HOMELAND URANIUM INC.

Interim Consolidated Financial Statements

Three month periods ended March 31, 2012 and 2011

(Stated in $CAD)

(Unaudited - Prepared by Management)

(These unaudited interim consolidated financial statements, prepared by management, have not been reviewed by the company's external auditors)

HOMELAND URANIUM INC.

Consolidated Statements of Financial Position
As at March 31, 2012 and December 31, 2011
(Stated in $CAD)

(Unaudited - Prepared by Management)

	March 31 2012	December 31 2011
ASSETS		
Current:		
Cash	$ **86,093**	$ 4,783
Accounts receivable and prepaid expenses	**22,342**	34,364
Restricted cash (Note 4)	**26,410**	26,881
Investments (Note 5)	**320,331**	367,787
	455,176	433,815
Long term:		
Property and equipment (Note 6)	**22,159**	30,487
	$ **477,335**	$ 464,302
LIABILITIES		
Current:		
Accounts payable and accrued liabilities (Note 8)	$ **344,147**	$ 464,799
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 9)	**20,162,111**	19,887,111
Contributed surplus	**8,535,186**	8,535,186
Reserve for share based payments (Note 10)	**2,020,545**	2,020,545
Accumulated deficit	**(30,517,773)**	(30,382,491)
Accumulated other comprehensive income (loss)	**(66,881)**	(60,848)
	133,188	(497)
	$ **477,335**	$ 464,302

Going concern (Note 1(b))

Commitments and contingencies (Note 16)

See accompanying notes

Approved on behalf of the Board:

"Nick Tintor", Director

"Stephen Coates", Director

HOMELAND URANIUM INC.

Interim Consolidated Statements of Loss and Comprehensive Loss
Three month periods ended March 31, 2012 and 2011
(Stated in $CAD)

(Unaudited - Prepared by Management)

		March 31 2012		March 31 2011
Revenues				
Gain on disposal of property and equipment	$	**125**	$	-
Interest income		**17**		475
Realized gain on FVTPL securities		**-**		17,725
		142		18,200
Expenses				
Unrealized loss on FVTPL securities		**47,456**		205,940
Corporate and investor relations		**36,921**		47,551
Exploration expenditures		**30,453**		36,634
Professional fees		**9,418**		7,288
Depreciation		**8,584**		13,997
Office and administration		**1,945**		15,034
Foreign exchange loss		**647**		568
Share based payments		**-**		4,095
Loss on disposal of capital assets		**-**		24
		135,424		331,131
Net loss	$	**(135,282)**	$	(312,931)
Basic and diluted net loss per share (Note 11)	$	**(0.001)**	$	(0.005)
Comprehensive income (loss)				
Net income (loss)	$	**(135,282)**	$	(312,931)
Exchange differences on translation of foreign operations		**(6,033)**		(7,771)
Comprehensive income (loss)	$	**(141,315)**	$	(320,702)

See accompanying notes

HOMELAND URANIUM INC.

Consolidated Statements of Changes in Shareholders' Equity
Period from January 1, 2011 to March 31, 2012
(Stated in CAD)
(Unaudited - Prepared by Management)

	Share Capital						
	Number of shares	**Amount**	**Contributed surplus**	**Reserve for share based payments**	**Accumulated deficit**	**Accumulated other comprehensive income (loss)**	**Total**
Balance at January 1, 2011	**62,472,448**	**$ 19,737,111**	**$ 8,535,186**	**$ 2,012,355**	**$ (28,989,822)**	**$ (48,913)**	**$ 1,245,917**
Private placement	20,000,000	150,000	-	-	-	-	**150,000**
Share based payments	-	-	-	8,190	-	-	**8,190**
Currency translation adjustment	-	-	-	-	-	(11,935)	**(11,935)**
Net loss for the year	-	-	-	-	(1,392,669)	-	**(1,392,669)**
Balance at December 31, 2011	**82,472,448**	**$ 19,887,111**	**$ 8,535,186**	**$ 2,020,545**	**$ (30,382,491)**	**$ (60,848)**	**$ (497)**
Private placement	55,000,000	275,000	-	-	-	-	**275,000**
Currency translation adjustment	-	-	-	-	-	(6,033)	**(6,033)**
Net loss for the year	-	-	-	-	(135,282)	-	**(135,282)**
Balance at March 31, 2012	**137,472,448**	**$ 20,162,111**	**$ 8,535,186**	**$ 2,020,545**	**$ (30,517,773)**	**$ (66,881)**	**$ 133,188**

See accompanying notes

HOMELAND URANIUM INC.

Interim Consolidated Statements of Cash Flows
Three month periods ended March 31, 2012 and 2011
(Stated in $CAD)

(Unaudited - Prepared by Management)

	2012	2011
Operating activities		
Net income (loss) from continuing operations	**$ (135,282)**	$ (312,931)
Add (deduct) items not affecting cash:		
Depreciation	**8,584**	13,997
Share based payments	**-**	4,095
Loss (gain) on disposal of property and equipment	**(125)**	24
Unrealized loss (gain) on FVTPL securities	**47,456**	205,940
Realized loss (gain) on FVTPL securities	**-**	(17,725)
Unrealized foreign exchange loss	**(6,464)**	(10,156)
	(85,831)	(116,756)
Change in non-cash working capital items		
Accounts receivable and prepaid expenses	**12,022**	54,986
Accounts payable and accrued liabilities	**(120,652)**	(15,559)
	(194,461)	(77,329)
Investing activities		
Proceeds on sale of FVTPL securities	**-**	70,100
Proceeds from sale of property and equipment	**300**	-
Decrease in restricted cash	**471**	61,284
	771	131,384
Financing activities		
Proceeds from issuance of share capital	**275,000**	-
Decrease in cash	**81,310**	54,055
Cash, beginning of year	**4,783**	24,413
Cash, end of year	**$ 86,093**	$ 78,468

See accompanying notes

1. NATURE OF OPERATIONS AND GOING CONCERN

(a) Nature of operations

Homeland Uranium Inc. (the "company") is a company engaged in the business of evaluation and exploration of uranium resource properties, currently in Niger, West Africa. The company, incorporated in December, 2006 under the Ontario Business Corporations Act, is a reporting issuer subject to the rules and regulations of the Ontario Securities Commission. As a reporting issuer only, its shares do not trade on any stock exchange.

(b) Going concern

The accompanying unaudited interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited interim consolidated financial statements. Such adjustments could be material.

The company has spending commitments under the terms of its concessions in Niger *(see notes 7(a) and 16)*. Failure to spend the minimum expenditure requirements by August, 2012 as required under the terms of the renegotiated concession agreements could result in termination of those agreements and the loss of associated rights thereunder. In addition, failure to maintain an ongoing administrative presence in Niger could also result in termination of the concession agreements. No adjustment to the carrying value of the Niger concessions would be required as the company has chosen to expense all exploration expenditures under IFRS *(see note 2(e))*.

As the company has no operating revenues or other sources of cash flow and has a small working capital surplus of $111,029 as at March 31, 2012 (December 31, 2011 - deficiency of $30,984), its ability to maintain its Canadian head office operations and an administrative office in Niger over the next 12 months will be dependent upon its ability to (1) raise further equity for the company through private placements (as was done in May, 2011 and again in February, 2012 *(per note 9)* and/or (2) sell its interest in its investments *(see note 5)*.

While management believes that it will be able to secure the necessary financing to continue operations into the future, there is no certainty that these and other strategies will be sufficient to permit the company to continue beyond the foreseeable future as such strategies are dependent upon continued support of its shareholder base. The accompanying unaudited interim consolidated financial statements do not include any adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and statement of financial position classifications that would be necessary should the going concern assumption become inappropriate. These adjustments could be material to the unaudited interim consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The company is following the same accounting policies and methods of computation in these unaudited interim consolidated financial statements as it did in the audited consolidated financial statements for the year ended December 31, 2011.

These unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB.

These unaudited interim consolidated financial statements have not been reviewed by the company's external auditors.

(b) Basis of presentation

The unaudited interim consolidated financial statements have been prepared on the historical cost basis as modified by the measurement at fair value of financial assets classified as fair value through profit and loss ("FVTPL").

The accounting policies set out below have been applied consistently to all periods presented in the unaudited interim consolidated financial statements and are consistent with those used in the most recent annual audited financial statements.

(c) Consolidation

All entities in which the company has a controlling interest, specifically when it has the power to direct the financial and operational policies of these companies to obtain benefit from their operations, are fully consolidated.

These unaudited interim consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries, Homeland Uranium, Inc. ("US sub"), a Utah company, Pan African Uranium Corp. (“Ontario sub"), an Ontario company, and Uranium International Limited Niger ("Niger sub"), a branch of the Ontario sub.

Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(d) Functional currency and foreign currency translation

Functional and presentation currency

The financial statements are presented in Canadian dollars, which is also the functional currency of the corporate offices located in Canada. The functional currency of the Niger and USA subsidiaries are the West African CFA and US dollar respectively.

Foreign currency translation

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate with all foreign currency adjustments being expensed.

Financial statements of the subsidiaries, for which the functional currency is not the Canadian dollar, are translated into Canadian dollars, the functional currency of the parent, as follows: all asset and liability accounts (including non-monetary and capital items) are translated at the period-end exchange rate and all earnings and expense accounts and cash flow statement items are translated at average exchange rates for the period. The resulting translation gains and losses are recorded as foreign currency translation adjustments in other comprehensive income. Intercompany advances are not expected to be repaid in the near future.

(e) Mineral properties

All acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment ("PPE"). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(f) Property and equipment

Property and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost or production cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When property and equipment include significant components with different useful lives, they are recorded and depreciated separately. Depreciation is computed using the straight-line and declining balance methods based on the estimated useful life of the assets. Subsequent to initial recognition, the cost model is applied to property and equipment. The company recognizes in the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

Depreciation is provided at rates calculated to write off the cost of property and equipment less their estimated residual value on a straight-line basis, over the estimated useful lives of each part of an item of property and equipment, as follows:

Exploration equipment	Straight-line	3 to 5 years
Automotive equipment	Straight-line	3 to 5 years
Furniture and fixtures	Straight-line	10 to 20 years
Computer and office equipment	Straight-line	2 to 5 years

The company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property and equipment and any changes arising from the assessment are applied by the company prospectively.

(g) Financial instruments
Financial assets

Financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss (“FVTPL”).

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(g) Financial instruments, continued

Financial assets classified as FVTPL are measured at fair value, with any resultant gain or loss recognized in the statement of loss and comprehensive loss. Financial instruments classified as being available-for-sale are measured at fair value, with any resultant gain or loss being recognized directly under other comprehensive income, except for impairment losses and, in the case of monetary items such as securities denominated in foreign currency, which are recorded in foreign exchange gains and losses. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is transferred to profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss. Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

Financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities. Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of loss.

Financial instrument classifications

The company has made the following classifications:

Cash	FVTPL
Accounts receivable	Loans and receivables
Investments	FVTPL
Restricted cash	FVTPL
Accounts payable and accrued liabilities	Other liabilities

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(h) Impairment of non-financial assets

The company continually reviews and evaluates the events or changes in the economic environment that indicate a risk of impairment of assets to determine whether the carrying amount of the asset or group of assets under consideration exceeds its or their recoverable amount. Impairment of the assets is evaluated at the cash-generating unit ("CGU") level which is the smallest identifiable group of assets that generates cash inflows, independent of the cash inflows from other assets, as defined by IAS 36 "Impairment of assets". Recoverable amount is defined as the higher of the CGU's fair value (less costs to sell) and its value in use. The active market or a binding sale agreement provides the best evidence for the determination of the fair value, but where neither exists, fair value is based on the best information available to reflect the amount the company could receive for the CGU in an arm's length transaction. Value in use is equal to the present value of future cash flows expected to be derived from the use and sale of the CGU.

(i) Provisions

A provision is recognized on the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The company's activities could give rise to obligations for environmental rehabilitation which can include facilities dismantling, removal, treatment of waste materials, monitoring, compliance with environmental regulations, security and other site-related costs required to perform the rehabilitation work. Any current expenditures regarding the environmental rehabilitation are charged to the cost of the project. Provisions for rehabilitation are periodically adjusted by the company, when applicable.

(j) Share based payments

The company offers a share option plan for its directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured using the Black Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. Any consideration paid on exercise of share options is credited to capital stock. The related reserve for the share based payment amount is transferred to capital stock when the options are exercised.

For equity settled transactions, the company measures goods or services received at their fair value, unless that fair value cannot be estimated reliably, in which case the company measures their value by reference to the fair value of the equity instruments granted.

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(k) Earnings (loss) per share

Basic earnings (loss) per share amounts are calculated by dividing the net earnings (loss) for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted earnings (loss) per share amounts are calculated by dividing the net earnings (loss) attributable to common share holders of the parent by the weighted average number of shares outstanding during the period plus the weighted average number of shares that would be issued on the conversion of all the dilutive instruments. None of the options or warrants are dilutive in nature.

(l) Measurement uncertainty

The preparation of consolidated financial statements in compliance with IFRS requires the company's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the company's assets, liabilities, equity or earnings. These estimates and assumptions notably relate to the following items:

Measurement of impairment in assets - In determining carrying values and impairment charges the company looks at recoverable amounts, defined as the higher of value in use or fair value less cost to sell in the case of assets, and at objective evidence that identifies significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Environmental rehabilitation provision - Provisions for rehabilitation require judgement as to the time frame and amounts required to successfully complete such rehabilitations given factors such as weather conditions, the success of replanting efforts and limitations on access to the relative area of exploration.

Functional currency - The functional currency for the company and subsidiaries is the currency of the primary economic environment in which each operates: Canadian dollar, US dollar and West African CFA. Determination of functional currency may require certain judgements to determine the primary economic environment. The company reconsiders the functional currency used when there is a change in events and conditions which determined the primary economic environment.

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(m) **Accumulated other comprehensive income (loss)**

Comprehensive income (loss) is comprised of net income and other comprehensive income (loss). Certain gains and losses arising from changes in fair value are temporarily recorded outside the consolidated statement of operations in accumulated comprehensive income as a separate component of shareholders' equity. Other comprehensive income (loss) may include any unrealized gains and losses on available-for-sale securities, foreign currency translation gains and losses on the currency used for presentation and changes in the fair market value of derivative instruments designated as cash flow hedges, all net of taxes.

(n) **Deferred taxes**

Deferred taxes are recorded for temporary differences existing at closing date between the tax base value of assets and liabilities and their carrying amount in the consolidated statement of financial position.

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of tax losses and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists, to make use of those deductible temporary differences, tax loss carry-forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and which, at the transaction date, does not impact either earnings or tax income or loss.

Current tax and deferred tax shall be charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity.

3. ADOPTION OF NEW AND REVISED IFRS STANDARDS AND INTERPRETATIONS

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the company's financial year beginning on or after January 1, 2012. For the purpose of preparing and presenting the financial information for the relevant periods, the company has consistently adopted all these new standards for the relevant reporting periods. At the date of authorization of these consolidated financial statements, the IASB and IFRIC has issued the following new and revised standards and interpretations which are not yet effective for the relevant reporting periods:

• **IFRS 9** - 'Financial Instruments: Classification and Measurement' – effective date extended to January 1, 2015, addresses the classification and measurement of financial assets. It uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The new standard also requires a single impairment method to be used.
• **IFRS 10** - "Consolidated Financial Statements" - establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidated – Special Purpose Entities" and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
• **IFRS 11** - 'Joint Arrangements' - establishes the principles for joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. It requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method whereas for a joint operation the venture will be accounted for using the proportionate consolidation method.
• **IFRS 12** - 'Disclosure of Interests in Other Entities' - requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
• **IFRS 13** - 'Fair Value Measurement' - provides guidance on the measurement of fair value and related disclosures through a fair value hierarchy.
• **IAS 19** - 'Employee Benefits' amends the existing standard to eliminate options to defer the recognition of gains and losses in defined benefit plans, requires remeasurement of a defined benefit plan's assets and liabilities to be presented in other comprehensive income and increases the disclosure.
• **IFRIC 20** - 'Stripping Costs in the Production Phase of a Surface Mine' applies to all types of natural resources that are extracted using the surface mining activity process. IFRIC 20 permits capitalization of stripping costs if all of the three criteria are met: probability of economic benefit, identifiability of ore body and measurability of stripping costs. IFRIC 20 provides a more detailed cost allocation guidance based on a relevant production measure that allows allocation between inventory produced and the stripping activity asset. IFRIC 20 may represent a change in accounting practice for some Canadian mining entities.

The company has not early adopted these standards, amendments and interpretations. However, management is currently assessing the impact of their application in the consolidated financial statements of the company.

4. RESTRICTED CASH

Certain cash balances are restricted as they relate to deposits with state regulatory authorities in the United States to secure various reclamation guarantees with respect to mineral properties in Utah and Colorado. As these licenses were not renewed by December 31, 2010, the company is in the process of obtaining final release of these funds. As these funds are not available for general corporate purposes, they have been separately disclosed.

5. INVESTMENTS

The company's investment, considered to be FVTPL, is carried at market value and comprised of the following:

	March 31 2012		December 31 2011	
	$	Shares	$	Shares
Southern Andes Energy Inc.	**$ 320,331**	2,372,819	$ 367,787	2,372,819

6. PROPERTY AND EQUIPMENT

	Computer equipment $	Automotive equipment $	Furniture & fixtures $	Exploration equipment $	Total $
Cost					
As at January 1, 2011	116,717	45,243	68,848	123,334	354,142
Disposals	(20,267)	(23,489)	(34,385)	(28,203)	(106,345)
Currency adjustments	(1,170)	753	(547)	(1,556)	(2,520)
As at December 31, 2011	95,279	22,507	33,916	93,574	245,276
Currency adjustment	(3,206)	0	(1,142)	(3,906)	(8,254)
As at March 31, 2012	92,073	22,507	32,774	89,668	237,022
Accumulated depreciation					
As at January 1, 2011	93,674	34,611	34,092	75,313	237,690
Depreciation	12,865	2,202	8,998	22,056	46,121
Disposals	(13,883)	(14,654)	(14,570)	(19,773)	(62,880)
Currency adjustment	(2,458)	348	(958)	(3,073)	(6,141)
As at December 31, 2011	90,198	22,507	27,561	74,524	214,789
Depreciation	(3,695)	0	(1,276)	(3,558)	(8,529)
Currency adjustment	3,699	0	1,294	3,609	8,602
		0			
As at March 31, 2012	90,202	22,507	27,579	74,575	214,863
Net book value					
As at January 1, 2011	23,043	10,631	34,757	48,020	116,451
As at December 31, 2011	5,081	0	6,355	19,050	30,487

See accompanying notes

7. MINERAL PROPERTIES

(a) **Niger concessions:**

(i) The company was granted three year uranium exploration concessions in January 2007 and approved by a governmental order on May 31, 2007. The eight concessions are located in the Agadez-Arlit district of northern Niger and are held in the name of Uranium International Limited Niger, a branch of the company's Ontario subsidiary.

On June 7, 2010, the government of Niger agreed to extend this agreement a further 27 months to August 31, 2012 under the same terms and conditions.

(ii) The key terms of the agreement include:

(a) 50% of the concessions must be relinquished on or before November 30, 2012.;
(b) a minimum expenditure of US$2,125,000 per concession during the grant period (see note 16)
(c) a 10% free carried interest for the state in the mining phase with an option to acquire an additional 30% at market value;
(d) exemptions during the exploration period include:
- value added tax
- corporate income tax
- income tax for expatriate employees
- land tax
- licence contribution
- mining flat tax and other registration fees
- import duties on certain equipment and spare parts

(e) a sliding scale mining royalty between 5.5% to 12% of the market value of production on FOB terms
(f) exemptions during the mining phase include:
- value added tax until the date of production
- taxes on industrial/business profits for three years from production
- land and mining flat taxes indefinitely
- import duties on certain equipment and spare parts.

(iii) Although the company has taken steps to verify title to the mineral properties on which it is conducting exploration and in which it has an interest, these procedures do not guarantee the company's title. Although management is not aware of any such agreements, transfers or defects, property title may be subject to unregistered prior agreements, claims or transfers and title may be affected by undetected defects. Assets located outside of North America are subject to the risk of foreign investment, including currency exchange fluctuations and restrictions and local political instability and uncertainty.

The company faces risks and uncertainties including: (i) the inability to obtain the financing necessary to complete the development of its properties, (ii) realization of proceeds from the sale of its properties, or (iii) the company's licenses, permits or concessions being revoked as a result of title disputes, a failure to comply with agreements

7. MINERAL PROPERTIES, CONTINUED

or security issues preventing the safe exploration and development of any properties under license. Specifically, the company has encountered many delays during the execution of its Niger project due to events and circumstances beyond its control. The government of Niger has acknowledged these delays as "force majeure" and has granted the company an extension to its current concessions until August 31, 2012 to compensate for the lost time, essentially giving it a further two years to comply with its original spending requirements.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31 2012		December 31 2011
Balances made up of:				
Trade accounts payable and accruals	$	**284,105**	$	403,370
Payroll related		**60,042**		61,429
	$	**344,147**	$	464,799

As part of the private placement completed in February, 2012, $60,850 of accounts payable and accrued liabilities were settled in exchange for common shares.

9. SHARE CAPITAL

	Shares		$
Balance - December 31, 2010	**62,472,448**	**$**	**19,737,111**
Private placement (Note 9(a))	20,000,000		150,000
Balance - December 31, 2011	**82,472,448**		**19,887,111**
Private placement (Note 9(c))	55,000,000		275,000
Balance - March 31, 2012	**137,472,448**	**$**	**20,162,111**

(a) The company is authorized to issue an unlimited number of common shares.

(b) In May, 2011, the company closed a non-brokered private placement financing of 20,000,000 common shares at $0.0075 per common share for cash proceeds of $150,000. The common shares were subject to a four-month hold period in accordance with requisite securities laws.

(c) In February, 2012, the company closed a non-brokered private placement financing of 55,000,000 common shares at $0.005 per common share gross proceeds of $275,000. Of the total proceeds, $214,150 was received in cash, and the balance of $60,850 was used to retire existing accounts payable. The common shares were subject to a four-month hold period in accordance with requisite securities laws.

10. STOCK OPTIONS

The company has adopted a stock option plan under which it may grant options to purchase shares of the company. There were no new options granted during 2011 or to date in 2012, all outstanding options as at March 31, 2012 are fully vested and numerous options have been cancelled as the respective option holder's rights have expired under the terms of the relevant agreement. The following summary sets out the activity in outstanding stock options:

	March 31 2012	December 31 2011
Outstanding, beginning of period	**2,280,000**	3,940,000
Cancelled	**-**	(1,660,000)
Outstanding, ending of period	**2,280,000**	2,280,000

Number of stock options	**Remaining contractual life**	**Exercise price per share**	**Expiry date**
1,530,000	0.4	0.25	May 7, 2012
750,000	1.2	0.25	March 6, 2013
2,280,000			

As at March 31, 2012 and December 31, 2011, all outstanding options were exercisable. During the three month period ended March 31, 2012, the company recognized $NIL (March 31, 2011 - $4,095) of share based payments.

11. LOSS PER SHARE

The weighted average number of shares outstanding for the three month period ended March 31, 2012 is 110,274,646 (March 31, 2011 - 62,472,448). Diluted loss per share is the same as basic loss per share as all options and warrants are anti-dilutive.

12. FINANCIAL INSTRUMENTS

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, currency and fair value). Risk management is carried out by the company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

12. FINANCIAL INSTRUMENTS, CONTINUED

(a) Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The company's credit risk is primarily attributable to accounts receivable and cash. Financial instruments included in accounts receivable consist of HST receivable and accrued interest and deposits held with consultants and other service providers. As at March 31, 2012, cash of $86,093 (December 31, 2011 - $4,783) is held with reputable financial institutions from which management believes the risk of loss to be minimal. All accounts receivable and reclamation deposits held by US banks and US government departments are in good standing. As of March 31, 2012, a total of $16,066 (December 31, 2011 - $21,570) represented the maximum credit exposure on accounts receivable. Management believes that the credit risk concentration with respect to accounts receivable is negligible.

(b) Liquidity risk

Liquidity risk refers to the risk that the company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost (see note 1(c)). The company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due, and as such, the company has classified its investments as current. As at March 31, 2012, the company has a working capital surplus of $111,029 (December 31, 2011 - deficiency of $30,984). All of the company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

(c) Currency risk

In managing currency risks, the company aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in foreign exchange would have an impact on consolidated earnings.

(d) Market risk

The company is exposed to certain market risks including changes in pricing and limited access to foreign markets. Specifically, the carrying value of its investments, all of which are classified as FVTPL ("fair value through profit or loss"), are adjusted every reporting period for any changes in their quoted trading prices.

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As the company has minimal or no cash balances that earn interest and no interest-bearing debt, its interest rate risk is considered nominal.

12. FINANCIAL INSTRUMENTS, CONTINUED

(f) **Sensitivity analysis**

As at March 31, 2012 and December 31, 2011, the carrying and fair value amounts of the company's financial instruments are approximately equivalent.

i) The company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The company funds certain operations, exploration and administrative expenses in Niger and the United States on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. The company maintains US dollar bank accounts in Canada and the United States. The company is exposed to foreign currency risk on fluctuations of financial instruments that are denominated in US dollars and West African francs (CFA's) related to cash, restricted cash, accounts receivable, investments and accounts payable and accrued liabilities. Sensitivity to a plus or minus 10% change in the foreign exchange rate would affect the net comprehensive income by $30,000.

ii) The company is exposed to market risk as it relates to its investments held in marketable securities. If market prices had varied by 10% from their March 31, 2012 fair market value positions, the net loss and/or comprehensive income would have varied by approximately $32,000.

(g) **Fair value hierarchy**

The following summarizes the methods and assumptions used in estimating the fair value of the company's financial instruments where measurement is required. The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash, restricted cash and marketable securities. Fair value amounts represent point in time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per their fair value hierarchy. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data. The fair value of the company's financial instruments where financial measurement is required are as follows:

	March 31 2012	December 31 2011
Level 1		
Cash	**$ 86,093**	$ 4,783
Restricted cash	**26,410**	26,881
Investments	**320,331**	367,787

13. CAPITAL MANAGEMENT

The company's objective when managing capital is to maintain adequate levels of funding to support development of its exploration projects, to expand regional exploration activities within Niger and to maintain corporate and administrative functions. The company considers its capital to be equity, which is comprised of share capital, contributed surplus, reserve for share based payments, accumulated deficit and accumulated other comprehensive loss, which at March 31, 2012 was $133,188 (December 31, 2011 - $(497) (see note 1(c). The company manages its capital structure in an effort to provide sufficient funding for its development projects. Funds are primarily secured through equity capital raised by way of private placements.

There can be no assurances that the company will be able to continue raising equity capital in this manner. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the company's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the company, is reasonable. There have been no changes in the company's approach to capital management since the year-end. The company is not subject to externally imposed capital requirements.

14. SEGMENTED INFORMATION

The company conducts its business in a single operating segment consisting of the exploration activities in Niger, where all mineral properties and equipment are situated.

15. RELATED PARTY TRANSACTIONS

The company has transacted with related parties pursuant to service arrangements in the ordinary course of business, as follows:

(a) For the period from March 1, 2011 to June 30, 2011, the company paid a monthly consulting fee of $3,500 its CEO. Starting in July, 2011, that compensation was added to the overall compensation of the company described in note 15(b-i). Accordingly, these unaudited interim consolidated financial statements include $NIL (2011 - $3,500) of fees to the CEO.

(b) Management and administrative services:

   (i) Starting in January, 2011, the company paid $6,500 per month to Grove Capital Group Ltd., a company controlled by an officer and director, for management and administrative services, including compensation for the CFO, corporate secretary, office rent and regular administrative functions. Starting in July, 2011, the fee was increased to $10,000 per month as the compensation of the CEO was assumed by Grove Capital Group. Total fees paid during the three month period ended March 31, 2012 totalled $30,000 (March 31, 2011 - $19,500).

(ii) Starting in June, 2010, these services were provided by Southern Andes Energy Inc. at a monthly rate of $4,000 at a a time when the companies shared common management and office premises. Total fees paid to Southern Andes Energy Inc. during the three month period ended March 31, 2012 totalled $NIL (March 31, 2011 - $9,250).

16. COMMITMENTS AND CONTINGENCIES

(a) Niger concessions

The company is committed to spend a minimum of USD $300,000 per concession before November 30, 2008 (USD $2,400,000 for the eight concessions). For the periods ending November 30, 2009 and 2010, the annual expenditures are increased to USD $500,000 and USD $1,325,000 respectively per concession (USD $4,000,000 and USD $10,600,000 for the eight concessions). The concession licenses have since been extended to August 31, 2012. To date, the company has spent approximately USD $6,120,000 (excluding pre-operational expenditures) on the eight Niger concessions.

The company has encountered many delays during the execution of its Niger project due to events or circumstances beyond the company's control. The government of Niger has acknowledged these delays as "force majeure" and has pledged to grant the company an extension to its current contract to compensate for the lost time.

In addition, the company has agreed to make three annual cash payments to the government for the purpose of training Niger nationals equivalent to USD $10,000 per concession or USD $80,000 per year for its eight concessions as part of minimum spending commitments. To date, one of these payments has been made and the other two have been accrued. The company is contingently liable for an additional two years of annual training fees during the extension period described above, the results of which are dependent upon negotiations with the Niger government for renewal of the concessions.

(b) Management contract

The company's management contract is on a monthly basis with a six-month notice period *(see also note 15)*.