HOMELAND URANIUM INC.

Consolidated Financial Statements

Years ended December 31, 2012 and 2011

(Stated in $CAD)

Independent Auditor's Report

To the Shareholders of
Homeland Uranium Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of Homeland Uranium Inc., which comprise the consolidated statements of financial position as at December 31, 2012, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Homeland Uranium Inc. as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(b) in the consolidated financial statements which describes material uncertainty and raises substantial doubt about the Company's ability to continue as a going concern.

Other matters

The consolidated financial statements as at December 31, 2012 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their audit report dated April 30, 2012.

Signed: ***"MSCM LLP"***

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
April 29, 2013

HOMELAND URANIUM INC.
Consolidated Statements of Financial Position
As at December 31, 2012 and 2011
(Stated in $CAD)

	2012	2011
ASSETS		
Current:		
Cash	$ 2,679	$ 4,783
Accounts receivable and prepaid expenses	24,136	34,364
Restricted cash (Note 4)	20,541	26,881
Investments (Note 5)	241,905	367,787
	289,261	433,815
Long term:		
Property and equipment (Note 6)	-	30,487
	$ 289,261	$ 464,302
LIABILITIES		
Current:		
Accounts payable and accrued liabilities (Note 8)	$ 577,031	$ 464,799
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 10)	20,162,111	19,887,111
Contributed surplus	10,425,525	8,535,186
Reserve for share based payments (Note 11)	130,206	2,020,545
Accumulated deficit	(30,935,904)	(30,382,491)
Accumulated other comprehensive income (loss)	(69,708)	(60,848)
	(287,770)	(497)
	$ 289,261	$ 464,302

Going concern (Note 1(b))

Commitments and contingencies (Note 17)

Subsequent events (Note 18)

See accompanying notes

Approved on behalf of the Board:

"Nick Tintor", Director

"Stephen Coates", Director

HOMELAND URANIUM INC.
Consolidated Statements of Loss and Comprehensive Loss
Years ended December 31, 2012 and 2011
(Stated in $CAD)

	2012	2011
Revenues		
Dividend income (Note 5(a)(i))	$ 117,430	$ -
Interest income	711	867
Realized gain on FVTPL securities	-	71,139
	118,141	72,006
Expenses		
Exploration expenditures	285,110	269,967
Corporate and investor relations	155,842	215,937
Unrealized loss on FVTPL securities	132,451	797,163
Professional fees	57,452	89,631
Depreciation	29,631	48,467
Office and general	9,114	16,596
Foreign exchange loss	1,100	1,962
Realized loss on FVTPL securities	978	-
Share based payments	-	8,190
Loss on property and equipment	(124)	16,762
	671,554	1,464,675
Net loss	$ (553,413)	$ (1,392,669)
Basic and diluted net loss per share (Note 12)	$ (0.0042)	$ (0.0186)
Comprehensive loss		
Net loss	$ (553,413)	$ (1,392,669)
Exchange differences on translation of foreign operations	(8,860)	(11,935)
Comprehensive loss	$ (562,273)	$ (1,404,604)

See accompanying notes

HOMELAND URANIUM INC.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
Years ended December 31, 2012 and 2011

(Stated in $CAD)

	Share Capital						
	Number of shares	**Amount**	**Contributed surplus**	**Reserve for share based payments**	**Accumulated deficit**	**Accumulated other comprehensive loss**	**Total**
Balance at December 31, 2010	**62,472,448**	**$ 19,737,111**	**$ 8,535,186**	**$ 2,012,355**	**$ (28,989,822)**	**$ (48,913)**	**$ 1,245,917**
Private placement (Note 9-b)	20,000,000	150,000	-	-	-	-	**150,000**
Share based payments (Note 10)	-	-	-	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 (Note 9-c)	55,000,000	275,000	-	-	-	-	**275,000**
Expiry and forfeiture of options	-	-	1,890,339	(1,890,339)	-	-	**-**
Currency translation adjustment	-	-	-	-	-	(8,860)	**(8,860)**
Net loss for the year	-	-	-	-	(532,413)	-	**(532,413)**
Balance at December 31, 2012	**137,472,448**	**$ 20,162,111**	**$ 10,425,525**	**$ 130,206**	**$ (30,914,904)**	**$ (69,708)**	**$ (266,770)**

See accompanying notes

HOMELAND URANIUM INC.
Consolidated Statements of Cash Flows
Years ended December 31, 2012 and 2011
(Stated in $CAD)

	2012	2011
Operating activities		
Net loss from continuing operations	**$ (553,413)**	$ (1,392,669)
Add (deduct) items not affecting cash:		
Unrealized loss (gain) on FVTPL securities	**132,451**	797,163
Depreciation	**29,631**	48,467
Realized loss (gain) on FVTPL securities	**978**	(71,139)
Share based payments	**-**	8,190
Loss (gain) on disposal of property and equipment	**(124)**	16,762
Unrealized foreign exchange loss	**(8,182)**	(11,935)
Dividend income	**(117,430)**	-
	(516,089)	(605,161)
Change in non-cash working capital items		
Accounts receivable and prepaid expenses	**10,228**	28,388
Accounts payable and accrued liabilities	**173,084**	200,775
	(332,777)	(375,998)
Investing activities		
Proceeds on sale of FVTPL securities	**109,883**	85,175
Proceeds from sale of property and equipment	**300**	20,735
Change in restricted cash	**6,340**	100,458
	116,523	206,368
Financing activities		
Proceeds from issuance of share capital	**214,150**	150,000
Decrease in cash	**(2,104)**	(19,630)
Cash, beginning of year	**4,783**	24,413
Cash, end of year	**$ 2,679**	$ 4,783

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 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 consolidated financial statements. Such adjustments could be material.

The company received renewal of its eight uranium concessions from the Minister of Mines and Industrial Development of the Government of Niger on March 4, 2013 for a further three years *(see note 7(a)*). Such approval had been conditional upon certain factors, the most significant of which was the payment of four years of training fees in the amount of approximately USD $320,000 *(see note 8)*. Two of the four years of training fees were paid by the company on March 28, 2013 *(see note 18)*. Failure to pay the remaining two years of training fees, to maintain an ongoing administrative presence in Niger or to meet minimum spending and reporting requirements under the renewal terms could result in termination of any 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 a working capital deficiency of $287,770 as at December 31, 2012 (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 *(see note 18)* and/or (2) sell its interest in its investments *(see note 5)*.

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. Management is not aware of any such agreements, transfers or defects, but 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.

1. NATURE OF OPERATIONS AND GOING CONCERN, CONTINUED

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 or security issues preventing the safe exploration and development of any properties under license. Previously, 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 had acknowledged these delays as "force majeure" and, in June, 2010, had granted the company a 27 month extension (to August, 2012) to its original concessions to compensate for this lost time. Current economic and political uncertainty in the sub-Saharan part of Africa could lead to similar difficulties and delays in the future.

While management believes that it will be able to secure the necessary financing to continue operations into the future, there are material uncertainties that may cast significant doubt 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 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 consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

These consolidated financial statements were authorized for issuance by the Board of Directors on April 29, 2013.

(b) Basis of presentation

The 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 consolidated financial statements and are consistent with those used in the most recent annual audited financial statements.

2. Significant Accounting Policies, continued

(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 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.

(d) Functional currency and foreign currency translation

Functional and presentation currency

The consolidated 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 exchange rate at the end of the reporting period and all revenue and expense accounts and cash flow statement items are translated at average exchange rates for the reporting period. The resulting translation gains and losses are recorded as foreign currency translation adjustments in other comprehensive income (loss).

(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 then 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 also 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
Restricted cash	FVTPL
Investments	FVTPL
Accounts payable and accrued liabilities	Other financial 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 consolidated statements 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. The company has a current provision of $13,000 that, based on currently available information, management feels is adequate to cover such obligations.

(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 the reserve for share based payments 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 share capital 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 shareholders 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) 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 (loss) 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.

(m) Deferred taxes

The company follows the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities. The deferred income tax assets and liabilities are measured using substantively enacted tax rates and laws that are expected to be in effect when the differences are expected to be settled or realized.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the company does not considered it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Potential tax benefits from income tax loss carry forwards are not recognized by the company until realization is more likely than not. These potential tax benefits have not been recognized in the consolidated financial statements to date because management has not determined that it is probable that the company will realize these future tax benefits.

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(n) **Critical accounting estimates and judgements**

The preparation of consolidated financial statements in compliance with IFRS requires the company's management to make certain estimates and assumptions that are considered 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 materially impact the reported amount of the company's assets, liabilities, equity or earnings. These estimates and assumptions notably relate to the following:

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.

Niger liabilities - As illustrated by the period of "force majeure" described in note 1(b), there is an uncertainty that often arises when conducting business in Niger. These uncertainties require significant judgements to ensure that liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations, are measured based on management's best estimate of the expenditure required to settle the obligation at the reporting date *(see note 8)*.

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.

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 IFRS Interpretations Committee have issued the following new and revised standards and interpretations that may be relevant to the company, but are not yet effective for the relevant reporting periods:

• **IFRS 7 "Financial Instruments: Disclosures"** provides disclosure guidance on offsetting financial assets and financial liabilities. This amendment is effective for annual periods beginning on or after January 1, 2013 and is applied retrospectively.
• **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 with earlier application permitted.
• **IFRS 13 "Fair Value Measurement"** replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard, for annual periods beginning on or after January 1, 2013. It defines and provides guidance on determining fair value and requires disclosures about fair value measurements, but does not change the requirements regarding which items are measured or disclosed at fair value.
• **IAS 1 "Presentation of Financial Statements"** requires entities to group items in other comprehensive income based on whether the items are potentially re-classifiable to profit or loss subsequent to initial recognition and is effective for annual periods beginning on or after July 1, 2012.
• **IAS 32 "Financial Instruments: Presentation"** prescribes the accounting for offsetting financial assets and financial liabilities. The amendment is effective annual periods beginning on or after January 1, 2014 and is applied retrospectively with earlier application permitted. The application of this pronouncement is not expected to have a material impact on the consolidated financial statements.
• **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"** clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. The application of this pronouncement is not expected to have an impact on the consolidated financial statements as the company is currently in the exploration and evaluation phase.

The company has not early adopted any of 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. During the year, the company received refunds of $6,340 (2011 - $100,459). A further $3,637 was received after year-end with the remaining balance expected to be released sometime during the second quarter of 2013. However, as these funds are not yet available for general corporate purposes, they have been separately disclosed.

5. INVESTMENTS

The company's investments are carried at fair value and are comprised of the following:

	2012		2011	
	$	Shares	$	Shares
Southern Andes Energy Inc.	**$ -**	-	$ 367,787	2,372,819
Caracara Silver Inc.	**62,758**	965,000	-	-
Macusani Yellowcake Inc.	**179,147**	1,235,500	-	-
	$ 241,905		$ 367,787	

(a) **Southern Andes Energy Inc. re-organization in April, 2012**

(i) On April 12, 2012, Southern Andes Energy Inc. ("SUR") distributed a dividend consisting of shares of Caracara Silver Inc. (“CSV”) to all SUR shareholders on the basis of a distribution ratio of 0.45 CSV shares for each common share held by shareholders of SUR. Shareholders were not required to pay for the CSV shares that they received pursuant to the distribution nor were they required to surrender or exchange common shares of SUR in order to receive the CSV shares. As a result of the distribution, Homeland acquired 1,067,543 common shares of CSV valued at $117,430 on the date of distribution. The value at the date of distribution was recorded as dividend income. The corresponding investment has been classified as FVTPL.

(ii) On April 27, 2012, Southern Andes Energy Inc. ("SUR") merged with Macusani Yellowcake Inc. ("YEL") such that shareholders of SUR received 0.80 shares of YEL for each common share of SUR. As a result of the merger, the company received 1,898,255 shares of YEL. The investment in YEL was recorded at the then-carrying value of SUR, which has subsequently been adjusted to fair market value as at December 31, 2012 under accounting for securities classified as FVTPL.

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)	(106,344)
Currency adjustment	(1,170)	754	(547)	(1,556)	(2,519)
As at December 31, 2011	95,280	22,508	33,916	93,575	245,279
Currency adjustment	(3,478)	(1,265)	(2,171)	(5,652)	(12,566)
As at December 31, 2012	91,802	21,243	31,745	87,923	232,713
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)	(3,071)	(6,139)
As at December 31, 2011	90,198	22,507	27,562	74,525	214,792
Depreciation	5,486	-	6,092	18,053	29,631
Currency adjustment	(3,882)	(1,264)	(1,909)	(4,655)	(11,710)
As at December 31, 2012	91,802	21,243	31,745	87,923	232,713
Net book value					
As at December 31, 2011	5,082	-	6,354	19,050	30,487
As at December 31, 2012	-	-	-	-	-

7. MINERAL PROPERTIES

(a) **Niger uranium concessions:**

(i) On March 4, 2013, the company obtained approval for renewal of its Niger uranium concessions for a further three years from authorities in Niger. Such approval was conditional upon certain factors, the most significant of which was payment of two years of training fees in the amount of USD $160,000 *(see note 17(a))*. Four years of training fees of $320,000 are provided for in accounts payable and accrued liabilities as at December 31, 2012 *(see note 8)*. The two years of training fees of USD $160,000 was paid on March 28, 2013 out of the proceeds of a private placement that occurred after year-end *(see note 18)*.

(ii) Previously, the company was granted three-year uranium exploration concessions in January 2007 that was 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 September 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 to give recognition to conditions of "force majeure" that existed at that time.

(iii) The key terms of the concession renewal include:

(a) 50% of the areas licensed under the previous concessions were relinquished on renewal, such that the area of exploration now covers approximately 1,870 square kilometres
(b) cumulative minimum expenditures of USD $4,916,350 for all concessions during the three-year renewal period *(see note 17)*
(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
- license 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.

8. Accounts Payable and Accrued Liabilities

		2012		2011
Balances made up of:				
Trade accounts payable and accrued liabilities	**$**	**443,958**	$	349,953
Provisions		**68,198**		60,623
Payroll related		**64,874**		54,223
	$	**577,030**	$	464,799

Accounts payable and accrued liabilities contain an amount of USD $320,000 representing four years of training fees due and payable under the terms of the original uranium concessions. This amount includes two years of training fees arising during the period of "force majeure" not previously provided for. Subsequent to year-end *(see note 18)*, the renewal process for the uranium concessions was formalized on March 4, 2013, but was conditional upon acknowledgement of these liabilities by the company. Of this amount, two years of training fees of USD $160,000 were paid on March 28, 2013 such that the remaining two years of training fees still remain unpaid.

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. Income taxes

The following table reconciles the expected income tax recovery at the Canadian federal and provincial statutory rate of 26.50% (2011 - 28.25%) to the amount recognized in the statement of operations:

		2012		2011
Net loss before recovery of income taxes	**$**	**562,273**	$	1,404,604
Expected income tax recovery		**(149,000)**		(396,801)
Difference in foreign tax rates		**(12,160)**		-
Tax rate changesand other adjustments		**(266,320)**		-
Non-deductible expense		**(27,120)**		210,691
Change in tax benefits not recognized		**454,600**		186,110
Income tax reflected in consolidated statements of loss and comprehensive loss	**$**	**-**	$	-

The 2012 statutory tax rate of 26.50% differs from the 2011 statutory tax rate of 28.25% because of the reduction in both federal and Ontario substantively enacted tax rates.

9. INCOME TAXES, CONTINUED

Unrecognized deferred tax assets

	2012 $	2011 $
Non-capital losses carried forward	**$ 15,150,700**	$ 14,658,414
Capital losses carried forward	**7,559,000**	7,558,991
Resource-related properties	**11,253,900**	10,939,328
Other deductible temporary differences	**376,100**	517,897

Foreign non-capital losses expire between 2016 and 2017. Canadian non-capital losses expire as noted below. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The company's Canadian non-capital income tax losses expire as follows:

	Canada	US
2015	$ 259,360	$ -
2025	26,920	-
2026	76,030	-
2027	1,511,620	-
2028	933,570	3,488,300
2029	1,599,270	3,159,270
2030	1,222,930	1,159,190
2031	1,154,390	67,540
2032	485,890	6,400
	$ 7,269,980	$ 7,880,700

10. SHARE CAPITAL

	Shares	$
Balance - December 31, 2010	**62,472,448**	**$ 19,737,111**
Private placement (Note 10(b))	20,000,000	150,000
Balance - December 31, 2011	**82,472,448**	**19,887,111**
Private placement (Note 10(c))	55,000,000	275,000
Balance - December 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.

11. 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 2012, all outstanding options as at December 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:

	2012	2011
Outstanding, beginning of year	**2,280,000**	3,940,000
Expired or forfeited	**(1,530,000)**	(1,660,000)
Outstanding, end of year	**750,000**	2,280,000

Number of stock options	**Remaining contractual life**	**Exercise price per share ($)**	**Expiry date**
750,000	0.2	0.25	March 6, 2013

As at December 31, 2012 and 2011, all outstanding options were exercisable. During the year ended December 31, 2012, the company recognized $NIL of share based payments (2011 - $8,190).

During the year ended December 31. 2012, an amount of $1,614,795 attributed to forfeited and expired options has been transferred from the reserve for share based payments to contributed surplus.

12. LOSS PER SHARE

The weighted average number of shares outstanding for the year ended December 31, 2012 is 132,813,978 (2011 - 74,856,010). Diluted loss per share is the same as basic loss per share as stock the options are anti-dilutive.

13. 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.

13. 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 cash, accounts receivable and restricted 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 December 31, 2012, cash of $2,679 (2011 - $4,783) is held with reputable financial institutions from which management believes the risk of loss to be minimal. All HST receivable and reclamation deposits held by US banks and US government departments are in good standing. As of December 31, 2012, a total of $16,372 (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(b))*. 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 December 31, 2012, the company has a working capital deficiency of $287,770 (2011 - deficiency of $30,984). Subsequent to year-end, as detailed in note 18, the working capital deficiency was eliminated through a private placement of $425,000. 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.

13. FINANCIAL INSTRUMENTS, CONTINUED

(f) **Sensitivity analysis**

As at December 31, 2012 and 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 predominately in West African francs (CFA's) as well as some in US dollars and are 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 $46,000 (2011 - $28,000), of which $45,000 (2011 - $27,000) relates to CFA denominated financial instruments.

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 December 31, 2012 fair market value positions, the net loss and/or comprehensive income would have varied by approximately $24,000 (2011 - $37,000)

(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 financial instruments classified as loans and receivables and other financial liabilities approximates their carrying amounts due to their short term maturities. 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 statement of financial position, 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:

	2012	2011
	$	$
Level 1		
Cash	**2,679**	4,783
Restricted cash	**20,541**	26,881
Investments	**241,905**	367,787

14. 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 its equity, which is comprised of share capital, contributed surplus, reserve for share based payments, accumulated deficit and accumulated other comprehensive loss, which at December 31, 2012 was $(287,770) (2011 - $(497)) *(see note 1(b)*. 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.

15. 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.

16. 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 16(b-i). Accordingly, total consulting fees to its CEO for the year ended December 31, 2012 totalled $NIL (2011 - $14,000).

(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. Total fees paid during the year ended December 31, 2012 totalled $120,000 (2011 - $99,000). Accounts payable and accrued liabilities, including applicable HST, owing to this company as at December 31, 2012 is $34,160 (2011 - $33,900).

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

16. RELATED PARTY TRANSACTIONS, CONTINUED

(c) An amount of $NIL (2011 - $30,000) was paid to a company owned by the CFO for incremental services provided during 2011. Accounts payable and accrued liabilities, including applicable HST, owing to this company as at December 31, 2012 is $NIL (2011 - $33,900).

(d) A company controlled by a director received consulting fees of $NIL (2011 - USD $39,000) relating to the administration of the wind-down of the affairs of the company's US subsidiary in 2011. Accounts payable and accrued liabilities as at December 31, 2012 include $NIL (2011 - USD $9,000) owing to this company. This individual ceased to be a director of the company in early 2012.

(e) Accounts payable and accrued liabilities of $38,050 owing to the related parties described in (b), (c) and (d) were settled with common shares issued as part of the private placement as described in note 10(c).

(f) The Board of Directors approved quarterly director fees of $1,500 for each independent director. As at December 31, 2012, accounts payable and accrued liabilities includes a provision of $21,000 (2011 - $NIL) for such fees.

17. COMMITMENTS AND CONTINGENCIES

(a) Niger concessions

As described in note 7 and 18, the company had its eight uranium concessions renewed on March 4, 2013 for a further three year period. Under the terms of those concession renewals, the company is committed to minimum exploration expenditures of USD $4,916,350 over the three year extension, currently budgeted in approximately equal annual amounts.

In addition, under the terms of the original agreement and continued during the renewal period, the company is committed to payment of annual training fees of USD $10,000 per concession (totalling USD $80,000 per year) for its eight concessions for the purpose of training Niger nationals.

(b) Management contract

The company's management contract with Grove Capital Group Inc. is on a monthly basis with a six-month notice period *(see also note 16(b)(i))*.

18. Subsequent events

In February and March of 2013, the company completed a non-brokered private placement of 85,000,000 shares for $0.005 per share for total cash consideration of $425,000. Part of the proceeds of this private placement were used to pay the USD $160,000 of training fees owed to the Niger government as described in note 17(a).

As described in notes 1(a) and 7(a), the company received renewal on March 4, 2013 of its eight Niger uranium concessions for a further three years. As described in note 8, the company paid USD $160,000 on March 28, 2013 towards its obligation for four years of training fees amounting to USD $320,000.

The remaining options described in note 11 all expired unexercised in March 2013.