

BAYSWATER URANIUM CORPORATION

Management's Discussion and Analysis

Six Months Ended August 31, 2017

This Management's Discussion and Analysis ("MD&A") of Bayswater Uranium Corporation ("Bayswater" or the "Company") provides an analysis of the Company's financial results for the six months ended August 31, 2017 and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements for the six months ended August 31, 2017 and the related notes thereto, prepared in accordance with International Accounting Standard No.34, Interim Financial Reporting. This MD&A should also be read in conjunction with the Company's audited consolidated financial statements for the year ended February 28, 2017 and the related notes thereto. All amounts are expressed in Canadian dollars, unless otherwise stated. All documents previously mentioned are available for viewing on SEDAR at www.sedar.com. This MD&A is based on information available as at October 30, 2017.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the Company's financial statements and MD&A, are complete and reliable.

Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

Executive Summary

The Company is a natural resource company engaged in the acquisition and exploration of uranium properties. The Company's principal exploration asset was its interest in the Reno Creek uranium property which it sold during August 2017 (see Investment in Reno Creek Property section below). The Company currently holds uranium interests in Saskatchewan.

The Company's listing was transferred from the TSX Venture Exchange ("TSX-V") to the NEX on September 12, 2017 and now trades under the symbol BYU.H.

Forward-Looking Statements

This MD&A may contain "forward-looking statements" within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date of this Interim MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

These forward-looking statements include, among others, statements with respect to the Company's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect,"

"outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding the Company's future operations, future exploration and development activities or other development plans and estimated future financing requirements contain forward-looking statements.

All forward-looking statements and information are based on the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements.

These factors include, but are not limited to, developments in world financial and commodity markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration plans due to exploration results and changing budget priorities of the Company or its joint venture partners, changes in project parameters as plans continue to be refined; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing, the effects of competition in the markets in which the Company operates, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the Company's anticipation of and success in managing the foregoing risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on the Company's behalf, except as required by law.

INVESTMENT IN AND SALE OF 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 held 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 and a finder's fee of US\$1,000,000.

Prior to the beginning of the year ended February 28, 2017, the Company's interest held in RCHI was reduced to 9.50% as a result of PRRF completing various investments in 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, the Company's interest decreased to 3.09% and was then reduced further to 2.73% as a result of PRRF's additional investment in RCHI during February 2017.

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.

During the six months ended August 31, 2017, PRRF entered into a definitive share purchase agreement with Uranium Energy Corp. ("UEC") (closed during August 2017) to sell all of PRRF's issued and outstanding shares of RCHI and, indirectly thereby, 100% of the fully permitted Reno Creek.

The Company owned a 2.73% interest in RCHI and received notice from PRRF whereby PRRF 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.

Under the terms of the agreement, during August 2017, UEC issued to the Company, in return for the Company's 2.73% ownership interest in RCHI, the following:

- a) 409,170 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, the payment of US\$2,807 in lieu of a 0.01403% net profit interest royalty capped at US\$70,165.50.

The warrants were valued using the Black-Scholes pricing model using a volatility of 71.16%, a share price of US\$1.32, an expected life of 5 years and a discount rate of 0.85%.

In addition, the Company received a further cash payment of US\$24,630, representing the Company's entitlement to cash remaining in RCHI as at closing.

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.

OTHER PROJECTS

Brudell Property, Saskatchewan

The Company owns a 100% interest in the Brudell property, which remains in good standing.

Future Plans and Outlook

Given current market conditions, the Company has significantly reduced overhead and project expenditures. In addition, the Company sold its interest in the Reno Creek property (see Investment in and Sale of Reno Creek Property section above). As a result, the Company will commence investigation of new business opportunities.

Results of Operations

Three months ended August 31, 2017

The Company recorded a loss of \$1,231 during the three months ended August 31, 2017 (the “current period”) compared to a net loss of \$13,294 incurred during the three months ended August 31, 2016 (the “comparative period”). The main reasons for the variance are as follows:

- 1) The Company recognized a foreign exchange gain of \$38,911 on its US\$-denominated payables during the current period compared to a \$2,289 foreign exchange loss recognized during the comparative period.
- 2) The Company recognized an unrealized gain on its marketable securities of \$12,388 during the current period compared to an unrealized loss of \$1,603 recognized during the comparative period.
- 3) The Company recognized a realized gain on the sale of marketable securities of \$49,594 during the comparative period compared to \$Nil recognized during the current period.
- 4) The Company recognized a gain of \$14,117 on the sale of an exploration and evaluation asset during the current period.

Six months ended August 31, 2017

The Company recorded a loss of \$70,618 during the six months ended August 31, 2017 (the “current six-month period”) compared to a loss of \$42,621 during the six months ended August 31, 2016 (the “comparative six-month period”). The main reasons for the variance are as follows:

- 1) The Company recognized a foreign exchange gain of \$24,747 on its US\$-denominated payables during the current six-month period compared to a \$127,784 foreign exchange gain recognized during the comparative-six month period.
- 2) The Company recognized an unrealized gain on its marketable securities of \$4,825 during the current six-month period compared to a \$33,410 unrealized gain recognized during the comparative six-month period.
- 3) The Company recognized a realized gain on the sale of marketable securities of \$49,594 during the comparative six-month period compared to \$Nil recognized during the current six-month period.
- 4) The Company wrote down the carrying value of its investment in the Reno Creek project by \$140,837 during the comparative six-month period with no corresponding write-down recorded during the current six-month period.
- 5) The Company recognized a gain of \$14,117 on the sale of an exploration and evaluation asset during the current six-month period.

Quarterly Information

	Three Months Ended August 31, 2017	Three Months Ended May 31, 2017	Three Months Ended Feb 28, 2017	Three Months Ended Nov 30, 2016
Total assets	\$ 1,101,967	\$ 1,150,954	\$ 1,174,104	\$ 1,207,425
Exploration and evaluation assets	1	957,157	957,157	979,458
Working capital deficiency	(529,182)	(1,497,506)	(1,428,576)	(1,386,227)
Income (loss) for the period	(1,231)	(69,387)	(65,129)	(98,185)
Earnings (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)

	Three Months Ended Aug 31, 2016	Three Months Ended May 31, 2016	Three Months Ended Feb 29, 2016	Three Months Ended Nov 30, 2015
Total assets	\$ 1,266,103	\$ 1,288,302	\$ 3,528,576	\$ 4,473,915
Exploration and evaluation assets	979,458	979,458	3,234,438	4,157,244
Working capital deficiency	(1,288,575)	(1,275,840)	(3,502,092)	(3,405,061)
Income (loss) for the period	(13,294)	(29,327)	(1,020,630)	(198,127)
Earnings (loss) per share	(0.00)	(0.00)	(0.03)	(0.01)

Fiscal 2018

During the period from June 1, 2017 to August 31, 2017, the Company sold its interest in the Reno Creek project and recognized a gain on disposition of \$14,117.

During the period from March 1, 2017 to May 31, 2017, total assets decreased by \$23,150. During this quarter, the Company announced the sale of its interest in the Reno Creek property (See Investment in and Sale of Reno Creek Property section above).

Fiscal 2017

During the period from December 1, 2016 to February 28, 2017, total assets decreased by \$33,321. The decrease was mainly due to the recognition of a further write-down of exploration and evaluation assets, offset by foreign exchange gain of \$122,591.

During the period from September 1, 2016 to November 30, 2016, total assets decreased by \$58,678. The decrease was mainly due to the recognition of a foreign exchange loss of \$16,695 and an unrealized loss on marketable securities of \$33,875.

During the period from June 1, 2016 to August 31, 2016, the Company sold marketable securities for proceeds totaling \$66,292. The Company recorded a realized gain on the sale of marketable securities of \$49,594.

From March 1, 2016 to May 31, 2016, total assets decreased by \$2,240,274. The decrease was mainly due to the reduction of exploration and evaluation assets of \$2,254,980 as a result of a debt settlement with PRRF and cash used by operations. This was partially offset by a realized gain on marketable securities that was recorded during the quarter ended May 31, 2016.

Fiscal 2016

From December 1, 2015 to February 29, 2016, total assets decreased by \$945,339. The decrease was mainly due to the write down of exploration and evaluation assets of \$922,806 and cash used by operations. This was partially offset by a realized gain on marketable securities that was recorded during the quarter ended February 29, 2016.

From September 1, 2015 to November 30, 2015, total assets decreased by \$69,607. The decrease was mainly due to cash used for operations.

Liquidity and Capital Resources

The Company commenced fiscal 2018 with a working capital deficiency of approximately \$1,428,500 and cash of \$130,900. As at August 31, 2017, the Company had a working capital deficiency of approximately \$529,000 and cash of \$85,527. Operating expenditures incurred during the six months ended August 31, 2017 were primarily funded from cash on hand at February 28, 2017 and from collection of receivables.

Included in accounts payable and accrued liabilities is the balance of a finder's fee totaling \$660,390 (US\$525,000) associated with the acquisition of the Reno Creek Property.

For the year ending February 28, 2018, Bayswater anticipates incurring minimal exploration and property maintenance expenditures in order to maintain the Company's Brudell property. As a result of the sale of its Collins Bay Extension property during the year ended February 29, 2016, and the sale of marketable securities during the year ended February 28, 2017 and the sale of its interest in the Reno Creek property during the six months ended August 31, 2017, the Company expects to have sufficient cash reserves to sustain operations beyond the 2018 fiscal year. Bayswater's main source of financing is through issuances of equity, proceeds from the sale of marketable securities and, potentially, proceeds from the sale of certain mineral properties.

The Company does not anticipate generating revenues in the near future and intends to continue its mineral exploration activities. These activities, along with further mineral acquisitions, will need to be funded through additional equity financings.

The Company's unaudited condensed consolidated interim financial statements for the six months ended August 31, 2017 have been prepared on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. However, the Company has sustained substantial losses from operations since inception and has no current source of revenue. Continued operations of the Company are dependent on the Company's ability to complete equity financings or generate profitable operations in the future. The Company's financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Financing opportunities for companies with early-stage exploration projects are limited at the present time and failure to re-finance the Company in Fiscal 2018 could result in the need to wind-down existing activities.

Related party transactions

During the six months ended August 31, 2017, the Company:

- a) Paid or accrued \$30,000 (2016 - \$30,000) for management fees to the current CEO of the Company.
- b) Paid or accrued \$10,500 (2016 - \$10,500) for administration fees and \$17,000 (2016 - \$17,000) for professional fees to a company associated with two officers of the Company.
- c) Accrued \$9,375 (2016 - \$9,375) for director fees.

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

Included in accounts payable and accrued liabilities at August 31, 2017 is \$848,710 (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 six months ended August 31, 2017 and 2016 are as follows:

	2017	2016
Administration fees	\$ 10,500	\$ 10,500
Directors' fees	9,375	9,375
Management fees	30,000	30,000
Professional fees	<u>17,000</u>	<u>17,000</u>
	<u>\$ 66,875</u>	<u>\$ 66,875</u>

Off-Balance Sheet Arrangements

The Company has no off-Balance Sheet arrangements as at the date of this report.

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 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.

Risks and Uncertainties

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by

confirmation that claims and leases are in good standing and obtaining permits for drilling and other exploration activities. The market prices for uranium and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

The Company is operating in Canada and the United States. Changing political situations may affect the manner in which the Company operates. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its expenditures in local currencies or in US dollars. At this time there are no currency hedges in place. All work is primarily carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project.

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.

Financial and Capital Risk Management

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

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

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

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

The fair value of the Company's receivables and accounts payable and accrued liabilities approximate their carrying values. 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 has no investment in asset backed commercial paper.

The Company's receivables consist mainly of amounts due from a related company and HST receivable due from the government of Canada.

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 mineral properties and other accounts payable and accrued liabilities are due within one year.

The Company has a working capital deficiency as at August 31, 2017 of \$529,182. Included in accounts payable and accrued liabilities is a finder's fee totaling \$660,390 (US\$525,000) associated with the acquisition of the Reno Creek Property.

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 included in cash and cash equivalents 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, the United States and Ireland. The Company funds cash calls to its subsidiary companies outside of Canada in US dollars and a portion of its expenditures are also in other local currencies. The greatest risk is the exchange rate of the Canadian dollar relative to the US dollar and a significant change in this rate could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. At August 31, 2017, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

	US\$
Cash	1,798
Accounts payable and accrued liabilities	(525,000)
Net exposure	(523,202)

Based on the above net exposure as at August 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 approximately \$52,000.

c) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly uranium. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

The Company currently maintains investments in certain marketable securities. There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

Capital management

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

Outstanding Share Data

As at October 30, 2017, there were 30,739,548 common shares issued and outstanding. There are also 1,952,500 stock options with an exercise price of \$0.10 per share which expire on February 3, 2018. There are no warrants outstanding.