HOMELAND URANIUM INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2013 AND 2012
(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 SEPTEMBER 30, 2013 AND DECEMBER 31, 2012
(Stated in $CAD)
(Unaudited - Prepared by Management)

	September 30 2013	December 31 2012
ASSETS		
Current:		
Cash	$ 53,433	$ 2,679
Accounts receivable and prepaid expenses	27,814	24,136
Restricted cash (Note 4)	-	20,541
Investments (Note 5)	135,603	241,905
	$ 216,850	$ 289,261
LIABILITIES		
Current:		
Accounts payable and accrued liabilities (Note 7)	$ 391,874	$ 577,031
SHAREHOLDERS' DEFICIT		
Share capital (Note 8)	20,484,111	20,162,111
Contributed surplus	10,555,731	10,425,525
Reserve for warrants (Note 8(c))	103,000	-
Reserve for share based payments (Note 9)	13,750	130,206
Accumulated deficit	(31,253,747)	(30,935,904)
Accumulated other comprehensive income	(77,869)	(69,708)
	(175,024)	(287,770)
	$ 216,850	$ 289,261

Going concern (Note 1(b))

Commitments (Note 13)

The accompanying notes form an integral part of these consolidated financial statements

Approved on behalf of the Board:

"Nick Tintor" Director   "Stephen Coates" Director

HOMELAND URANIUM INC.
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2013 AND 2012
(Stated in $CAD)
(Unaudited - Prepared by Management)

	Three month period ended September 30 2013	**Nine month period ended September 30 2013**	Three month period ended September 30 2012	Nine month period ended September 30 2012
Revenue				
Interest income	**$ 563**	$ 563	$ -	$ -
Realized gain on FVTPL securities	**-**	**95**	-	15,690
Unrealized gain on FVTPL securities	**21,328**	-	-	-
Gain on disposal of property and equipment	**-**	-	-	122
	21,891	658	-	15,812
Expenses				
Unrealized loss on FVTPL securities	**-**	**86,655**	28,970	10,686
Corporate and investor relations	**36,049**	**111,819**	30,688	102,513
Exploration expenditures	**22,965**	**61,352**	24,015	97,692
Professional fees	**13,478**	**38,224**	(5,015)	42,527
Foreign exchange loss	**562**	**5,998**	218	1,004
Office and administration	**(1,353)**	**703**	824	8,352
Depreciation	**-**	-	15,178	28,709
Realized loss: held-for-trading securities	**-**	-	271	-
Share based payments	**13,750**	**13,750**	-	-
	85,451	**318,501**	95,149	291,483
Net loss	**$ (63,560)**	**$ (317,843)**	$ (95,149)	$ (275,671)
Loss per share - basic and diluted (Note 10**)**	**$ (0.0004)**	**$ (0.0014)**	$ (0.0009)	$ (0.0020)
Comprehensive loss				
Net loss	**$ (63,560)**	**$ (317,843)**	$ (95,149)	$ (275,671)
Exchange differences on translation of foreign operations	**2,439**	**(8,161)**	(17,270)	(14,358)
Comprehensive loss	**$ (61,121)**	**$ (326,004)**	$ (112,419)	$ (290,029)

The accompanying notes form an integral part of these consolidated financial statements

HOMELAND URANIUM INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
PERIOD FROM JANUARY 1, 2012 TO SEPTEMBER 30, 2013
(Stated in $CAD)
(Unaudited - Prepared by Management)

	Common shares		Reserve for warrants		Contributed surplus	Reserve for share based payments	Accumulated deficit	Accumulated other comprehensive loss	Total
	Shares	Amount	Number	Amount					
	(Note 8)		(Note 8(c))			(Note 9)			
As at January 1, 2012	**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
Expiry of May 2007 Series I options	-	-	-	-	459,230	(459,230)	-	-	-
Net loss for period	-	-	-	-	-	-	(275,671)	-	(275,671)
Currency translation adjustment	-	-	-	-	-	-	-	(14,358)	(14,358)
As at September 30, 2012	**137,472,448**	**20,162,111**	**-**	**-**	**8,994,416**	**1,561,315**	**(30,658,162)**	**(75,206)**	**(15,526)**
Expiry and forfeiture of options	-	-	-	-	1,431,109	(1,431,109)	-	-	-
Net loss for period	-	-	-	-	-	-	(277,742)	-	(277,742)
Currency translation adjustment	-	-	-	-	-	-	-	5,498	5,498
As at December 31, 2012	137,472,448	20,162,111	-	-	10,425,525	130,206	(30,935,904)	(69,708)	(287,770)
Private placement	85,000,000	322,000	85,000,000	103,000	-	-	-	-	425,000
Expiry of options	-	-	-	-	130,206	(130,206)	-	-	-
Share based payments	-	-	-	-	-	13,750	-	-	13,750
Net loss for period	-	-	-	-	-	-	(317,843)	-	(317,843)
Currency translation adjustment	-	-	-	-	-	-	-	(8,161)	(8,161)
As at September 30, 2013	**222,472,448**	**$ 20,484,111**	**85,000,000**	**$103,000**	**$ 10,555,731**	**$ 13,750**	**$ (31,253,747)**	**$ (77,869)**	**$ (175,024)**

HOMELAND URANIUM INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTH PERIODS ENDED SEPTEMBER 30, 2013 AND 2012
(Stated in $CAD)
(Unaudited - Prepared by Management)

	2013	2012
Operating activities		
Net loss	**$ (317,843)**	$ (275,671)
Add (deduct) items not affecting cash		
Depreciation of property and equipment	**-**	28,709
Loss (gain) on sale of property and equipment	**-**	(122)
Unrealized loss (gain) on FVTPL securities	**86,655**	10,686
Realized loss (gain) on FVTPL securities	**(95)**	(15,690)
Share based payments	**13,750**	-
Unrealized foreign exchange loss	**(8,161)**	(12,758)
	(225,694)	(264,846)
Change in non-cash working capital items		
Accounts receivable and prepaid expenses	**(3,678)**	13,419
Investments	**-**	-
Accounts payable and accrued liabilities	**(185,157)**	(104,716)
	(414,529)	(356,143)
Investing activities		
Proceeds on sale of FVTPL securities	**19,742**	91,506
Proceeds from sale of property and equipment	**-**	300
Change in restricted cash	**20,541**	876
	40,283	92,682
Financing activities		
Proceeds from issuance of share capital and warrants	**425,000**	275,000
Change in cash	**50,754**	11,539
Cash, beginning of period	**2,679**	4,783
Cash, end of period	**$ 53,433**	$ 16,322

The accompanying notes form an integral part of these consolidated financial statements

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. It would, 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 incurred repeated significant losses as net loss and comprehensive loss for the nine month period ended September 30, 2013 was $326,004 (nine month period ended September 30, 2012 - $290,029) with an accumulated deficit as at September 30, 2013 of $31,253,747 (December 31, 2012 - $30,935,904). The working capital deficiency as at September 30, 2013 was $175,024 as compared with $287,770 at December 31, 2012.

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 6(b))*. 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 7)*. Two of the four years of training fees were paid by the company on March 28, 2013 *(see note 7)*. 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(f))*.

As the company has no operating revenues or other sources of cash flow, 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 8)* and/or (2) sell its interest in its investments *(see note 5)*.

1. NATURE OF OPERATIONS AND GOING CONCERN, CONTINUED

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.

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. Ongoing 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. However, there are material uncertainties that may cast significant doubt as to whether management will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the company.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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, 2012. They have not been reviewed by the company's external auditors and were authorized for issuance by the Board of Directors on November 28, 2013.

Except as described below, these unaudited interim consolidated financial statements reflect the accounting policies applied by the company in its audited consolidated financial statements for the year ended December 31, 2012.

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

As required by the IASB, effective January 1, 2013 the company adopted the following standards and amendments to IFRS:

IFRS 7: "Financial Instruments: Amendment Regarding Offsetting Financial Assets and Financial Liabilities" enables users of the financial statements to better compare financial statements prepared in accordance with IFRS and US Generally Accepted Accounting Principles. The company's adoption of IFRS 7 had no effect on its financial statements.

IFRS 10: "Consolidated Financial Statements" provides a single model to be applied in the control analysis for all investees stating that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 carries forward the consolidation procedures substantially unmodified from IAS 27. The company's adoption of IFRS 10 had no effect on its financial statements.

IFRS 13: "Fair Value Measurement" defines fair value, required disclosure about fair value measurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards. The adoption of IFRS 13 did not require any adjustment to the valuation techniques currently used to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

IAS 1: "Presentation of Financial Statements" was amended and requires companies to group items presented within Other Comprehensive Income based on whether they may be subsequently reclassified to profit or loss. The company's adoption of IAS 1 had no effect on its financial statements.

IFRIC 20: "Stripping Costs in the Production Phase of a Surface Mine" provides guidance on the accounting for waste removal costs that are incurred in surface mining activity during the production phase of a mine. The company's adoption of this standard had no effect on its financial statements as it does not have any surface mines in the production phase.

(b) **Basis of preparation**

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 preparation of unaudited interim consolidated financial statements in accordance with IFRS requires management to make certain critical accounting estimates and to exercise judgement in applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these unaudited interim consolidated financial statements, are disclosed in note 2(n).

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(c) Basis of consolidation

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
- Uranium International Limited Niger ("Niger sub"), a branch of the Ontario sub

Subsidiaries are those entities which the company controls by having the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the company and are de-consolidated from the date that control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

(d) 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").

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.

2. Significant Accounting Policies, continued

(d) Financial instruments, continued

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

(e) 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.

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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).

(f) 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.

(g) 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 equipment	Straight line	2 to 5 years
♦	Office equipment	Straight-line	2 to 5 years

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 and contingencies

Provisions are recognized when a legal or constructive obligation exists as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate current market-based pre-tax discount rate. The increase in the provision due to passage of time is recognized as interest expense.

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.

When a contingency substantiated by confirming events can be reliably measured and is likely to result in an economic outflow, a liability is recognized at the best estimate required to settle the obligation. A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized in the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(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. Share based payments expense is recognized upon vesting 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 share capital.

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.

(k) Earnings 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. Stock options and warrants outstanding are not included in the computation of diluted earnings per share if their inclusion would be anti-dilutive.

(l) Accumulated other comprehensive income

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) Income 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.

2. Significant Accounting Policies, continued

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 probable. 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 in the foreseeable future.

(n) Critical accounting estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, include, but are not limited to, the following:

(i) 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.

(ii) 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.

(iii) 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 company has reviewed new and revised accounting pronouncements, standards, amendments and related interpretations that have been issued but are not yet effective and determined that the following may have an impact on the company:

(a) **IFRS 9: "Financial Instruments"** was issued by the IASB on November 12, 2009 and will replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

(b) **IFRS 12: "Disclosure of Interests in Other Entities"** provides disclosure guidance on interests in subsidiaries, joint arrangements, associates and unstructured entities. This standard is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.

(c) **IAS 32: "Financial Instruments - Offsetting Financial Assets and Financial Liabilities"** provides further clarification on the application of the offsetting requirements. The company will start the application of IAS 32 in the financial statements effective from January 1, 2014.

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.

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. All remaining deposits were received in full by the end of the reporting period.

5. INVESTMENTS

	September 30 2013		December 31 2012	
	$	**Shares**	$	Shares
Macusani Yellowcake Inc.	**$ 82,500**	**1,100,000**	$ 179,147	1,235,500
Caracara Silver Inc.	**53,103**	**965,500**	62,758	965,500
	$ 135,603		$ 241,905	

6. MINERAL PROPERTIES

The following provides the relevant background on the company's uranium exploration concessions in Niger:

(a) Previously, the company was originally 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.

(b) 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. Four years of training fees of $320,000 were provided for in accounts payable and accrued liabilities as at December 31, 2012 *(see note 7)*. Two years of training fees of USD $160,000 were paid on March 28, 2013 out of the proceeds of a private placement that occurred in February, 2013 *(see note 8(c))*.

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

(i) 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;
(ii) cumulative minimum expenditures of USD $4,916,350 for all concessions during the three-year renewal period *(see note 13(a))*;
(iii) a 10% free carried interest for the state in the mining phase with an option to acquire an additional 30% at market value;
(iv) tax and other exemptions during the exploration period include:
- value added tax;
- corporate income tax;
- income tax for expatriate employees;
- land tax;
- license contributions;
- mining flat tax and other registration fees; and
- import duties on certain equipment and spare parts;

(v) a sliding scale mining royalty between 5.5% to 12% of the market value of production on FOB terms; and
(vi) 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; and
- import duties on certain equipment and spare parts

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30 2013	December 31 2012
Trade accounts payable and accrued liabilities	**$ 242,718**	$ 443,959
Payroll related	**78,942**	64,874
Provisions	**70,214**	68,198
	$ 391,874	$ 577,031

As at September 30, 2013, accounts payable and accrued liabilities contain an amount of USD $160,000 representing two years of training fees (December 31, 2012 - USD $320,000 representing four years) due and payable under the terms of the original uranium concessions. 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 the amount payable as at December 31, 2012, two years of training fees of USD $160,000 were paid on March 28, 2013.

8. SHARE CAPITAL

Continuity schedules for the company's share capital and other equity instruments are disclosed in the unaudited interim consolidated statement of changes in shareholders' equity for the period from January 1, 2012 to September 30, 2013. Details of changes to share capital during that period are as follows:

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

(b) In February, 2012, the company closed a non-brokered private placement financing of 55,000,000 common shares at $0.005 per common share for gross proceeds of $275,000. The common shares were subject to a four-month hold period in accordance with requisite securities laws.

(c) In February, 2013, the company closed a non-brokered private placement of 85,000,000 units at $0.005 per unit for gross proceeds of $425,000. Each unit consisted of the following:

(i) 1 common share; and
(ii) 1 common share purchase warrant entitling the holder thereof to buy one common share at a price of $0.01 per share, expiring in 24 months by February 2015. The fair value of these warrants was calculated with the Black-Scholes pricing model. Using the assumptions of: (1) risk free interest rate of 1.0%, (2) expected volatility of 139%, (3) expected life of 1 year, and (4) dividend yield of 0.0%, the fair value attributed to each warrant was $0.0012, or $103,000 in aggregate. The remaining proceeds of $322,000 were attributed to the common shares.

9. STOCK OPTIONS

The company has adopted a stock option plan under which it may grant options to acquire shares of the company to directors, officers and consultants of the company. The number of common shares subject to options granted under the plan is limited to 10% in the aggregate. A summary of the status of the stock option plan is as follows

	Nine months ended September 30 2013			Year ended December 31 2012		
	Options		**Weighted-average exercise price**	Options		Weighted-average exercise price
Outstanding at beginning of period	**750,000**	**$**	**0.250**	2,280,000	$	0.250
Expired or forfeited	**(750,000)**		**0.250**	(1,530,000)		0.250
Granted in April, 2013	**11,000,000**		**0.005**	-		-
Outstanding at end of period	**11,000,000**	**$**	**0.005**	750,000	$	0.250

(a) During the year ended December 31, 2012, an amount of $1,614,795 attributed to forfeited and expired options was transferred from the reserve for share based payments to contributed surplus. On expiry of the remaining 750,000 options in the first quarter of 2013, the remaining balance in the reserve for share based payments of $130,206 was also transferred to contributed surplus.

(b) **July 11, 2013 grant:**

(i) The Board of Directors approved the grant of 11,000,000 options exercisable at $0.005 per option with a term of five years (expiring July 11, 2018). Of these options, 50% vested immediately and the remainder after one year.

(ii) The fair value of these options issued to officers, directors and consultants has been calculated with the Black-Scholes option pricing model. Using the assumptions of: (1) risk free interest rate of 1.45% (2) expected volatility of 83.8%, (3) expected life of 3.25 years, and (4) dividend yield of 0.0%, the fair value attributed to each option was $0.0025.

10. Loss per share

Basic and diluted loss per share is computed using the weighted average number of common shares outstanding. The weighted average number of common shares outstanding for the three and nine month periods ended September 30, 2013 was 162,131,789 and 222,472,448 respectively (three and nine month periods ended September 30, 2012 - 105,104,196 and 137,472,448 respectively).

Diluted loss per share and the weighted average number of common shares exclude all potentially dilutive equity instruments since their effect is anti-dilutive. As at September 30, 2013, the following potentially dilutive equity instruments were all outstanding: (1) 85,000,000 warrants (December 31, 2012 - Nil), and (2) 11,000,000 options (December 31 2012 - 750,000).

11. Financial Risk Factors

Risk management

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.

(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. As at September 30, 2013, cash of $53,433 (December 31, 2012 - $2,679) is held with reputable financial institutions from which management believes the risk of loss to be minimal. All HST receivables are in good standing, so management believes that 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 September 30, 2013, the company had a working capital deficiency of $175,024 (December 31, 2012 - deficiency of $287,770). In the first quarter of 2013, the working capital deficiency was offset through a private placement for gross proceeds of $425,000 *(see note 8)*. All of the company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

11. FINANCIAL RISK FACTORS, CONTINUED

(c) 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 (held in marketable securities), 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.

If market prices had varied by 10% from their fair market value position as at September 30, 2013, net loss and comprehensive loss would have varied by approximately $15,000.

(d) Foreign 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.

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.

Based on the above exposure and assuming that all other variables remain constant, a +/- 10% change in the value of the Canadian dollar relative to these currencies as at September 30, 2013 would affect net loss and comprehensive loss by approximately $35,000.

(e) 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:

11. Financial Risk Factors, continued

	September 30 2013	December 31 2012
	$	$
Cash	**53,433**	2,679
Restricted cash	**-**	20,541
Investments	**135,603**	241,905

(f) **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. Capital Disclosures

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 September 30, 2013 was deficiency of $175,024 (December 31, 2012 - deficiency of $287,770).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.

13. COMMITMENTS

(a) Niger concessions

As described in note 6, 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 note 14(a))*.

14. RELATED PARTY TRANSACTIONS (INCLUDING KEY MANAGEMENT COMPENSATION)

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

(a) The company pays a monthly fee of $10,000 to a company controlled by an officer and director for management and administrative services, including monthly compensation for the CFO of $2,500, corporate secretary, office rent and regular administrative functions. During the three month and nine month periods ended September 30, 2013, the company recorded total fees of $30,000 and $90,000 respectively (three month and nine month periods ended September 30, 2012 - $30,000 and $90,000 respectively)*(see also note 13(b))*. As at September 30, 2013, accounts payable and accrued liabilities includes $Nil (December 31, 2012 - $34,160) in respect of such fees, including applicable HST.

(b) The Board of Directors has previously approved quarterly director fees of $1,500 for each independent director. Fees recorded in the three and nine months ended September 30, 2013 totalled $6,000 and $18,000 respectively (three and nine month periods September 30, 2012 - $6,000 and $15,000 respectively). As at September 30, 2013, accounts payable and accrued liabilities includes a provision of $39,000 (December 31, 2012 - $21,000) in respect of such fees.