872

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

Three Months Ended May 31, 2017	Collins Bay Property, Saskatchewan	Reno Creek Project, Wyoming	Total
Acquisition costs			
Balance, beginning and end of period	1	957,156	957,157
Deferred exploration costs			
Balance, beginning and end of period	-	-	-
Total, end of period	$ 1	$ 957,156	$ 957,157

Year Ended February 29, 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

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 15).

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 15). 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:

		May 31, 2017		February 28, 2017
Trade payables (Note 10)	$	1,473,402	$	1,431,852
Accrued liabilities (Note 10)		204,167		199,480
Total	$	1,677,569	$	1,631,332

9. CAPITAL STOCK AND RESERVES

Authorized capital stock

As at May 31, 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 or during the three months ended May 31, 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 May 31, 2017, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,952,500	0.10	February 3, 2018

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, February 29, 2016 and February 28, 2017	3,705,750	$ 0.10
Expired	(1,753,250)	0.10
Balance, May 31, 2017	1,952,500	0.10

Number of options currently exercisable	1,952,500	$ 0.10

(Expressed in Canadian Dollars)

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

Warrants

As at May 31, 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 29, 2016	4,831,200	0.10
Expired	(4,831,200)	0.10
As at February 28, 2017 and May 31, 2017	-	$ -

10. RELATED PARTY TRANSACTIONS

During the three months ended May 31, 2017, the Company:

a) Paid or accrued $15,000 (2016 - $15,000) for management fees to the current CEO of the Company.

b) Paid or accrued $5,250 (2016 - $5,250) for administration fees and $7,500 (2016 - $7,500) for professional fees to a company associated with two officers of the Company.

c) Accrued $4,687 (2016 - $4,687) for director fees.

Included in receivables at May 31, 2017 is $985 owing from AUC LLC, a company related via officers in common (February 28, 2017 - $6,705).

Included in accounts payable and accrued liabilities at May 31, 2017 is $829,948 (February 28, 2017 - $806,753) 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 three months ended May 31, 2017 and May 31, 2016 are as follows:

	2017	2016
Administration fees	$ 5,250	$ 5,250
Directors' fees	4,687	4,687
Management fees	15,000	15,000
Professional fees	7,500	7,500
	$ 32,437	$ 32,437

(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	$ -	$ -

There were no significant non-cash transactions during the three months ended May 31, 2017.

During the three months ended May 31, 2016, the Company transferred a portion of its ownership interest in the Reno Creek property to settle payables of $2,114,143 (US$1,639,737) (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 (amended to $5,000 per month commencing March 1, 2016) 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. 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 May 31, 2017 of $1,497,506. Included in accounts payable and accrued liabilities are finder's and establishment fees (and accrued interest thereon) totaling $707,317 (US$525,000) (February 28, 2017 - $693,142 (US$525,000)) associated with the acquisition of the Reno Creek Property (Note 7).

13. 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 May 31, 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 May 31, 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)

13. 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.

14. SEGMENTED INFORMATION

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

Geographic information is as follows:

	May 31, 2017	February 28, 2017
Non-current assets		
Canada	$ 1,450	$ 1,562
United States	969,441	969,786
	$ 970,891	$ 971,348

15. SIGNIFICANT TRANSACTION

During May, 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.

15. SIGNIFICANT TRANSACTION (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.