

Homeland Uranium Inc.
doing business as

WESTERN URANIUM
Form 2A
Listing Statement
November 20, 2014

Notice to reader: This Listing Statement is prepared and filed with respect to an application by Homeland Uranium Inc. for listing on the Canadian Securities Exchange (the “CSE”). Homeland Uranium Inc. currently operates under the name “Western Uranium” (the “Company”), until its formal name is changed to Western Uranium Corporation following a special meeting of shareholders called for December 15, 2014.

In connection with the listing on the CSE, the Company will complete a 1 for 800 consolidation of its common shares (the “Consolidation”) following its special meeting of shareholders called for December 15, 2014.

As sufficient shareholders of the Company have already confirmed that they will vote in favour of the Consolidation and name change to “Western Uranium Corporation”, *upon listing on the CSE the Company will be referred to thereon as “Western Uranium” and the Company’s common shares will trade on an “if, as and when” Consolidated basis until the Consolidation and name change are completed. After that time, trading of the Company’s shares on the CSE will be on a “net settlement” basis.*

HOMELAND URANIUM INC.
dba WESTERN URANIUM
LISTING STATEMENT
November 20, 2014

This Listing Statement has been completed and filed by Homeland Uranium Inc. dba Western Uranium (the “Issuer”) in connection with the company’s application for a listing on the Canadian Securities Exchange (the “CSE”).

FORWARD-LOOKING STATEMENTS

This Listing Statement contains “forward looking information” which may include, but is not limited to, statements with respect to the future financial or operating performance of the Issuer, its subsidiaries and its projects, timing and likelihood of obtaining government approval for exploration and other operations, the future price of uranium, exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital and availability of future financing, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of legislative and regulatory matters. Often, but not always, forward looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Accordingly, readers should not place undue reliance on forward looking statements. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such factors include, among others, lack of a statutory framework for uranium mining in the country of Niger (notwithstanding the Issuer’s plan to effectively remove its property in Niger from the Issuer as described in this Listing Statement), the lack of access to historic drill core, delays in obtaining governmental and regulatory approvals, uncertainty of acquiring necessary drilling permits, general business, economic, competitive, political, social and security uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of uranium; possible variations of geological parameters; failure of equipment to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, insurrection, terrorism or war; delays in obtaining financing or in the completion of exploration, development or construction activities, as well as those factors discussed in the heading entitled “Risk Factors” in this prospectus. Although the Issuer has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

INTERPRETATION

In this Listing Statement, all references to “\$” or dollars are to Canadian dollars, unless otherwise specified.

HOMELAND URANIUM INC.
dba Western Uranium
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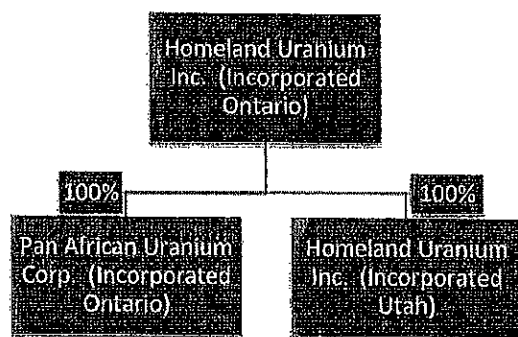
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2. Corporate Structure

2.1 The Issuer's full corporate name is Homeland Uranium Inc. having its registered and principal place of business at Suite 2702, 401 Bay Street, Toronto ON M5H 2Y4. The Issuer has registered the business name of Western Uranium and will be carrying on business under that name.

2.2 The Issuer was incorporated pursuant to the Business Corporations Act (Ontario) as 2123493 Ontario Inc. On January 19, 2007 the Issuer amended its articles to change its name to Homeland Uranium Inc. On June 26, 2007, the Issuer amended its articles to remove restrictions on the transfer of shares, increasing the minimum number of directors to 3 and allowing the directors to increase the size of the board in between meetings of shareholders.

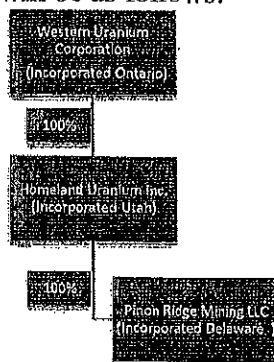
2.3 The current corporate organization chart for the Issuer is as follows:



Following the listing of the Common Shares, the Issuer intends to complete a reorganization (the "Spin Out") whereby the Issuer's shares of Pan African Uranium Corporation ("PAUC") will be distributed to the shareholders of record of the Issuer on November 3, 2014 on a pro rata basis. If approved, this will result in the current shareholders of the Issuer owning the shares of PAUC directly and therefore PAUC will no longer be a subsidiary of the Issuer. The completion of the Spin Out is subject to the approval of the shareholders of the Issuer. For additional information, see section 3.1 of this Listing Application.

The Issuer has also entered into a share exchange agreement dated as of November 6, 2014 to acquire all of the issued and outstanding shares of PRM (as hereinafter defined). On completion of the Acquisition (as hereinafter defined) of PRM, PRM will be a wholly-owned subsidiary of Homeland Uranium Inc. (USA) ("HUI USA"). PRM is the owner of the Assets (as hereinafter defined), which form the basis of the business of the Issuer on a go forward basis. For further details on the Acquisition, please see section 3.1 of this Listing Statement.

Following the completion of the Acquisition, Consolidation, Name Change and the Spin Out, the corporate structure of the Issuer will be as follows:



2.4 This Listing Statement is an initial application and is not an application resulting from a fundamental change.

2.5 As a Canadian incorporated public issuer, the Issuer is subject to Canadian corporate legislation with respect to the governance principles set out in Policy 4 of the CSE.

3. General Development of the Business

3.1 General

In February, 2012, the Issuer 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.

In February, 2013, the Issuer 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.

On March 4, 2013 the Issuer received renewal of its eight uranium concessions (the "Niger Assets") from the Minister of Mines and Industrial Development of the Government of Niger for a further three years. The Niger Assets are held by a wholly-owned subsidiary of the Issuer, and as discussed below, subject to obtaining shareholder approval and compliance with other legal and regulatory requirements, the Issuer plans to distribute the shares of this subsidiary to certain of its shareholders shortly after the Issuer has been listed on the CSE.

As of November 6, 2014 the Issuer entered into a share exchange agreement with various parties to acquire (the "Acquisition") all of the issued and outstanding ownership interests of Pinon Ridge Mining LLC ("PRM") in consideration for 8,800,000,000 (8.8 billion) shares of the Issuer priced at \$0.00375 per share for a total value of \$33,000,000. The assets of PRM consist of the San Rafael Uranium Project, which will be the Issuer's only material property, and six other uranium and/or vanadium exploration properties (namely the Sunday Mine Complex, the Van 4 Mine, the Yellow Cat Project, the Dunn Mine Complex, the Farmer Girl Mine, and the Sage Mine Project) which are not currently material to the Issuer (the "Assets"). At a meeting of shareholders to be held on December 23, 2014, the Issuer will seek approval to complete a consolidation of the Issuer's outstanding Common Shares on the basis of one (1) post-consolidated Common Share for each eight hundred (800) pre-Consolidation Common Shares (the "Consolidation") and to change the name of the Issuer to Western Uranium Corporation (the "Name Change") as well as the Spin Out.

On November 20, 2014 the Issuer completed a private placement (the "Private Placement") on the issuance of 95,055,946 Common Shares priced at \$0.0029 per Common Share for gross proceeds of \$275,662.24.

On a post-Consolidation basis, the Issuer is acquiring the PRM for 11,000,000 post-Consolidation Common Shares at a price of \$3.00 per post-Consolidation Common Share of the Issuer, and the

investors in the Private Placement were issued a total of approximately 118,820 post-Consolidation Common Shares at a price of \$2.32 per share.

Following the completion of the Private Placement and the Acquisition the shareholders of PRM will own approximately 96.6% of the issued and outstanding Common Shares, the participants of the Private Placement will own approximately 0.95% of the issued and outstanding Common Shares and the current shareholders of the Issuer will own approximately 2.44% of the issued and outstanding Common Shares.

The purpose of the Spin Out is to preserve the value, if any, in the Niger Assets (being the historical assets of HUI) for the current shareholders of the Issuer. On the completion of the Spin Out, the Niger Assets, which are owned through PAUC, will no longer be assets of the Issuer. Instead, the shares of PAUC will be held directly by the shareholders of HUI on November 3, 2014 prior to the completion of the Private Placement and the Acquisition.

Following the completion of the Acquisition and the Spin Out, the principal business of the Issuer will be the development of the Assets. The balance of this listing statement has been prepared on the basis that the Acquisition and the Spin Out will be completed. The Acquisition will be completed immediately prior to listing. The Spin Out, Consolidation and Name Change will be completed following a meeting of shareholders scheduled for December 23, 2014.

3.2 Acquisitions and Dispositions

Please see section 3.1 of this Listing Statement for a description of the Acquisition. The Acquisition is at arm's length to the Issuer.

Please also see section 3.1 of this Listing Statement for a description of the Spin Out and the Issuer's plans to separate the Niger Assets from the Issuer.

3.3 Trends, Commitments, Events and Uncertainties

There are significant uncertainties regarding the prices of uranium and the availability of equity financing for the purposes of mineral exploration and development. The price of uranium has fluctuated widely in recent years and continued volatility in such prices is expected to continue to occur. Management is not aware of any trend, commitment, event or uncertainty that could reasonably be expected to have a material effect on the Issuer's business, financial condition or results of operations other than those inherent in the speculative nature of the natural resource sector as more particularly described in this Listing Statement under the heading "Risk Factors".

4. Narrative Description of the Business

4.1 General

The Issuer is engaged in the business of evaluation and exploration of uranium resource properties. While this has historically been done in Niger, West Africa, following the completion of the Acquisition, the focus of operations will be in the State of Colorado and adjacent areas of the western United States where the Assets are located.

The Issuer targets properties that have the potential to host economically significant quantities and concentrations of one or more mineral resource commodities, principally uranium and vanadium. Financial success is dependent upon the discovery of a mineral deposit that can be developed and mined at a profit. The probability of such success is difficult to quantify and the amount of resulting income, if any, cannot be determined with any certainty. None of the mineral properties

held by the Issuer are in production and, as such, the Issuer does not currently have operating income or positive cash flow from operations.

Upon completion of the Acquisition, the Issuer will focus on uranium and vanadium mine development and exploration, with the Issuer's primary focus being the exploration and development of its San Rafael Uranium Project. The Issuer also plans to undertake and complete steps to advance its understanding of the potential of the other properties included in the Assets and, where appropriate, to identify and pursue exploration plans for those other properties. The Issuer's US operations will be conducted through the Issuer's wholly-owned Delaware subsidiary, Pinon Ridge Mining LLC ("PRM").

On August 18, 2014 PRM completed the acquisition of property interests covering 9 former operating uranium mines from Energy Fuels Inc. From early 2014 until the end of the third quarter of 2014, uranium prices have increased from US\$ 34.30 per pound (January 3, 2014) to US\$ 35.50 per pound (September 30, 2014). For the period from August 1, 2014 to September 30, 2014, uranium prices have risen from US\$ 28.50 to US\$ 35.50 per pound, or 35%. Currently, uranium is trading at approximately US\$ 44.00 per pound. In light of these encouraging price increases, the Issuer will pursue steps to complete appropriate exploration of the Assets, focusing initially on the San Rafael Uranium Project, and diligently undertake and complete steps to commence mining from certain of the Assets.

The Issuer also intends to pursue opportunities to acquire additional properties and to seek out and realize upon other opportunities that create strategic value for the Issuer and its shareholders.

The Issuer's common shares are not currently listed for trading on any securities exchange. The purpose of this Listing Statement is to list the Issuer's common shares on the CSE.

In the past funding for the Issuer's operations has been obtained, and for the foreseeable future it is anticipated that the Issuer's operations will continue to be funded, from private placements of the Issuer's securities. The Issuer's most recent private placement of common shares was completed on November 20, 2014 through a non-brokered private placement whereby \$275,662 was raised. In the near term, the Issuer anticipates funding its operations for the period through to September 2015 through an additional private placement of Issuer securities to raise gross proceeds of approximately \$1,000,000. However, the timing and terms and conditions of that private placement have not been determined, and if the private placement is completed it may be for a different amount. In any event, for the foreseeable future and until the Issuer's operations produce revenue in amounts sufficient to cover ongoing expenditures, it is anticipated that the nature and extent of the Issuer's operations will depend upon the Issuer's continuing ability to successfully raise capital for itself through equity or debt offerings.

The Assets that were, until August 18, 2014, directly or indirectly held by Energy Fuels Inc. are discussed in greater detail in section 4.10 of this Listing Statement. The indicated mineral resources and inferred mineral resources identified on the Issuer's San Rafael Uranium Project are described in section 4.10 of this Listing Statement, and in greater detail in the San Rafael Technical Report. The Issuer has not yet determined whether any of the other properties included in the Assets contain reserves that are economically recoverable. The Issuer's ability to produce uranium or vanadium from these properties is dependent upon a number of factors, including environmental risks, legal and political risks, the discovery of economically recoverable reserves, confirmation of the Issuer's interest in the underlying properties, the ability of the Issuer to obtain necessary financing to complete the development and future profitable production or proceeds from the disposition of the properties. These risks are discussed in greater detail throughout this Listing Statement, particularly in section 17 under the heading "Risk Factors".

In light of the Issuer's objectives for the first year following its listing on the CSE, it has budgeted approximately \$500,000 for its planned expenditures and operating costs for the period through ending December 31, 2014, and a further \$500,000 for the period from January 1, 2015 to approximately September 30, 2015. This budget provides for the Issuer to continue its exploration of the Assets, and assumes that no significant activities are undertaken during the corresponding period to commence production from any of the Assets. If the Issuer determines to start production at one of the Assets earlier than planned, it is anticipated that the required funding would have to be raised through private placements of the Issuer's securities. With respect to the Issuer's production plans, it is important to note that pursuant to the agreements under which the Assets were sold by Energy Fuels Inc., the Issuer enjoys an economically favourable tolling agreement with that Issuer for processing at White Mesa mill of Energy Fuels Inc. that is located at Blanding, Utah, in reasonably close proximity to the Assets.

As of October 31, 2014, the Issuer has working capital of approximately \$150,000 calculated assuming the completion of the Private Placement, the Acquisition and the Spin Out.

4.2 The Issuer currently provides no products or services to others.

4.3 The Issuer currently has no production or sales.

4.4 Following the completion of the Acquisition, the Issuer will be focused on the Assets located in the State of Colorado and in Utah. There are numerous other competing projects in the region. As uranium is a commodity, the competition should be considered on a world scale.

4.5 The Issuer does not conduct lending operations.

4.6 Since incorporation there has been no incidence of bankruptcy, receivership or any similar proceedings against the Issuer.

4.7 Since incorporation there have been no restructuring transactions and none is proposed other than the completion of the Acquisition and the Spin Out.

4.8 The Issuer complies with all existing environmental policies applicable to it.

4.9 The Issuer has no Asset-backed Securities Outstanding.

4.10 Mineral Projects

Material Mineral Project: San Rafael Uranium Project

The Issuer has received a technical report prepared under National Instrument 43-101 on its San Rafael Uranium Project. The report, which is entitled "NI 43-101 Technical Report on the San Rafael Uranium Project" and is dated November 19, 2014, was prepared by O.J. Gatten of North American Exploration Inc. (the "San Rafael Technical Report") and is filed under the Issuer's profile at www.sedar.com. The following description of the San Rafael Uranium Project is based upon the San Rafael Technical Report and reproduces certain sections of that report in their entirety.

In addition, readers of this Listing Statement and investors in the Issuer should note that:

- certain tables, maps, figures and images contained in the San Rafael Technical Report are excluded in the following description; and
- certain statements in the following description are drawn from or based on reference materials identified in parenthesis, and the corresponding reference materials are identified in the "References" section of the San Rafael Technical Report.

Accordingly, the following is a summary description of the San Rafael Uranium Project, and readers of this Listing Statement and investors in the Issuer should consult the San Rafael Technical Report for more information and greater details regarding the San Rafael Uranium Project.

Units of Measure and Defined Terms

Units of Measure

Imperial units are used throughout the Mineral Projects section because the majority of the historic and exploration data generated on the San Rafael Project's uranium deposits were originally measured and reported in Imperial units. Units of measure used in this report with metric conversions include:

- *Linear Measure* – 1 foot = 0.3048 meters; 1 mile = 1.609 kilometers;
- *Weight* – 1 pound = 0.454 kilograms; 1 short ton = 0.907 metric tonne; and
- *Area* – 1 acre = 0.4047 hectare; 1 square mile = 259 hectares.

Defined Terms

The following is a list of defined terms used in the present section:

AEC – Atomic Energy Commission

A.I.P.G. – American Institute of Professional Geologists

Asphaltite – Any one of the naturally occurring, black, solid bitumens, which are soluble in carbon disulfide and fuse above 230°F.

BLM – Bureau of Land Management

BM – Claims comprising Issuer's San Rafael land package

CIM – Canadian Institute of Mining

Coffinite – A primary black uranium mineral $U(SiO_4)(OH)_4$

Corvusite – A blue-black, brown, or purplish secondary vanadium mineral $V_2O_4 \cdot 6V_2O_5 \cdot nH_2O$, also known as blue-black (vanadium) ore.

CSA – Canadian Securities Administrators

Disequilibrium – A condition where the chemical uranium content is out of proportion with the uranium content as determined by a gamma-ray probe (equivalent uranium).

EFI - Energy Fuels Inc., parent company of EFR (Energy Fuels Resources Corporation) and Magnum (Magnum Uranium and Magnum Minerals USA)

EMC – Energy Metals Corporation

eU₃O₈ – Equivalent U₃O₈ is an industry standard indirect measurement of the uranium content within the sphere of measurement of the gamma-ray detector. Grade calculation based on the gamma radiation emitted by down-hole counts per second and subjected to a complex set of mathematical equations, taking into account specific parameters of the probe used, speed of

logging, size of the bore hole, drilling fluids, and presence or absence of, and type of drill hole casing.

Festoon (cross-bedding) – A variety of trough cross-bedding consisting of elongate, semi ellipsoidal, eroded, plunging troughs or scoop-like structures that are filled by sets of thin laminae conforming in general to the shapes of the troughs that crosscut each other so only parts of each unit are preserved, resulting in a festoon-like (a hanging open rope or curve) appearance in section.

Fluvial – Of or pertaining to a river or rivers.

G x T – Grade x Thickness derived by multiplying the grade of the intercept times the thickness of the interval containing the grade.

Garnet – A group of varying colored minerals with the formula $A_3B_2(SiO_4)_3$, where A = Ca, Mg, Fe⁺², and Mn⁺², and B = Al, Fe⁺³, Mn⁺³, and Cr. A common accessory mineral in a number of rock types.

Interfluve(s) – The area(s) between rivers.

ISL – In-Situ Leaching uranium recovery process using injection wells to pump a leachate solution into the deposit to dissolve the uranium and then extract the pregnant solution via recovery wells. The uranium-rich fluid is piped to a recovery plant where it is extracted from the solution via ion exchange and the barren fluid is treated and re-injected into the well field to be used again.

JV – Refers to joint venture effort to explore and/or mine with reference to a mineral property.

Leucoxene – A general term for fine-grained, opaque, whitish alteration products of ilmenite, an iron-black, opaque mineral FeTiO₃.

Lignite – A brownish-black coal intermediate in maturation between peat and subbituminous coal.

Montroseite – A black primary vanadium mineral VO(OH)

National Uranium Resource Evaluation (NURE) Program – This program was conducted by the U.S. Department of Energy during the mid- to late-1970's and early 1980's to assess the uranium potential of the United States. Assessment was conducted on 1 x 2 Degree Quadrangle areas and included geologic studies of known uranium occurrences, deposits, and districts, airborne radiometric and magnetic surveys, and rock, stream-sediment, and groundwater geochemical surveys.

NSR – Net Smelter Royalty is a royalty that is a certain percentage of the revenue generated by the mine by selling its product, minus the expenses of producing the product, usually with a limit on what can be deducted.

Peneconcordant – In this case, said of a stratabound sandstone-hosted uranium deposit in which the mineralization trends are typically parallel to the depositional trends of the host rock (distinct, well recognized paleo-stream channels).

PRM – Pinion Ridge Mining LLC

Rib and furrow – Referring to the bedding-plane expression of micro cross-bedding, consisting of small, transverse, arcuate markings (convex up current) occurring in sets and confined to relatively long, parallel, narrow grooves oriented parallel to the current flow and separated from one another by narrow and not altogether continuous ridges.

Stratabound – Said of a mineral deposit confined to a single stratigraphic unit. The term can refer to a stratiform deposit (of either sedimentary or igneous origin) or to a randomly oriented orebody contained within a single stratigraphic unit.

Tonnage Factor – The number of cubic feet in 2,000 pounds (1 ton) of rock.

Tourmaline – A group of minerals with the general formula $(\text{Na,Ca})(\text{Mg,Fe}^{+2}, \text{Fe}^{+3}, \text{Al,Li})_3\text{Al}_6(\text{BO}_3)_3\text{Si}_6\text{O}_{18}(\text{OH})_4$ – a common accessory mineral in a number of rock types.

Tuffaceous – Said of sediments containing up to 50% tuff

Tyuyamunite – A yellow secondary uranium mineral $\text{Ca}(\text{UO}_2)_2(\text{VO}_4)_2 \cdot 5-8\text{H}_2\text{O}$

Uraninite – A black primary uranium mineral UO_2

USDOE – United States Department of Energy

Zircon – A mineral of varying color, usually brown to colorless, ZrSiO_4 – a common accessory mineral in a number of rock types.

Property Description and Location

At the time of listing, the Issuer's material property is the San Rafael Uranium Project. This project is located in Emery County, Utah, and forms a single contiguous claim block covered by 146 unpatented federal lode mining claims and the contiguous State Section 36 Mineral Lease. Specifically, the 136 BM claims (BM 1-6, BM 10-49, BM55-69, BM 78, BM 104, BM 109-112, BM 118A-120A, BM 121-122, BM 123A-BM 127A, BM 128-130, BM 146-159, BM 162-174, BM 179-187, BM 238-239, BM 242, BM 248, and BM 264) and the Hollie claims (1-10) cover about 2,900 acres located in all or parts of Sections 11, 13-14, 22-26, and 35, T21S, R14E., SLB & M, Emery County, Utah. The Utah State Section 36 Mineral Lease ML-49311, which holds most of a deposit referred to as the Down Yonder deposit, ties into the southeastern corner of the claim block in T21S, R14E. The deposit referred to as the Deep Gold deposit lies in Section 23, T21S, R14E, in the central part of the property.

The BM and Hollie claims all lie on public lands administered by the U.S. Federal Bureau of Land Management (the "BLM"). The majority of the San Rafael property lies north of US Interstate Highway 70. The Interstate Highway crosses Utah State Section 36 diagonally from northeast to southwest. The Down Yonder deposit is situated north of the highway.

Most the BM claims included in this project, and all of the Hollie claims, were staked intermittently from January through March 2006. Additional claims having been staked in January 2007 and November 2007. These claims are subject to a 2% net smelter return royalty payable to EMC Utah Inc., a previous owner of these claims.

The Utah State Section 36 Mineral Lease (being Mineral Lease No. 49311), comprises approximately 640 acres, leased from the State of Utah School and Institutional Trust Lands Administration (SITLA). This Lease is for a period of ten (10) years, expiring on April 30, 2024 and carries a royalty of 8% for fissionable metalliferous materials and four percent (4%) for non-fissionable metalliferous minerals, based on the gross value of the ores produced from the leased lands and sold by the Lessee. The annual rental fee is US\$1.00 per acre per annum.

A 100% interest in the BM claims, Hollie claims and lease forming the San Rafael Uranium Project was acquired by subsidiaries of Energy Fuels Inc. in May of 2009 and January of 2011. On August 18, 2014, the San Rafael Uranium Project was sold by a subsidiary of Energy Fuels Inc. to Piñon

Ridge Mining LLC. On November 20, 2014, the Issuer's wholly owned subsidiary, HUI USA, acquired all the ownership interests in Pifion Ridge Mining LLC, and at that time the Issuer therefore became the indirect 100% owner of the San Rafael Uranium Project.

Based on the information provided to the Issuer, the project has no known environmental liabilities.

The two core uranium deposits of the San Rafael Uranium Project, the Down Yonder deposit and the Deep Gold deposit, were originally discovered by Continental Oil Company (Conoco) and Pioneer Uranium geologists in the late 1960s and 1970s to early 1980s, respectively. Exploration drilling was conducted just east of the core of the Tidwell Mineral Belt and north-northeast of the Acerson Mineral Belt. The area containing the deposits was considered to contain highly prospective paleo trunk stream channel trends. Some of the larger historic producing mines in the area were Atlas Minerals' Snow, Probe, and Lucky Mines. The deposits in the San Rafael Uranium Project are peneconcordant, channel-controlled, sandstone-hosted, trend type, with mineralization hosted in the upper sandstone sequence of the Salt Wash Member of the Upper Jurassic Morrison Formation.

In addition to Conoco, Pioneer Uranium, and Atlas Minerals, the US Atomic Energy Commission (AEC) and other companies (Union Carbide, Energy Fuels Nuclear, and others) conducted exploration drilling and mining in the area. Some of these companies performed historic resource estimates on both the Down Yonder and Deep Gold deposits, but, they are not considered compliant with NI 43-101 standards. These resource estimates are of historical importance, were generated by senior mining companies with significant uranium exploration and production experience and are considered as relevant checks to the analysis and conclusions provided in the San Rafael Technical Report.

No economic evaluation of the mineral resources on the San Rafael Uranium Project was performed for the Issuer. Thus, the estimate that follows is solely a Mineral Resource. The combined Indicated Mineral Resource for the entire San Rafael Uranium Project comprises a resource of 758,000 tons @ 0.225% U₃O₈ containing 3,404,600 lbs U₃O₈ and an Inferred Mineral Resource of 453,800 tons @ 0.205% U₃O₈ containing 1,859,500 lbs U₃O₈. Using the historic District average recovered U₃O₈:V₂O₅ ratio of 1:1.35, this same tonnage could yield Indicated Mineral Resources of approximately 4,596,000 pounds V₂O₅ at an average grade of 0.30% V₂O₅. The same Inferred Mineral Resource tonnage could yield approximately 2,510,000 pounds V₂O₅ at an average grade of 0.28% V₂O₅. The mineral resource is broken out by Indicated and Inferred as shown in Table 3-1, below for the various deposits within the project area. (Worksheets for the various mineral resource areas' estimations can be found in Appendix I to the San Rafael Technical Report.)

Subsequent to the May 2009 Technical Report on the Deep Gold deposit, Energy Fuels purchased the Hollie claims from Titan Uranium (January, 2011), giving Energy Fuels the rights to 100% of the Deep Gold deposit. The mineral resource controlled by the newly acquired Hollie claim portion is combined in Table 3-1 with the Magnum resources that were previously referred to as the "West Deep Gold" (Sturm, 2009).

Table 3-1 San Rafael Uranium Project Mineral Resources

Subarea of San Rafael Property	Indicated Mineral Resources (grade and tons)	Indicated Mineral Resources (lbs)	Inferred Mineral Resources (grade and tons)	Inferred Mineral Resources (lbs)
Deep Gold including 4484 and North Areas	0.246% U ₃ O ₈	2,219,400 U ₃ O ₈	0.329% U ₃ O ₈	554,500 U ₃ O ₈
	0.33% V ₂ O ₅	2,996,000 V ₂ O ₅	0.45% V ₂ O ₅	748,600 V ₂ O ₅
	450,250 tons		84,400 tons	
Down Yonder Area	0.177% U ₃ O ₈	989,300 U ₃ O ₈	0.176% U ₃ O ₈	1,271,800 U ₃ O ₈
	0.24% V ₂ O ₅	1,335,500 V ₂ O ₅	0.24% V ₂ O ₅	1,717,000 V ₂ O ₅
	279,000 tons		361,500 tons	
Jackrabbit Area	0.340% U ₃ O ₈	196,000 U ₃ O ₈	0.209% U ₃ O ₈	33,300 U ₃ O ₈
	0.46% V ₂ O ₅	264,500 V ₂ O ₅	0.28% V ₂ O ₅	45,000 V ₂ O ₅
	28,800 tons		7,950 tons	
TOTALS	0.225% U ₃ O ₈	3,404,600 U ₃ O ₈	0.205% U ₃ O ₈	1,859,600 U ₃ O ₈
	0.30% V ₂ O ₅	4,595,600 V ₂ O ₅	0.28% V ₂ O ₅	2,510,600 V ₂ O ₅
	758,050 tons		453,850 tons	

Approximately 450,000 feet of historic drilling, conventional and core, from about 450 holes, was conducted in the areas of the Deep Gold and Down Yonder deposits. Depth to mineralization at the Deep Gold in Section 23 averages 800 feet, with hole depths averaging approximately 1,000 feet. The depth to mineralization at the Down Yonder in Section 36 averages 970 feet, with hole depths averaging approximately 800 feet in Section 35 and about 1,100 feet in Section 36. The Issuer purchased and otherwise acquired most of the available historic exploration data produced by the previous operators of this project. A 100 hole, 100,000 foot drilling program is warranted to discover and define additional uranium resources. Total cost for this work would be \$US 1.3 million to \$US 1.5 million, based on an all-inclusive cost of \$US15/foot.

The Tidwell Mineral Belt and the San Rafael Uranium District have been the sites of considerable historic exploration drilling and production, with over 4 million pounds of uranium and 5.4 million pounds of vanadium produced. Production from the Snow, immediately up dip of the Deep Gold deposit, which produced for nine years, starting in March 1973 and ending in January, 1982 consisted of 650,292 pounds of U₃O₈ contained in 173,330 tons of material at an average grade of 0.188% U₃O₈ (Wilbanks, 1982).

Although historic mining in the Tidwell Mineral Belt and at Atlas's Snow, Lucky, and Probe Mines, immediately adjacent to the San Rafael Uranium Project's land position boundary has been by conventional underground methods, the possibility exists that In-situ Leaching (ISL) techniques for extraction of sandstone-hosted uranium at the Deep Gold and Down Yonder deposits may be feasible. To this end, preliminary data collection and hydrologic evaluation to study the viability of ISL has been recommended.

Permits from the U.S. Federal Bureau of Land Management will be required for all exploration and development activities on the lands covered by the BM and Hollie claims (covering the Deep Gold deposit) included in the San Rafael Uranium Project. Prospecting and mining permits will also be required by the Utah Division of Oil, Gas, and Minerals (DOG M). Utah SITLA has administrative input with DOGM on any permits needed for exploration or mining on Mining Lease-49311 (covering the Down Yonder area).

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The San Rafael Uranium Project is located on the eastern side of the San Rafael Swell in east-central Utah, approximately 140 air miles southeast of Salt Lake City. The little desert community of Green River, Utah is located about ten miles to the east. In a general sense, the Issuer's greater San Rafael Uranium Project property position lies within a wedge-shaped area, roughly bound along its northeast edge by US Highway 6-50 and along its southeast edge by Interstate 70.

Access to the San Rafael Uranium Project is excellent and is gained by traveling ten miles southwest of Green River on Interstate 70 to the Hanksville Exit (Exit 147) and then turning north onto Emery County Road EM 1029, a reasonably well-maintained gravel road. This road leads into the heart of the BM claim block, and from there access is gained by taking a well marked dirt road traversing parts of Sections 23 and 24 that leads to the U.S. Geological Survey "Buckmaster" bench mark.

The eastern part of the Deep Gold deposit is within the Hollie Claim block on the upper bench that the access road traverses, and the western part of the deposit is within the BM claims just to the west on the next lower bench. A sharp escarpment basically separates the eastern and western parts of the Deep Gold deposit, which the access road partly traverses the edge of on its way to the bench mark. From the bench mark, access to the Down Yonder deposit is gained by traversing cross country for about a mile southeast through relatively flat sage- covered terrain to the heart of the historic drilling in the north half of Section 36. Even though the south end of the lease in State Section 36 is traversed by I-70, vehicle access must use the Exit mentioned above. Access by foot can be gained by parking off the north side of the Interstate Highway, crossing over the barbed-wire freeway right-of-way fence, and walking one- quarter to one-half mile into the project area.

Concerning additional local access features, U.S. Highway 6-50 crosses just north of the greater San Rafael Uranium Project area in a northwesterly direction and is roughly paralleled by the regional railroad line. Access to the property is generally good year around, except for periods of heavy snowstorms during December through February and increased monsoon rains and summer cloudburst storms during August through October. Access for drilling and other exploration activity is excellent, except during occasional heavy rainy periods which can create heavy flash flooding and roads mudding-up and becoming impassable.

Climate in the project area is dry, semi-arid to arid, typical of Colorado Plateau physiography that extends throughout much of Colorado, Utah, Arizona and New Mexico. Winters are relatively cold, with temperatures as low as 20° below zero Fahrenheit and nominal snowfalls of 4 to 8 inches in the months of December and January. Summer daytime temperatures can reach a maximum of 105° Fahrenheit, making the project area dry and hot, particularly in late summer. Precipitation, on average and as expected in a desert environment, ranges from roughly 0.5 inch to 1 inch per month, resulting in 5 to 7 inches per year. The San Rafael Uranium District lies in the rain shadow of the

San Rafael Reef, which is just to the west and receives less precipitation than the San Rafael Swell or the area immediately to the east near the town of Green River.

This part of the Colorado Plateau containing the San Rafael Uranium Project area is expressed through topography characterized by meandering drainages, flat- to gently-dipping mesas and basins with abrupt scarp breaks and edges, and low relief. Topography of the area is gentle to moderate, with the overall relief being less than 250 feet. The area specific to the San Rafael Uranium Project exists as two relatively flat, sage brush-covered benches. The lower bench contains the western half of the Deep Gold deposit and much of the Jackrabbit resource area, and the upper one contains the eastern half of Deep Gold deposit and the Down Yonder deposit, separated by an abrupt north-trending escarpment. The upper bench slopes toward the east. Another escarpment along the west edge of the claims drops into Buckmaster Draw. Elevations range from 4,200 to 4,400 feet, with the area cut by scattered intermittent, arroyos. This topography/physiography is in sharp contrast to the area immediately to the west that includes a major physiographic/geologic feature, the San Rafael Swell, where steeply dipping rock units, hogbacks, flatirons, steep sided mesas, and cliff fronts dominate the landscape, creating spectacular scenery. At the extreme eastern edge of the Swell, resistant rocks form a prominent ridge or escarpment known as the San Rafael Reef.

The dominant vegetative pattern in the area is mostly scattered low brush with large areas of bare ground and patches of grass. Seasonal use of land for livestock grazing is possible, but lack of surface water and vegetation in the summer months precludes maintaining any livestock without bringing in water.

Concerning local water sources, the Green and San Rafael Rivers are the only perennial drainages that flow through the general area, but they do not cross or cut through the project area. Previous operators' internal reports and drill logs mention the water table at a depth of approximately 500 to 800 feet below the surface, suggesting a possible source for process water that may not be as controversial as the above mentioned rivers and create less impact concerning the use of scarce and valuable surface water in the region (Pinnick, 1975).

The San Rafael Uranium Project is located in east-central Emery County, which is predominantly made up of small rural communities of ranchers, farmers, and coal miners. The county population is about 10,700; the county seat is Castle Dale, and the largest city in the county is Huntington. The closest infrastructure to the San Rafael Uranium Project area is the small rural community and nearby town of Green River (population 973), located approximately ten miles to the east and just north of Interstate 70.

Power is present in the form of a major transmission line from Green River to Price that crosses the northeast corner of the BM claim block, only about one mile north of the Deep Gold deposit and four miles north of the Down Yonder deposit.

History

San Rafael Uranium District History

The San Rafael Uranium Project is located in the San Rafael Uranium District (Green River District), which has been sporadically mined and explored for uranium and vanadium since 1880 (Trimble and Doelling, 1978). The uranium-vanadium deposits were first discovered in Salt Wash

Member outcrops by shepherders in 1880 near what is classically termed the Tidwell Mineral Belt. The original claims were located by Judge J.W. Warf of Price, Utah, about 1 mile north of the present position of Interstate 70. Subsequently, ore was shipped to Germany and Europe in the early part of the 20th century (1900 to 1911), and minor and sporadic exploration and production continued up until 1948 (Trimble and Doelling, 1978).

In 1948, uranium prices rose, resulting in renewed exploration and the discovery of a number of shallow, 40-foot deep deposits. From 1948 to 1956 production increased rapidly to 60,584 tons having an average grade of 0.25% U_3O_8 and 0.44% V_2O_5 . In 1954, the U.S. Atomic Energy Commission (AEC) drilled six deep holes in the center of the Tidwell Mineral Belt and intersected well mineralized material, with private industry subsequently continuing with deeper drilling and discovering larger deposits at depths exceeding 300 feet. Shafts were sunk and the deposits were found to increase in size downdip to the east from the area where the earlier discoveries had been made. Subsequent mine development continued to outline strings or clusters of deposits whose total content was 10,000 tons or greater. New mines continued to be developed until 1958 when the U.S. Government, the major buyer for uranium, modified its policy with the AEC placing limitations on uranium procurement. Production gradually decreased until 1971 when all mining ceased in the San Rafael Uranium District. Much of this historic production came from mines within and adjacent to the western part of the Issuer's land holdings, all hosted in upper Salt Wash Member sandstone just updip from the same rock unit hosting the mineralization discussed as resources later in this report.

In the late 1960's, the electric-generating industry started to regard nuclear energy as a viable power source for the masses and turned its attention to the exploration for and development of it. Exploration in the District, in the form of drilling, was renewed and holes to depths of 1,100 feet extended the area of discoveries downdip and east of the existing mines. Exploratory drilling east of the main Tidwell area and northeast of the Acerson Mineral Belt outlined several mineralized zones and deposits, one of which turned out to be the Down Yonder deposit discovered by Conoco in 1968 – 1970. In 1972, another deposit was discovered and developed at about 600 feet, and the Snow shaft was sunk on it by Atlas Minerals in 1973. The Snow, along with the Probe, both of which were worked by Atlas until 1982, turned out to be two of the largest mines and biggest producers in the District, the Snow producing 650,292 pounds of U_3O_8 at an average grade of 0.188% U_3O_8 and the Probe producing 293,985 pounds of U_3O_8 at an average grade of 0.186% U_3O_8 (Wilbanks, 1982). Continued exploratory drilling along the northeast extension of the Snow and Lucky Mines mineralization outlined several mineralized zones and deposits, one of which turned out to be the Deep Gold deposit discovered by Pioneer Uranium drilling during 1979 through 1981. Production in the District pretty much ceased with the closure of the Snow and the Probe in 1982, both of which, combined, produced nearly 1 million pounds of U_3O_8 .

To date, in excess of 4.0 million pounds of uranium and 5.4 million pounds of vanadium have been produced from over fifty mines in the San Rafael Uranium District, with most of the ore mined during the 1950's and 1970's to early 1980's uranium booms. During the latter time period, several properties in the area were the subject of feasibility studies and some were taken to production. Some of the companies and governmental organizations conducting work in the District during these time periods include Atlas Minerals, Conoco, Union Carbide, Four Corners Uranium, Anaconda, Santa Fe Nuclear, Pioneer Uranium, Utah Geological and Mineral Survey, and the AEC.

Property acquisition and exploration in the area were actively conducted in the 2005-2009 time period by numerous companies. Minor production came from a small, shallow mine west of the Jackrabbit resource area. The material from that mine was sold to Denison Mines' White Mesa Mill in Blanding, Utah. Production ceased there due to the lower price of uranium throughout most of 2009 and 2010. Many claims were dropped during the last two years, especially in the deeper portion of the district. In early 2011, some of this land was re-staked by prospectors, inspired by the uranium price increase.

The two core deposits discussed separately in the following subsections of this report were described in earlier Technical Reports on the Deep Gold deposit (Sturm, 2009) and the Down Yonder deposit (Pancoast, 2008). This report updates that information to bring the discussion current with changes that occurred since those reports were filed.

Deep Gold Uranium Deposit History

Information available to the Issuer indicates that the Deep Gold uranium deposit was originally discovered in the late 1970's and early 1980's as a result of exploration drilling conducted by Pioneer Uranium, Inc. just east of the main producing Tidwell District area and northeast of the Acerson Mineral Belt. The area containing the deposit was considered highly prospective within upper Salt Wash trunk stream channel trends as projected northeastward as an extension of Atlas Minerals' Snow and Lucky Mines' uranium mineralization and paleo channel system(s). This favorability was extended just to the east and northeast into the central part of Section 23 where both moderate to large size deposits were thought to occur and where Pioneer Uranium's drilling ultimately led to the Deep Gold discovery. In essence, the Deep Gold deposit represents the down-dip and northeasterly extension of the Snow and Lucky Mines' uranium mineralization and paleo-stream channel trend(s).

In order for the reader to gain a general chronological perspective and background on Deep Gold deposit's exploration history, it is important to review some of the main observations made by project geologists, reference certain historic geologic reports and maps produced by Pioneer Uranium, Inc. and Atlas Minerals, and present the non-compliant resource estimates made by Atlas Minerals contained in internal company reports. Although the Issuer considers the estimates to be historically relevant and significant, it is acknowledged that they do not comply with the guidelines of NI 43-101 and they are not being treated as such.

The earliest reference to the Deep Gold deposit of which the Issuer is aware is a detailed location map of holes drilled by Pioneer Uranium, Inc. during the time period 1979 through 1981. A detailed analysis of this map reveals that 247 holes comprising 235,788 feet of drilling were placed to test the target during this time period. Of this total, 44,804 feet in 48 holes were drilled in 1979, 150,904 feet in 158 holes were drilled in 1980, and 40,080 feet in 41 holes were drilled in 1981. Hole depth averaged approximately 960 feet, with mineralization intersected in the upper sandstone sequence of the Salt Wash Member of the Upper Jurassic Morrison Formation at depths of generally between 775 and 850 feet (Casey, 1981). Water was intersected at depths ranging from 500 to 800 feet below the surface as noted in some of the drill logs. Holes were generally spaced 100 feet apart. Comments made in an Atlas Minerals Internal Office Memo indicate that Pioneer spent approximately US\$1 million on their drilling at Deep Gold (Smith, 1984).

In 1984, Atlas Minerals acquired the Deep Gold deposit from Pioneer Uranium, Inc., which was part of a 608 unpatented lode mining claim land package located east of and adjacent to existing claims

containing the Probe, Snow, and Lucky orebodies (Fig. 3). Atlas geologists recognized that a number of mineralized pods were present on the Deep Gold area and that the paleodepositional and mineralization trends are both easterly and northeasterly as extensions of the Snow and Lucky Mines (Hesse, 1984). During 1984 through 1986, Atlas drilled 52 conventional holes on the Deep Gold in Section 23 for a total of 52,295 feet (Hesse, 1984; Berggren, 1985; Wham, 1986). Of this total, 24,515 feet in 25 holes were drilled in 1984, 21,560 feet in 21 holes were drilled in 1985, and 6,220 feet in 6 holes were drilled in 1986. Many of Atlas' holes were placed to extend Pioneer Uravan drill fences and were oriented perpendicular (northwest to southeast) to northeasterly mineralized trends, with hole-spacing generally averaging 200 feet. Similar to Pioneer Uravan logs, Atlas logs show that water was encountered at depths ranging from 400 to 825 feet deep in most of the holes (Henkelman, 1984; Price, 1984 through 1986). Average hole depth was approximately 1,000 feet. Reference is also made in Atlas Minerals Affidavits of Assessment that the actual underlying mineral claimant for the land containing the Deep Gold deposit was Santa Fe Nuclear, who also appears to be the underlying claimant when Pioneer Uravan drilled the deposit. It is also noted in an Atlas summary sheet concerning the property that the claims carried a 12% royalty commencing on production, with a US\$20,000 advanced minimum royalty that was due to Santa Fe Nuclear on February 16th of each year.

According to detailed information contained in an internal Atlas Office Memo authored by Smith, Atlas performed a resource calculation for the Deep Gold deposit in March of 1984 prior to its initial drilling on the property. The report describes a reasonably detailed 43-101 non-compliant resource estimate for the Deep Gold deposit based on 239 Pioneer Uravan holes, 122 of which Atlas considered to be mineralized using a cutoff of 4.0' @ 0.15% U₃O₈. A 25-foot radius or area of influence was given to each hole, considered by Atlas and Smith to be a conservative approach. In total, the resource comprises 261,300 pounds of U₃O₈ in 57,555 tons of mineralized material at an average grade of 0.227%, with the tons number arrived at by back-calculating. Average thickness of mineralization is given at 3.4 feet. No breakdown was made of this estimate as to "possible," "indicated," or "inferred" resources. None of the foregoing is considered to be classified as a reserve estimate. Although the terms "reserve" and "resource" used above and elsewhere in this report, when historical information is discussed, were estimates produced by Atlas Minerals, they are not to be relied upon in this report under the definitions required by National Instrument 43-101. The statements of tonnage and grade above and below are therefore classified herein for the reader to consider as exploration information of historical significance only and only to reflect an order of magnitude of the size and grade of the Deep Gold deposit. The relevance and reliability of the tonnage and grade defined in the historical estimates contained in this report are based on extensive sampling by rotary and core drilling, and by down-hole gamma-ray logging, carried out by Pioneer Uravan, Inc. and Atlas Minerals, senior minerals and/or mining companies, with significant exploration and/or production experience.

Atlas further stated that the deposit had attractive thickness and grade, but that a uranium price of US\$40 per pound would be necessary to justify sinking a shaft to mine it. As an alternative, Atlas geologists suggested the possibility that the property could be accessed through the nearby Probe shaft, thus reducing mining costs to below US\$40 per pound (Smith, 1984).

Atlas performed a second 43-101 non-compliant resource calculation on the Deep Gold deposit in May of 1985, just subsequent to their 1985 (Price, 1985) drilling campaign. The resource was given in terms of pounds of U₃O₈ drilled out by Pioneer Uravan prior to Atlas' drilling, along with the number of pounds added as a result of the Atlas drilling. The calculation indicates an historic resource of 649,917 pounds U₃O₈ contained in 100,988 tons of material at an average grade of

0.322% U₃O₈. Within this total, Pioneer's drilling resulted in 519,811 pounds of U₃O₈ contained in 78,548 tons of material, and Atlas' drilling resulted in adding 130,106 pounds of U₃O₈ in 22,440 tons of material. Again, the reader is cautioned that this historic resource estimate is not qualified under and does not meet current NI 43-101 guidelines, and the Issuer is not treating it as such. It is being presented here for historic information and reference purposes only.

No information is available to the Issuer regarding ownership of the western part of the Deep Gold deposit in the BM claims area during the period 1986 to 2004. As previously mentioned, EMC staked the BM claims in 2005 and 2006, but conducted no exploration or development work on the property. EMC lease-optioned its entire San Rafael Uranium Property land holdings, including the Deep Gold area, to Glen Hawk Minerals, Ltd., on June 20, 2005. After conducting no work on the property, and as a result of financial difficulties and a desire to move into gold exploration, Glen Hawk returned the property to EMC only a year later in early June of 2006. As a result of Magnum's interest in the uranium potential of the land within the BM claim block, and particularly of the Deep Gold deposit in Section 23, Magnum approached EMC in 2006 to see if it might be interested in joint venturing the property in order to move it forward. EMC agreed and a formal JV arrangement between the two companies was consummated on November 19, 2006.

Magnum has earned an undivided 100% interest in the entire San Rafael property position, substantially ahead of schedule, by virtue of the aggressive exploration drilling program it conducted during 2007-2008. To date, no production has come from the Deep Gold uranium deposit.

Deep Gold Uranium Deposit Ownership History

Concerning the eastern side of the deposit, which lies on the Hollie Claim block (Hollie 1 through 10 claims), little is known about its ownership prior to being controlled by U.S. Energy Corp. and its partner Crested Corp. in the 2000's. However, it is known that on May 6, 2006, U.S. Energy Corp. and Crested (USE Parties) entered into a 50%-50% JV agreement with Uranium Power Corp. on their Green River North Property, i.e., Hollie 1 through 10 unpatented lode mining claims, as per certain work and share requirements outlined in the agreement. Subsequently, on April 30, 2007, Uranium One Inc. completed the purchase of a package of uranium properties from U.S. Energy Corp., which included the purchase of the Shootaring Canyon uranium mill in Utah, as well as the contractual rights with Uranium Power Corp, which included the Hollie Claim block. As a result, UPC/Uranium One owned that portion of the Deep Gold deposit (east half) located on the Hollie claims and Magnum, through its 100% earn-in of the EMC JV, owned that portion (west half) of the deposit located on the BM claims. UPC acquired Uranium One's 50% of the Hollie claims in mid-2009. Subsequently, Titan Uranium became owner of UPC. EFR purchased the rights to the Hollie claims from Titan in January 2011. Therefore, Magnum and EFR now hold all rights to the entire Deep Gold deposit and nearby associated 4484 and North deposits areas. Since the Hollie claims were never part of the Magnum/Uranium One (EMC) JV, the 2% NSR royalty due Uranium One on any production elsewhere on the San Rafael Uranium Project area will not apply to the Hollie claims.

Down Yonder Uranium Deposit History

The Down Yonder uranium deposit was originally discovered by Conoco in the late 1960's and early 1970's as a result of exploration drilling conducted just east of the main Tidwell Mineral Belt area and northeast of the Acerson Mineral Belt. The area containing the deposit, dubbed by

Conoco geologists as the Acerson-Conoco Mineral Belt (Wentworth, 1970), was considered to contain highly prospective areas within upper Salt Wash trunk stream channel trends as projected north-northeastward from the Acerson Mineral Belt and channel system. This favorability was projected into Sections 35 and 36 where both moderate to large size deposits were expected to occur and where Conoco drilling ultimately led to the Down Yonder discovery. In support of Conoco's favorability trend concept, subsequent work by Trimble and Doelling (1978) pointed out that historic drilling indicated uranium in Salt Wash sandstone northeast of the Sahara mine in the Acerson Mineral Belt, which they felt could represent the south end of an important northeast mineralization trend, extending into Sections 1, 2, and 11, T22S, R14E, and Section 36, T21S, R14E, where the Down Yonder deposit is located. Trimble and Doelling (1978) went on further to say that this area possibly has the best potential for future production in the District.

In order for the reader to gain a general chronological perspective and background on the property's exploration history, it is important to review some of the main observations and NI 43-101 non-compliant resource estimates made by the AEC, Conoco, Union Carbide, and Atlas Minerals that are contained in internal company reports. For a detailed listing and summation of these estimates, the reader is referred to Table 8-3, Historic 43-101 Non-Compliant Mineral Resource and Mineral Reserve Estimates for the Down Yonder uranium deposit. A more detailed breakdown of the historic resource estimates is discussed below and illustrated in Tables 8-1 and 8-2. Although the Issuer considers these estimates to be historically relevant and significant, it is acknowledged that none of them comply with the guidelines of NI 43-101 and they are not being treated as such.

To the Issuer's knowledge, the earliest reference of Conoco addressing the subject of a resource at Down Yonder is found in Wentworth (1970), a Grade x Thickness contour map that pinpoints several areas in Section 36 where the Grade x Thickness of the mineralization approaches or exceeds commercial limits in 1970 terms. Wentworth (1970) states that because of the AEC's vast experience in estimating reserves of Colorado Plateau Salt Wash-hosted uranium deposits, Conoco contracted the AEC to run a computerized statistical analysis on the mineralization encountered in Section 36. As a result of this work, a "Sichel Krige Analysis of Five Foot Combined Assay Values" was compiled, a copy of the corresponding report being in the Issuer's possession. The Sichel Krige Analysis lists statistically based average grades and fractional tonnages that can be expected for certain grade cutoffs within a mineralized area.

Using the mineralized areas outlined by a Grade x Thickness of 0.10 or greater, a cutoff grade of 0.040% U₃O₈, and the computed AEC average mineralization thickness of 9.2 feet, a 43-101 non-compliant indicated and inferred ore reserve plus mining potential of 973,000 tons containing 2.1 million pounds of U₃O₈ was determined for several subareas in Sections 35 and 36 (Table 8-3). This AEC reserve estimate is not qualified under NI 43-101 for anything more than historic exploration information and the Issuer is not treating it as such.

According to a Union Carbide internal memo authored by Pinnick (1974) concerning the evaluation of the Down Yonder deposit as submitted to Union Carbide by Conoco in 1974, Conoco drilled 165 holes on the entire Down Yonder property from 1968 through 1970, with drilling depths varying from 500 feet in the western edge of section 2 to 1,200 feet in the northeast corner of section 36. Drill depths in the Section 36 deposit area averaged 1,000 feet. Seven of the holes were cored and the remaining 158 were plug sample drilled. All of the cored holes were drilled into the deposit in section 36, and cores were submitted to the AEC for petrographic analysis (Heyse, 1969). Of the 165 holes drilled, 128 were placed mostly north of Interstate 70 in the two

sections, 35 and 36, T21S, R14W. Pinnick's 1974 report recommends Union Carbide's acquisition of the property from Conoco and further drilling, which took place in 1974 and 1975. The report goes on further to give a comparison of Union Carbide versus Conoco 43-101 non-compliant resource estimates for the Down Yonder using Conoco's drilling results, given in contained pounds of U₃O₈, and average thickness and grade as follows:

Table 8-1; Comparison of Union Carbide to Conoco Historic Down Yonder Resource Estimates.

	<u>Union Carbide</u>			<u>Conoco</u>		
Section 36	1,050,400 lbs	4.4'	0.26% U ₃ O ₈	1,724,000 lbs	6.4'	0.167% U ₃ O ₈
Section 35	210,000 lbs	5.5'	0.20% U ₃ O ₈	349,000 lbs	8.0'	0.136% U ₃ O ₈
TOTAL	1,260,400 lbs	4.6'	0.25% U₃O₈	2,073,000 lbs	6.7'	0.160% U₃O₈

The report also describes a separate 43-101 non-compliant resource estimate just for the Down Yonder Section 36 mineralization in two subareas, Areas A and B (Table 8-2). A possible 20,000 tons, indicated 133,000 tons, and inferred 92,000 tons are given for a total of 202,000 tons at a grade of 0.26% containing a total 1,050,000 pounds of U₃O₈ (Table 8-3). No qualification is made in this Union Carbide historical estimate as to the definition of "possible", "indicated", and "inferred" tons. This breakdown of classification does not qualify the reserve estimate under the regulation of NI 43-101 for anything more than historic exploration information.

A subsequent 1975 report by Pinnick further details the above Conoco 43-101 non-compliant resource estimate on the Down Yonder deposit, consisting of four main areas of mineralization, Areas A and B located in Section 36, and Areas C and D located in Section 35. Copies of original Conoco computer print-out sheets of mineralized intercepts determined by down-hole gamma-ray logging of drill-holes defining the above four areas of mineralization are in the Issuer's possession.

Table 8-2; Subdivision of Conoco's Historic Down Yonder Resource Estimates

	Area	Short Tons	Pounds U ₃ O ₈	Thickness	Grade % eU ₃ O ₈
Section 36	A	80,000	320,000	6.0 ft	0.200
	B	438,750	1,404,000	6.5 ft	0.160
	TOTAL	518,750	1,724,000	6.4 ft	0.167
Section 35	C	83,929	235,000	9.0 ft	0.140
	D	43,846	114,000	6.0 ft	0.130
	TOTAL	127,775	349,000	8.0 ft	0.136
Totals for Deposit		646,525	2,073,000	6.7 ft*	0.160

(Sturm, 2009).

TABLE 8-3. HISTORIC 43-101 NON-COMPLIANT MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES FOR THE DOWN YONDER URANIUM DEPOSIT

DATE	COMPANY	TYPE OF ESTIMATE	TONS	GRADE % U ₃ O ₈	POUNDS U ₃ O ₈
1970	AEC resource estimate for Conoco (Wentworth, 1970)	Sichel Krige analysis of 5-foot combined assay values	973,000	0.108*	2,100,000
1974	Union Carbide estimate vs. Conoco estimate using Conoco drilling data	UC in-house	252,080*	0.25	1,260,400
		Conoco in-house (Pinnick, 1974)	646,525*	0.16	2,073,000
1974	Union Carbide estimate just for Section 36 deposit – Areas A and B	UC in-house (Part of UC's above estimate) (Pinnick, 1974)	202,000 Possible + Indicated + Inferred	0.26	1,050,000
1975	Union Carbide details Conoco estimate above for Section 36 Areas A and B and Section 35 Areas C and D	UC detail of Conoco in-house estimate (Pinnick, 1975)	646,525	0.16	2,073,000
1975	Union Carbide using 1974-75 UC drilling results just for Section 36	UC in-house (Pinnick, 1975)	245,000 Possible + Indicated + Inferred	0.19	931,000
1978	Atlas Minerals A, B, and C Blocks in Section 36	T.L. Wilson in-house estimate (Price, 1981)	NDA	NDA	610,000 Inferred
1981	Atlas Minerals Blocks A and B in Section 36	M. Price in-house estimate (Price, 1981)	137,838*	0.185	510,000 Inferred
					1,500,000 Potential
1981	Atlas Minerals Blocks A, B, C, and D in Section. 36	W.W. Holloway in-house estimate (Holloway, 1981)	274,226	0.182	997,311 Inferred

*Denotes number derived by back-calculating from data supplied by estimators
NDA= No data available

In summary, Union Carbide reported the total Down Yonder 43-101 non-compliant resource, as estimated by Conoco, to contain 2,073,000 pounds of U₃O₈ in 646,525 tons at an average grade of 0.160% U₃O₈ (Table 1; Pinnick, 1975). No breakdown was made of this estimate as to "possible," "indicated," or "inferred" resources. None of the foregoing is considered to be classified as a reserve estimate. Although the terms "reserve" and "resource" used above and elsewhere in this report, when historical information is discussed, were estimates produced by Conoco and/or reported by Union Carbide and the AEC above and by Atlas Minerals below, they are not to be relied upon in this report under the definitions required by National Instrument 43-101. The statements of tonnage and grade above and below are therefore classified herein for the reader to consider as exploration information of historical significance only and only to reflect an order of magnitude of the size and grade of the Down Yonder deposit. The relevance and reliability of the tonnage and grade defined in the historical estimates contained in this report are based on extensive sampling by rotary and core drilling, and by down-hole gamma-ray logging, carried out by senior mining companies with significant exploration and production experience.

In 1975, Union Carbide recalculated its 43-101 non-compliant resource estimate for the Down Yonder deposit in Section 36 based on its evaluation drill program of the area in late 1974 and 1975 (Pinnick, 1975). Union Carbide drilled 13 holes and changed the average intercept to 6.0 feet at a grade of 0.19% U₃O₈. The estimate was updated to comprise 20,000 tons possible, 133,000

tons indicated, and 92,000 tons inferred for 245,000 tons at an average grade of 0.19% U₃O₈, yielding 931,000 pounds of U₃O₈ (Table 8-3). No qualification is made in this Union Carbide historical estimate as to the definition of “possible”, “indicated”, and “inferred” tons. This breakdown of classification does not qualify the estimate under the regulation of NI 43-101 for anything more than historic exploration information.

Information is sketchy, but Atlas Minerals and Conoco internal documents, memos, and interoffice correspondence dated from 1978 through 1983, in the Issuer's possession, indicate that Conoco was attempting to vend the Down Yonder to Atlas, with Atlas performing at least three 43-101 non-compliant resource estimates (Table 8-3; one by T. L. Wilson, 1978; one by M. Price, 1981; and one by W.W. Holloway, 1981) in addition to those by Union Carbide and Conoco cited above (Holloway, 1981; Price, 1981; Heiny, 1983). Furthermore, drill-hole maps attached to Holloway's (1981) estimate reports indicate an additional 10 holes, 78-EF-1 through 78-EF-10, were drilled on the Down Yonder deposit in 1978. Although it is uncertain who drilled these holes, it is speculated that it was Energy Fuels Nuclear based on the EF prefixes given to the drill holes.

A NI 43-101 non-compliant estimate performed on the Down Yonder in 1978 by T. L. Wilson of the Atlas Mining Department resulted in Blocks A, B, and C (excluding Block D), all in Section 36, containing combined 43-101 non-compliant inferred reserves of 610,000 pounds of U₃O₈, which was probably amenable to incline or shaft access (Table 8-3; Price, 1981). Wilson did not calculate geologic potential reserves. A second Atlas calculation by M. Price (1981) of mineralization contained in the area evaluated by Wilson and as controlled by 1981 economics determined the presence of 510,000 pounds of 43-101 non-compliant inferred reserves for Blocks A and B together (Table 8-3). Geologic potential 43-101 non-compliant reserves for the highly favorable portion of the Down Yonder deposit were determined by Atlas to be 1,500,000 pounds U₃O₈, roughly three times the 510,000 43-101 non-compliant pounds calculated by Price (1981) for Blocks A and B in Section 36 (Table 8-3). In July of 1981, W.W. Holloway performed a third 43-101 non-compliant resource estimate for Atlas on all four Blocks in Section 36, A, B, C, and D, resulting in 997,311 pounds U₃O₈ contained in 274,226 tons at an average grade of 0.182 over an average thickness of 4.2 feet (Table 8-3; Holloway, 1981). Holloway's estimate was based on 43-101 non-compliant “inferred” resources only. This breakdown of classification does not qualify the estimate under the regulation of NI 43-101 for anything more than historic exploration information and the Issuer is not treating it as such.

Down Yonder Uranium Deposit Ownership History

No information is available to the Issuer regarding ownership of the Down Yonder deposit during the period 1984 to 2004. The Section 36 State Mineral Lease no. 49311 was obtained by William M. Sheriff from the State of Utah on April 4, 2004 and an assignment was made from Sheriff to EMC Utah Inc. on January 6, 2006 for an undivided 100% interest in the Lease. BM claims were staked by EMC to cover the remainder of the mineralization as it is known to presently exist in adjacent Section 35. No exploration or development work was conducted on the property by EMC. EMC lease optioned its entire San Rafael Uranium Property land holdings, including the Down Yonder deposit area, to Glen Hawk Minerals, Ltd., on June 20th, 2005. After conducting no work on the property and as a result of financial difficulties and a desire to move into gold exploration, Glen Hawk returned the property to EMC only a year later in early June of 2006. As a result of Magnum's interest in the uranium potential of the land, Magnum approached EMC in 2006 to see if it might be interested in joint venturing the property in order to move it forward. EMC agreed and a formal JV arrangement between the two companies was consummated on

November 19, 2006. Magnum has earned an undivided 100% interest in the entire San Rafael property position, substantially ahead of schedule, by virtue of the aggressive exploration drilling program it conducted over other parts of its property position during 2007-2008. To date, no production has come from the Down Yonder deposit. The lease ML-49311 was assigned to Magnum on May 21, 2009 with a 2% overriding royalty retained by EMC.

Geological Setting

Regional -- San Rafael Uranium District Geology

The property is located in a moderate sized topographic and structural low, locally known as the Green River Desert. Structurally, this low can be considered a narrow southern extension of the Uinta Basin. Several local features of the Colorado Plateau surround the area. The area is bounded on the west by the San Rafael Swell, a large asymmetrical doubly plunging anticline, and on the east by the Paradox Basin/Paradox Fold and Fault Belt. The Nequoa Arch is located immediately to the south and to the north the Green River Desert merges with the larger Uinta Basin, although it is separated from the latter by the northwest-trending Book Cliffs.

Stratigraphically, all exposed consolidated rock units within the boundaries of the San Rafael Uranium District area are sedimentary formations deposited during the Mesozoic era (Trimble and Doelling, 1978). The oldest unit is the Triassic Moenkopi Formation which underlies the Chinle, Wingate, and Kayenta Formations. Jurassic rocks are, in ascending order, the Navajo, Carmel, Entrada, Curtis, Summerville, and Morrison Formations. The Cretaceous rocks, also in ascending order, include the Cedar Mountain and Dakota Formations, and members of the Mancos Shale. Alluvial and colluvial deposits of Quaternary age are scattered throughout the District. The Triassic rocks are both marine and continental in origin, whereas the Jurassic rocks are for the most part non-marine and most of the Cretaceous rocks are of marine origin. This report is only concerned with those rock units penetrated by the historic drilling in the Issuer's San Rafael Uranium Project area (see below), with the objective of describing the Salt Wash Member of the Jurassic Morrison Formation, host to the uranium mineralization, in greater detail. For a more comprehensive description of the stratigraphy of the Green River area, the reader is referred to "Geology of the Green River Mining District," by Young and others, 1960.

The San Rafael District is near the confluence of three tectonic divisions; the San Rafael Swell, the Uinta Basin, and the Paradox Fold and Fault Belt. The San Rafael Swell is a broad uplift whose steep east limb, the San Rafael monocline, forms the west boundary of the District. The Uinta Basin is to the north where its southern boundary is defined by the Book Cliffs escarpment. The strata beneath the cliffs dip gently northward or northeastward toward the center of the Basin. To the south the dip of outcrops is influenced by the Nequoa Arch, an arm of the Monument Uplift. An additional anticlinal structure, the Green River nose or anticline, is just east of the District. The influence of these structures has produced a broad, shallow, northeast plunging syncline known as the Acerson Trough (Trimble and Doelling, 1978). The San Rafael District centers mostly on the northwest flank of this master structure, the axis of which trends N25°E, and which also appears to be the main control to the District's paleo-stream channel trends and development for uranium mineralization at the Deep Gold, Down Yonder, 4484, Jackrabbit, and other deposits within the Issuer's project area.

Local – Deep Gold Uranium Deposit Geology

As mentioned above, this report is only concerned with those rock units intersected by previous operators' historic drilling and Magnum's 2007, 2008, and early 2009 drilling in the area of the San Rafael Uranium Project area, with the objective of describing the main host rock, the Salt Wash Member of the Upper Jurassic Morrison Formation, in greatest detail.

Summerville Formation (Upper Jurassic)

The Summerville is the oldest Formation encountered in the drilling programs and consists of thin, even-bedded mudstone and siltstone. The Formation has a characteristically reddish-brown color, which is easily distinguished from the redder mudstones and siltstones that generally occur in the overlying lower Salt Wash. Its origin is considered marginal marine and it averages 150 feet thick. Only the top beds immediately below the lower Salt Wash sands were penetrated by selected holes.

Morrison Formation (Upper Jurassic)

The Morrison is a complex non-marine unit that is subdivided into two members, the upper Brushy Basin and the lower Salt Wash. The Salt Wash consists of channel and floodplain deposits and contains the known uranium deposits in the San Rafael Uranium District. The Brushy Basin is composed mostly of floodplain-type deposits and decomposed ash.

Salt Wash Member

The Salt Wash Member averages 220 feet thick in the Snow and Lucky Mines and Deep Gold area and is about 250 feet thick in the historic holes in the Down Yonder area. It is composed predominantly of fine- to medium-grained sandstone interbedded with thin mudstone, claystone, and siltstone. Occasional conglomeratic sandstone is also present.

According to the results of the drilling, the Salt Wash contains a lower unit consisting of claystone, mudstone, siltstone, sandstone lenses, and occasional thin limestone. A persistent gypsum bed at the base of the Salt Wash was encountered throughout the area drilled. Trimble and Doelling (1978) include this gypsum bed as the very top of the underlying Summerville Formation described above. They mention that the upper foot of the bed contains abundant jasper nodules, possibly signifying the development of an old soil horizon. In some places in the District, the Salt Wash fills channels cut into this gypsum horizon, whereas in others the channels completely remove the gypsum, indicating a disconformity at the Salt Wash – Summerville contact. The upper part of the Salt Wash, where the deposits occur, characteristically contains relatively thick channel-type sandstones and conglomerates with thin interbedded mudstones (Plate 5). In places, carbonaceous trash is abundant in the upper Salt Wash sands and was encountered in varying amounts in most of the sands (Wentworth, 1970).

The Salt Wash sands are the result of fluvial processes that created a broad, regional alluvial plain deposited by northeast-flowing streams. Wentworth (1970) and Trimble and Doelling (1978) proposed the source of the sediments lay to the south, southwest, and west in Arizona, western Utah, or eastern Nevada. Trimble and Doelling (1978) further mention that sediment deposition is thought to have been by intermittent shifting streams in possible semiarid environments. Aggrading streams that deposited the early Salt Wash Member were small and filled small channels. As time progressed, the size of the streams increased until, at the top of the member, a

thick, broad accumulation of partly conglomeratic channel sands was deposited. These larger streams carried much woody plant and organic debris acting as important reductant material and loci for the concentration of uranium. The Salt Wash is exposed as the eastern dip slope of the north-trending hogback west of Buckmaster Draw, west of the Project boundary.

Individual Salt Wash sandstone bodies and layers encountered by Conoco drilling in the Down Yonder area-measure well over 100-feet thick (Wentworth, 1970). Even though laterally persistent, they vary in thickness because of facies relationships and changes with lateral mudstone units, minor scouring and filling, and sand build up. Results of the drilling also show that the channels trend in a north to northeast direction. The upper Salt Wash sandstones are predominantly light gray, but very light gray, medium gray, and light tans are not uncommon. Wentworth (1970) attributed much of the lighter colors to kaolinization of feldspar and decomposition of chert. The sandstones consist mainly of subrounded and frosted quartz grains cemented to varying degrees by calcite and siliceous material. Interstitial clay is not uncommon, and large clay galls were observed in Conoco cores indicating considerable turbulence during certain periods of deposition. Although not abundant, authigenic pyrite was also observed. Various accessory minerals identified in a petrographic study conducted by the AEC on material from Conoco Down Yonder deposit core holes include apatite, garnet, leucoxene, tourmaline, and zircon, just to mention a few (Heyse, 1969). The study also notes that tourmaline content is more abundant in and near uranium mineralization.

The mudstone and claystone within the Salt Wash are varicolored, with red and green hues predominating. Results of Conoco drilling indicate that mudstone in contact with permeable sandstone is bleached green to light gray in a number of cores (Wentworth, 1970). While it is widely known that green mudstones are usually found in the vicinity of Salt Wash-hosted uranium mineralization, the relationship between primary and secondary colors in Salt Wash sedimentary rocks is not fully understood.

Brushy Basin Member:

Drilling results show the Brushy Basin Member of the Morrison averages 350-feet thick in the area of the San Rafael Uranium Project. The drilling results also show this Member to mainly consist of variegated mudstones and claystones, with variable lesser amounts of siltstone, sandstone, and loosely cemented conglomerate. The sandstones and conglomerates form lenticular bodies which seldom extend more than 100 feet laterally in their lesser dimension. The dominant colors are maroon to reddish-brown, with shades of green, gray, and purple not uncommon. The claystones in the unit generally consist of bentonite, which formed by the decomposition of volcanic ash, and which some workers believe is the source of the uranium hosted in the underlying Salt Wash sandstone throughout the District (Stokes, 1967; Trimble and Doelling, 1978).

According to Trimble and Doelling (1978), the time of Brushy Basin deposition was marked by streams that became sluggish and channel deposition thinner and less common. They also mention that discontinuous limestones in the Member indicate the formation of shallow lakes on the low interfluvial floodplain areas, and that the high volcanic ash content in claystones, mudstones, and siltstones composing most of the Member, indicates nearby volcanic activity.

The Brushy Basin Member is considered latest Jurassic in age, and its upper contact with the overlying Cedar Mountain Formation, described below, has been designated as the boundary

between the Jurassic and Cretaceous beds (Stokes, 1952). The Brushy Basin Member is exposed in the lower slopes of both sides of Buckmaster Draw along the western boundary of the Project area.

Cedar Mountain Formation – (Lower Cretaceous)

The Cedar Mountain Formation is divided into two Members in the San Rafael Uranium District, the basal Buckhorn Conglomerate and an Upper Shale. In the District, exposures of the Buckhorn are discontinuous, attaining a maximum thickness of 30 feet in the north and diminishing near the south, where it pinches out. Exposures of the Upper Shale are continuous over the length of the District, attaining a maximum width of over 3 miles near the south end. The Buckhorn Conglomerate rests unconformably on the Brushy Basin Member of the Morrison Formation described above and contains mostly gray, black, and tan chert and quartzite pebbles and cobbles. In places where the Buckhorn crops out, particularly east of Buckmaster Draw, slopes are strewn with large blocks of the conglomerate. This outcropping forms a north-south band about one-half mile wide in sections 15, 22, and 27. The Snow shaft collar is near the upper contact of the Cedar Mountain Formation. Drill holes in the Jackrabbit area also collar in this unit. The overlying Upper Shale is similar to the Brushy Basin, with lithologies of siltstone, shale, mudstone, sandstone, and limestone, but colors are more faded to a gray and the banding is less distinct (Trimble and Doelling, 1978). The siltstones, shales, and mudstones are mostly bentonitic and form the bulk of the Member.

Previous operators' and Magnum's drilling results in the Deep Gold, Jackrabbit, and Down Yonder areas confirm the similarity of Upper Shale Member beds of the Cedar Mountain with the underlying Brushy Basin, but, as noted by Trimble and Doelling (1978) and as referenced above, are lighter in color and quite difficult to differentiate in the subsurface (Wentworth, 1970). Conoco geologists believed that these paler colors are due to bleaching by swamp waters. Wentworth (1970) further states that Conoco geologists applied the term Cedar Mountain to designate the beds between the top of the Brushy Basin and the base of the Mancos in their drilling in the Down Yonder area, and believed that the Cedar Mountain should be included with the Brushy Basin in any formal rock unit scheme. The Cedar Mountain Formation was deposited in the same fluvial and lacustrine environments responsible for the Brushy Basin Member of the Morrison (Trimble and Doelling, 1978).

Mancos Shale – (Upper Cretaceous)

The Mancos Shale is a thick calcareous marine unit that forms the surface of much of the Green River Desert and covers most of the eastern part of the San Rafael Uranium District. Classically, the Mancos is divided into five Members, which, in ascending order, are the Tununk Shale, Ferron Sandstone, Blue Gate Shale, Emery Sandstone, and Masuk Shale (Trimble and Doelling, 1978). In the District and particularly in the Deep Gold deposit area, only the lower three Members are present (Wentworth 1970). The Ferron Sandstone Member, a thin shaly sandstone unit, separates monotonous blue gray calcareous Blue Gate Member shales from lithologically similar colored shales of the underlying Tununk Member. Furthermore, although Conoco geologists recognized the stratigraphically highest Member in the nearby Down Yonder deposit area as the Blue Gate and referred to it as such in their drilling (Wentworth, 1970), Trimble and Doelling (1978) refer to this shale as the Upper Mancos Shale. Thickness of the Tununk is 350 to 400 feet, the Ferron 20 to 30 feet, and the Blue Gate 600 feet plus in the District. The Ferron forms a low north-striking, east-dipping cuesta as the step of the lower and upper benches that cross the Deep Gold deposit and the western edge of the Down Yonder deposit. Pioneer Uranium's, Atlas Minerals', and Magnum's drill

holes were sited within the Tununk in the western, shallower part of the Deep Gold deposit. The historic holes in the Hollie claim part of the Deep Gold deposit collar within the Ferron and Blue Gate (Upper Mancos Shale). Most of the historic and Magnum's drill holes in the Down Yonder are were sited within the Blue Gate Member (Upper Mancos Shale).

Structure In and Around the Deep Gold Uranium Deposit Area

Beds in the Deep Gold deposit area dip gently, approximately 3°, to the northeast toward the center of the Green River Desert structural low. Near the outside boundaries of the Green River Desert the dips increase in magnitude, especially along its west edge near the fringe of the San Rafael Swell, where they are up to 11°. Dips of the lower Jurassic and older rocks are much steeper in the 2-to-4 miles west of the project boundary. Ground water occurrences in the basin are roughly parallel to the structure, with the younger aquifers successively becoming saturated toward its center (Wentworth, 1970). Numerous northwest-striking normal faults traverse the San Rafael Uranium District that can be traced southeasterly into the Paradox Fold and Fault Belt (Figs. 5 and 7; Trimble and Doelling, 1978). These faults are speculated to be of Laramide or post-Laramide age and, along with subsidiary fractures, may have locally controlled uranium accumulation. If these faults are older, they may also have influenced sediment deposition of the Salt Wash streams. Conoco geologists reported minor drilling problems in the Down Yonder deposit area that were due to fracturing encountered in the Mancos in certain isolated areas (Wentworth, 1970).

Exploration Information

Deposit Types and Exploration Model

The exploration target or deposit type known to exist at the San Rafael Project is the peneconcordant, channel-controlled, trend type. Specifically, this deposit type matches the recognition criteria of Sandstone Type Uranium Deposits Class 240, Subclass 243 – Channel-Controlled Peneconcordant Sandstone-Type Deposits – as defined by Austin and D'Andrea (1978) for the United States Department of Energy's (USDOE) National Uranium Resource Evaluation (NURE) Program conducted in the late 1970's and early 1980's. Austin and D'Andrea's classification work and widely established recognition criteria regarding geologic environments favorable for sandstone-type deposits are part of the larger uranium deposit classification manual and classic treatise entitled "Geologic Characteristics of Environments Favorable for Uranium Deposits." This publication was written and compiled by Bendix Field Engineering Corporation geologists for the USDOE in 1978 (Mickle and Mathews, eds.) and still serves as a major working classification manual for many geologists exploring for all types of uranium deposits throughout the United States and other parts of the world.

Peneconcordant uranium deposits in sandstones are essentially stratabound deposits which do not normally exhibit the continuous and sharp boundary between altered and unaltered ground commonly found in roll front-type deposits. This deposit class includes deposits in which altered and unaltered ground may be clearly distinguishable, as in parts of the Uravan Mineral Belt, Colorado (Thamm, et al, 1981), and those in which the distinction, if it exists, is not readily evident, as at Ambrosia Lake, New Mexico. Again referring to Austin and D'Andrea's sandstone-type deposit classification system, peneconcordant deposits are broken down into Subclass 243, those hosted by distinct, easily recognized channels, as is the Deep Gold, Down Yonder, and the other uranium deposits in the San Rafael Uranium District, and Subclass 244, those deposits in which channel control is not as evident.

Major recognition criteria and definitive geological characteristics of peneconcordant, channel-controlled, trend-type uranium deposits, taken from Austin and D'Andrea (1978) and many of which are present at the San Rafael Project's deposits as determined by the results of previous operators' historic drilling and Magnum's drilling, are listed below.

- Peneconcordant deposits are stratabound uranium deposits that occur in discrete, easily recognized paleo-stream channels scoured and eroded into underlying strata and rocks; sedimentary structures, especially scours and channel contacts, are ore controls, and faults, fractures, synclines, and troughs serve to control drainage location and development; host rocks have developed in a braided stream or trunk stream channel network and alluvial fan/flood plain environment;
- Sandstone host rocks are commonly first-cycle sediments that are either feldspathic or arkosic, or are quartz- and chert-grain rich depending on provenance; host rocks range from boulder conglomerates to siltstones, with medium- to coarse-grained sandstones the most common; bedding tends to be lenticular, typical of fluvial deposits, with many deposits occurring in distinct sinuous and braided channel network forms; ore trends are parallel to the depositional trends of the host rock; some of the best mineralization occurs on the edges of thicker channels where mudstone-sandstone ratios increase and reach equality;
- The source of the uranium is postulated to be tuffaceous shales or tuffaceous volcanic rocks overlying the favorable sedimentary host rocks; uranium is leached from the overlying shales and/or tuffs and precipitated in the underlying sandstones; the most common primary uranium minerals found in unoxidized material are uraninite and coffinite, and the most common primary vanadium mineral is montroseite; common secondary (oxidized) minerals include tyuyamunite and corvusite; commonly associated sulfides include pyrite and marcasite (FeS₂);
- The dominant reductant for the ore is carbonized "trash"; fossil wood, leaves, vegetative matter, large and small plant remains, lignite, asphaltite, logs, and fine carbonaceous matter are the loci for the deposition of uranium; and
- Geometry of deposits in plan view ranges from tabular to lenticular to sinuous, with their long axes aligned along the trend of the paleochannel; ore thickens and thins with the stratigraphic structures, channel scours, mudstone-sandstone ratios, and according to the amount of carbonaceous material present, and may occur either as a single body or as a cluster of bodies, with larger bodies usually comprising a number of connected pods; where clustered, orebodies can measure hundreds of feet wide, thousands of feet long, and are generally 3- to 6-feet thick. Average grades range between 0.10% and 0.40% U₃O₈.

Stream channel trends are also diagrammatically shown in a drawing taken from Trimble and Doelling (1978), with special reference to the Acerson Trough area's trunk channel stream systems. Uranium mineralization in the San Rafael Uranium District including Energy Fuels' deposits is peneconcordant and stratabound, occurring in the upper continuous sandstone unit of the Salt Wash Member of the Upper Jurassic Morrison Formation. It was produced by several trunk streams which entered the area from the south, which included the Tidwell, Acerson, and Sahara trunk channel stream systems containing the District's deposits. The Down Yonder deposit is in the Acerson trunk channel while the Deep Gold deposit is in the Tidwell trunk channel. The

4484 deposit appears to be in the fringe of the Acerson trunk channel. Further evaluation will be needed to determine its relationship to the Deep Gold deposit, 1,700 feet to the northwest.

Past Exploration

Magnum geologists acquired historic exploration drilling information pertaining to the San Rafael Uranium Project from a number of confidential sources in order to piece together the exploration history of the deposits and to generate a National Instrument 43-101 compliant resource estimate for the property. The Issuer will be using this resource estimate and the geological modeling to conduct future exploration drilling to better define the deposit with the ultimate goal of taking the property to production. To this end, Magnum acquired all of Conoco's, Pioneer Uranium's, and Atlas Minerals' drill-hole location maps, copies of all available down-hole gamma-ray logs of historic drill holes and geologic reports, and all available Atlas Minerals' geological and 43-101 non-compliant resource estimate reports concerning the project area. The Conoco data includes copies of original computer print-out sheets of all down-hole gamma-ray log derived mineralized intervals and intercepts (in 0.5-foot intervals) for all holes drilled through 1970. Additionally, Magnum has acquired numerous reports by Union Carbide describing 43-101 non-compliant in-house resource estimates of the Down Yonder deposit. To date, Magnum has located and/or identified over 3,300 historic drill holes in the vicinity of the BM and Hollie claim blocks and State Section 36 Mineral Lease land holdings, all drilled for uranium. Over 2,000 of these holes are located on the land controlled by the Issuer.

During three phases of exploration drilling in the latter half of 2007, 2008, and early 2009, Magnum drilled 58,546 feet of conventional rotary drilling with some spot core in 63 holes. This drilling included the western part of the Deep Gold deposit, the Down Yonder deposit, the Jackrabbit deposit areas, and a few scattered exploration holes, Magnum's exploration drilling project included down-hole logging for gamma, spontaneous potential (SP), and resistivity. The logging was performed by Century Geophysical, Salt Lake City, Utah, and Jet West Geophysical Services LLC of Farmington, New Mexico.

The objective of this drilling was to fill-in for verification as well as step-out on known mineralized zones and discover new areas of high-grade uranium mineralization similar to those defining the historic mineral resources and mineralized areas found by previous operators. The lithology of all holes where core or cuttings were available was logged by the exploring companies' geologists. Results of Magnum's drilling delineate numerous high-grade intervals and intercepts that corroborate and expand upon those determined by the historic drilling. In all cases, Magnum's drilling further expanded the size of the target deposits, which are all still open in many areas and could host additional uranium resources.

Mineralization

San Rafael Uranium District Mineralization

The Tidwell Mineral Trend, the main historic mining area in the San Rafael Uranium District, is located updip and just west of the Deep Gold deposit and 2 miles west and northwest of the Down Yonder deposits. Part of it lies within the western one-fourth and margin of the greater San Rafael Uranium Project land position. The Jackrabbit deposit is in the main part of the Tidwell District. The area is also historically known as the Four Corners Mining District after an early operator, Four Corners Uranium. Using Trimble and Doelling's (1978) production figures for the District

and taking into account subsequent Atlas Minerals in-house reports concerning later production from the Snow and Probe mines (Atlas Minerals Engineering Department, 1982; Gordon, 1982; Wilbanks, 1982), in excess of 4.0 million pounds of U₃O₈ and 5.4 million pounds of V₂O₅ have been produced from over 50 mines in the San Rafael Uranium District to date. This production equates to roughly 1,000,000 tons of material mined, with a speculated 8 million pounds of uranium remaining (Trimble and Doelling, 1978).

The average thickness of the material mined is generally between 3.5 and 5.5 feet, with average grade dropping from roughly 0.35% U₃O₈ in the mid to late 1950's (Young and others, 1960) to around 0.18% to 0.19% U₃O₈ from the Snow and Probe Mines in the early 1980's and as the minimum acceptable ore grade changed with economics over time (Wilbanks, 1982). Deposits generally have an elongate shape and preferred northeasterly orientation that mimics the orientation of the paleo-stream channels in which they occur. Uranium mineralization exists almost entirely at one stratigraphic level, the upper sandstone sequence of the Salt Wash Member of the Upper Jurassic Morrison Formation, as described above. The size of the deposits generally increases in a northerly to northeasterly direction and from the surface basinward, where optimal host rock types were deposited and favorable sandstone-mudstone ratios were produced during development of the Acerson Mineral Trend. Size of deposits varies considerably, ranging from a few tons to semi-continuous to continuous clusters in excess of 150,000 tons. Historically, mine depths in the Tidwell Mineral Trend ranged from 40 feet along its west edge, to 300 to 400 feet further downdip to the east, and finally to about 600 to 700 feet downdip at the Snow and Lucky Mines (Figs. 3 and 7). The Jackrabbit deposit ranges in depth from 210 to 510 feet. Depths of the large uranium deposits, located just east of the Tidwell Mineral Trend, all or part of which are on the Issuer's ground, include the Deep Gold deposit at about 775 to 1,000 feet, the 4484 at about 900 feet, and the Down Yonder deposit at about 950 to 975 feet.

Several features have had an effect, either directly or indirectly, upon mineralization and the occurrence of the uranium-vanadium deposits in the San Rafael Uranium District. These features, along with a short description of each are given below. For a more in-depth description of them, the reader is referred to Trimble and Doelling (1978).

1. Sedimentary and Stratigraphic Controls:

a. Depositional Environment – The Salt Wash Member of the Morrison was laid down in an aggrading fluvial environment. Mineralization in the San Rafael Uranium District is principally in the upper sandstone unit of the Salt Wash, produced by several trunk stream channel systems (Tidwell, Acerson, and Sahara) which flowed from the south to the northeast. As sequential deposition of coarse to fine sedimentary materials took place, a general lateral belt of favorable, permeable, coarser host rocks, consisting of sandstones and sandy conglomerates, developed along certain sections of the trunk stream channel systems. These host rocks, are followed, both downstream and laterally by a general fining to less permeable and favorable host sediments as current velocity decreased.

b. Channel Trends - Most of the stream channels in the Project area have a northeast trend, as observed by Stokes (1954), Million (1957), Wentworth (1970), and Trimble and Doelling (1978). Stream directions have been determined by mapping sedimentary structures such as lamination, festoon, cross-bedding, and rib and furrow in the upper sandstone unit of the Salt Wash.

c. Presence of Carbonaceous Material – Mineralization occurs in the San Rafael District where carbonaceous material is abundant and has served as a reducing environment for the deposition of uranium. Carbonaceous material is less abundant in the southern part of the area, but increases northward along with more favorable host rock types as stream velocities decrease somewhat, forming lateral belts of favorability where the distributary system reaches a maximum. Further north and with further decrease in stream velocity, favorability decreases as only the finest plant material and mud and silt dominates as sands thin and feather out (Trimble and Doelling, 1978).

d. Channel Contacts and Sandstone-Mudstone Ratios – Uranium mineralization in the upper sandstone unit is normally localized near the contacts of the sub-channels, with most of it usually near the bottom or sides of the individual channels. Many deposits are also found where there is a sudden change in the slope of the contact. Better deposits occur where the lithology is mixed and where favorable rock types are well mixed with carbonaceous matter. Sandstone-mudstone ratios play a major role in localizing and confining mineralization, as further defined and described below in detail below.

e. Thickness of the Upper Sandstone Unit – Thickness of the upper sandstone unit is a major control to uranium mineralization. In thinner units, even where carbonaceous material is present, mineralization is minor to nonexistent. Most of the thick sandstone units in the San Rafael Uranium District are coarser grained and permeable, thus enhancing circulation of the mineralizing fluids.

2. Structural Controls:

a. Faults and Joints – Strong jointing is present normal to bedding in mineralized horizons and surrounding units, however mineralized bodies do not appear to be influenced by the jointing. Development of joints is probably related to regional folding that occurred subsequent to primary uranium deposition. Secondary oxide uranium and vanadium minerals occur on fracture surfaces.

b. Anticlinal and Synclinal Axes – Subtle folding may have continued in Morrison time and controlled the streams depositing the Salt Wash sands. A topographic high (anticlinal axis) existed at the north end of the District and may have served to deflect the northeast flowing Salt Wash river channels, thus aiding the accumulation of carbonaceous matter to the south in the mineralized area (Trimble and Doelling, 1978).

c. Northeast-Trending Lineaments – A periodicity is noted in the occurrence of northeast-trending mineralized bodies in the District, which implies a linear control other than or in addition to simple sedimentary channels. This linear control suggests structural lineaments, which could be related to the above mentioned folding in a washboard configuration or to an unknown and unobserved pattern of jointing or fracturing (Trimble and Doelling, 1978).

3. Chemical Controls and Source of Uranium:

a. A chemically reducing environment is needed for preservation of carbonaceous material and emplacement and maintenance of a uranium deposit. Circulating ground water introduced the uranium and vanadium into the reducing environment. Age dates of Colorado Plateau uranium deposits indicate mineralization occurred from 70 to 115 million years ago (Stieff and others,

1953; Shawe and others, 1991). Leaching of bentonitic shales and mudstones in the Brushy Basin Member stratigraphically above the Salt Wash Member may have been the source of the uranium (Stokes, 1967; Gloyd and others, 2003).

The two core deposits are discussed separately in the following subsections of this report. This information is largely from the earlier Technical Reports on the Deep Gold (Sturm, 2009) and the Down Yonder deposit (Pancoast, 2008). Additional information gathered since these reports were filed has also been included. The general concepts of mineralization described in detail for these two deposits are applicable to the other smaller deposits in the San Rafael Uranium Project area (Jackrabbit, 4484, North).

Deep Gold Uranium Deposit Mineralization

Uranium mineralization at the Deep Gold deposit is best described from the results of Atlas Minerals' drilling in Section 23 and from Atlas' drilling and mining of its updip extension, which comprises the adjacent Snow and Lucky Mines just to the west and southwest. First-hand observations can also be made from drill logs obtained from Magnum's 2007 drilling in the western part of the deposit. It is worth reiterating that Deep Gold mineralization basically comprises a northeast-trending linear belt of ground that appears to exist as the downdip east-northeast extensions of the Snow and Lucky Mines uranium ore bodies.

Historic work by Atlas Minerals geologists related to Deep Gold uranium deposit mineralization started with studies of underground workings in the Tidwell Mineral Belt, which indicated that significant mineralization closely follows sedimentary depositional patterns. Past mining and drilling experience indicate that those areas where the upper Salt Wash system thickens into coalescing and overlapping channels are definitely more favorable in terms of hosting an economic ore deposit. As a result of this understanding, efforts were made by Atlas geologists to delineate these most favorable areas in outcrop, match them to existing underground workings, and then project trends into the subsurface for possible future evaluation (Wilbanks, 1982).

Following the above concept, Atlas geologists mapped exposures of the upper Salt Wash Member from a point due west of the Probe shaft south along the outcrop for approximately 2.6 miles. Particular attention was given to sand thickness, current directions from cross bedding, general channel trends, and major faulting. Along the outcrop the upper Salt Wash alternatively thickens and thins, and it was discovered that two, thick, predominant channel systems exist in the field and show up on aerial photographs as erosion resistant highs on the Salt Wash dip slope.

Results of further work found that the second channel system thickens to 80 feet, with a prominent northeast trend. Sands coarsen upward and are capped by up to 10 feet of pebbly conglomerate. Also found were large coalescing channels separated by discontinuous shale splits up to 5-feet thick. The linear ridge formed by the outcrop of this channel system is dotted with numerous surface uranium diggings, and a number of underground workings. Current directions taken from cross bedding indicate an average direction of flow of N65°E. Further along this trend and across property lines to the northeast, Pioneer Uranium drilling identified the Deep Gold deposit, which Atlas geologists felt was an orebody adjacent to or continuous with the Atlas Lucky orebody and also could be, in part, the downdip extension of Atlas' Snow Mine orebody (Wilbanks, 1982). Based on his drilling in the area, the Pioneer Uranium geologists felt that their ore body, the Deep Gold, is situated where the Snow channel trend merges with another trend (the Lucky ore body trend?) coming from the southwest.

Atlas Minerals geologists' reports mention that economic ore deposits in the Snow – Lucky – Deep Gold area and trend(s) are associated with sudden changes in depositional environment, grain size, and permeability, all of which play a role in uranium deposition as evidenced by common ore localization near channel sides and bottoms. The sites where channel sands sharply contact less permeable mudstone or shale are common hosts for reducing carbonaceous material, and may also have provided hydrologic traps for uranium mineral deposition from ground water (Wilbanks, 1982).

The thickness of the upper Salt Wash sand sequence is also a major controlling factor in uranium deposition. The upper sequence is coarser grained and more permeable than the remainder of the Salt Wash, aiding in groundwater circulation. Because the thicker sand sequences consist of more numerous overlapping channels, they naturally provide a larger number of favorable localities for mineral deposition. Where the upper Salt Wash sequence is finer, fewer channels are present, carbonaceous material is less abundant, and uranium deposits are smaller or nonexistent.

Recognition criteria and characteristics determined for Deep Gold Uranium Deposit mineralization indicated from geological and gamma-ray logs of holes drilled by Magnum in the west half of the deposit during 2007 confirm Atlas' observations described above and indicate mineralization ranges from 773.5 feet to 843.5 feet deep (Magnum Press Release dated January 17, 2008). Host rock comprises clean to slightly arkosic carbonaceous sandstone, with associated conglomerate and local nearby siltstone/mudstone interbeds. Mineralization appears to be podiform in nature, with larger bodies usually consisting of a number of closely spaced or connected pods. Thickness of mineralization generally averages about 4 feet, with grades from various 4-foot thick intercepts as determined by down-hole gamma-ray probe work ranging between 0.161% U₃O₈ and 0.470% U₃O₈ (Magnum Press Release dated January 17, 2008). Current dimensions of known Deep Gold mineralization, including both the east and west deposit areas and as projected to the surface from all known drilling, both historic (Pioneer Uranium and Atlas Minerals) and Magnum, is over 2,000 feet in a northwest-southeast direction (normal to channel trend) and in excess of 2,000 feet in a northeast-southwest direction (parallel to the ancient stream channel trend). This boundary of known mineralization is presently open in numerous directions, particularly to the west and southwest toward the Lucky and Snow Mines, and south across the southern boundary of the Hollie claims.

The 4484 deposit lies about 1,700 feet to the southeast of the Deep Gold Deposit. Available information from historic drilling suggests the habit and tenor of the 4484 deposit are similar to the Deep Gold deposit. Even if the 4484 deposit is in a different trunk channel than the Deep Gold deposit, the proximity would lend itself to access from a centrally located shaft. The mineral resources of the nearby North deposit are also similar to the Deep Gold, although additional exploration drilling will be needed to characterize and evaluate this resource.

Down Yonder Uranium Deposit Mineralization

Uranium mineralization at the Down Yonder deposit is best described from the results of Conoco's drilling, augmented by the Magnum drilling in 2008. The most encouraging results come from the State Section 36 Mineral Lease Area, where the majority of the deposit is located, and from adjacent deposits in Section 35 (Wentworth, 1970). Conoco's discoveries at Down Yonder area comprise a north-northeast trending linear belt of ground downdip, east of and subparallel to the Tidwell Mineral Belt. Conoco's linear belt, containing the Down Yonder deposit and dubbed by

Conoco geologists as the Acerson-Conoco Mineral Belt (Wentworth, 1970), appears to be the north-northeastern extension of the Acerson Mineral Belt where small, near surface deposits have been found and historically mined close to the Salt Wash outcrop rim.

Conoco drilled 151 holes in Sections 35 and 36 combined, for roughly 160,000 feet of drilling. In an attempt to establish a stratigraphic and sedimentary relationship with the mineralization, Conoco geologists constructed two isopach maps and one lithology ratio map from the drill-hole information. As discussed in greater detail in the San Rafael Technical Report, the Down Yonder deposit has the following important geological characteristics:

1. The upper Salt Wash sandstone unit represents a large trunk channel system trending northeast and north across the northern part of Section 2, the southern part of Section 35, and much of the State Section 36 Mineral Lease ML-49311 area. The thicker sand units in the system channel into the underlying shale/mudstone. The thicknesses of these sands are greater than the thicknesses of surrounding branch channel and floodplain deposits penetrated at this horizon elsewhere in the District by Conoco's drilling.

2. Strong mineralization has been found, for the most part, on the edges of the thicker river channels where the mudstone-sandstone ratios are increasing. It seems likely that the less dense carbonaceous material accumulated along the edge of the channels, away from the high velocity currents intermittently present in the centers of the channels. Subsequently, good porosity and permeability within the trunk channels, afforded passageways for uranium-rich waters (Wentworth, 1970). The uranium was deposited at channel edges where this ground water contacted the reducing environment created by carbonaceous matter.

3. The trunk channel trend can be projected both north and south within the Acerson-Conoco Mineral Belt. Conoco geologists believed that further exploration in Sections 2 and 35 would result in the discovery of large areas of mineralization similar to those found in the State Section 36 Mineral Lease Area. Also, considering the northward increase in size of the Tidwell Mineral Belt deposits, they also speculated that larger size deposits may be present to the north of State Section 36 within the trunk channel system. Future drilling will be necessary to prove or disprove this idea.

Magnum drilled 30 holes in 2008, totaling 32,732 feet in the Down Yonder uranium deposit. This was probably the first exploration work specific to the deposit since Conoco's drilling of the property from 1968 through 1973, Union Carbide's ore reserve review work and limited drilling of the property from 1974 to 1975, and Atlas Minerals ore reserve review work and evaluation of the property for potential acquisition throughout the late 1970's and early 1980's. The Magnum work consisted of step out exploration holes to expand the resource and in-fill drilling to verify the known mineralized horizons. The drilling was successful in both categories and increased confidence in the historic data. Spot core was recovered and the samples were used to better characterize the rock properties and mineralization. The drill results were discussed in a Magnum Uranium Corp. Press Release dated October 3, 2008. For a detailed description of all of this previous work conducted on the property, particularly the results of Conoco's drilling and resulting historic 43-101 non-compliant resource estimates, the reader is referred to History section of this report and to Table 8-3, Historic 43-101 Non-Compliant Mineral Resource and Mineral Reserve Estimates for The Down Yonder uranium deposit, also included under "History" above.

Drilling

The two core uranium deposits are discussed separately in the following subsections of this report. This information is from the earlier Technical Reports on the Deep Gold deposit (Sturm, 2009 and Gatten, 2011) and the Down Yonder deposit (Pancoast, 2008 and Gatten, 2011). Magnum performed additional drilling after the reports were prepared in both of these areas, as discussed below. Comments have been added where applicable to better describe historic, as well as recent drilling, at the other partly defined deposits (Jackrabbit, 4484, North) in the Issuer's San Rafael Uranium Project area.

Deep Gold, and 4484 Deposits and North Area Drilling

Historic drilling of the Deep Gold deposit conducted prior to that performed by Magnum in late 2007 comprises 288,083 feet in 299 holes. Making up this total are 247 holes comprising 235,788 feet drilled by Pioneer Uranium during 1979 through 1981, and 52 holes comprising 52,295 feet drilled by Atlas Minerals from 1984 through 1986. Depth to uranium mineralization in Section 23 averages 800 to 1,000 feet. To the southeast, at the 4484 deposit, the depths to the main mineralized horizon ranges from 1,000 to 1,130 feet. East of the Hollie claims, historic drill holes extended to almost 1,200 deep to penetrate the upper sandstones of the Salt Wash. North of there at the North Area, the mineralization depth ranges from 950 to 1,150 feet (west to east) in historic drill holes.

Rotary drilling conducted by Magnum throughout the western part of the Deep Gold deposit during the latter half of 2007 comprises 10,570 feet in 11 holes. The holes were either drilled as twins, in fills, or step-outs. Interpretation of the exploration drilling information shows that six of the holes encountered significant intercepts typical of the tenor and thickness and occurring at the same depths of those found during Pioneer Uranium's and Atlas Minerals' historic drilling of the Deep Gold deposit. They are also of the same tenor and thickness of material mined at Atlas Minerals' nearby updip Snow and Lucky Mines (Table 1; Wilbanks, 1982). Some of the holes with better intercepts include SR-15-07 with 4.0 feet of 0.470% eU₃O₈, SR-27-07 with 4.0 feet of 0.356% eU₃O₈, and SR-25-07 with 4.0 feet of 0.161% eU₃O₈ (Table 13- 1, and see Magnum Press Release dated 1/17/08 for details). These and numerous historic holes are used in the mineral resource calculations presented later in this report. Depths of mineralization ranged from 773.5 feet to 826.5 feet in the northern part of the western edge of the Deep Gold deposit to 827.0 feet to 843.5 feet in the southern part of the western edge. Drilling was conducted by Bob Beeman Drilling Company of Moab, Utah and down-hole logging for gamma, spontaneous potential (SP), and resistivity was performed by Century Geophysical, Salt Lake City, Utah, and Jet West Geophysical Services LLC of Farmington, New Mexico. All of the holes were logged by Magnum company geologists, with all logs residing in Issuer's office in Nucla, Colorado. Most of the holes were surveyed for down-hole drift, which often trends northwest (up dip) similar to all of the historic Pioneer Uranium holes that were surveyed.

TABLE 13-1. 2007 MAGNUM MINERALS USA CORP. DEEP GOLD DRILLING RESULTS

Hole Number	Depth (feet)	From – To (feet)	Intercept Thickness	% eU ₃ O ₈	Pounds U ₃ O ₈ /Ton
SR-08-07	1,000	Anomalous	-	-	-
SR-15-07	900	800.5-804.5	4.0	0.470	9.40
		813.5-814.5	1.0	0.125	2.50
SR-22-07	880	825.5-826.5	1.0	0.139	2.78
SR-23-07	1,060	Anomalous	-	-	-
SR-24-07	880	773.5-776.5	3.0	0.066	1.32
SR-25-07	950	838.0-842.0	4.0	0.161	3.22
SR-26-07	900	Anomalous	-	-	-
SR-27-07	1,040	827.0-831.0	4.0	0.356	7.12
SR-28-07	1,000	Anomalous	-	-	-
SR-29-07	900	842.0-843.5	1.5	0.124	2.48
SR-32-07	1,060	Anomalous	-	-	-
TOTAL	10,570				

Besides the Deep Gold deposit, there are a number of mineralized areas and trends that have been identified by previous exploration and mining efforts on the Issuer's land holdings. Over 3,300 historic drill holes were located by the previous owner of the San Rafael Uranium Project within the boundary of the BM claim block and State Section 36 Mineral Lease, all drilled for uranium. Over 2,000 of these holes are located on land now controlled by the Issuer. The vast majority of the drilling is the result of the intense search by many companies, mostly major uranium exploration and development companies, for peneconcordant, high-grade, mineralized zones hosted in the favorable upper Salt Wash sandstone that can be linked together into mineable deposits. Throughout the majority of the Issuer's property position, these zones were deposited in chemically favorable reducing environments of trunk channel and braided stream systems and networks presently buried beneath 350 to 1,000 feet of overlying sedimentary rock. These mineralized zones are not traceable on the surface, but are covered, blind targets that can only be outlined by drilling.

Surface drilling was done to outline ore reserves at the nearby Atlas Minerals' Snow and Probe Mines, which collectively produced approximately 1.0 million pounds U₃O₈ from upper Salt Wash sandstone (Fig. 3; Wilbanks, 1982). Continuous long hole programs were also used to locate additional ore underground. This underground longhole drilling had a success ratio of 35% for the Probe Mine and 29% for the Snow Mine (Wilbanks, 1982). It is important to note that underground drilling and actual mining led to significantly more ore being discovered and mined than the surface drilling indicated. This point is commonly brought out and is applicable to most of the historic mines in the Tidwell Mineral Belt as more uranium was discovered through underground mining and longhole programs than was indicated from surface drilling. By example, from start up through shut down, actual production figures for Atlas Minerals' Snow Mine indicate that it produced 455% more tons of ore and 281% more pounds of U₃O₈ than the original reserves indicated by surface drilling (Wilbanks, 1982). In summary and as quoted by Wilbanks (1982), "In the past most orebodies mined in the Green River (Tidwell District) area have ultimately produced more pounds of U₃O₈ than calculated in original reserves."

Down Yonder Area Drilling

The Pancoast report (March 2008) states that approximately 160,000 feet of historic drilling, from a total of 151 holes, had been conducted on the Down Yonder deposit. This drilling consists of 119 holes placed in the State Section 36 Mineral Lease area, the main part of the deposit, and another 32 holes placed in adjacent Section 35 just west of the State Mineral Lease, where a subsidiary and underexplored part of the deposit exists. The Down Yonder Mineral Resource map shows the known historic drill holes and the Magnum 2008 drilling. Hole depths average approximately 800 feet in Section 35 and approximately 1,000 to 1,100 feet in State Section 36. Magnum drilled 30 holes in the Down Yonder deposit area in 2008 which total 32,732 feet. These were drilled to verify historic data, explore for additional mineral resources, and gather geotechnical information on the host sandstone. Magnum's intended use of the core data was twofold: 1) mineralization verification through assaying for comparison of chemical uranium grades to equivalent uranium grades calculated from the radiometric logs, along with acquiring vanadium assays, and 2) initial phase work to investigate the potential to produce the deposit via in-situ recovery (ISR) extraction techniques. Magnum contracted with R Squared Incorporated of Denver, Colorado to initiate evaluation of aquifer properties and leachability of the metals. The in-place density of the host sandstone was also measured. This density information proved useful in revising the mineral resources of both previously reported deposits.

A breakdown of the 119 historic drill holes on the State Section 36 Mineral Lease is as follows: 96 Conoco holes, 7 of which are core and the remainder conventional rotary, all drilled in 1968 through 1970, 11 Union Carbide core holes and 2 rotary holes drilled in 1974 and 1975, and 10 EF – Energy Fuels Nuclear rotary (?) holes drilled in 1978. A breakdown of the historic drilling in adjacent Section 35 is as follows: 32 Conoco rotary holes drilled in 1968 through 1970 and two rows of rotary holes in 1973 trending in a northwest-southeast direction across the Silver Bell lease to the west/northwest and onto the Down Yonder resource area in Section 35.

The results of Conoco's 1973 holes were used to draw cross-sections showing the positive correlation between the Four Corners producing sandstone in the main Tidwell Mineral Belt, i.e., the heart of the San Rafael Uranium District area just west/northwest and up-dip of the Down Yonder deposit. Where the District's main uranium producers – Atlas's Snow and Probe mines are located, the drilling results show excellent continuity of the mineralization located near the base of the Four Corners – Down Yonder sandstone. The location of the Magnum drill holes are shown on the resource map and the significantly mineralized intercepts are listed in Table 13-2, below.

TABLE 13-2. 2008 MAGNUM MINERALS USA CORP. DOWN YONDER DRILLING RESULTS-selected mineralized holes

Drill Hole ID	From (feet)	To (feet)	Intercept Thickness	% eU ₃ O ₈ Grade	Pounds U ₃ O ₈ /Ton
DY-22A-08	970.5'	971.5'	1.0'	0.259%	5.18
DY-23-08	968.5' includes 969.5'	972.5' includes 972.0'	4.0' 2.5'	0.063% 0.092%	1.26 1.84
DY-24-08	963.5' includes 964.5'	967.0' includes 966.5'	3.5' 2.0'	0.338% 0.587%	6.76 11.74
DY-26-08	963.5'	965.5'	2.0'	0.200%	4.00
DY-27-08	965.5'	966.5'	1.0'	0.101%	2.02
DY-27A-08	954.0'	955.5'	1.5'	0.143%	2.86
DY-28-08	973.0' includes 973.0'	978.0' includes 976.5'	5.0' 3.5'	0.255% 0.348%	5.10 6.96
DY-29-08	963.0' 968.0' includes 968.0'	964.0' 972.5' includes 970.0'	1.0' 4.5' 2.0'	0.189% 0.113% 0.205%	3.78 2.26 4.10
DY-30-08	976.5' includes 978.5'	980.5 includes 981.0'	4.0' 2.5'	0.141% 0.279%	2.82 5.58
DY-40-08	976.0' includes 980.5'	987.5' includes 984.5'	11.5' 4.0'	0.056% 0.093%	1.12 1.86
DY-43-08	980.0' includes 980.0'	987.0' includes 983.5'	7.0' 3.5'	0.113% 0.172%	2.26 3.44
DY-45-08	978.0'	969.5'	1.5'	0.125%	2.50

Sampling and Analysis

No surface samples were collected by the Issuer or Magnum during visits to the property because the mineralization of the Deep Gold, Down Yonder, and other deposits of interest lies at a depths of 200 to over 1,000 feet below the surface. The historic mine drifts that enter the BM claims from the west side, mostly on the Big G claim group, are flooded in the down dip portions, and not readily accessible. The water table is near the Issuer's property line. Furthermore, because no historic drill core or cuttings are known to have been archived, no possibility of obtaining samples for analysis from these sources exists. It is recommended that normal procedures be required for establishing sample identification (drill core or cuttings) and that Quality Assurance/Quality Control (QA/QC) and chain of custody/security protocol be established and followed in storing and transporting samples to a registered geochemical assay laboratory. It is recommended that all Magnum drill samples generated during 2009 and beyond for geochemical analysis be sent to Energy Laboratories, Casper, Wyoming. This lab is one of the premier prep facilities for uranium-bearing drill core/drill cuttings and for geochemical uranium assays in the United States. Century Geophysical, Salt Lake City, Utah, who is an industry leader in this type of work, was employed

by Magnum to radiometrically probe a number of holes drilled on a number of targets during 2007-2009 with excellent quality control and results. Jet West Geophysical Services LLC of Farmington, New Mexico also was used for some of the logging.

In some cases, holes were probed by both companies as a check between one another in terms of calibration, instrumentation, and procedural methods in order to maintain Quality Control/Quality Assurance. Results were found to be comparable, thus removing any factors that could materially impact the accuracy and reliability of these results or bias them in any way.

Data Verification

Historic drill-hole locations and drill data were originally hand drafted on 1:4,800 scale mylar maps. Data recorded on the maps includes collar elevation, elevation of the top of the mineralized horizon, thickness of mineralization, and grade of intercept. The original survey data for both the collar location and down-hole drift were not available, however, down-hole drift annotations for selected holes are posted on a Pioneer Uravan drill hole location map (Casey, 1980). Some drill hole locations are marked in the field by a stake, but information on most stakes has since faded. There are a couple of holes that contain a stake that can be read and tied into the historic Pioneer Uravan Map. There also were a couple of holes that contained a stake that could be read and tied into the historic Conoco Map. The drill maps were scanned, digitally rectified, and the down-hole deviations assumed to be a straight line between the collar and bottom of hole locations. This assumption could introduce some error in the actual three dimensional location of any specific datum point, but the relative location of the datum point to other data points is considered to be reasonably accurate.

These data were checked against other historic hand-drafted maps of the District. Additionally, file folders of all down-hole gamma-ray logs for each Pioneer and some Conoco holes are archived in Issuer's office in Nucla, Colorado. In order to assure accuracy, all holes used in the resource calculation were cross-checked to establish that the depths to mineralization indicated on the map correlate with the actual drill logs. All holes were then digitized, and locations were rectified and printed out on a 1:4,800 scale map registered to a USGS topographic map in NAD 27 UTM coordinate space. The data were input as electronic data via a spreadsheet in a computer program utilized for the development of the resource given in this report. The input data were double-checked for accuracy and the resulting map was confirmed by overlying the resource map generated with the original mylar map print to assure accuracy and completeness. The resultant data and map were used to construct the polygon resource maps. Some of the 2008 drill holes in the Down Yonder area were spot cored through the mineralized horizon so the core could be chemically assayed for uranium, vanadium and other elements. The chemical uranium was compared to the eU3O8 to define accuracy and to determine if disequilibrium is an issue. The core was analyzed at the Energy Laboratories facility in Casper, Wyoming. QA/QC procedures for sample handling were strictly adhered to.

It must be emphasized that the accuracy of any resource estimate ultimately depends upon the accuracy of the samples used. In most sandstone-hosted uranium deposits, eU3O8 values are not chemical or other direct analyses, but are radiometric equivalents based on counts of gamma radiation received per time interval at a detector. Proper probe calibration to similar type and

grades of expected mineralization is important to guarantee that a systematic bias is not introduced in the values. The radiometric data from geophysical logs were provided to Magnum by outside sources. Instrumentation used for logging the holes was calibrated at U.S. Department of Energy facility test pits in Grand Junction, Colorado, designed and built for that specific purpose. The personnel interpreting the geophysical data were trained in that regard.

Security of Samples

No samples were collected or prepared because the sampling methods employed are geophysical in nature (down-hole gamma ray probe) and not by direct geochemical analysis in a conventional lab.

Mineral Resources and Mineral Reserves

Because of the erratic nature of the mineralization inherent in peneconcordant uranium deposits, it is often difficult to determine geologic controls on ore/waste contacts or even the outlines of mineralized areas with a degree of certainty sufficient to increase the accuracy of resource estimates. Because of the difficulty in locating precise ore/waste boundaries, resource estimation methods in common use are either polygonal or statistical. Both methods have been successfully applied in the evaluation of resources at many prospects and operating mines within the Salt Wash sandstone uranium deposits.

For the purpose of this Technical Report, no economic evaluation of the uranium deposits described herein was performed. Thus, the determination of the size and grade of the deposit that follows is solely a mineral resource estimate of the amount of uranium and vanadium contained within the deposits. Mineral Resources are not economic "reserves" because no economic evaluation has been performed and economic viability has not been demonstrated. Although more drilling needs to be performed at all these deposit areas, and is recommended by the Issuer's geological advisor, many of the uranium deposits within the San Rafael Uranium Project area are relatively coherent and can be considered an Indicated Resource. Where data points are farther apart, but drill hole information suggests mineralization correlates well within the host sandstone, Inferred Resources have been assigned.

There are no changes to the mineral resource estimates, and no mine development work has been done in the San Rafael Uranium Project area, since the last Technical Report was prepared and submitted (Gatten, 2011)

Deep Gold Deposit, 4484 Deposit, and North Area Resources

With the purchase of the Hollie claims from Titan by EFR in January 2011, the Deep Gold deposit is now controlled in its entirety by the Issuer. The proximity of the 4484 deposit and North area mineral resource areas can now be discussed with the Deep Gold since the combined areas would make a logical single mining unit serviced by a central shaft for access.

Resources for this report were calculated by the perpendicular-bisector polygon method using bisectors one-half the distance between the nearest drill-hole locations. Because the Deep Gold deposit was drilled on about 100 foot centers, the resulting polygons have about a 10,000 ft² (100 ft x 100 ft) area of influence. There are a few polygons larger than this in the south portion of the deposit area because of the wider drill spacing. If a mineralized polygon was situated straddling the property boundary separating the eastern, Hollie Claims portion of the deposit from the western

portion of the deposit, then the polygon is divided as its area applies to each property. The purpose of maintaining this separation is the differing royalty rate that will be applied to the two portions on the deposit if mining takes place.

Specific to the Deep Gold resource area, polygons were constructed around every hole containing mineralization with a G x T (grade x thickness) value > 0.20. The polygons shown on the Deep Gold Mineral Resource map are color-coded so that pale yellow color indicates polygons containing a G x T of 0.20 to 0.39. None of these pale yellow colored polygons were used in the resource calculation. The pink colored polygons represent a G x T cutoff of 0.40 and a G x T range of 0.40 to 0.99. The red colored polygons contain G x T values equal to or greater than 1.00 (equivalent of 10 feet of 0.10% U3O8). Some selected polygons with G x T cutoffs slightly below 0.40 (dark yellow color) were included in the indicated resource category because they lend and show continuity to the deposit. Polygons were constructed with their sides being half the distance to the nearest hole. Resulting individual polygons define the area of influence surrounding each hole. Polygonal boundaries are perpendicular bisectors of lines connecting adjacent holes. If no bounding hole was available, then mineralization was extended out from the hole not more than 75 feet in radius and that side of the polygon was left open (not bounded by a line). The area of each polygon, in square feet, was calculated by computer, with the areas listed in Table 19-1 in Appendix I to the San Rafael Technical Report. If weak mineralization or no mineralization was present in a hole, then a polygon was not constructed and the hole was considered to be barren. Table 19-1 contains the following data on every hole: 1) hole number; 2) thickness of intercept; 3) grade (% eU3O8); 4) pounds/ton; 5) G x T ; 6) polygon area; 7) polygon volume; 8) tons; and 9) pounds U3O8 indicated.

For indicated mineral resources, the mineralized polygon is bracketed by drilling and a line denoting the boundary of the area of Influence between holes is shown, generally the area where the drill spacing was about 100 feet between holes. For the inferred mineral resource given in this report, the mineralized trend is not fully defined or bracketed by drilling, but it is reasonable, given the transmissivity of the host rock and the amount of drilling performed, that mineralization in the projected paleo-stream channel extends beyond the portion of the last hole defined by assays. The inferred polygon is the weighted average and average thickness of the nearest hole(s) from which the projection is made.

A tonnage factor of 14 cubic feet per ton was used in this calculation, based on direct specific gravity measurements of 91 mineralized Salt Wash sandstone plugs from the adjacent Down Yonder deposit. The average specific gravity is 2.37 g/cm³, which translates to a tonnage factor of 13.5, however, a slightly more conservative tonnage factor of 14 cf/ton is used in the resource calculation. The Down Yonder deposit's depth below surface, host rock characteristics, and stratigraphic position are the same, or similar, as those found at the Deep Gold deposit, and other deposits; as such, support using this tonnage factor for the resource calculation estimation throughout the entire San Rafael Uranium Project. All uranium grades are given in eU3O8 (equivalent uranium) as determined by radiometric readings from a down-hole gamma-ray probe. By taking the volume of each polygon and dividing by the tonnage factor, the tons of rock contained within the polygon are determined. Then by multiplying the tons of rock by the grade (pounds of contained eU3O8/ton), the pounds of U3O8 are determined.

The Indicated Mineral Resource given in Table 19.1-1 was calculated for the Deep Gold deposits contained within Section 23 using an approximate 0.40 G x T cutoff. The Indicated Mineral Resource for the 4484 deposit is shown in Table 19.1-2. The North deposit drill hole intercepts

yield an Indicated Mineral Resource for that area shown in Table 19.1-3. The total in-place Indicated Mineral Resource for the Deep Gold and the satellite deposits in the north-central part of the Issuer's San Rafael Uranium Project is of 450,231 tons @ 0.247% U₃O₈ containing 2,219,353 pounds U₃O₈. Using the historic District average recovered U₃O₈:V₂O₅ ratio of 1:1.35, this same tonnage could yield approximately 2,996,127 pounds V₂O₅ at an average grade of 0.33% V₂O₅. All holes used in the indicated mineral resource calculation are shown on Tables 19-3 IND and 19-4 IND in Appendix I to the San Rafael Technical Report.

The Inferred Mineral Resources estimated by the method described above are shown in Table 19.1-1 for the Deep Gold deposit, Table 19.1-2 for the 4484 deposit, and Table 19.1-3 for the North deposit. Combined, the total Inferred Mineral Resources for the north-central part of the Issuer's San Rafael Uranium Project is of 84,365 tons @ 0.329% U₃O₈ containing 554,505 pounds U₃O₈. Using the historic District average recovered U₃O₈:V₂O₅ ratio of 1:1.35, this same tonnage could yield approximately 748,582 pounds V₂O₅ at an average grade of 0.45% V₂O₅.

There is no guarantee that the vanadium will be recoverable at a mill when it occurs at this grade.

The cost of operating the vanadium circuit must be weighed against the V₂O₅ at the time the material is fed to a mill. All holes used in the indicated mineral resource calculation are shown on Tables 19-3 INF and 19-4 INF in Appendix I to the San Rafael Technical Report.

TABLE 19.1-1. DEEP GOLD RESOURCE

DEEP GOLD WEST (BM Claims)	INDICATED RESOURCE U₃O₈	INDICATED RESOURCE V₂O₅	INFERRED RESOURCE U₃O₈	INFERRED RESOURCE V₂O₅
TONS	144,600		37,450	
GRADE (%)	0.229%	0.31%	0.355%	0.48%
POUNDS/TON	4.58	6.18	7.11	9.6
POUNDS	663,400	894,000	266,100	359,000
DEEP GOLD EAST (Hollie Claims)	INDICATED RESOURCE		INFERRED RESOURCE	
TONS	158,200		-	
GRADE(%)	0.311	0.42%	-	
POUNDS/TON	6.22	8.4	-	
POUNDS	983,300	1,328,400	-	
DEEP GOLD TOTAL				
TONS	302,800		37,450	
GRADE (%)	0.272%	0.37%	0.355%	0.48%
POUNDS/TON	5.44	7.34	7.11	9.0
POUNDS	1,646,700	2,223,000	266,100	359,000

Note to Above Table: All Values Rounded

TABLE 19.1-2. 4484 DEPOSIT RESOURCE

4484 Deposit (BM Claims)	INDICATED RESOURCE U₃O₈	INDICATED RESOURCE V₂O₅	INFERRED RESOURCE U₃O₈	INFERRED RESOURCE V₂O₅
TONS	121,800		29,533	
GRADE (%)	0.19%	.25%	0.33%	0.47%
POUNDS/TON	3.77	5.09	6.56	9.31
POUNDS U ₃ O ₈	459,333	620,100	193,780	275,096

TABLE 19.1-3 NORTH DEPOSIT RESOURCE

North Deposit (BM Claims)	INDICATED RESOURCE U₃O₈	INDICATED RESOURCE V₂O₅	INFERRED RESOURCE U₃O₈	INFERRED RESOURCE V₂O₅
TONS	25,655		17,385	
GRADE (%)	0.221%	0.30%	0.27%	0.37%
POUNDS/TON	4.20	6.0	5.44	7.35
POUNDS U ₃ O ₈	113,343	153,013	94,611	127,724

Jackrabbit Area

There are many mineralized historic exploration drill holes throughout the San Rafael Uranium Project area other than those listed in the previous section. Although these holes indicate uranium mineralization in the Salt Wash sandstone and the resource could be large, considering the depth to much of this mineralization and the fact these areas are so isolated, no Indicated Mineral resource is assigned to them. One exception to this approach is the Jackrabbit area in the west-central part of the claim group. The Salt Wash host horizon is much shallower here (200-500 feet deep) and the mineralized holes are in small clusters and follow a definite northeast trend as do the sandstone channels. Part of the Magnum drill program conducted in 2007 identified this trend. Seven of the 15 holes drilled in 2007 in this area intersected ore-grade mineralization, including SR-3-07 with 6.5 feet of 0.907% eU₃O₈, and SR-13-07 with 5.0 feet of 0.212% U₃O₈, and SR-11-07 with 2.5' of 0.418% eU₃O₈. Collectively, the seven holes align to define a northeast-trending mineralized zone that currently is 2,600 feet long and open on both ends.

Magnum drilled another 9 holes (3,732 ft) in the Jackrabbit deposit in early 2009 as offsets to the three holes mentioned above. One of the 2009 holes, which is SR-37-09, encountered 2.0 feet of 0.46% eU₃O₈. All the others, except one, were mineralized, and cut intervals of sandstone containing between 0.01% and 0.08% U₃O₈. Since the depth to mineralization is shallow here, it was affordable for historic drilling to be on closer spacing. However, the spacing is still sufficient for similar sized polygons of indicated resources as used elsewhere. There are many Atlas holes in the northern part of the Jackrabbit Deposit associated with the Snow Mine. The Indicated Mineral Resource assigned the Jackrabbit deposit, as shown in Table 19.2-1, is 28,820 tons @ 0.340% U₃O₈ containing 195,945 pounds U₃O₈. Using the historic District average recovered U₃O₈:V₂O₅ ratio of 1:1.35, this same tonnage could yield approximately 264,525 pounds V₂O₅ at an average grade of 0.46% V₂O₅. All holes used in the mineral resource calculation are shown on Tables 19-5 IND and 19-5 INF in Appendix I to the San Rafael Technical Report.

Because the linearity of the mineralized pods following the dominant channel trend, it is reasonable to infer additional resources exist here. The historic Snow Mine drill holes and some of the underground workings limited the size of inferred resource blocks. The Inferred Mineral Resources estimate is shown in Table 19.2-1 for the Jackrabbit deposit. This Inferred Mineral Resources is 7,940 tons @ 0.209% U₃O₈ containing 33,261 pounds U₃O₈. Using the historic District average recovered U₃O₈:V₂O₅ ratio of 1:1.35, this same tonnage could yield approximately 44,903 pounds V₂O₅ at an average grade of 0.248% V₂O₅. There is no guarantee that the vanadium will be recoverable at a mill when it occurs at this grade. Cost of operating the vanadium circuit must be weighed against the V₂O₅ at the time the material is fed to a mill.

TABLE 19.2-1. JACKRABBIT DEPOSIT RESOURCE

North Deposit (BM Claims)	INDICATED RESOURCE U ₃ O ₈	INDICATED RESOURCE V ₂ O ₅	INFERRED RESOURCE U ₃ O ₈	INFERRED RESOURCE V ₂ O ₅
TONS	28,820		7,940	
GRADE (%)	0.340%	0.46%	0.209%	0.28%
POUNDS/TON	6.80	9.18	4.18	5.66
POUNDS U ₃ O ₈	195,945	264,525	33,261	44,903

Down Yonder Area

Historically, an economic scoping study of the Down Yonder resource was performed using the scenario of sinking a shaft or by driving a mile-long decline, with the results looking viable for that time, the late 1970s. However, for this report, no economic evaluation of the mineralization described herein was performed. Thus, the determination of the size of the deposit that follows is solely a mineral resource estimate. Note that mineral resources that are not mineral reserves do not have demonstrated economic viability. As previously mentioned, in Section 8.2 and Table 8-3 of this report, at least eight different estimates have been performed on the mineralization in the Down Yonder resource. The estimate below is the only one that is compliant by definitions laid out under NI 43-101 guidelines.

Locations of all available drill holes in Sections 35 and 36 were derived from historic maps and fitted to a U.S.G.S. Topographic map and rectified. Polygons were constructed around every hole containing mineralization with a G x T (grade x thickness) value of greater than 0.25, although there were several polygons that did not meet the criteria but were surrounded by stronger mineralized holes, that were included in the resource estimates. Polygons were constructed with the sides of the polygons being half the distance to the nearest hole. Resulting individual polygons define the area of influence surrounding each hole. Polygonal boundaries are perpendicular bisectors of lines connecting adjacent holes. If no bounding hole was available, then mineralization was extended out from the hole not more than 150 feet and the side of the polygon is left open (not bounded by a line). The area of each polygon, in square feet, was calculated by computer and the areas are listed in Table 19-6 IND and Table 19-6 INF in Appendix I to the San Rafael Technical Report. If weak mineralization or no mineralization was present in a hole, then a polygon was not constructed and the hole was considered to be barren.

Mineralization occurring within 100 feet from the hole annulus is considered indicated mineralization (dark pink color), whereas mineralization between 100 and 150 feet from the hole is considered inferred (light pink color), as shown on the Down Yonder Mineral Resource map.

Inferred resources contained within the yellow polygons could be reasonably assumed along the trend of the projected paleochannel, containing a roughly 50:50 sand:shale ratio, and bound on both or several sides by mineralized drill holes).

The area (square feet) of the indicated circles/polygons was calculated by a computer program. The grade and thickness information for the indicated and inferred categories are shown on Table 2. As previously mentioned, intercepts were calculated by hand off copies of Conoco computer printouts given in 0.5 foot intervals.

The several historic resource estimates by previous operators of the Down Yonder area were discussed above in Section 8, Table 8-3. The estimated contained uranium determined by the previous Technical Report (Pancoast, 2008) (~729,100 pounds U3O8 as an Indicated Resource and 1,100,000 pounds U3O8 Inferred Resource) is within the range of the amount of uranium contained by seven of the eight historic estimates. These estimates range from 931,000 to 2.1 million pounds and average 1.64 million pounds U3O8. Furthermore, the grade of 7 of the 8 historic estimates, which range in between 0.108% U3O8 and 0.26% U3O8 and average 0.186% U3O8, match almost exactly the average grade calculated in the Pancoast 43-101 compliant resource estimate.

Conoco used a tonnage factor of 14 cubic feet per ton in their resource calculations. This factor has been verified, based on the average density of sandstone analyzed from the 2008 core samples. This is a notable change from the previous Technical Report (Pancoast, 2008). Also new to this report is the inclusion of the drilling done by Magnum in 2008, after the Pancoast report was completed (see Section 13, Table 13-2). All uranium grades are given in eU3O8 (equivalent uranium) as determined by a down-hole gamma-ray probe. By taking the volume of each polygon and dividing by the tonnage factor, the tons of rock contained within the polygon are determined. Then by multiplying the tons of rock by the pounds of contained uranium/ton, the pounds of uranium are determined.

The total in-place Indicated Mineral Resource for the Down Yonder deposit in the southeastern part of the Issuer's San Rafael Uranium Project is of 278,979 tons @ 0.177% U3O8 containing 989,272 pounds U3O8. Using the historic District average recovered U3O8:V2O5 ratio of 1:1.35, this same tonnage would yield approximately 1,335,521 pounds of V2O5 at an average grade of 0.24%. All holes used in the mineral resource calculation are shown on Tables 19-6 IND in Appendix I to the San Rafael Technical Report.

The Inferred Mineral Resources estimated by the method described above are shown in Table 19.3-1 for the Down Yonder Deposit. The total Inferred Mineral Resources for the southeastern part of the Issuer's San Rafael Uranium Project is of 361,525 tons @ 0.176% U3O8 containing 1,271,780 pounds U3O8. Using the historic District average recovered U3O8:V2O5 ratio of 1:1.35, this same tonnage could yield approximately 1,716,903 pounds V2O5 at an average grade of 0.24% V2O5. There is no guarantee that the vanadium will be recoverable at a mill when it occurs at this grade. The cost of operating the vanadium circuit must be weighed against the V2O5 at the time the material is fed to a mill. All holes used in the mineral resource calculation are shown on Tables 19-6 INF in Appendix I to the San Rafael Technical Report.

The resources shown in the following table for the Down Yonder deposit contained within the State Section 36 Mineral Lease and adjacent BM claims was calculated using a 0.25 G x T cut-off:

TABLE 19.3-1. DOWN YONDER DEPOSIT RESOURCE

Down Yonder Deposit (ML-49311BM Claims)	INDICATED RESOURCE U3O8	INDICATED RESOURCE V2O5	INFERRED RESOURCE U3O8	INFERRED RESOURCE V2O5
TONS	278,979		361,525	
GRADE (%)	0.177%	0.24%	0.176%	0.24%
POUNDS/TON	3.54	4.79	3.53	4.76
POUNDS U3O8	989,272	1,335,521	1,271,780	1,716,903

Mining Operations

Currently, the Issuer has no mining operations.

Exploration and Development

In order to move toward development Deep Gold and Jackrabbit deposits, the Issuer proposes to follow the recommendations made in the San Rafael Technical Report which are as follows:

1. A 50 to 70 hole, 50,000 foot drilling program is recommended to increase the uranium resources. Total cost for this work is estimated at \$13 to \$16 per foot in the Deep Gold area and \$10 per foot in the Jack Rabbit area. Total cost for the drilling would be in the range of \$US\$600,000 to \$800,000.

- At least 10 holes of the recommended drill program should be spot cored through the mineralized horizon and this core should be used to assay for uranium in order to definitively establish the equilibrium parameters for the deposits, although at this time there appears to be no issue regarding disequilibrium.

- The core obtained from the recommended drill program should be analyzed for vanadium content. The uranium to vanadium ratio of the historic production from the Tidwell Mineral Belt was about 1:1.35. If vanadium can be recovered, then the commodity would enhance mine economics.

- Establish a QA/QC procedure regarding chain of custody for samples and analysis including developing standards, blanks, and duplicate samples for chemical assay.

2. Complete a detailed hydrologic investigation of the deposit, including the determination of hydrologic properties and current ground water levels and quality. It is estimated that this investigation will cost approximately US \$50,000.

3. Investigate the feasibility of using ISL as a means of extracting the uranium from the deposit, which might be the most cost-effective way of beneficiating the mineralization at depths of over 775 feet. Cost of this work is estimated at US \$250,000.

The following recommendations are appropriate as the Down Yonder deposit moves toward development.

1. Use additional drill logs and other pertinent data acquired from Magnum to continue to build on the excellent database that already exists.

2. Ground truth the deposit area. Search Section 36 for old Conoco drill hole sites not already found by Magnum, monument the holes and further define the drill hole locations, as the Conoco work was carried out before modern GPS methods of locating holes.

3. If open holes are identified during the ground truth search above, where possible, the open holes should be re-logged with modern geophysical logging equipment. (\$2,00/ft)

4. A 50-hole, 50,000-foot drilling program is recommended to increase the uranium resources. Total costs for this work are estimated at \$13 to \$16 per foot. Total cost for the drilling would be about US\$700,000.

- It is recommended that at least 10 of these holes be spot cored through the mineralized horizon and the core be used to assay for uranium in order to definitively establish the disequilibrium parameters for the Down Yonder uranium resource, although at this time there appears to be no issue.

- The core obtained from the recommended drill program should be analyzed for vanadium content. The uranium to vanadium ratio of the historic production from the Tidwell Mineral Belt was 1:135 and if the Down Yonder deposit does contain vanadium, then the commodity may enhance mine economics.

- Establish a QA/QC procedure regarding chain of custody for samples and procedures for analytical procedures including developing standards, blanks, and duplicate samples for chemical assay.

Other Mineral Projects

Concurrently with the acquisition of the San Rafael Uranium Project, the Issuer acquired a number of other properties, none of which are currently material to the Issuer's operations and plans. The following is a short description of the location and size of the properties, the Issuer's interest in the properties, any existing royalties affecting the properties and any permits relating to or required for the exploration or exploitation of those properties.

Sunday Mine Complex

The Sunday Mine Complex is located in western San Miguel County, Colorado, USA. The complex consists of the following five individual mines: the Sunday mine, the Carnation mine, the Saint Jude mine, the West Sunday mine and the Topaz mine. The mines were most recently actively mined from 2007 to 2009. The Sunday Mine Complex property consists of 221 unpatented claims on public lands covering approximately 3,800 acres. 20 of these claims carry are subject to a 12.5% royalty on all ore produced. The operation of each of the mines included in the Sunday Mine Complex requires a separate permit. Although the Issuer does not currently consider this project to be material, each of the mines is considered to be in active status because the Issuer is installing a series of monitoring wells. A mine water treatment plant will need to be installed (and the appropriate permits obtained) for treating mine water from the Sunday Mine Complex.

Van 4 Mine

The Van 4 Mine is located in western Montrose County, Colorado, USA. The Van 4 Mine is a small underground mine that was last operated between 1987 and 1990. The property consists of 115 unpatented claims located on public lands covering in excess of 1,900 acres. There are no royalties encumbering these claims. A mine permit for the Van 4 Mine has been granted and is currently in good standing, and the necessary bonds have been obtained.

Yellow Cat Project

The Yellow Cat Project is located in eastern Grand County, Utah, USA. This project consists of a total of 90 claims covering approximately 4,660 acres as follows: 85 unpatented claims on public land and 5 Utah State Leases. There are no royalties encumbering the 85 unpatented claims. The 5 Utah State Leases carry a royalty payable to the State of Utah of 8% on uranium produced, and 4% on vanadium produced. The Issuer holds no current exploration permits on the Yellow Cat Project.

Dunn Mine Complex

The Dunn Mine Complex is located in San Juan County, Utah, USA. It is comprised of 11 unpatented claims and one private lease. The Dunn Mine was closed in the mid-1980s, with only limited development completed and very little production realized. The 11 unpatented claims are located on public lands covering approximately 220 acres. The private lease is subject to a production royalty of 12.5% of the fair market value of ore produced. The private lease requires annual payments to be made, half of which is rent and the other half being an advance payment of royalty that is deductive from any royalty payments due on future production. The Issuer holds no permit for the Dunn Mine Complex.

Farmer Girl Mine

The Farmer Girl Mine project is located in Montrose County, Colorado, USA. It is comprised of a lease that was entered into on September 2006 for a 10 years term. The lease renews automatically once production at the Farmer Girl Mine commences. The project consists of the historic Farmer Girl Mine, as well as 22 unpatented claims and 7 patented claims. Production at the Farmer Girl Mine ceased in 1989. The project covers an area of approximately 450 acres. All claims carry royalties ranging between 4% and 8% for uranium and vanadium production. The Issuer holds no permit for the Farmer Girl Mine.

Sage Mine Project

The Sage Mine project is located in San Juan County, Utah, and San Miguel County, Colorado USA. It consists of 94 unpatented claims and one Utah State Lease covering approximately 1,942 acres. The historic Sage Mine ceased operating in 1982. The 94 unpatented claims are subject to an overriding royalty of 2.5% payable to a previous owner of the claims. The Utah State Lease is subject to a royalty, payable to the State of Utah, of 8% on uranium and 4% on vanadium, plus a 1% override to the previous owner. Although the mine is partially permitted and bonded, further permits must be obtained prior to the commencement of production.

4.11 The Issuer has no Oil and Gas Operations.

5. Selected Financial Information

The following tables set forth selected financial information for the Issuer for the three years ending December 31, 2013, 2012 and 2011. The following summary of selected financial information is derived from and should be read in conjunction with and is qualified in its entirety by reference to the Issuer's financial statements, including the notes thereto, and Management's Discussion and Analysis of Financial Conditions and Results of Operations included elsewhere in this Listing Statement.

The selected numbers in the tables below for the years ended December 31, 2013, 2012 and 2011 have been extracted from consolidated financial statements that have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

5.1 Selected Annual Financial Information

Statement of Operations Data

	Year ended December 31, 2013 (Audited) (\$)	Year ended December 31, 2012 (Audited) (\$)	Year ended December 31, 2011 (Audited) (\$)
Revenues	2,384	118,265	72,006
Net Income (Loss) from Operations	(496,384)	(553,413)	(1,392,669)
Net Income (Loss)	(496,384)	(553,413)	(1,392,669)
Basic and Diluted Income (Loss) Per Share	(0.002)	(0.004)	(0.019)

Balance Sheet Data

	December 31, 2013 (Audited) (\$)	December 31, 2012 (Audited) (\$)	December 31, 2011 (Audited) (\$)
Total Assets	184,746	289,261	464,302
Total Liabilities Shareholders'	536,155	577,031	464,799
Equity (Deficit)	(351,409)	(287,770)	(497)

5.2 Selected Quarterly Financial Information

2013	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013
	\$	\$	\$	\$
Cash	14,572	53,433	137,866	177,852
Investments	139,638	135,603	114,275	158,275
Exploration Expenditures	116,681	22,965	17,959	20,428
Total Expenses	158,940	85,451	119,136	135,241
Net Loss	(178,542)	(63,560)	(119,136)	(135,146)
	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012	Mar 31, 2012
2012	\$	\$	\$	\$
Cash	2,679	16,322	27,419	86,093
Investments	241,905	281,285	348,265	320,331
Exploration Expenditures	187,418	24,015	43,224	30,453
Total Expenses	314,040	95,149	126,941	135,424
Net Loss	(277,742)	(95,149)	(45,240)	(135,282)

5.3 Dividends

There are no restrictions in the Issuer's articles or by-laws or pursuant to any agreement or undertaking, which could prevent the Issuer from paying dividends or distributions. To date the Issuer has not paid dividends on its Common Shares. The intention of the Issuer is to use available capital for exploration and property acquisition and accordingly the Issuer has no present intention to pay dividends on its Common Shares.

5.4 The Issuer reports in IFRS.

6. Management's Discussion and Analysis

6.1 Annual MD&A

Set out below is the historical management discussion and analysis of the Issuer for the years ended December 31, 2013 and December 31, 2012 and for the six months ended June 30, 2014 and June 30, 2013. However, upon the completion of the Acquisition and the Spin Out, the Issuer will own the Assets described in section 4.10 of this Listing Statement under the heading "Mineral Properties" and will no longer own the Niger Assets. Therefore, the discussion in section 4.0 of this Listing Statement should be reviewed for an overview of the Issuer's plans following completion of the Acquisition and the Spin Out.

PRM is a newly formed vehicle, formed in the State of Delaware on March 10, 2014, for the sole purpose of acquiring the Assets. Appended to this listing statement are audited financial statements for PRM for the period ended August 31, 2014. During this period, no activities were undertaken in PRM other than the acquisition of the Assets. Therefore no management discussion and analysis has been prepared in respect of PRM.

Management's Discussion and Analysis – December 31, 2013, as of November 20, 2014

The following MD&A of the Issuer contains information concerning the Issuer's business strategies, capabilities, financial results and an overview of the outlook for the Issuer and the industry as at November 20, 2014. The audited consolidated financial statements for the years ended December 31, 2013 and 2012, together with the accompanying note disclosure, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A should be read in conjunction with these financial statements. All note references in this MD&A are made in reference to these financial statements. All financial balances are stated in Canadian dollars, the Issuer's reporting currency. All public filings of the Issuer are available on SEDAR at www.sedar.com.

The following discussion contains forward-looking statements that involve numerous risks and uncertainties. Actual results of the Issuer could differ materially from those discussed in the forward-looking statements. These risks and uncertainties are highlighted under "Risk Factors" and "Forward-Looking Statements" found elsewhere in this document.

OVERVIEW

The Issuer was previously engaged in the business of evaluation and exploration of uranium resource properties in Niger, West Africa. As a result of the Acquisition, the Issuer's activities are now focused on exploration and development of uranium and vanadium properties in the State of Colorado and adjacent areas in the western United States.

The Issuer, incorporated in December 2006 under the Ontario Business Corporations Act, has registered offices at 401 Bay Street, Suite 2702, Toronto, Ontario, Canada, M5H 2Y4. It is a reporting issuer subject to the rules and regulations of the Ontario Securities Commission, but its shares do not trade on any stock exchange.

The Issuer targets properties that have the potential to host economically significant quantities and concentrations of one or more mineral resource commodities, principally uranium. Financial success is dependent upon the discovery of a mineral deposit that can be developed and mined at a profit. The probability of such success is difficult to quantify and the amount of resulting income, if any, cannot be determined with any certainty. None of the mineral properties held by the Issuer are in production and, as such, the Issuer does not currently have operating income or positive cash flow from operations.

Section 4.10 of this Listing Statement describes the indicated mineral resources and inferred mineral resources identified on the Issuer's San Rafael Uranium Project, as reported in the San Rafael Technical Report. The Issuer has not yet determined whether the other eight properties included in the Assets contain reserves that are economically recoverable. In all cases, the ability to recover amounts from these properties is dependent upon a number of factors including environmental risks, legal and political risks, the discovery of economically recoverable reserves, confirmation of the Issuer's interest in the underlying properties, the ability of the Issuer to obtain necessary financing to complete the development and future profitable production or proceeds from the disposition of the properties.

Going Concern

The accompanying consolidated financial statements for the years ended December 31, 2013 and 2012 have been prepared using International Financial Reporting Standards applicable to a going concern, as described in note 1(b). The Issuer has incurred repeated significant losses as net loss for the year ended December 31, 2013 was \$496,384 (2012 - \$553,413) with an accumulated deficit as at December 31, 2013 of \$31,432,288 (2012 - \$30,935,904). The working capital deficiency as at December 31, 2013 was \$351,409 as compared with \$287,770 at December 31, 2012.

Regarding the Niger Assets (which the Issuer proposes to distribute to its shareholders of record on November 3, 2014 prior to the completion of the Private Placement and the Acquisition pursuant to the Spin Out), the Issuer 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(b)*). Such approval had been conditional upon certain factors, the most significant of which was the payment of two years of training fees in the amount of USD \$160,000. These two years of training fees were paid by the Issuer on March 28, 2013 (*see note 8*). Failure to pay remaining and ongoing annual 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 Issuer has chosen to expense all exploration expenditures under IFRS (*see note 2(f)*).

As the Issuer has no operating revenues or other sources of cash flow, its ability to maintain its Canadian head office operations and its other operations and locations over the next 12 months will be dependent upon its ability to (1) raise further equity for the Issuer through private placements (*see note 9*) and/or (2) sell its interest in its investments (*see note 5*).

While management believes that it will be able to secure the necessary financing to continue operations into the future, there are material uncertainties that these and other strategies will be sufficient to permit the Issuer to continue beyond the foreseeable future as such strategies are dependent upon continued support of its shareholder base. Therefore, there is significant doubt as to the propriety of the use of the going concern assumption upon which these consolidated financial statements have been prepared.

Other Considerations

Management is not aware of any agreements that detract from its ownership of the Niger Assets, or of any transfers thereof or defects in title. However, property title may be subject to unregistered prior agreements, claims or transfers and title may be affected by undetected defects. For assets located outside of North America such as Niger Assets, ownership is subject to the risk of foreign investment, including currency exchange fluctuations and restrictions and local political instability and uncertainty.

With respect to its operations and plans, the Issuer 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 Issuer'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 Issuer 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 Issuer 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.

MINERAL PROPERTIES

Western US Assets

On November 20, 2014, the Issuer acquired seven uranium and vanadium properties located in Colorado and adjacent areas of the Western United States. Currently, of these seven properties, the San Rafael Uranium Project is the only material property to the Issuer, while the others (namely the Sunday Mine Complex, the Van 4 Mine, the Yellow Cat Project, the Dunn Mine Complex, the Farmer Girl Mine and the Sage Mine Project) are currently receiving greater scrutiny.

The Issuer now plans to focus its activities on uranium and vanadium mine development and exploration, with the Issuer's primary focus being the exploration and development of its San Rafael Uranium Project. The Issuer also plans to undertake and complete steps to advance its understanding of the potential of the other properties included in the Assets and, where appropriate, to identify and pursue exploration plans for those other properties.

Niger, West Africa

Following the acquisition of the Niger Assets from Homeland Energy in February, 2007, the Issuer set up an administrative office in Niamey, Niger, an exploration warehouse facility in Agadez and an exploration field compound in Arlit. Several experienced Niger geologists and field technicians were hired during the second quarter of 2007 and by the third quarter of 2007, an exploration program had been finalized and field work subsequently commenced. A considerable amount of

field equipment, including all-terrain vehicles, computers, tents and related equipment, was purchased and shipped to Niger.

During the year ended December 31, 2010, the Issuer completed a follow up field program over the Asekra block of four licenses in order to obtain more data and related detailed information about the three large anomalous areas it identified during 2009. This field program comprised hand held scintillometer readings and geochemical sampling along a series of profile lines over Asekra targets 1, 2 and 3, along with first phase geological mapping and sampling. All data generated will be incorporated into the Issuer's digital data base, processed and interpreted.

The Niger offices have been relatively inactive since the beginning of 2012 retaining a skeleton staff to keep administrative and regulatory affairs in order. The Issuer completed a small work program in 2012 Q2 comprised of minor geological mapping to meet government work obligations. Any further drill programs will be dependent on interest displayed by the public markets and on a continued improvement in security concerns in Niger.

Over the course of 2009 and 2010, the Issuer 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 had granted the Issuer an extension to its concessions until August 31, 2012 to compensate for the lost time, essentially giving it a further two years to comply with its original spending requirements.

On March 4, 2013, the Issuer 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 on March 28, 2013 in the amount of USD \$160,000 (see note 8). It is anticipated that the Niger Assets will be disposed of by the Issuer following listing on the CSE pursuant to the Spin Out.

6.2 Results of Operations

Capitalization

The following sets the capitalization of the Issuer as at December 31, 2013 (presented on a pre-Consolidation basis):

Description	Number of securities outstanding
Issued and outstanding	222,472,448
Warrants	85,000,000
Stock options	11,000,000
Total securities outstanding	318,472,448

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. 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 1.0% (2) expected volatility of 139%, (3) expected life of 3.25 years, and (4) dividend yield of 0.0%, the fair value attributed to each option was \$0.004, or \$44,000 in aggregate. Share based payments recognized in the current year were \$33,000 (2012 - \$Nil).

Results of Operations for the Years Ended December 31, 2013 and 2012

Liquidity and Capital Resources

As at December 31, 2013, the Issuer had a working capital deficiency of \$351,409 (2012 - \$287,770). The major component of working capital as at December 31, 2013 is the Issuer's marketable securities with a fair market value of \$139,638 (2012 - \$241,905). Ongoing operations of the Issuer for 2013 were partially funded from the proceeds of sale of FVTPL securities of \$25,222 (2012 - \$109,883).

The cash position of the Issuer as at December 31, 2013 was \$14,572 (2012 - \$2,679). Accounts receivable and prepaid expenses at December 31, 2013 totaled \$30,536 (2012 - \$24,136), comprised mostly of prepaid insurance and expected HST refunds.

The Issuer has no indebtedness other than ordinary trade payables and accrued liabilities at December 31, 2013 that total \$536,155 (2012 - \$577,031) (*see note 8*). Included in accounts payable and accrued liabilities as at December 31, 2013 are Niger training fees of USD \$240,000 (2012 - USD \$320,000). The decrease reflects payment of USD \$160,000 in March, 2013 plus accrual of current year fees of USD \$80,000.

In February, 2012, the Issuer 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. Of the total proceeds, \$214,150 was received in cash, and the balance of \$60,850 was used to retire existing accounts payable. The proceeds were used during the year for general working capital purposes, maintenance of the Issuer's administrative structure and ongoing obligations in Niger.

In February, 2013, the Issuer 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: (a) 1 common share (subject to a four-month hold period in accordance with requisite securities laws) (b) 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. The fair value attributed to the warrants was \$103,000 with the remaining proceeds of \$322,000 attributed to the common shares. The funds were used to pay the Niger training fees as described above, with the balance to be used for general working capital purposes during 2013.

General Expenses

During the year ended December 31, 2013, the Issuer incurred total expenses, exclusive of unrealized losses on FVTPL securities, of \$419,898 (2012 - \$539,227). The major expenses within these totals for the years ended December 31, 2013 and 2012 respectively, are:

Exploration expenditures	\$178,213 (2012 - \$285,110)
Management administrative services	\$120,000 (2012 - \$120,000)

Current exploration expenditures, all incurred in Niger, include office and administrative costs.

The Issuer recorded a depreciation provision during the year ended December 31, 2013 on its fixed assets of \$Nil (2012 - \$29,631). There is no such expense in fiscal 2013 as all fixed assets were either fully depreciated or disposed of by December 31, 2012.

The market prices of the Issuer's investments have overall since December 31, 2012. The Issuer recognized an unrealized loss on FVTPL securities for the year ended December 31, 2013 of \$78,870 (2012 - \$132,451).

2013 Q4 activity only

The Issuer's financial activity during the fourth quarter of 2013 was very limited given the Issuer's continued negative working capital position. Short-term operations continued to be financed from sales of the Issuer's investments. Other than on-going overhead costs in both Canada and Niger, the major expenses recorded in the quarter were (1) an additional USD \$80,000 of exploration activities from accrual of current year Niger training fees, and (2) previously unrecognized share based payments of \$19,250.

Commitments

As discussed above under the heading "Going Concern", the Issuer 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(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. Two of the four years of training fees were paid by the Issuer on March 28, 2013 (*see note 8*). In addition, under the terms of the original agreement and continued during the renewal period, the Issuer is committed to payment of annual training fees of USD \$10,000 per concession (totaling USD \$80,000 per year) for its eight concessions (*see note 15(a)*).

Under the terms of those concession renewals, the Issuer is committed to total minimum exploration expenditures of USD \$4,916,350 over the three year extension, currently budgeted in approximately equal annual amounts.

Also as discussed in this Listing Statement, the Issuer anticipates distributing ownership of the Niger Assets to certain of its shareholders pursuant to the Spin Out.

Transactions with Related Parties

Starting in January, 2012, the Issuer engaged Grove Capital Group Ltd., a company controlled by two of the directors, one of whom is also an officer, for management and administrative services, including compensation of the CFO, corporate secretary, office rent and regular administrative functions. Total fees charged by Grove for the year ended December 31, 2013 were \$120,000 (2012 - \$120,000). As at December 31, 2013, accounts payable and accrued liabilities includes \$11,581 (2012 - \$38,470) in respect of such fees and cost recoveries (*see note 16(a)*).

Off-Balance Sheet Arrangements

The Issuer does not have any off-balance sheet arrangements.

Financial Instruments

The Issuer's significant accounting policies regarding its financial instruments are set out in note 2(d) of the consolidated financial statements. The Issuer's financial instruments consist of cash, accounts receivable, restricted cash, investments and accounts payable and accrued liabilities. Management is of the opinion that the Issuer is not exposed to significant interest rate, currency or credit risks arising from any of these financial instruments.

Critical Accounting Estimates

The Issuer's critical accounting estimates for the years ended December 31, 2013 and 2012 are presented in note 2(n) of the audited consolidated financial statements. The preparation of financial statements in accordance with IFRS requires management to make certain estimates and assumptions. Such estimates may have a significant impact on the financial statements. The Issuer regularly reviews these estimates; however, actual amounts could differ from the estimates used and may accordingly affect the results of operations.

These estimates include:

Environmental rehabilitation provision - Provisions for rehabilitation require judgment 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 judgments 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.

The functional currency for the Issuer 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 judgments to determine the primary economic environment. The Issuer reconsiders the functional currency used when there is a change in events and conditions which determined the primary economic environment.

RISK FACTORS (see also "Going Concern" heading above) See section 17

6.3 Selected Annual Information

	2013	2012	2011
	\$	\$	\$
Net income/(loss)	(496,384)	(553,413)	(1,392,669)
Net loss per share – basic and diluted	(0.002)	(0.004)	(0.0186)
Total assets	184,746	289,261	464,302

The Issuer had no sales or other revenue, no long-term liabilities and paid no dividends.

6.4 Variations

There were no variations in this period.

6.5 Results of Operations

See section 6.2 above.

6.6 Selected Quarterly Information (all quarters reported under IFRS)

2014/2013	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013
	\$	\$	\$	\$
Total Revenue	Nil	14,295	Nil	21,891
Net profit/(loss)	(207,255)	(63,191)	(178,541)	(63,560)
Comprehensive profit/(loss)	(179,305)	(84,396)	(195,635)	(61,121)
Net loss per share – basic and diluted	(0.0009)	(0.0003)	(0.0008)	(0.0004)
Total assets	63,888	127,811	184,736	216,850
2013/2012	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
	\$	\$	\$	\$
Total Revenue	Nil	95	102,329	Nil
Net profit/(loss)	(119,136)	(135,146)	(277,742)	(95,149)
Comprehensive profit/(loss)	(120,122)	(134,160)	(272,244)	(112,419)
Net loss per share – basic and diluted	(0.0007)	(0.0008)	(0.0021)	(0.0009)
Total assets	283,386	379,760	289,261	344,557

6.7 Liquidity

As at June 30, 2014, the Issuer had a working capital deficiency of \$615,110 (December 31, 2013 – \$351,409). The major component of the Issuer's assets as at June 30, 2014 are the marketable securities that have a fair market value of \$41,903 (December 31, 2013 - \$139,638). Ongoing operations of the Issuer for the six month period ended June 30, 2014 were largely funded from the proceeds of sale of FVTPL securities of \$70,471 (six month period ended June 30, 2013 - \$19,743) and HST refunds.

The cash position of the Issuer as at June 30, 2014 was \$8,842 (December 31, 2013 - \$14,572). Accounts receivable and prepaid expenses at June 30, 2014 totaled \$13,143 (December 31, 2013 - \$30,536), comprised mostly of prepaid insurance and expected HST refunds.

The Issuer has no indebtedness other than ordinary trade payables and accrued liabilities at June 30, 2014 that total \$678,998 (December 31, 2013 - \$536,155) (*see note 6*). Included in accounts payable and accrued liabilities as at June 30, 2014 are Niger training fees of USD \$320,000 (December 31, 2012 – USD \$240,000). A further USD \$80,000 was accrued for the 2014 fiscal year in the current quarter.

In February, 2013, the Issuer 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: (a) 1 common share (subject to a four-month hold period in accordance with requisite securities laws) (b) 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. The fair value attributed to the warrants was \$103,000 with the remaining proceeds of \$322,000 attributed to the common shares. The funds were used to pay the Niger training fees as described above, with the balance to be used for general working capital purposes during 2013.

6.8 Capital Resources

The Issuer has no capital commitments.

6.9 Off-Balance Sheet Arrangements

The Issuer has no Off-Balance Sheet Arrangements.

6.10 Transactions with Related Parties

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

(a) The Issuer pays a monthly fee of \$10,000 to a company controlled by two of the directors, one of whom is also an officer, for management and administrative services, including monthly compensation for the CFO of \$2,500, corporate secretary, office rent and regular administrative functions. During the year ended December 31, 2013, the Issuer recorded total fees of \$120,000 (2012 - \$120,000) (see also note 15(b)). As at December 31, 2013, accounts payable and accrued liabilities includes \$11,581 (2012 - \$38,470) in respect of such fees and cost recoveries.

(b) The Board of Directors has previously approved quarterly director fees of \$1,500 for each independent director. Fees recorded in the year ended December 31, 2013 totaled \$30,000 (2012 - \$21,000). As at December 31, 2013, accounts payable and accrued liabilities includes a provision of \$51,000 (2012 - \$21,000) in respect of such fees.

(c) Accounts payable and accrued liabilities of \$38,050 owing to certain current and former related parties were settled with common shares issued as part of the private placement of February, 2012 as described in note 9(b).

6.11 Fourth Quarter

The company's financial activity during the fourth quarter of 2013 was very limited given the company's continued negative working capital position. Short-term operations continued to be financed from sales of the company's investments. Other than on-going overhead costs in both Canada and Niger, the major expenses recorded in the quarter were (1) an additional USD \$80,000 of exploration activities from accrual of current year Niger training fees, and (2) previously unrecognized share based payments of \$19,250.

6.12 Proposed Transactions

For details on the Acquisition and the Spin Out please see section 3.1 of this Listing Statement.

6.13 Changes in and Initial Adoption of Accounting Policies

There were none.

6.14 Financial Instruments and Other Instruments

The Issuer is required to disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet dates, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company's financial instruments recognized in the balance sheet consist of cash and cash equivalents, investments, HST receivable and current liabilities. The fair value of these financial

instruments approximate their carrying value due to the short maturity or current market rate associated with these instruments.

6.15 Interim MD&A

Management's Discussion and Analysis – June 30, 2014 as of November 20, 2014

The following MD&A of the Issuer contains information concerning the Issuer's business strategies, capabilities, financial results and an overview of the outlook for the Issuer and the industry as at November 20, 2014. The unaudited interim consolidated financial statements, together with the accompanying note disclosure, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A should be read in conjunction with the Issuer's unaudited interim consolidated financial statements for the three and six month periods ended June 30, 2014 and 2013. All note references in this MD&A are made in reference to these financial statements. All financial balances are stated in Canadian dollars, the Issuer's reporting currency.

The following discussion contains forward-looking statements that involve numerous risks and uncertainties. Actual results of the Issuer could differ materially from those discussed in the forward-looking statements. These risks and uncertainties are highlighted under "Risk Factors" and "Forward- Looking Statements" found elsewhere in this document.

Going Concern

The accompanying unaudited interim consolidated financial statements for the three and six month periods ended June 30, 2014 and 2013 have been prepared using International Financial Reporting Standards applicable to a going concern, as described in note 1(b). The Issuer has incurred repeated significant losses as net loss for the six month period ended June 30, 2014 was \$270,445 (six month period ended June 30, 2013 - \$254,283) with an accumulated deficit as at June 30, 2014 of \$31,702,733 (December 31, 2013 - \$31,432,288). The working capital deficiency as at June 30, 2014 was \$615,110 as compared with \$351,409 at December 31, 2013.

Regarding the Niger Assets (which the Issuer proposes to distribute to certain of its shareholders pursuant to the Spin Out), the Issuer 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 5(b)*). Such approval had been conditional upon certain factors, the most significant of which was the payment of two years of training fees in the amount of USD \$160,000. These two years of training fees were paid by the Issuer on March 28, 2013 (*see note 6*). Failure to pay remaining and ongoing annual training fees (totaling USD \$320,000 as at June 30, 2014), 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 Issuer has chosen to expense all exploration expenditures under IFRS (*see note 2(f)*).

As the Issuer has no operating revenues or other sources of cash flow, its ability to maintain its Canadian head office operations and administrative offices in Canada, in the United States and Niger (so long as the Issuer directly or indirectly owns properties in Niger) over the next 12 months will be dependent upon its ability to (1) raise further equity for the Issuer through private placements (*see note 7*) and/or (2) sell its interest in its marketable securities (*see note 4*).

While management believes that it will be able to secure the necessary financing to continue operations into the future, there are material uncertainties that these and other strategies will be sufficient to permit the Issuer to continue beyond the foreseeable future as such strategies are dependent upon continued support of its shareholder base. Therefore, there is significant doubt as

to the propriety of the use of the going concern assumption upon which these unaudited interim consolidated financial statements have been prepared.

Other Considerations

Although the Issuer 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 Issuer'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. With respect to the Issuer's properties in Niger, the Issuer also points out that 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 Issuer 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 Issuer'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.

6.17 Additional Disclosure

During the three and six month periods ended June 30, 2014, the company incurred total expenses, exclusive of unrealized losses on FVTPL securities, of \$168,710 and \$243,181 respectively (three and six month periods ended June 30, 2013 - \$75,136 and 146,395 respectively). The major expenses within these totals for the three and six month periods ended June 30, 2014 and 2013 respectively, are:

Exploration expenditures: \$112,751 and \$132,510 (2013 - \$17,959 and \$38,387) Management administrative services (*see note 13(a)*): \$30,000 and \$60,000 (2013 - \$30,000 and \$60,000)

Exploration expenditures, all incurred in Niger, include office and administrative costs and any training cost accruals recorded in the reporting period.

6.18 Description of Securities

The Issuer is authorized to issue an unlimited number of Common Shares. There are currently 9,117,528,394 Common Shares issued and outstanding, and all are fully paid and non-assessable.

The holders of the Common Shares are entitled to dividends, if, as and when declared by the Board of Directors, to receive notice of meetings of Shareholders of the Issuer, to one vote per share at meetings of the Shareholders of the Issuer and, upon liquidation, to receive such assets of the Issuer as are distributable to the holders of the Common Shares. Holders of Common Shares do not have cumulative voting rights with respect to the election of Directors and, accordingly, holders of a majority of the votes eligible to vote at a meeting of Shareholders may elect all the Directors of the Issuer standing for election. Dividends, if any, will be paid on a *pro rata* basis only from funds legally available therefore. The rights set out herein are subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a *pro rata* basis with the holders of the Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions. Amendments to the terms of the Common Shares may only be made following approval by at least two-thirds of the holders of Common Shares voting at a duly called meeting of the Shareholders.

The Issuer has created a stock option plan for the benefit of directors, officers and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares.

As at the date of the Listing Statement there are no shares reserved for the exercise of stock options under the Issuer's stock option plan (the "Plan").

6.19 Breakdown

See section 6.17 of this Listing Statement.

6.20 Negative cash flow

The Issuer had a negative operation cash flow for its most recently completed financial year. At October 31, 2014 the Issuer had cash and cash equivalents of approximately \$150,000 assuming the completion of the Private Placement, the Acquisition and the Spin Out.

In light of the Issuer's objectives for the first year following its listing on the CSE, it has budgeted approximately \$500,000 for its planned expenditures and operating costs for the period through ending December 31, 2014, and a further \$500,000 for the period from January 1, 2015 to approximately September 30, 2015. This budget provides for the Issuer to continue its exploration of the Assets, and assumes that no significant activities are undertaken during the corresponding period to commence production from any of the Assets. If the Issuer determines to start production at one of the Assets earlier than planned, it is anticipated that the required funding would have to be raised through private placements of the Issuer's securities. With respect to the Issuer's production plans, it is important to note that pursuant to the agreements under which the Assets were sold by Energy Fuels Inc., the Issuer enjoys an economically favourable tolling agreement with that Issuer for processing at White Mesa mill of Energy Fuels Inc. that is located at Blanding, Utah, in reasonably close proximity to the Assets.

6.21 Significant equity investees

The Issuer has no equity investees.

7. Market for Securities

As of November 20, 2014, there was no public market for the Common Shares and no assurance that an active market for the Common Shares will develop. If no active public market for the Common Shares develops, the liquidity of an investor's investment may be limited and the share price may decline below the price paid for the Common Shares by such investor.

8. Capitalization

There have been no material changes in the share capital of the Issuer since the interim financial statements for the six months ended June 30, 2014 other than the issuance of 118,820 post-Consolidation Common Shares (95,055,946 Common Shares on a pre-Consolidation basis) priced at \$2.32 per post-Consolidation Common Share (or \$0.0029 per share on a pre-Consolidation basis) for gross proceeds of \$275,662.24 pursuant to a private placement that closed on November 20, 2014 and the issuance of 11,000,000 post-Consolidation Common Shares (or 8,800,000,000 Common Shares on a pre-Consolidation basis) priced at \$3.00 per post-Consolidation Common Share (or \$0.00375 per share on a pre-Consolidation basis) to acquire all of the issued and outstanding shares of PRM for a total value of \$33,000,000 pursuant to the Acquisition.

9. Options to Purchase Securities

There are no options outstanding. All previously issued options have been cancelled as a condition of the Acquisition.

10. Description of the Securities

10.1 General

Common Shares

The Issuer is authorized to issue an unlimited number of Common Shares. As of the date hereof, on a post-Consolidation basis there are 278,091 Common Shares (or 222,472,448 pre-Consolidation Common Shares) issued and outstanding. Each holder of a Common Share is entitled to receive notice of, to attend, and to vote at all meetings of the shareholders of the Issuer. The holders of the Common Shares are entitled to receive dividends, if, as, and when declared by the directors of the Issuer. The holders of the Common Shares are entitled to share equally in the remaining property of the Issuer upon liquidation, dissolution or winding-up of the Issuer.

Prior to listing a further 118,820 post-Consolidation Common Shares (95,055,946 Common Shares on a pre-Consolidation basis) were issued on the completion of the Private Placement and 11,000,000 post-Consolidation Common Shares (8,800,000,000 Common Shares on a pre-Consolidation basis) were issued in respect of the Acquisition for a total of 11,396,910 post-Consolidation Common shares (or 9,117,528,394 Common Shares on a pre-Consolidation basis) outstanding on the date of listing.

Warrants

The Issuer has issued warrants exercisable for 106,250 post-Consolidation Common Shares (or 85,000,000 pre-Consolidation basis) at a price of \$8.00 per post-Consolidation Common Share (or \$0.01 per pre-Consolidation Common Share) until February 26, 2015.

10.2 The Issuer has no debt securities.

10.4 There are no other securities outstanding or being listed.

10.5 Provisions regarding the modification of the terms of the Common Shares are set out in section 10.1 above and are subject to approval by two-thirds of shareholders at a meeting called for that purpose.

10.6 There are no other attributes to the Common Shares not set out in section 10.1 above.

10.7 The following table contains details of the prior sales of the Common Shares within the last 12 months (expressed after giving effect to the proposed Consolidation):

Date	Number of Shares	Issue Price Per Share	Total Issue Price	Nature of Consideration Received
November 20, 2014	118,820	\$2.32	\$275,662.24	Cash
November 20, 2014	11,000,000	\$3.00	\$33,000,000	Acquisition

10.8 The Common Shares of the Issuer have not before been listed either in Canada or elsewhere.

11. Escrowed Securities

An escrow agreement dated as of November 20, 2014 has been entered into among the Issuer, Capital Transfer Agency Inc., those parties who are identified as “Principal Shareholders” of the Issuer under Section 12 of this Listing Statement, and the Directors and executive officers of the Issuer (the “Escrow Agreement”). The following table lists the common shares of the Issuer that are subject to escrow on a post-Consolidation basis.

Escrow Holders	Number of Escrowed Common shares	Percentage of Class ⁽¹⁾
George E. Glasier	4,840,000	42%
Baobab Asset Management LLC ⁽²⁾	4,730,000	41%
Geoff Kritzinger ⁽³⁾	3,375	0.03%

(1) Based on approximately 11,396,910 Common Shares issued and outstanding as of the date of this Listing Statement.

(2) An entity controlled by Russell Fryer.

(3) Geoff Kritzinger is the Chief Financial Officer of the Issuer.

The Escrow Agreement provides that 10% of the common shares subject to escrow will be released from that on the date when the Issuer is listed on the CSE. The remaining 90% of those shares will be released from escrow in 15% tranches during consecutive six month intervals over a 36 month period following the Issuer’s listing on the CSE. This escrow release schedule is subject to acceleration in accordance with *National Policy 46-201 - Escrow for Initial Public Offerings* and the policies of the CSE.

12. Principal Shareholders

As of the date of this Listing Statement the following persons beneficially own directly or indirectly, or exercise control or direction over, more than 10% of the voting rights attached to all of the outstanding shares of the Issuer:

Name	Number of Common Shares (post-Consolidation)	Percentage of Common Shares
George E. Glasier	4,840,000	42%
Baobab Asset Management LLC ⁽¹⁾	4,730,000	41%

(1) An entity controlled by Russell Fryer.

13. Directors and Executive Officers

The following table sets forth the name, municipality of residence, position or offices held with the Issuer, date appointed, principal occupations during the five preceding years and the number of voting securities of the Issuer that each of the Directors and executive officers of the Issuer beneficially own, directly or indirectly, or exercise control or direction over, as of the date of this Listing Statement:

Name and Municipality of Residence	Position or Office held with the Issuer and Date Appointed	Principal Occupation during the Preceding Five Years	Number of Common Shares (post-Consolidation) Owned/ Controlled
George E. Glasier Naturita, Colorado, USA	Director, President & CEO (November 20, 2014)	Cattle rancher. Previously President and founder of CEO Energy Fuels Inc.	4,840,000
Russell Fryer Johannesburg, South Africa	Director (November 20, 2014)	Investment Advisory Services	4,730,000 ⁽¹⁾⁽²⁾
Michael Skutezky Toronto, Ontario	Director (November 20, 2014)	Lawyer. Previously General Counsel and Secretary of Century Iron Mines Corporation.	Nil
Geoff Kritzinger, Toronto, Ontario	Chief Financial Officer (March, 2011)	Chartered Accountant self-employed through Geoff Kritzinger Professional Corporation	3,375

(1) Shares held by Baobab Asset Management LLC, an entity owned and controlled by Mr. Fryer.

(2) In addition, Mr. Fryer has investment authority over Pinon Ridge Energy Corp., which owns 550,000 Shares of the Issuer.

The term of office of the Directors expires annually at the time of the Issuer's annual general meeting. The term of office of the executive officers expires at the discretion of the Board of Directors. As of the date of the Listing Statement, the Issuer's Board of Directors has not struck an Audit Committee or established any other committees. Until an Audit Committee or other committees are established, the responsibilities normally discharged by such committees will be discharged by the full Board of Directors.

As of the date of the Listing Statement, the Directors and executive officers of the Issuer, as a group, beneficially own, directly or indirectly, or exercise control 9,573,375 post-Consolidation Common Shares (or 7,930,303,034 Common Shares on a pre-Consolidation basis) representing 87% of the 11,396,910 post-Consolidation Common Shares (or 9,117,528,394 -Common Shares on a pre-Consolidation basis) issued and outstanding as of the date hereof.

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Issuer, except as described below, no Director or executive officer of the Issuer is, as at the date of the Listing Statement, or has been in the last 10 years before the date of the Listing Statement, a director, chief executive officer or chief financial officer of any company (including the Issuer) that, while that person was acting in that capacity,

- (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Russell Fryer, who was Chairman and a director of Ecometals Ltd., a TSX Venture Exchange listed company, was the subject of a management cease trade order issued by the British Columbia Securities Commission on July 30, 2013 which was converted into a full cease trade order on October 2, 2013 for failure of the Issuer to file its audited financial statements for the year ended March 31, 2013. To date, the cease trade order is still in effect. Mr. Fryer continues to serve on the Board of Directors of this company.

George E. Glasier was President and Chief Executive Officer, and Michael Skutezky was General Counsel and Secretary, of Energy Fuels Inc. in February 2007 when this corporation was subject to a management cease trade order for failure to file the September 30, 2006 year-end financial statements in a timely manner. The delay with this filing resulted from a change of Chief Financial Officer for this company. Upon the filing of the 2006 financial statements in March 2007, the management cease trade order was lifted.

Mr. Skutezky was also Secretary of Lakota Resources Inc. in May 2009, when the British Columbia Securities Commission and the Ontario Securities Commission issued a cease trade order in connection with the late filing of 2008 annual financial statements and related management's discussion and analysis. Upon the filing of the 2008 financial statements in May 2011, the cease trade order was lifted.

Geoff Kritzinger was Chief Financial Officer of Enquest Energy Services Corp. (ENQ – TSXV) (“Enquest”), which in May 2010 was subject to a cease trade order for failure to file audited financial statements and other required disclosures within prescribed time limits. The cease trade order has not been rescinded. Enquest sold the majority of its assets pursuant to a plan of arrangement announced on August 19, 2010 and is no longer a reporting issuer.

To the knowledge of the Issuer, no Director or executive officer of the Issuer or a Shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer:

- (a) is, as at the date of the Listing Statement, or has been within the 10 years before the date of the Listing Statement, a director or executive officer of any company (including the Issuer) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the knowledge of the Issuer, none of the Directors or officers of the Issuer have been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or have entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of the Directors or executive officers of the Issuer has, within the ten (10) years prior to the date hereof, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Conflicts of Interest

The Board of Directors of the Issuer are required by law to act honestly and in good faith with a view to the best interests of the Issuer and to disclose any interests which they may have in any project or opportunity of the Issuer. If a conflict arises, any Director in a conflict will disclose his interest and abstain from voting on such matter at a meeting of the Board of Directors.

To the best of the Issuer's knowledge and other than as disclosed herein, there are no existing or potential conflicts of interest among the Issuer, its promoters, Directors, officers or other members of management of the Issuer except that certain of the Directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies and their duties as a Director, officer, promoter or member of management of the Issuer.

The Directors and officers of the Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by Directors of conflicts of interest and the Issuer will rely upon such laws in respect of any Directors' and officers' conflicts of interest or in respect of any breaches of duty to any of its Directors and officers.

Biographies of Management

The following is a brief description of each of the Directors and executive officers of the Issuer, including their names, ages, positions and responsibilities with the Issuer, relevant educational background, principal occupation or employment during the five years preceding the date hereof, experience in the Issuer's industry and the amount of time intended to be devoted to the affairs of the Issuer:

Executive Officers and Directors

George E. L. Glasier, J.D., age 70, Director, President and Chief Executive Officer

Mr. Glasier has been a Consultant at Black Range Minerals Ltd. since July 2012. Mr. Glasier has over 40 years experience in the uranium industry in the USA, with extensive experience in sales and marketing; project development and permitting uranium processing facilities. He was Owner and Vice President of Sales and Marketing at Energy Fuels Resources Corporation. He is the Founder of Energy Fuels Inc.(Volcanic Metals Exploration Inc) and served as its Chief Executive Officer and President from January 24, 2006 to March 31, 2010. He was responsible for assembling a first-class management team, acquiring a portfolio of uranium projects, and leading the successful permitting process that culminated in the licensing of the Piñon Ridge uranium mill; planned for construction in western Montrose County, Colorado. He served as the Chief Executive Officer and President of American Strategic Minerals Corporation from January 26, 2012 to June 11, 2012. He served as the Chairman of American Strategic Minerals Corporation from January 26, 2012 to June 11, 2012 and its Executive Director until June 11, 2012. He served as an Executive Director of Energy Fuels Inc. from January 2006 to March 31, 2010. Mr. Glasier, is a USA lawyer by training.

Russell Fryer, age 48, Director

Mr. Fryer has 24 years experience investing in developed and developing markets with a focus on mining and natural resources. With a background in engineering, Mr. Fryer has advised mining companies in pre-production and production stage of mineral output. Mr. Fryer is a director of Ecometals Limited. Previously, Mr. Fryer was a Managing Director at Macquarie Bank. Before Macquarie, Mr. Fryer managed investor capital in the natural resources sector at Baobab Asset Management and North Sound Capital. Throughout his career, Mr. Fryer has also worked with investment banking firms such as Robert Fleming, HSBC and Deutsche Bank. Mr. Fryer holds a Bachelor of Business Administration degree from Newport University in Johannesburg South Africa along with an Advance Degree in International Taxation from Rand Afrikaans University, also in Johannesburg South Africa.

Michael R. Skutezky, age 66, Director

After a career at Royal Bank as Assistant General Counsel, Mr. Skutezky experienced the management side of the business as Senior Vice-President of National Trust Company and as Senior Vice-President and General Counsel of the Romanian subsidiary of Telesysteme International Wireless Corporation. Mr Skutezky was General Counsel & Corporate Secretary of Century Iron Mines Corporation, a company listed on the TSX. He is currently a lawyer practicing in Toronto, Ontario. Mr. Skutezky is Chairman of Rhodes Capital Corporation, a private merchant bank providing services to the resource and technology industry. Mr. Skutezky graduated from Bishop's University, Lennoxville (Québec) in 1969 with a Bachelor's degree in History and Business and from Dalhousie University Law School, Halifax (Nova Scotia) in 1972 with a Bachelor's degree in law (LLB). He is member of the Law Society of Upper Canada and the Nova Scotia Barristers' Society, the International Bar Association and the Canadian Bar Association.

Geoff Kritzinger, age 55, Chief Financial Officer

Mr. Kritzinger worked for four years following his graduation with KPMG in Edmonton, obtaining his CA designation in 1986. From 2001 to 2008, Mr. Kritzinger was a partner with Shimmerman Penn LLP, a midsized accounting firm in Toronto, where he managed a large audit practice, including public company clients in the junior mining sector and private companies in industries such as health care, manufacturing and distribution. From 2008 to 2010, Mr. Kritzinger was Chief Financial Officer of Enquest Energy Services Corp., an oilfield services company with annualized revenues in excess of \$150 million. Prior to his appointment as CFO of Enquest, he was also a member of the Practice Inspection Committee of the Institute of Chartered Accountants of Ontario over 2007-2008. Mr. Kritzinger currently operates an accounting practice under Geoff Kritzinger Professional Corporation, and is also CFO of both Telferscot Resources Inc. (TFS-CNSX) and Homeland Uranium Inc., a reporting issuer to the OSC. Mr. Kritzinger also acted as CFO of Diamond Estates Wines & Estates Inc. (DWS-TSXV) from May 2013 until June 2014. Mr. Kritzinger graduated in 1982 with a Bachelor of Commerce degree from the University of Toronto

14. Capitalization

14.1 Issued Capital – Common Shares (on a post-Consolidation basis)

	Number of Securities (non-diluted)	Number of Securities (fully- diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
<u>Public Float</u>				
<u>Total outstanding (A)</u>	11,396,910	11,503,160		
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	10,127,125	10,127,125	88.86%	88.04%
<u>Total Public Float (A-B)</u>	<u>1,269,785</u>	<u>1,376,035</u>	<u>11.14%</u>	<u>11.94%</u>
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	118,820	118,820	1.04%	1.04%
<u>Total Tradeable Float (A-C)</u>	<u>1,150,965</u>	<u>1,257,215</u>	<u>10.10%</u>	<u>10.90%</u>

Public Securityholders (Registered)**Class of security Common Shares**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	29	589
100 – 499 securities	108	12,645
500 – 999 securities	6	3,903
1,000 – 1,999 securities	2	3,125
2,000 – 2,999 securities	3	7,375
3,000 – 3,999 securities	2	7,044
4,000 – 4,999 securities	2	8,700
5,000 or more securities	21	858,323
	173	901,704

Public Securityholders (Beneficial)**Class of Security – Common Shares**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	65	1,751
100 – 499 securities	9	3,008
500 – 999 securities	5	3,625
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	8	29,130
5,000 or more securities	0	
Unable to confirm		192
TOTAL	87	37,706

14.2 Convertible Securities

The following table sets out the outstanding warrants, which are currently outstanding (expressed on a post-Consolidation basis):

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Warrants	106,250	106,250

14.3 Securities reserved for Issuance

There are no securities reserved for issuance other than those already described herein.

15. Executive Compensation

The information contained below is provided as required under Form 51-102F6 (the “Form”), as such term is defined in National Instrument 51-102. This information is in respect of the historical compensation model of the Issuer. As a condition of the Acquisition, new directors and officers have been appointed and new compensation policies will be adopted.

Compensation Discussion and Analysis

The Issuer’s approach to executive compensation has been to provide suitable compensation for executives that is internally equitable, externally competitive and reflects individual achievement. The Issuer maintains compensation arrangements designed to attract and retain highly qualified individuals in the junior exploration mining industry who are able and capable of carrying out the objectives of the Issuer.

The Issuer’s compensation arrangements for the Named Executive Officers may, in addition to salary, include compensation in the form of bonuses and, over a longer term, benefits arising from the grant of stock options in the Issuer (the “Stock Options”).

No bonuses have been paid to any of the Named Executive Officers to date.

On July 11, 2013 Stock Options were granted to the Named Executive Officers. See “Options Grants in 2013” and “Summary of Stock Option Plan”. These options have been cancelled as a condition of the Acquisition.

Option Based Awards

The purpose of the Plan is to allow the Issuer to grant Stock Options to directors, officers, employees and consultants (as hereafter defined), as additional compensation, and as an opportunity to participate in the success of the Issuer. The granting of such Stock Options is intended to align the interests of such persons with that of the shareholders.

Summary Compensation Table

The following table is a summary of compensation paid to the Named Executive Officers for the financial year ended December 31, 2013.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation		Pension value	All other compensation	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Stephen Coates, Chief Executive Officer ⁽¹⁾	2013	0	0	6,000	0	0	0	0	6,000
	2012	0	0	0	0	0	0	0	0
	2011	14,000	0	0	0	0	0	0	0
Geoff Kritzingier, Chief Financial Officer ⁽²⁾	2013	30,000	0	1,500	0	0	0	0	31,500
	2012	30,000	0	0	0	0	0	0	30,000
	2011	55,000	0	0	0	0	0	0	55,000
Hatem Kawar Chief Financial Officer	2011	(3)	0	0	0	0	0	0	(3)
Nick Tintor President & Chief Executive Officer	2011	(3)	0	0	0	0	0	0	(3)

⁽¹⁾ Mr. Coates became CEO effective March 2011, and directly received consulting fees of \$14,000 (\$3,500 per month for a period of four months) for the period from March 2011 to June 2011 as to the CEO of the Issuer.

Starting in January, 2011, the Issuer paid \$6,500 per month to Grove Capital Group Ltd., a company controlled by Mr. Coates, for management and administrative services, including compensation for the CFO, corporate secretary, office rent and regular administrative functions. Starting in July, 2011, the fee was increased to \$10,000 per month as the compensation of the CEO was assumed by Grove Capital. Total fees paid to Grove Capital during 2013 totalled \$120,000 (2012 - \$120,000).

⁽²⁾ Mr. Kritzingier became CFO effective March 2011, and was paid consulting fees of \$25,000 (\$2,500 per month for a period of 10 months) through Grove Capital Group Ltd. In addition, Mr. Kritzingier received directly a one-time consulting fee of \$30,000 for incremental services provided in 2011. Mr. Kritzingier was paid consulting fees of \$30,000 (\$2,500 per month) through Grove (see ⁽¹⁾ above).

⁽³⁾ Effective March, 2011, Mr. Tintor and Mr. Kawar were replaced by Mr. Stephen Coates and Mr. Geoff Kritzingier respectively as CEO and CFO. For the period from January, 2011 to February, 2011, their management functions were included in a monthly administrative fee of \$4,000 charged by Southern Andes Energy.

Incentive Plan Awards

The following table is a summary of awards granted to the Named Executive Officers and outstanding as at December 31, 2013. The number of securities reported is provided on a pre-consolidation basis.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Stephen Coates, Chief Executive Officer	175,000	\$0.250	March 6, 2013 ⁽²⁾	Nil	N/A	N/A
	2,000,000	\$0.005	July 11, 2018	NIL	1,000,000	\$5,000
Geoff Kritzing, Chief Financial Officer	500,000	\$0.005	July 11, 2018	Nil	250,000	\$1,250

⁽¹⁾ Based on Management's estimate, if shares of the Issuer were trading on a recognized stock exchange today, the stock was valued at \$0.005 per share as at December 31, 2013.

⁽²⁾ These options of Mr. Coates' expired unexercised in March, 2013.

During the Issuer's completed financial year ended December 31, 2013, no Stock Options were exercised by the Named Executive Officers.

As of November 20, 2014 all options were cancelled.

Incentive Plan Awards – Value Vested During the Year

Set forth below is a summary of the value vested (using graduated vesting) during the financial year of the Issuer ended December 31, 2013 in respect of all option-based and share-based awards and non-equity incentive plan compensation granted to the Named Executive Officers.

Name	Option-based awards – value vested during the year	Share-based awards – value vested during the year	Non-equity incentive plan compensation – value earned during the year
Stephen Coates	\$6,000	Nil	Nil
Geoff Kritzing	\$1,500	Nil	Nil

Stock Option Plan

The Issuer maintains a stock option plan (the "Plan") for its directors, officers, consultants and employees. The purpose of the Plan is to attract, retain and motivate management, staff and consultants by providing them with the opportunity, through Stock Options, to acquire a proprietary interest in the Issuer and benefit from its growth.

Stock Options exercisable for an aggregate of 1,239,691 post-Consolidation Common Shares can currently be issued under the Plan which represents 10% of the current issued and outstanding Common Shares. As at the date hereof, there are no Stock Options to purchase common shares currently outstanding, and there are therefore 1,239,691 Common Shares available for issuance under the Plan at this time.

A Stock Option exercise price shall not be less than the most recent share issuance price. The maximum term is five years. There are no specific vesting provisions under the Plan. Options are non-assignable and non-transferable except that Stock Options may be transferred to the spouse of an optionee or to the registered retirement savings plan or registered pension plan of an optionee and the representatives of a deceased optionee may exercise Stock Options on behalf of the deceased optionee until the expiry date of the Stock Option or for until one year after the death of the optionee, whichever is sooner.

The Plan provides if the optionee's employment is terminated on the Issuer's initiative without cause or as a result of the optionee's resignation, or if the mandate of a director, senior executive or consultant of the Issuer who is an optionee is terminated, any vested Stock Option of such optionee may be exercised during a period of ninety (90) days following the date of termination of such employment or mandate, as the case may be, on the understanding that any unvested Stock Option of such optionee may not be exercised. In the case of an optionee's death, any vested Stock Option of such optionee at the time of death may be exercised by his or her heirs or legatees or their liquidator during a period of 365 days following such optionee's death.

The total number of Common Shares issuable to insiders at any time under the Plan and under all security-based compensation arrangements may not exceed ten percent (10%) of the total number of Common Shares issued and outstanding. The total number of Common Shares issued to insiders over any one-year period under the Plan and under all the security-based compensation arrangements may not exceed ten percent (10%) of the total number of Common Shares issued and outstanding. The total number of Common Shares issuable to any one person at any time under the Plan and under all security-based compensation arrangements may not exceed five percent (5%) of the total number of Common Shares issued and outstanding. The Plan provides that where options are cancelled or lapse under the Plan, the associated Common Shares become available again and new options may be granted in respect thereof in accordance with the provisions of the Plan.

The Board may make any amendment to the Plan, without shareholder approval, except: (i) an increase in the number of Common Shares reserved for issue under the Plan; and (ii) a reduction in the exercise price or the extension of the expiry date of an option held by an insider. Without limiting the general scope of the foregoing, the Board could make the following amendments: (i) an amendment to the exercise price of a Stock Option, unless it involves a downward adjustment of the exercise price of an option held by an insider; (ii) an amendment to the expiry date of a Stock Option, unless the amendment extends the expiry of a Stock Option held by an insider; (iii) the addition or deletion of a provision of the Plan or the amendment of the Plan which is required to comply with applicable laws or with the requirements of securities regulatory bodies; (iv) an amendment intended to correct or clarify some ambiguity, an inapplicable provision, an error or omission in the Plan or an option; (v) the addition of a cashless exercise feature entitling the optionee to an amount in cash or to securities regardless of whether or not the wording stipulates that the aggregate of the underlying Common Shares will be deducted from the aggregate of the Common Shares reserved for the purposes of the Plan; and (vi) any other amendment not requiring shareholder approval pursuant to the Plan.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	Nil	Nil	1,239,691
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	Nil	Nil	1,239,691

Defined Benefit or Actuarial Plan

The Issuer does not have a defined benefit or actuarial plan.

Long Term Incentive Plan Awards

The Issuer does not currently have a long-term incentive plan for its executive officers.

Termination of Employment, Change in Responsibilities and Employment Contracts

Except as otherwise disclosed herein, there are no compensatory plans, contracts or arrangements in place with a Named Executive Officer resulting from the resignation, retirement or any other termination of employment of the Named Executive Officer with the Issuer or from a change in control of the Issuer or a change in the Named Executive Officer's responsibilities following a change in control, where the value of such compensation, including periodic payments or instalments, that exceeds \$50,000.

COMPENSATION OF DIRECTORS

The following table sets forth the remuneration received by the directors (other than its Named Executive Officers, the compensation of whom is detailed above under "Summary Compensation Table") and the options granted to or earned by the Issuer's directors for the financial year ended December 31, 2013.

Name and principal position	Year	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
Nick Tintor	2013	0		4,500	0	0	4,500
James Garcelon	2013	0		4,500	0	0	4,500
Robert Kirtlan	2013	0		4,500	0	0	4,500
Jun He	2013	0		4,500	0	0	4,500
Mike Wood ⁽¹⁾	2013	0	0	4,500	0	0	4,500

⁽¹⁾ Mr. Wood became a director on February 25, 2013

No director fees have been paid in 2013, Option based awards earned during 2013 are noted in table above. Non-executive directors are entitled to be reimbursed for expenses incurred by them in their capacity as directors. Directors who are officers of the Issuer are not paid any amount in the capacities as directors of the Issuer. The Board of Directors approved quarterly director fees of \$1,500 for each independent director. Fees recorded in the year ended December 31, 2013 totalled \$30,000 (2012 - \$21,000). As at December 31, 2013, accounts payable and accrued liabilities includes a provision of \$51,000 (2012 - \$21,000) in respect of such fees.

Other Arrangements

Other than disclosed in the table above, none of the directors of the Issuer were compensated in their capacity as a director of the Issuer during the year ended December 31, 2013 pursuant to any other arrangement or in lieu of any standard compensation arrangement.

Compensation for Services

During the financial year ended December 31, 2013, there was no compensation paid to the directors of the Issuer for any services as consultants or experts.

Outstanding Share-Based Awards and Option-Based Awards

The following table is a summary of option-based awards granted to the directors of the Issuer, other than directors who are Named Executive Officers whose share-based and option-based awards outstanding as of December 31, 2013 detailed above, and outstanding as at December 31, 2013.

Name and principal position	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares that have not vested (#)	Market or pay-out value of share-based awards that have not vested (\$)
Nick Tintor	200,000	\$0.25	March 6, 2013 ⁽¹⁾	Nil	NIL	NIL
	1,500,000	\$0.005	July 11, 2018	Nil	750,000	3,750
James Garcelon	1,500,000	\$0.005	July 11, 2018	Nil	750,000	3,750
Robert Kirtlan	1,500,000	\$0.005	July 11, 2018	Nil	750,000	3,750
Jun He	1,500,000	\$0.005	July 11, 2018	Nil	750,000	3,750
Mike Wood	1,500,000	\$0.005	July 11, 2018	Nil	750,000	3,750

⁽¹⁾ These options of Mr. Tintor expired unexercised in March 2013.

There were no vested or earned incentive plan awards granted to the directors of the Issuer for the financial year ended December 31, 2013. All options held by the existing directors were cancelled as a condition of the Acquisition.

16. Indebtedness of Directors and Executive Officers

No Directors, executive officers, employees and no former Directors, executive officers and employees of the Issuer were or are indebted to the Issuer.

17. Risk Factors

An investment in the Issuer's securities is considered extremely speculative. Prospective investors should consider the specific risks that are associated with the business of the Issuer. None of the Issuer's mineral properties are in production and none of its mineral properties contain a known body of commercial ore. In order to develop its properties, the Issuer may require additional financing which may not be possible to obtain.

The business of mining is generally subject to a number of risks and hazards, insurance for which is generally not available. The Issuer has or is seeking to acquire interests in some volatile regions of the world which have experienced or continue to experience periods of political and/or economic instability including war, terrorism and public disorder. The Issuer's activities may be subject to extensive foreign laws and regulations and the Issuer may become subject to significant liabilities for environmental damage resulting from its exploration activities or for any subsequent development. In addition, changes in mining or investment policies and regulations which cannot be accurately predicted may adversely affect the Issuer's business. There is no guarantee that the Issuer will obtain all required permits to develop its property interests.

The Issuer encounters competition from other companies, some of which have greater financial resources and technical facilities than the Issuer. This applies to any countries where the Issuer is pursuing to acquire properties. Market fluctuations in the price of uranium and other energy related minerals is also another major risk factor as it may render ore reserves to be uneconomic.

The Issuer has certain spending commitments on its properties and it is possible that these commitments may not be met in a timely manner for operational, security or other reasons. In normal circumstances, the Issuer could negotiate an extension for its contract obligations, but there is no guarantee that it will succeed in obtaining such an extension or relief. In such cases, the Issuer would risk losing its contractual rights on these properties. The Issuer can manage these risks to some degree through the relinquishment of exploration rights over portions of the lands in question.

The Issuer is a relatively young organization. Its success will largely depend on the efforts and abilities of certain senior officers and key employees. Certain of the directors and officers of the Issuer also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists a possibility for such directors and officers to be in a position of conflict. See "Conflicts of Interests" below.

Significant Events Continuing to Affect the Nuclear Industry in 2013

The long-term implications of the nuclear plant problems in Japan still remain uncertain and the Issuer continues to have limited visibility into the effects that these events could have on its business. For the purposes of risk assessment, it is prudent to assume that the net effect on the potential to raise additional funds and further the Issuer's plans is potentially very negative.

However, it is the view of management that the fundamental future of nuclear power is not in doubt and that there will be a continued, and likely increasing, demand for uranium over the long term.

Lack of Operational Liquidity

The expenses of the Issuer will be funded from cash on hand from the remaining proceeds of the previous offerings, now effectively represented by the investment position. Once such cash has been expended, the Issuer will be required to seek additional financing. There is no guarantee that any debt or additional equity or equity related offering of securities will be available on terms acceptable to the Issuer or that it will be able to locate or sell U₃O₈ in a timely or profitable manner.

Exploration, Development and Operating Risks

Mining and exploration operations generally involve a high degree of risk. The operations of the Issuer are subject to all the hazards and risks normally encountered in the exploration, development and production of precious and base metals and other minerals, including, but not limited to, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability. The exploration for and development of mineral deposits involves significant risks which may not be eliminated even with a combination of careful evaluation, experience and knowledge. While the discovery of uranium and other minerals may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Issuer will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted but the combination of these factors may result in the Issuer not receiving an adequate return on invested capital. There is no certainty that the expenditures made by the Issuer towards the search and evaluation of uranium and other minerals will result in discoveries of commercial quantities of ore or other minerals.

Nuclear Accident

An accident at a nuclear reactor anywhere in the world could affect the continued acceptance by the public and regulatory authorities of nuclear energy and the future prospects for nuclear generators, which could have a material adverse effect on the Issuer.

Uranium and Vanadium Price Volatility

The Issuer's activities will be almost exclusively exploration and possibly the development of uranium and vanadium mining properties in the U.S. Therefore, the principal factors affecting the price of the common shares are factors which affect the price of uranium ("U₃O₈") and vanadium ("V₂O₅") are thus beyond the Issuer's control. Such factors include, among others, (1) the demand for nuclear power, (2) natural catastrophes (3) political and economic conditions in uranium and

vanadium producing and consuming countries such as Canada, the United States and former Soviet republics, (3) reprocessing of used reactor fuel and the re-enrichment of depleted uranium tails, (4) sales of excess civilian and military inventory (including from dismantling of nuclear weapons), and (5) industry participants' production levels and costs of production in countries like Russia, Canada, United States and Africa.

The market prices of U_3O_8 and V_2O_5 are affected by rates of reclaiming and recycling of uranium and vanadium and by rates of production of uranium and vanadium from mining, and may be affected by a variety of unpredictable international economic, monetary and political considerations, including increased efficiency of nuclear power plants and increased availability of alternative nuclear fuel, such as mixed oxide fuel generated in part from weapons grade plutonium.

Macroeconomic considerations include expectations of future rates of inflation, the strength of, and confidence in, the U.S. dollar, the currency in which the price of U_3O_8 and V_2O_5 is generally quoted, and other currencies, interest rates and global or regional economic events.

In addition to changes in production costs, shifts in political and economic conditions affecting uranium and vanadium-producing countries may have a direct impact on their sales of uranium and vanadium.

The price of uranium and vanadium is also tied directly to the worldwide electrical utility industry. Deregulation of the utility industry, particularly in the U.S. and Europe, is expected to affect the market for nuclear and other fuels for years to come, and may result in the premature shutdown of nuclear reactors. Experience to date with deregulation indicates that utilities are improving the performance of their reactors, achieving record capacity factors. There can be no assurance that this trend will continue.

Foreign Exchange Rates

The Issuer will be carrying on business in the United States and its costs will primarily be in U.S. dollars. However, the Issuer maintains its accounting records, reports its financial position and results, pays certain operating expenses and the common shares trade, in Canadian currency. Therefore, because exchange rate fluctuations are beyond the Issuer's control, there can be no assurance that such fluctuations will not have an adverse effect on the Issuer's operations or on the trading value of the common shares.

Competition

The mining and mineral exploration industry and in particular, the international uranium industry, is competitive in all of its phases. The Issuer faces strong competition from other mining and exploration companies in connection with the acquisition of properties producing, or capable of producing, uranium and uranium oxide. Many of these companies have greater financial resources, operational experience and technical capabilities than the Issuer. Because of this competition, the Issuer may be unable to maintain or acquire attractive mining or exploration properties on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of the Issuer could be adversely affected.

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydroelectricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydroelectricity, as well as the possibility of developing other low cost sources for energy, may result in lower demand for uranium. Furthermore, growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the

nuclear industry, the industry is subject to public opinion risks, which could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry.

Insurance and Uninsured Risks

The business of the Issuer is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the properties of the Issuer or the properties of others, delays in mining, monetary losses and possible legal liability.

The Issuer currently maintains no insurance other than director and officer liability insurance in Canada. The Issuer may, however, acquire insurance in the future to protect against certain risks in such amounts as it considers being reasonable. While we may obtain insurance against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. Even after acquiring insurance, such insurance will not cover all the potential risks associated with a mining and/or exploration Issuer's operations. The Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards because of exploration and production is not generally available to the Issuer or to other companies in the mining and exploration industry on acceptable terms. The Issuer might also become subject to liability for pollution or other hazards which it may not be insured against or which the Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Resignation by Key Personnel

The success of the Issuer is highly dependent on the services of certain management personnel. The loss of the services of such personnel if not replaced, could have a material adverse effect on the business operations. The Issuer does not currently have key-person insurance on these individuals.

Conflicts of Interest

Directors and officers of the Issuer may provide investment, administrative and other services to other entities and parties. The directors and officers of the Issuer have undertaken to devote such reasonable time as is required to fulfill their responsibilities properly in respect to the business and affairs of the Issuer, as they arise from time to time.

Lack of Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the Issuer.

Regulatory Change

The Issuer could be affected by changes in regulatory requirements, customs, duties or other taxes. Such changes could, depending on their nature, benefit or adversely affect the Issuer.

Risks Related to Title to Properties

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Issuer believes that it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of the properties will not be challenged or impaired. Third parties may have known or unknown valid claims underlying portions of the Issuer's interests, including prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Issuer may be unable to operate its properties as permitted or may be unable to enforce its rights with respect to its properties. The Issuer may seek to increase the concentration of its mining activities in areas where it already operates mines, or has exploration licenses that it expects will result in operating mines. If the Issuer seeks to amend its current licenses to include additional resources in the area, there can be no assurance that it will be able to obtain the necessary authorizations and regulatory approvals.

No Mineral Resources or Mineral Reserves

Please see section 4.10 of this Listing Statement for the indicated mineral resources and inferred mineral resources identified for the Issuer's San Rafael Uranium Project. No mineral resources or mineral reserves have been attributed to any of the other properties of the Issuer, and the Issuer holds no other property interests as of the date of this MD&A.

The exploration of the area encompassed within the Issuer's properties must be considered to be in an early stage. There is no assurance that any mineralization will be discovered in economic quantities, if at all. The long-term viability of the Issuer depends upon its ability to find or acquire, develop and commercially produce base metals and other minerals.

Environmental Risks

All of the issuer's planned operations are subject to environmental regulations, some of which are also subject to environmental licensing. This can make the Issuer's business expensive to operate or prevent certain operations altogether. The Issuer is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur because of its mineral exploration, development and production. Such liabilities include not only the obligation to remediate environmental damages and indemnify affected third parties, but also the imposition of administrative and criminal sanctions against the Issuer and its employees and executive officers.

To the extent the Issuer is subject to environmental liabilities, the payment of such liabilities or the costs that may be incurred to remedy environmental pollution would reduce funds otherwise available to the Issuer and could have a material adverse effect on the issuer. If the Issuer is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Issuer. The Issuer has not purchased (and does not intend to purchase) insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) because it is not generally available at a reasonable price.

All of the Issuer's planned exploration and possible development and production activities are, or will be, subject to regulation under one or more of the various local, state and federal environmental laws and regulations. Many of the regulations require the Issuer to obtain authorizations for its activities. The Issuer must update and review its authorizations from time to time and are subject to environmental impact analyses and public review processes prior to approval of new activities. It is possible that future changes in applicable laws, regulations and authorizations or changes in their

enforcement or regulatory interpretation could have a significant impact on some portion of the Issuer's business, causing those activities to be economically re-evaluated at that time. Those risks include, but are not limited to, the risk that regulatory authorities may increase bonding requirements beyond the Issuer's financial capability or that of its subsidiaries. Where posting of a bond in accordance with regulatory determinations is a condition to the right to operate under any material operating authorizations, increases in bonding requirements could prevent the Issuer from operating even if it and its subsidiaries were otherwise in full compliance with all substantive environmental laws.

Need For, and Availability of, Future Additional Equity Capital

The Issuer's business strategy may require additional substantial capital investment. To the extent that cash generated internally and cash available under any credit facility that may be entered into are not sufficient to fund capital requirements, the Issuer will require additional debt and/or equity financing. However, this type of financing may not be available or, if available, may not be available on satisfactory terms. If the Issuer fails to generate or obtain sufficient additional capital in the future, it could be forced to reduce or delay capital expenditures, sell assets or restructure or refinance indebtedness, if any.

The Issuer may need to obtain additional resources in the future in order to execute the Issuer's growth strategy, including the possible acquisition of new businesses and assets. The Issuer may not be able to obtain debt financing on terms attractive to it, or at all. If the Issuer cannot obtain adequate funds to satisfy its capital requirements internally or through other methods of financing, the Issuer may need to increase its capital through an additional equity offering. Sales by the Issuer of a substantial number of common shares after the completion of the offering could negatively affect the market price of the common shares and dilute existing shareholdings.

Foreign Operations

Regarding the Issuer's properties in Niger (for so long as those operations have not been spun-out from the Issuer into a separate company), those operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, currency exchange rates, high rates of inflation; labor unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies, restrictions on foreign exchange, and changing political conditions, currency controls and governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining, exploration or investment policies or shifts in political attitude in Niger may adversely affect the operations or profitability of the Issuer. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

With respect to the Issuer's properties in the USA and in Niger, failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Issuer.

Government Regulation

The mining, processing, development and mineral exploration activities of the Issuer are subject to various laws governing prospecting, development, production, taxes, labor standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. Although the mining and processing operations and exploration and development activities of the Issuer are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Issuer.

Market Price of Common Shares

Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the common shares is also likely to be significantly affected by short-term changes in precious metals and uranium oxide or other mineral prices, or in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to the Issuer's performance that may have an effect on the price of its common shares include the following: (1) the extent of analytical coverage available to investors concerning the Issuer's business may be limited if investment banks with research capabilities do not follow the Issuer's securities, (2) lessening in trading volume and general market interest in the Issuer's securities may affect an investor's ability to trade significant numbers of common shares, (3) the size of the Issuer's public float may limit the ability of some institutions to invest in the Issuer's securities, and (4) a substantial decline in the price of the common shares that persists for a significant period of time could cause the Issuer's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect the Issuer's long-term value. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Issuer may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Uranium, Vanadium and REE Prices

The Issuer's focus is on uranium, vanadium and rare earth elements ("REEs"), generally found together. The prices of uranium, vanadium and REEs have fluctuated widely, particularly in recent years, and may experience volatile and significant price movements over short periods of time. Factors impacting the price of uranium and vanadium include demand for nuclear power, sales of excess civilian and military inventories (including from dismantling nuclear weapons), political and economic conditions in uranium and vanadium-producing and consuming nations, reprocessing of spent fuel and re-enrichment of depleted uranium tails or waste, and cost of production. The shut-down of the Japanese nuclear power generating reactors in 2011 has affected the price of long-term uranium supply contracts, but the expansion of the nuclear power generating capability in China as well as the re-start of Japanese reactors, are favourable factors for future prices. A small number of electric utilities worldwide buy uranium for nuclear power plants, and long-term supply contracts are key to making decisions to actually proceed to the production stage.

Unique political, technological and environmental factors affect the nuclear industry and the industry is subject to public opinion risks, which impact on the demand for nuclear power and increase the regulation of the nuclear power industry. Accidents at a nuclear reactor have had a significant impact on the continuing acceptance of nuclear energy and the future prospects for nuclear generation, with a material adverse effect on uranium prices.

China is the supplier of over 90% of REEs and is capable of setting world prices for the different elements. As long as it can supply its own needs, China has no need to set these prices at a level, which would encourage additional world supply. Some REEs are a by-product of the processing of uranium oxides and will be recovered based on the marginal recovery cost versus selling price.

Because the Issuer expects to rely on the sales value of the uranium and rare metals in its mineral deposits, that value will fluctuate as the price of these metals increase or decrease. The selling price is set in US dollars. The capital cost of exploration is substantial and a sustained period of declining uranium and rare metals and minerals prices would materially and adversely affect the Issuer's financial performance, financial position, results of operations and the value of its mineral properties. The Issuer has entered into a favourable tolling agreement for processing at White Mesa mill of Energy Fuels Inc. that is located at Blanding, Utah, in reasonably close proximity to the Assets.

18. Promoters

To the Issuer's knowledge, it does not have any "promoters" within the meaning given under CSE policies.

19. Legal Proceedings

The Issuer is not involved in any outstanding, threatened or pending litigation that would have a material adverse effect on the Issuer.

Since the formation of the Issuer to the date hereof, management knows of no:

- (i) penalties or sanctions imposed against the Issuer by a court relating to provincial or territorial securities legislation or by a securities regulatory authority;
- (ii) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to be disclosed for the Listing Statement to constitute full, true and plain disclosure of all material facts relating to the Issuer; and
- (iii) settlement agreements the Issuer entered into before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

20. Interest of Management and Others in Material Transactions

George Glasier, Russel Fryer were the principals of PRM before it was acquired by the Issuer, and George Glasier was the Manager of PRM at that time. Messrs. Glasier and Fryer will continue as Directors and/or officers.

21. Auditors, Transfer Agents and Registrars

The auditor for the Issuer is MNP LLP, 111 Richmond St W, Toronto, ON M5H 2G4.

The registrar and transfer agent for the Issuer's common shares is Capital Transfer Agency Inc., 401 – 121 Richmond St West, Toronto ON M5H 2K1

22. Material Contracts

Other than as disclosed in this Listing Statement, the Issuer has not entered into any material contracts other than contracts in the ordinary course of business. A copy of the definitive agreement in respect of the Acquisition will be available on SEDAR at www.sedar.com.

23. Interest of Experts

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or Issuer are named in this Listing Statement as having prepared or certified a report, valuation, statement or opinion.

O.J. Gatten is the Author of the San Rafael Technical Report and is a “qualified person” as defined in NI 43-101. The Author has not held, received or is to receive any registered or beneficial interest, direct or indirect, in any securities of the Issuer or its associates or affiliates.

MNP LLP, Chartered Accountants, are the auditors of the Issuer and are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

Gardiner Roberts LLP is Legal Counsel to the Issuer. As of the date hereof the partners and associates of Gardiner Roberts LLP, as a group, beneficially own, directly or indirectly, less than 1% of the issued and outstanding Common Shares of the Issuer.

24. Other Material Facts

There are no other material facts about the Issuer that are not disclosed under any other items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer.

25. Financial Statements

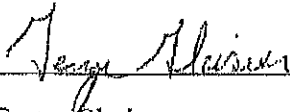
The unaudited interim financial statements of the Issuer prepared by management for the six months ended June 30, 2014 and June 30, 2013 and the audited financial statements for the Issuer for the years ended December 31, 2013, December 31, 2012 and December 31, 2011 are attached to and form part of this Listing Statement as APPENDIX “A”. The audited financial statements for PRM for the period ended August 31 2014 are attached to a form part of this Listing Statement as APPENDIX “B”. Pro Forma financial statements as at August 31, 2014 are attached to and form part of this Listing Statement as APPENDIX “C”.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, (full legal name of the Issuer), hereby applies for the listing of the above mentioned securities on CNSX. The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the Issuer). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

[signature page follows]

Dated at Toronto, Ontario this 20th day of November, 2014



Name: George Glasier

Title: President and Chief Executive Officer

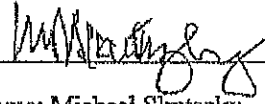


Name: Geoff Kritzing
Title: Chief Financial Officer



Name: Russell Fryer


Title: Director



Name: Michael Skutezky

Title: Director

Dated at Toronto, Ontario this 20th day of November, 2014



Name: George Glasier

Title: President and Chief Executive Officer

Name: Geoff Kritzing

Title: Chief Financial Officer

Name: Russell Fryer

Title : Director

Name: Michael Skutezky

Title: Director

APPENDIX A

UNAUDITED INTERIM FINANCIAL STATEMENTS OF HOMELAND URANIUM INC. FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND JUNE 30, 2013

AUDITED FINANCIAL STATEMENTS FOR HOMELAND URANIUM INC. FOR THE YEARS ENDED:

- DECEMBER 31, 2013, AND 2012;
- DECEMBER 31, 2012, AND 2011; AND
- DECEMBER 31, 2011, AND 2010.

HOMELAND URANIUM INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014 AND 2013

(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 JUNE 30, 2014 AND DECEMBER 31, 2013
(Stated in \$CAD)
(Unaudited - Prepared by Management)

	June 30 2014	December 31 2013
ASSETS		
Current:		
Cash	\$ 8,842	\$ 14,572
Accounts receivable and prepaid expenses	13,143	30,536
Marketable securities (Note 4)	41,903	139,638
	<u>\$ 63,888</u>	<u>\$ 184,746</u>
 LIABILITIES		
Current:		
Accounts payable and accrued liabilities (Note 6)	\$ 678,998	\$ 536,155
 SHAREHOLDERS' DEFICIT		
Share capital (Note 7)	20,484,111	20,484,111
Contributed surplus	10,555,731	10,555,731
Reserve for warrants (Note 7(b))	103,000	103,000
Reserve for share based payments (Note 8)	33,000	33,000
Accumulated deficit	(31,702,733)	(31,432,288)
Accumulated other comprehensive loss	(88,219)	(94,963)
	<u>(615,110)</u>	<u>(351,409)</u>
	<u>\$ 63,888</u>	<u>\$ 184,746</u>
 Going concern (Note 1(b))		
Commitments (Note 12)		

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

Approved on behalf of the Board:

"Nick Timor" Director

"Stephen Coates" Director

HOMELAND URANIUM INC.
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS
THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014 AND 2013
(Stated in \$CAD)
(Unaudited - Prepared by Management)

	Three month period ended June 30 2014	Six month period ended June 30 2014	Three month period ended June 30 2013	Six month period ended June 30 2013
Revenue				
Realized gain on FVTPL securities	\$ -	\$ 4,306	\$ -	\$ 95
Expenses				
Exploration expenditures	112,751	132,510	17,959	38,387
Corporate and investor relations	38,694	88,247	39,661	75,770
Unrealized loss on FVTPL securities	38,545	31,570	44,000	107,983
Professional fees	12,534	20,405	15,277	24,746
Foreign exchange loss	1,034	1,034	464	5,436
Office and administration	682	985	1,775	2,056
Realized loss on FVTPL securities	3,015	-	-	-
	<u>207,255</u>	<u>274,751</u>	<u>119,136</u>	<u>254,378</u>
Net loss	<u>\$ (207,255)</u>	<u>\$ (270,445)</u>	<u>\$ (119,136)</u>	<u>\$ (254,283)</u>
Loss per share - basic and diluted (Note 9)	<u>\$ (0.0009)</u>	<u>\$ (0.0012)</u>	<u>\$ (0.0007)</u>	<u>\$ (0.0013)</u>
Comprehensive loss				
Net loss	\$ (207,255)	\$ (270,445)	\$ (119,136)	\$ (254,283)
Item that may be reclassified subsequently to net income (loss)				
Exchange differences on translation of foreign operations	27,950	6,744	(986)	(10,600)
Comprehensive loss	<u>\$ (179,305)</u>	<u>\$ (263,701)</u>	<u>\$ (120,122)</u>	<u>\$ (264,883)</u>

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

HOMELAND URANIUM INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
PERIOD FROM JANUARY 1, 2013 TO JUNE 30, 2014
(Stated in \$CAD)
(Unaudited - Prepared by Management)

	Common shares Shares (Notes 7)	Common shares Amount	Reserve for warrants Number (Note 7(b))	Reserve for warrants Amount	Contributed surplus	Reserve for share based payments (Note 8)	Accumulated deficit	Accumulated other comprehensive loss	Total
As at January 1, 2013	137,472,448	\$ 20,162,111	-	\$ -	\$ 10,425,525	\$ 130,206	\$ (30,935,904)	\$ (69,708)	\$ (287,770)
Private placement	85,000,000	522,000	85,000,000	103,000	-	-	-	-	425,000
Expiry of options	-	-	-	-	130,206	(130,200)	-	-	-
Net loss for period	-	-	-	-	-	-	(254,283)	-	(254,283)
Currency translation adjustment	-	-	-	-	-	-	-	(10,600)	(10,600)
As at June 30, 2013	222,472,448	20,484,111	85,000,000	103,000	10,555,731	-	(31,190,187)	(80,308)	(127,653)
Share base payments	-	-	-	-	-	33,000	-	-	33,000
Net loss for period	-	-	-	-	-	-	(242,101)	-	(242,101)
Currency translation adjustment	-	-	-	-	-	-	-	(14,655)	(14,655)
As at December 31, 2013	222,472,448	20,484,111	85,000,000	103,000	10,555,731	33,000	(31,432,288)	(94,963)	(351,409)
Net loss for period	-	-	-	-	-	-	(270,445)	-	(270,445)
Currency translation adjustment	-	-	-	-	-	-	-	6,744	6,744
As at June 30, 2014	222,472,448	\$ 20,484,111	85,000,000	\$103,000	\$ 10,555,731	\$ 33,000	\$ (31,702,733)	\$ (88,219)	\$ (615,110)

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

HOMELAND URANIUM INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTH PERIODS ENDED JUNE 30, 2014 AND 2013
(Stated in \$CAD)
(Unaudited - Prepared by Management)

	<u>2014</u>	<u>2013</u>
Operating activities		
Net loss	\$ (270,445)	\$ (254,283)
Add (deduct) items not affecting cash		
Unrealized loss (gain) on FVTPL securities	31,570	107,983
Realized loss (gain) on FVTPL securities	(4,306)	(95)
Unrealized foreign exchange loss (gain)	6,744	(10,600)
	<u>(236,437)</u>	<u>(156,995)</u>
Change in non-cash working capital items		
Accounts receivable and prepaid expenses	17,393	10,561
Accounts payable and accrued liabilities	142,843	(165,992)
	<u>(76,201)</u>	<u>(312,426)</u>
Investing activities		
Proceeds on sale of FVTPL securities	70,471	19,743
Restricted cash	-	2,871
	<u>70,471</u>	<u>22,614</u>
Financing activities		
Proceeds from issuance of share capital and warrants	-	425,000
Change in cash	(5,730)	135,188
Cash, beginning of period	14,572	2,679
Cash, end of period	<u>\$ 8,842</u>	<u>\$ 137,867</u>

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

HOMELAND URANIUM INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014 AND 2013
(Stated in \$CAD)
(Unaudited - Prepared by Management)

1. NATURE OF OPERATIONS AND GOING CONCERN

(a) Nature of operations

Homeland Uranium Inc. (the "company") is engaged in the business of evaluation and exploration of uranium resource properties in Niger, West Africa. The company, incorporated in December, 2006 under the Ontario Business Corporations Act, has registered offices at 401 Bay Street, Suite 2702, Toronto, Ontario, Canada, M5H 2Y4. It is a reporting issuer subject to the rules and regulations of the Ontario Securities Commission, but its shares do not trade on any stock exchange.

The unaudited interim consolidated financial statements have not been reviewed by the company's external auditors and were authorized for issuance by the Board of Directors on August 28, 2014.

(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. In this circumstance, the company would 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 for the six month period ended June 30, 2014 was \$270,445 (June 30, 2013 - \$254,283) with an accumulated deficit as at June 30, 2014 of \$31,702,733 (December 31, 2013 - \$31,432,288). The working capital deficiency as at June 30, 2014 was \$615,110 as compared with \$351,409 at December 31, 2013.

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 5(b)*). Such approval had been conditional upon certain factors, the most significant of which was the payment of two years of training fees in the amount of USD \$160,000 (*see note 6*), which were paid by the company on March 28, 2013 (*see note 6*). Failure to pay remaining and ongoing annual training fees (totalling USD \$320,000 as at June 30, 2014), 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 7(b)*) and/or (2) sell its interest in its marketable securities (*see note 4*).

HOMELAND URANIUM INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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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 foreign 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 (such as making payments when required on accruing training fees (*see note 6*)) 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 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. Therefore, there is significant doubt as to the propriety of the use of the going concern assumption upon which these unaudited interim consolidated financial statements have been prepared.

2. **SIGNIFICANT ACCOUNTING POLICIES**

(a) **Statement of compliance**

These unaudited interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

These unaudited interim consolidated financial statements should be read in conjunction with the company's audited consolidated financial statements for the year ended December 31, 2013 and reflect the same accounting policies and methods of computation applied therein, except as described below. As required by the IASB, effective January 1, 2014, the company adopted the following amendment to IFRS:

IAS 32: "Financial Instruments - Offsetting Financial Assets and Financial Liabilities" provides further clarification on the application of certain aspects of offsetting and net and gross settlement. The adoption of this standard had no effect on the unaudited interim consolidated financial statements.

HOMELAND URANIUM INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(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).

(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 profit or 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.

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2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(d) Financial instruments, continued

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 instrument 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 instrument, 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 receivable
Marketable securities	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities

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2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(e) Functional currency and foreign currency translation

Functional and presentation currency

The unaudited interim consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the corporate offices located in Canada. The functional currencies 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 the end of the reporting period, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate at that date 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 loss.

(f) Mineral properties

All acquisition and exploration costs, net of incidental revenues, are charged to profit or loss 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 and equipment. 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.

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2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(g) 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.

(h) 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.

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.

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2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(i) **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. The fair value of each tranche is measured using the Black-Scholes option pricing model based upon the number of awards expected to vest. Compensation expense is recognized upon vesting over the tranche's vesting period by increasing the reserve for share based payments. Any consideration paid on exercise of share options is credited to share capital.

For other 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.

(j) **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.

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

Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss). Certain gains and losses arising from changes in fair value are temporarily recorded outside the consolidated statement of loss in accumulated comprehensive income (loss) as a separate component of shareholders' equity (deficit). 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.

(l) **Income taxes**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probably that the taxable profits will be available against which those deductible temporary differences can be utilized.

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2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither that taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its tax assets and liabilities on a net basis.

(m) Critical accounting estimates

The preparation of these unaudited interim 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 environmental 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.

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2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(m) **Critical accounting estimates, continued**

(i) **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.

(ii) **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. ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

As at the date of authorization of these unaudited interim consolidated financial statements, the IASB has issued the following revised standard which is not yet effective:

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, 2018.

The company has not early adopted this standard, but management is currently assessing the impact of its application in the unaudited interim consolidated financial statements.

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4. MARKETABLE SECURITIES

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

	June 30 2014		December 31 2013	
	\$	Shares	\$	Shares
Macusani Yellowcake Inc.	\$ 29,700	495,000	\$ 115,500	1,050,000
Caracara Silver Inc.	12,203	813,500	24,138	965,500
	<u>\$ 41,903</u>		<u>\$ 139,638</u>	

5. MINERAL PROPERTIES

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

- (a) The company was originally granted three-year uranium exploration concessions in January 2007 that were 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 on March 28, 2013 in the amount of USD \$160,000 (*see note 6*).
- (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 12(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;

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5. MINERAL PROPERTIES, CONTINUED

- (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

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30 2014	December 31 2013
Trade accounts payable and accrued liabilities	\$ 447,597	\$ 309,653
Payroll related	100,977	92,015
Provisions	130,424	134,487
	\$ 678,998	\$ 536,155

As at June 30, 2014, trade accounts payable and accrued liabilities contain an amount of USD \$320,000 representing four years of training fees (December 31, 2013 - USD \$240,000) due and payable under the terms of the original uranium concessions (a further year of training fees of USD \$80,000 was accrued in the three month period ended June 30, 2014). The renewal process for the uranium concessions was formalized on March 4, 2013, but was conditional upon acknowledgement of these liabilities by the company.

7. SHARE CAPITAL

Continuity schedules for the company's share capital and other equity instruments are disclosed in the unaudited interim consolidated statements of changes in shareholders' equity for the period from January 1, 2013 to June 30, 2014. 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, 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.

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8. **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

	Six month period ended June 30, 2014		Year ended December 31, 2013	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding, beginning of period	11,000,000	\$ 0.005	750,000	\$ 0.250
Expired or forfeited	-	-	(750,000)	0.250
Granted in July, 2013	-	-	11,000,000	0.005
Outstanding, end of period	<u>11,000,000</u>	<u>\$ 0.005</u>	<u>11,000,000</u>	<u>\$ 0.005</u>

(a) **Option expiries and forfeitures**

- (i) On expiry of 750,000 options in the first quarter of 2013, the balance in the reserve for share based payments of \$130,206 was transferred to contributed surplus.

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

- (i) The Board of Directors approved a 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 1.0% (2) expected volatility of 139%, (3) expected life of 3.25 years, and (4) dividend yield of 0.0%, the fair value attributed to each option was \$0.004, or \$44,000 in aggregate.

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9. 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 six month periods ended June 30, 2014 was 222,472,448 and 222,472,448 respectively (three and six month periods ended June 30, 2013 - 169,639,115 and 195,704,492 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 June 30, 2014, the following potentially dilutive equity instruments were all outstanding: (1) 85,000,000 warrants (December 31, 2013 - 85,000,000), and (2) 11,000,000 options (December 31, 2013 - 11,000,000).

10. FINANCIAL RISK FACTORS

Risk management

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk, mineral property risk, market risk and currency risk. 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 a counterparty's inability to fulfill its payment obligations. The company's credit risk is primarily attributable to cash and accounts receivable. Financial instruments included in accounts receivable consist of HST receivable. As at June 30, 2014, cash of \$8,842 (December 31, 2013 - \$14,572) 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 the related credit risk concentration 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 marketable securities as current. As at June 30, 2014, the company had a working capital deficiency of \$615,110 (December 31, 2013 - \$351,409). All of the company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

(c) Mineral property risk

The company's operations in Niger are exposed to various levels of political risk and uncertainties, including political and economic instability, expropriation, government regulations relating to exploration and mining, military repression and civil disorder, any or all of which may have a material adverse impact on the company's activities or may result in impairment in, or loss of, part or all of the company's assets.

HOMELAND URANIUM INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014 AND 2013
(Stated in \$CAD)
(Unaudited - Prepared by Management)

10. **FINANCIAL RISK FACTORS, CONTINUED**

(d) **Sensitivity analysis**

As at June 30, 2014 and December 31, 2013, 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 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 and accounts payable and accrued liabilities. Sensitivity to a plus or minus 10% change in the foreign exchange rate would affect comprehensive loss by \$52,000, virtually all of which is related to CFA denominated financial instruments.
- ii) The company is exposed to market risk as it relates to its marketable securities. If market prices had varied by 10% from their June 30, 2014 fair market value positions, net loss and comprehensive loss would have varied by approximately \$4,000.

(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:

	June 30	December 31
	<u>2014</u>	<u>2013</u>
	\$	\$
Level one		
Cash	8,842	14,572
Marketable securities	41,903	139,638

HOMELAND URANIUM INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014 AND 2013
(Stated in \$CAD)
(Unaudited - Prepared by Management)

10. FINANCIAL RISK FACTORS, CONTINUED

(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.

11. 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, reserves for warrants and share based payments, accumulated deficit and accumulated other comprehensive loss, which at June 30, 2014 was a deficiency of \$615,110 (December 31, 2013 - deficiency of \$351,409). 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.

12. COMMITMENTS

(a) Niger concessions

As described in note 5, 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 (*see note 6*).

(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)*).

HOMELAND URANIUM INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014 AND 2013
(Stated in \$CAD)
(Unaudited - Prepared by Management)

13. 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. Operations in the US are now completely inactive.

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 two of the directors, one of whom is also an officer, 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 and six month periods ended June 30, 2014, the company recorded total fees of \$30,000 and \$60,000 respectively (three and six month periods ended June 30, 2013 - \$30,000 and \$60,000 respectively) *(see also note 12(b))*. As at June 30, 2014, accounts payable and accrued liabilities includes \$32,314 (December 31, 2013 - \$11,581) in respect of such fees and cost recoveries.
- (b) Each independent director receives a quarterly honorarium of \$1,500. Fees recorded in the three and six month periods ended June 30, 2014 totalled \$7,500 and \$15,000 respectively (three and six month periods ended June 30, 2013 - \$6,000 and \$12,000). To date, no payments have been made against these honorariums such that, as at June 30, 2014, accounts payable and accrued liabilities includes a provision of \$66,000 (December 31, 2013 - \$51,000) in respect of such fees.

HOMELAND URANIUM INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(Stated in \$CAD)



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Homeland Uranium Inc.

We have audited the accompanying consolidated financial statements of Homeland Uranium Inc., which comprise the statement of financial position as at December 31, 2013, and the statements of loss and comprehensive loss, changes in shareholders' 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 and for such internal control as management determines is necessary to enable the preparation of consolidated 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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, 2013, 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 to the consolidated financial statements which highlights the existence of material uncertainties relating to conditions that cast significant doubt on Homeland Uranium Inc.'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 MSCM LLP of Toronto, Canada, prior to its merger with MNP. MSCM LLP expressed an opinion without reservation on those statements in their audit report dated April 29, 2013.

MNP LLP

**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
April 30, 2014

HOMELAND URANIUM INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013 AND 2012
(Stated in \$CAD)

	2013	2012
ASSETS		
Current:		
Cash	\$ 14,572	\$ 2,679
Accounts receivable and prepaid expenses	30,536	24,136
Restricted cash (Note 4)	-	20,541
Investments (Note 5)	139,638	241,905
	<u>\$ 184,746</u>	<u>\$ 289,261</u>
 LIABILITIES		
Current:		
Accounts payable and accrued liabilities (Notes 8 and 16)	\$ 536,155	\$ 577,031
 SHAREHOLDERS' DEFICIT		
Share capital (Note 9)	20,484,111	20,162,111
Contributed surplus	10,555,731	10,425,525
Reserve for warrants (Note 9(c))	103,000	-
Reserve for share based payments (Note 10)	33,000	130,206
Accumulated deficit	(31,432,288)	(30,935,904)
Accumulated other comprehensive loss	(94,963)	(69,708)
	<u>(351,409)</u>	<u>(287,770)</u>
	<u>\$ 184,746</u>	<u>\$ 289,261</u>
 Going concern (Note 1(b))		
Commitments (Note 15)		

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.
CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(Stated in \$CAD)

	<u>2013</u>	<u>2012</u>
Revenue		
Realized gain on FVTPL securities	\$ 1,825	\$ -
Interest income	559	711
Dividend income (Note 5(a))	-	117,430
Gain on disposal of equipment	-	124
	<u>2,384</u>	<u>118,265</u>
Expenses		
Exploration expenditures	178,213	285,110
Corporate and investor relations	154,546	155,842
Unrealized loss on FVTPL securities	78,870	132,451
Professional fees	45,611	57,452
Share based payments (Note 10)	33,000	-
Foreign exchange loss	6,462	1,100
Office and administration	2,066	9,114
Depreciation (Note 6)	-	29,631
Realized loss on FVTPL securities	-	978
	<u>498,768</u>	<u>671,678</u>
Net loss	<u>\$ (496,384)</u>	<u>\$ (553,413)</u>
Loss per share - basic and diluted (Note 11)	<u>\$ (0.002)</u>	<u>\$ (0.004)</u>
Comprehensive loss		
Net loss	\$ (496,384)	\$ (553,413)
Item that may be reclassified subsequently to net income (loss)		
Exchange differences on translation of foreign operations	<u>(25,255)</u>	<u>(8,860)</u>
Comprehensive loss	<u>\$ (521,639)</u>	<u>\$ (562,273)</u>

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

HOMELAND URANIUM INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
YEARS ENDED DECEMBER 31, 2013 AND 2012
(Stated in \$CAD)

	Common shares Shares	Amount (Note 9)	Reserve for warrants Number	Amount (Note 9(c))	Contributed surplus	Reserve for share based payments (Note 10)	Accumulated deficit	Accumulated other comprehensive loss	Total
As at January 1, 2012	82,472,448	\$ 19,887,111	-	\$ -	\$ 8,535,186	\$ 2,020,545	\$ (30,382,491)	\$ (69,848)	\$ (497)
Private placement	55,000,000	275,000	-	-	-	-	-	-	275,000
Expiry and forfeiture of options	-	-	-	-	1,890,339	(1,890,339)	-	-	-
Net loss for year	-	-	-	-	-	-	(553,413)	-	(553,413)
Currency translation adjustment	-	-	-	-	-	-	-	(8,860)	(8,860)
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	-	-	-	-	-	33,000	-	-	33,000
Net loss for period	-	-	-	-	-	-	(496,384)	-	(496,384)
Currency translation adjustment	-	-	-	-	-	-	-	(25,255)	(25,255)
As at December 31, 2013	222,472,448	\$ 20,484,111	85,000,080	\$103,000	\$ 10,555,731	\$ 33,009	\$ (31,432,288)	\$ (94,963)	\$ (351,409)

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

HOMELAND URANIUM INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(Stated in \$CAD)

	2013	2012
Operating activities		
Net loss	\$ (496,384)	\$ (553,413)
Add (deduct) items not affecting cash		
Depreciation of equipment	-	29,631
Gain on sale of equipment	-	(124)
Unrealized loss on FVTPL securities	78,870	132,451
Realized loss (gain) on FVTPL securities	(1,825)	978
Share based payments	33,000	-
Dividend income	-	(117,430)
Unrealized foreign exchange loss	(25,255)	(8,182)
	(411,594)	(516,089)
Change in non-cash working capital items		
Accounts receivable and prepaid expenses	(6,400)	10,228
Accounts payable and accrued liabilities	(40,876)	173,084
	(458,870)	(332,777)
Investing activities		
Proceeds on sale of FVTPL securities	25,222	109,883
Proceeds from sale of equipment	-	300
Change in restricted cash	20,541	6,340
	45,763	116,523
Financing activities		
Proceeds from issuance of share capital and warrants	425,000	214,150
Change in cash	11,893	(2,104)
Cash, beginning of year	2,679	4,783
Cash, end of year	\$ 14,572	\$ 2,679

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

HOMELAND URANIUM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(Stated in \$CAD)

1. NATURE OF OPERATIONS AND GOING CONCERN

(a) Nature of operations

Homeland Uranium Inc. (the "company") is engaged in the business of evaluation and exploration of uranium resource properties in Niger, West Africa. The company, incorporated in December, 2006 under the Ontario Business Corporations Act, has registered offices at 401 Bay Street, Suite 2702, Toronto, Ontario, Canada, M5H 2Y4. It is a reporting issuer subject to the rules and regulations of the Ontario Securities Commission, but 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. In this circumstance, the company would 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 has incurred repeated significant losses as net loss for the year ended December 31, 2013 was \$496,384 (2012 - \$553,413) with an accumulated deficit as at December 31, 2013 of \$31,432,288 (2012 - \$30,935,904). The working capital deficiency as at December 31, 2013 was \$351,409 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 7(b)*). Such approval had been conditional upon certain factors, the most significant of which was the payment of two years of training fees in the amount of USD \$160,000 (*see note 8*). These two years of training fees were paid by the company on March 28, 2013 (*see note 8*). Failure to pay remaining and ongoing annual 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 9*) 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.

HOMELAND URANIUM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(Stated in \$CAD)

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. 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 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. Therefore, there is significant doubt as to the propriety of the use of the going concern assumption upon which these consolidated financial statements have been prepared.

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"). They were authorized for issuance by the Board of Directors on April 30, 2014.

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 consolidated 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 consolidated financial statements.

HOMELAND URANIUM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(Stated in \$CAD)

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

IFRS 12: "Disclosure of Interests in Other Entities" is a comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The company's adoption of IFRS 12 had no effect on its consolidated 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 resulted in a different presentation within the consolidated statement of net loss and comprehensive loss as the items that will never be reclassified to net income (loss) are separated from those that will be.

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 consolidated financial statements as it does not have any surface mines in the production phase.

(b) **Basis of preparation**

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 preparation of 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 consolidated financial statements, are disclosed in note 2(n).

HOMELAND URANIUM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(Stated in \$CAD)

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(c) **Basis of consolidation**

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
- ◆ 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 profit or 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.

HOMELAND URANIUM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(Stated in \$CAD)

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 instrument 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 instrument, 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 currencies 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 the end of the reporting period, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate at that date with all foreign currency adjustments being expensed.

HOMELAND URANIUM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(Stated in \$CAD)

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 loss.

(f) **Mineral properties**

All acquisition and exploration costs, net of incidental revenues, are charged to profit or loss 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 and equipment. 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) **Equipment**

Equipment is now fully depreciated and was formerly depreciated 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

(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.

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2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(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.

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.

(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. The fair value of each tranche is measured using the Black-Scholes option pricing model based upon the number of awards expected to vest. Compensation expense is recognized upon vesting over the tranche's vesting period by increasing the reserve for share based payments. Any consideration paid on exercise of share options is credited to share capital.

For other 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.

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2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(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 (loss)

Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss). Certain gains and losses arising from changes in fair value are temporarily recorded outside the consolidated statement of loss in accumulated comprehensive income (loss) as a separate component of shareholders' equity (deficit). 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

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that the taxable profits will be available against which those deductible temporary differences can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither that taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its tax assets and liabilities on a net basis.

(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.

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2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(n) **Critical accounting estimates, continued**

(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, 2018.
- (b) **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 were restricted as they related 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 during the current year.

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5. INVESTMENTS

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

	2013		2012	
	\$	Shares	\$	Shares
Macusani Yellowcake Inc.	\$ 115,500	1,050,000	\$ 179,147	1,235,500
Caracara Silver Inc.	<u>24,138</u>	<u>965,500</u>	<u>62,758</u>	<u>965,500</u>
	<u>\$ 139,638</u>		<u>\$ 241,905</u>	

Southern Andes Energy Inc. re-organization in April, 2012

- (a) 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.
- (b) 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 re-measured at fair market value under accounting for securities classified as FVTPL.

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6. EQUIPMENT

The company's equipment, all fully depreciated as at December 31, 2012, was all written off in the current year as the assets are no longer in use, as follows:

	<u>Computer equipment</u>	<u>Automotive equipment</u>	<u>Furniture and fixtures</u>	<u>Exploration equipment</u>	<u>Total</u>
Cost					
As at January 1, 2012	\$ 95,280	\$ 22,508	\$ 33,916	\$ 93,575	\$ 245,279
Currency adjustment	<u>(3,478)</u>	<u>(1,265)</u>	<u>(2,171)</u>	<u>(5,652)</u>	<u>(12,566)</u>
As at December 31, 2012	91,802	21,243	31,745	87,923	232,713
Written off	<u>(91,802)</u>	<u>(21,243)</u>	<u>(31,745)</u>	<u>(87,923)</u>	<u>(232,713)</u>
As at December 31, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Accumulated depreciation					
As at January 1, 2012	\$ 90,198	\$ 22,507	\$ 27,562	\$ 74,525	\$ 214,792
Depreciation	5,486	-	6,092	18,053	29,631
Currency adjustment	<u>(3,882)</u>	<u>(1,264)</u>	<u>(1,909)</u>	<u>(4,655)</u>	<u>(11,710)</u>
As at December 31, 2012	91,802	21,243	31,745	87,923	232,713
Written off	<u>(91,802)</u>	<u>(21,243)</u>	<u>(31,745)</u>	<u>(87,923)</u>	<u>(232,713)</u>
As at December 31, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net book value					
As at December 31, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
As at December 31, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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7. MINERAL PROPERTIES

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

- (a) The company was originally granted three-year uranium exploration concessions in January 2007 that were 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 on March 28, 2013 in the amount of USD \$160,000 (*see note 8*).
- (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 15(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

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8. **ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2013	2012
Trade accounts payable and accrued liabilities	\$ 328,978	\$ 427,269
Payroll related	72,688	64,874
Provisions	134,489	84,888
	\$ 536,155	\$ 577,031

As at December 31, 2013, accounts payable and accrued liabilities contain an amount of USD \$240,000 representing three years of training fees (December 31, 2012 - USD \$320,000 representing the four years from 2009 to 2012) 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. A further USD \$80,000 has been accrued for the current year.

9. **SHARE CAPITAL**

Continuity schedules for the company's share capital and other equity instruments are disclosed in the consolidated statement of changes in shareholders' equity for the period from January 1, 2012 to December 31, 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.

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10. **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

	2013		2012	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding, beginning of year	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	<u>11,000,000</u>	<u>0.005</u>	-	-
Outstanding, end of year	<u>11,000,000</u>	<u>\$ 0.005</u>	<u>750,000</u>	<u>\$ 0.250</u>

(a) **Option expiries and forfeitures**

- (i) During the year ended December 31, 2012, an amount of \$1,890,339 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 1.0% (2) expected volatility of 139%, (3) expected life of 3.25 years, and (4) dividend yield of 0.0%, the fair value attributed to each option was \$0.004, or \$44,000 in aggregate.

Share based payments recognized in the current year were \$33,000 (2012 - \$Nil).

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11. 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 year ended December 31, 2013 was 209,198,475 (2012 - 132,813,978).

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 December 31, 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 (2012 - 750,000).

12. INCOME TAXES

(a) Income rate reconciliation

The following table reconciles the expected income tax recovery at the Canadian federal and provincial statutory rate of 26.50% (2012 - 26.50%) to the amount recognized in the consolidated statement of loss:

	<u>2013</u>	<u>2012</u>
Net loss before recovery of income taxes	\$ 496,384	\$ 553,413
Expected income tax recovery	<u>26.50%</u>	<u>26.50%</u>
Expected income tax recovery	\$ 131,540	\$ 146,650
Decrease (increase) resulting from:		
Differences in foreign tax rates	5,920	12,160
Tax rate changes and other adjustments	607,190	266,320
Non-deductible expenses	(1,320)	27,120
Change in tax benefits not recognized	<u>(743,330)</u>	<u>(452,250)</u>
	\$ <u> -</u>	\$ <u> -</u>

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12. INCOME TAXES, CONTINUED

(b) Unrecognized deferred tax assets

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	<u>2013</u>	<u>2012</u>
	\$	\$
Non-capital losses carried forward	15,710,000	15,150,700
Capital losses carried forward	7,603,000	7,559,000
Resource-related properties	5,568,200	5,568,200
Other deductible temporary differences	105,280	376,100

In addition to the above noted unrecognized deferred tax assets, the Niger branch has deferred exploration expenditures of approximately \$6,791,000 (2012 - \$5,686,000).

Canadian and foreign non-capital losses expire as noted below. The capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. 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.

	Canada	USA
2026	\$ 362,310	\$ -
2027	1,511,620	-
2028	933,570	3,506,180
2029	1,599,270	3,175,470
2030	1,222,930	1,165,130
2031	1,154,390	67,890
2032	825,570	-
2033	182,220	3,430
	<u>\$ 7,791,880</u>	<u>\$ 7,918,100</u>

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13. **FINANCIAL RISK FACTORS**

Risk management

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk, mineral property risk, market risk and currency risk. 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 a 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 December 31, 2013, cash of \$14,572 (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 the related credit risk concentration 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, 2013, the company had a working capital deficiency of \$351,409 (2012 - deficiency of \$287,770). All of the company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

(c) **Mineral property risk**

The company's operations in Niger are exposed to various levels of political risk and uncertainties, including political and economic instability, government regulations relating to exploration and mining, military repression and civil disorder, all or any of which may have a material adverse impact on the company's activities or may result in impairment in, or loss of, part or all of the company's assets.

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13. FINANCIAL RISK FACTORS, CONTINUED

(d) Sensitivity analysis

As at December 31, 2013 and 2012, 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 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 comprehensive loss by \$44,000 (2012 - \$46,000), virtually all of which is related 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, 2013 fair market value positions, net loss and comprehensive loss would have varied by approximately \$14,000 (2012 - \$24,000).

(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:

	<u>2013</u>	<u>2012</u>
	\$	\$
Level one		
Cash	14,572	2,679
Restricted cash	-	20,541
Investments	139,638	241,905

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13. **FINANCIAL RISK FACTORS, CONTINUED**

(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.

14. **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, reserves for warrants and share based payments, accumulated deficit and accumulated other comprehensive loss, which at December 31, 2013 was a deficiency of \$351,409 (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.

15. **COMMITMENTS**

(a) **Niger concessions**

As described in note 7, 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 (*see note 8*).

(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 16(a)*).

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16. 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 two of the directors, one of whom is also an officer, for management and administrative services, including monthly compensation for the CFO of \$2,500, corporate secretary, office rent and regular administrative functions. During the year ended December 31, 2013, the company recorded total fees of \$120,000 (2012 - \$120,000) (see also note 15(b)). As at December 31, 2013, accounts payable and accrued liabilities includes \$11,581 (2012 - \$38,470) in respect of such fees and cost recoveries.
- (b) The Board of Directors has previously approved quarterly director fees of \$1,500 for each independent director. Fees recorded in the year ended December 31, 2013 totalled \$30,000 (2012 - \$21,000). As at December 31, 2013, accounts payable and accrued liabilities includes a provision of \$51,000 (2012 - \$21,000) in respect of such fees.
- (c) Accounts payable and accrued liabilities of \$38,050 owing to certain current and former related parties were settled with common shares issued as part of the private placement of February, 2012 as described in note 9(b).

17. 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. Operations in the US are now completely inactive.

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 Tantor", Director

"Stephen Coates", Director

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

	<u>2012</u>	<u>2011</u>
Revenues		
Dividend income (Note 5(a)(i))	\$ 117,430	\$ -
Interest income	711	867
Realized gain on FVTPL securities	-	71,139
	<u>118,141</u>	<u>72,006</u>
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
	<u>671,554</u>	<u>1,464,675</u>
Net loss	<u>\$ (553,413)</u>	<u>\$ (1,392,669)</u>
Basic and diluted net loss per share (Note 12)	<u>\$ (0.0042)</u>	<u>\$ (0.0186)</u>
Comprehensive loss		
Net loss	\$ (553,413)	\$ (1,392,669)
Exchange differences on translation of foreign operations	(8,860)	(11,935)
Comprehensive loss	<u>\$ (562,273)</u>	<u>\$ (1,404,604)</u>

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						Total
	Number of shares	Amount	Contributed surplus	Reserve for share based payments	Accumulated deficit	Accumulated other comprehensive loss	
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)	-
	<u>(516,089)</u>	<u>(605,161)</u>
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
	<u>(332,777)</u>	<u>(375,998)</u>
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
	<u>116,523</u>	<u>206,368</u>
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

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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.

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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.

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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.

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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").

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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.

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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 consider 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.

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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 exploitation.

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.

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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.

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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	-	-
	<u>\$ 241,905</u>		<u>\$ 367,787</u>	

(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.

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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	-	-	-	-	-

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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.

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
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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	<u>64,874</u>	<u>54,223</u>
	<u>\$ 577,030</u>	<u>\$ 464,799</u>

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

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.

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
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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
	<u>\$ 7,269,980</u>	<u>\$ 7,880,700</u>

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	<u>137,472,448</u>	<u>\$ 20,162,111</u>

- (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.

HOMELAND URANIUM INC.
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(Stated in \$CAD)

- (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.

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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.

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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-1). 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).

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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)*).

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
Years ended December 31, 2012 and 2011
(Stated in \$CAD)

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.

HOMELAND URANIUM INC.

Consolidated Financial Statements

Years ended December 31, 2011 and 2010

(Stated in \$CAD)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Homeland Uranium Inc.

We have audited the accompanying consolidated financial statements of Homeland Uranium Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2011 and December 31, 2010 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, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 in our audits 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. and its subsidiaries as at December 31, 2011, December 31, 2010 and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of material uncertainties that may cast significant doubt about the Homeland Uranium Inc.'s ability to continue as a going concern.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
Toronto, Ontario
April 30, 2012

HOMELAND URANIUM INC.
Consolidated Statements of Financial Position
As at December 31, 2011, December 31, 2010 and January 1, 2010
(Stated in \$CAD)

	December 31 2011	December 31 2010 Note 19	January 1 2010 Note 19
ASSETS			
Current:			
Cash	\$ 4,783	\$ 24,413	\$ 4,337,215
Accounts receivable and prepaid expenses	34,364	62,752	70,532
Restricted cash (Note 4)	26,881	127,340	-
Investments (Note 5)	367,787	1,178,986	-
	433,815	1,393,491	4,407,747
Long term:			
Restricted cash (Note 4)	-	-	162,742
Investments (Note 5)	-	-	2,222,332
Property and equipment (Note 6)	30,487	116,451	284,442
	\$ 464,302	\$ 1,509,942	\$ 7,077,263
LIABILITIES			
Current:			
Accounts payable and accrued liabilities (Note 8)	\$ 464,799	\$ 264,025	\$ 232,038
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital (Note 10)	19,887,111	19,737,111	18,751,611
Contributed surplus	8,535,186	8,535,186	2,509,190
Reserve for warrants (Note 11)	-	-	6,395,996
Reserve for share based payments (Note 12)	2,020,545	2,012,355	1,990,307
Accumulated deficit	(30,382,491)	(28,989,822)	(22,801,879)
Accumulated other comprehensive income (loss)	(60,848)	(48,913)	-
	(497)	1,245,917	6,845,225
	\$ 464,302	\$ 1,509,942	\$ 7,077,263

Going concern (Note 1)

Commitments and contingencies (Note 18)

Subsequent events (Note 10(d))

See accompanying notes

Approved on behalf of the Board:

"Nick Tintor", Director

"Stephen Couter", Director

HOMELAND URANIUM INC.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
Years ended December 31, 2011 and 2010
(Stated in \$CAD)

	2011	2010
		Note 19
Revenue		
Realized gain on FVTPL securities	\$ 71,139	\$ -
Interest income	867	12,007
Gain on spin-off of Southern Andes Energy Inc. (Note 5(a)(v)(2))	-	6,370,646
Unrealized gain on FVTPL securities	-	573,764
Gain on disposal of property and equipment	-	44,503
	72,006	7,000,920
Expenses		
Unrealized loss on FVTPL securities	797,163	-
Exploration expenditures	269,967	837,802
Corporate and investor relations	215,937	364,633
Professional fees	89,631	183,869
Depreciation	48,467	42,411
Loss on property and equipment	16,762	-
Office and administration	16,596	115,560
Share based payments (Note 12)	8,190	22,048
Foreign exchange loss	1,962	4,788
Realized loss on FVTPL securities	-	367,239
	1,464,675	1,938,350
Income (loss) from continuing operations before income taxes	(1,392,669)	5,062,570
Income taxes		
Deferred (Note 9)	-	(772,000)
	(1,392,669)	5,834,570
Net income (loss) from continuing operations	(1,392,669)	5,834,570
Loss from discontinued operations (Note 5(a)(v)(1))	-	515,653
	(1,392,669)	5,318,917
Basic and diluted income (loss) from continuing operations per share (Note 13)	\$ (0.02)	\$ 0.09
Comprehensive income (loss)		
Net income (loss)	\$ (1,392,669)	\$ 5,318,917
Exchange differences on translation of foreign operations	(11,935)	(48,913)
Comprehensive income (loss)	\$ (1,404,604)	\$ 5,270,004

See accompanying notes

HOMELAND URANIUM INC.
Consolidated Statements of Changes in Shareholders' Equity
Period from January 1, 2010 to December 31, 2011
(Stated in CAD)

	Note	Share Capital						Total
		Number of shares	Amount	Contributed surplus	Reserve for warrants	Reserve for share based payments	Accumulated deficit	
Balance at January 1, 2010 (Note 19)		46,072,448	\$ 18,751,611	\$ 2,549,190	\$ 6,395,996	\$ 1,990,307	\$ (22,801,879)	\$ 6,845,225
Private placement, net of share issue costs	10							985,500
Escrow share cancellation	10	20,000,000	985,500					
Share based payments		(3,600,000)				22,048		22,048
Paid up capital reduction effect of spin-out of Southern Andes	5						(12,112,961)	(12,112,961)
Tax charge on Southern Andes spin-out							(402,000)	(402,000)
Expiry of warrants	11			6,395,996	(6,395,996)			
Income tax recovery recognized on expired warrants				(370,000)				(370,000)
Other comprehensive income from discontinued operations	5						1,008,100	1,008,100
Reclassification of other comprehensive income	5						(1,008,100)	
Net income (loss) for the year							5,318,918	5,318,918
Currency translation adjustment							(48,913)	(48,913)
Balance at December 31, 2010 (Note 19)		62,472,448	19,737,111	8,535,186	-	2,012,355	(28,989,822)	1,245,917
Private placement								150,000
Share based payments		20,000,000	150,000			8,190		8,190
Currency translation adjustment	10						(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)

See accompanying notes

HOMELAND URANIUM INC.
Consolidated Statements of Cash Flows
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	2011	2010
		Note 19
Operating activities		
Net income (loss) from continuing operations	\$ (1,392,669)	\$ 5,834,570
Add (deduct) items not affecting cash:		
Gain on spin-off of Southern Andes Energy Inc.	-	(6,370,646)
Depreciation	48,467	111,563
Income tax recovery	-	(772,000)
Share based payments	8,190	22,048
Loss (gain) on disposal of property and equipment	16,762	(44,503)
Unrealized loss (gain) on FVTPL securities	797,163	(573,764)
Realized loss (gain) on FVTPL securities	(71,139)	367,239
Unrealized foreign exchange loss	(11,935)	(25,683)
	(605,161)	(1,451,176)
Change in non-cash working capital items		
Accounts receivable and prepaid expenses	28,388	7,780
Accounts payable and accrued liabilities	200,774	31,988
	(375,999)	(1,411,408)
Investing activities		
Proceeds on sale of FVTPL securities	85,175	-
Proceeds from sale of property and equipment	20,735	77,704
Decrease in restricted cash	100,459	35,402
Investment in Southern Andes Energy Inc. (Note 5(a)(v)(4))	-	(4,000,000)
	206,369	(3,886,894)
Financing activities		
Net proceeds from issuance of share capital	150,000	985,500
Decrease in cash	(19,630)	(4,312,802)
Cash, beginning of year	24,413	4,337,215
Cash, end of year	\$ 4,783	\$ 24,413

See accompanying notes

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
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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, which contemplate the realization of assets and settlement of liabilities and commitments in the ordinary course of business.

The company has spending commitments under the terms of its concessions in Niger (*see notes 7(a) and 18*). Failure to spend the minimum expenditure requirements by August, 2012 as required under the terms of the renegotiated concession agreements could result in termination of those agreements and the loss of associated rights thereunder. In addition, failure to maintain an ongoing administrative presence in Niger could also result in termination of the concession agreements. No adjustment to the carrying value of the Niger concessions would be required as the company has chosen to expense all exploration expenditures under IFRS (*see note 19(1)(a)*).

As the company has no operating revenues or other sources of cash flow and currently has a working capital deficiency of \$30,984 (December 31, 2010 - surplus of \$1,129,466, January 1, 2010 - surplus of \$4,175,709), its ability to maintain its Canadian head office operations and an administrative office in Niger over the next 12 months will be dependent upon its ability to (1) raise further equity for the company through private placements (as was done in May, 2011 and again in February, 2012 (*per note 10*)) and/or (2) sell its interest in its investments (*see note 5*).

While management believes that it will be able to secure the necessary financing to continue operations into the future, there is no certainty that these and other strategies will be sufficient to permit the company to continue beyond the foreseeable future as such strategies are dependent upon continued support of its shareholder base. The accompanying 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.

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the company comply with International Financial Reporting Standards ("IFRS"). The significant policies are detailed as follows:

(a) Statement of compliance

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of December 31, 2011. The Board of Directors approved the consolidated financial statements on April 30, 2012. These are the company's first annual consolidated financial statements prepared in accordance with IFRS. The 2010 consolidated financial statements include an opening balance sheet as at January 1, 2010, the date at which the impact of IFRS transition was recorded against equity, in accordance with the provisions of IFRS 1 "First Time Adoption of International Financial Reporting Standards" and the 2010 comparative statements were prepared using the same basis of accounting. A detailed reconciliation of the consolidated financial statements prepared under Canadian generally accepted accounting principles ("Canadian GAAP") and the comparative 2010 IFRS financial information is presented in Schedules 1 to 4 (*note 19*).

(b) Basis of presentation

The consolidated financial statements are prepared on the historical cost basis except the 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 in preparing an opening IFRS balance sheet at January 1, 2010 for the purpose of transition to IFRS.

(c) Consolidation

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.

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
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2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(d) **Functional currency and foreign currency translation**

Functional and presentation currency

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

Foreign currency translation

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

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

(e) **Mineral properties**

As permitted under IFRS, 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.

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
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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 has elected not to apply the option provided by IFRS 1 regarding the re-measurement, as at January 1, 2010, of its property and equipment at their fair value.

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

HOMELAND URANIUM INC.
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2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(g) Financial instruments, continued

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.

Financial liabilities

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

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

Financial instrument classifications

The company has made the following classifications:

Cash	FVTPL
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HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(g) Financial instruments, continued

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

(h) Impairment of non-financial assets

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

(i) Provisions

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

The company's activities could give rise to obligations for environmental rehabilitation which can include facilities dismantling, removal, treatment of waste materials, monitoring, compliance with environmental regulations, security and other site-related costs required to perform the rehabilitation work. Any current expenditures regarding the environmental rehabilitation are charged to the cost of the project. Provisions for rehabilitation are periodically adjusted by the company, when applicable. There are no material obligations at December 31, 2011, December 31, 2010 and January 1, 2010.

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2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(j) Deferred taxes

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

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

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

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

(k) Share based payments

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

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

(l) Earnings (loss) per share

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

Diluted earnings (loss) per share amounts are calculated by dividing the net profit attributable to common share holders of the parent by the weighted average number of shares outstanding during the year 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.

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
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2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(m) **Measurement uncertainty**

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

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

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

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

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

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

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3. ADOPTION OF NEW AND REVISED IFRS STANDARDS AND INTERPRETATIONS

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

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

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

HOMELAND URANIUM INC.
Notes to Consolidated Financial Statements
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4. RESTRICTED CASH

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

During 2011, \$100,459 of these deposits were returned to the company after successful completion of the regulatory requirements.

5. INVESTMENTS

The company's investments, all considered FVTPL, are carried at market value and comprised of the following:

	December 31 2011		December 31 2010		January 1 2010	
	\$	Shares	\$	Shares	\$	Shares
Southern Andes Energy Inc.	367,787	2,372,819	1,161,486	2,497,819	-	-
Homeland Energy Group Ltd.	-	-	17,500	250,000	25,000	250,000
Macusani Yellow Cake Inc.	-	-	-	-	2,197,332	7,619,047
	<u>367,787</u>		<u>1,178,986</u>		<u>2,222,332</u>	

During 2011, the company sold 125,000 shares of Southern Andes Energy Inc. and all of its position in Homeland Energy Group Ltd. for gross proceeds of \$85,175.

The 2010 investment transactions are detailed below:

(a) Investment in Southern Andes Energy Inc. (2010)

- (i) On May 14, 2010, pursuant to the signing of a letter of intent in March 2010 with Solex Resources Corp. ("Solex"), an unrelated entity, the company acquired from Solex 81,654,442 common shares of Solex for consideration of \$4 million in cash and approximately 7.6 million common shares of Macusani Yellowcake Inc. ("Macusani") representing a 12.7% interest in Macusani as well as a right to purchase the shares issuable if the company exercises up to approximately 4.57 million Macusani warrants.
- (ii) The transaction was conditional on obtaining an agreement with Eldorado Gold Company on certain aspects of this transaction as well as the approval by not less than a majority of the votes cast by Solex shareholders. These conditions were later met and on May 14, 2010, the company announced the closing of the transaction whereupon it gained control of Solex. The company received 81,654,442 (pre-consolidation) common shares of Solex, giving it a majority ownership stake, and received the right to nominate four directors to the Solex board, with former Solex shareholders having the right to nominate two directors to the board and the right to name the Solex CEO. The shareholders of Solex also proposed a name change of the company to Southern Andes Energy Inc. ("Southern Andes") and a proposed 3:1 share consolidation plan effective May 17, 2010. The issued

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5. INVESTMENTS, CONTINUED

and outstanding shares of Southern Andes were consolidated to 53,659,709 with the company owning 27,218,147 shares (a 50.7% ownership interest).

- (iii) Following a review of various alternative manners in which the company could have distributed the Southern Andes shares to its shareholders, management recommended to the Board that distributing the Southern Andes shares to shareholders as part of a reduction of stated capital (the "Reduction in Capital") would be the most efficient and advantageous of such alternatives, including from a tax perspective.

Consequently, on October 27, 2010, the Board of Directors approved, among other matters, the convening of a special meeting of shareholders to be held on December 15, 2010 for the purpose of submitting to shareholders for their approval a special resolution authorizing the distribution of a majority of the Southern Andes shares as part of reduction of the stated capital of the company's common shares. The Reduction in Capital Resolution was approved by the company's shareholders at that special meeting.

- (iv) Following shareholder and regulatory approval, the company distributed 24,720,328 shares of Southern Andes to its shareholders. Following the return of capital, the company retained 2,497,819 shares of Southern Andes (a 4.65% ownership interest).
- (v) For accounting purposes, the substance of the initial acquisition and the subsequent return of capital are characterized as follows:

(1) For the period from the acquisition (May 14, 2010) to the subsequent return of capital (December 15, 2010), the results of operations of Southern Andes have been consolidated by virtue of the company's ability to control the operations of Southern Andes during that ownership period, as evidenced by its 50.7% ownership interest and related control of the Board. The company recorded net loss and other comprehensive income of \$515,653 and \$1,008,100 respectively during this control period with a corresponding increase in its carrying value (prior to the return of capital).

(2) The company followed IFRIC 17 -- Distributions of Non-Cash Assets to Owners' in accounting for this transaction. In accordance with this guidance, a dividend of \$12,112,961 (\$0.49 per share) was recorded. The dividend was based on the fair value of the distribution, determined using the trading price of the Southern Andes common shares immediately following the date of spinoff. The difference between the fair value of the dividend and the carrying value of the assets and liabilities of Southern Andes (\$6,370,646) was recognized as a gain in the consolidated statement of income for the year ended December 31, 2010.

(3) Subsequent to December 15, 2010, the company's residual 9.2% interest in Southern Andes constitutes a financial asset that has been designated as FVTPL. The carrying value has been increased by \$581,261 as of year-end and recognized through the consolidated statements of loss.

- (4) In summary, the Southern Andes investment continuity for fiscal 2010 was as follows:

Cash consideration	\$ 4,000,000
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5. INVESTMENTS, CONTINUED

Carrying value of Macusani (see note 5(c))	<u>1,830,093</u>
Acquisition cost of Southern Andes	5,830,093
Net loss to December 15, 2010	(515,653)
Other comprehensive income to December 15, 2010	<u>1,008,100</u>
Carrying value prior to spin-out	6,322,540
Reduction in investment from spin-out	<u>(5,742,315)</u>
Carrying value after spin-out	580,225
Increase in carrying value (as FVTPL)	<u>581,261</u>
Carrying value as at December 31, 2010	<u><u>\$ 1,161,486</u></u>

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6. PROPERTY AND EQUIPMENT

	Computer equipment \$	Automotive equipment \$	Furniture & fixtures \$	Exploration equipment \$	Total \$
Cost					
As at January 1, 2010	141,662	265,118	81,225	136,637	624,642
Additions	2,656	0	0	0	2,656
Disposals	(17,480)	(196,795)	(5,622)	0	(219,897)
Currency adjustment	(10,121)	(23,080)	(6,755)	(13,303)	(53,259)
As at December 31, 2010	116,717	45,243	68,848	123,334	354,142
Disposals	(20,267)	(23,489)	(34,385)	(28,203)	(106,345)
Currency adjustments	(1,170)	753	(547)	(1,556)	(2,520)
As at December 31, 2011	95,279	22,507	33,916	93,574	245,276
Accumulated depreciation					
As at January 1, 2010	81,625	173,528	28,690	56,357	340,200
Depreciation	28,942	47,201	10,851	24,730	111,725
Disposals	(13,564)	(170,368)	(3,233)	0	(187,166)
Currency adjustment	(3,329)	(15,750)	(2,216)	(5,774)	(27,069)
As at December 31, 2010	93,674	34,611	34,092	75,313	237,690
Depreciation	12,865	2,202	8,998	22,056	46,121
Disposals	(13,883)	(14,654)	(14,570)	(19,773)	(62,880)
Currency adjustment	(2,458)	348	(958)	(3,073)	(6,141)
As at December 31, 2011	90,198	22,507	27,561	74,524	214,789
Net book value					
As at January 1, 2010 (Note 19)	60,037	91,590	52,536	80,279	284,442
As at December 31, 2010 (Note 19)	23,043	10,631	34,757	48,020	116,451
As at December 31, 2011	5,081	0	6,355	19,050	30,487

See accompanying notes

HOMELAND URANIUM INC.
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7. MINERAL PROPERTIES

(a) Niger concessions:

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

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

- (ii) The key terms of the agreement include:

- (a) 50% of the concessions must be relinquished on or before November 30, 2012.;
- (b) a minimum expenditure of US\$2,125,000 per concession during the grant period (see note 18)
- (c) a 10% free carried interest for the state in the mining phase with an option to acquire an additional 30% at market value;
- (d) exemptions during the exploration period include:
 - value added tax
 - corporate income tax
 - income tax for expatriate employees
 - land tax
 - licence contribution
 - mining flat tax and other registration fees
 - import duties on certain equipment and spare parts
- (e) a sliding scale mining royalty between 5.5% to 12% of the market value of production on FOB terms
- (f) exemptions during the mining phase include:
 - value added tax until the date of production
 - taxes on industrial/business profits for three years from production
 - land and mining flat taxes indefinitely
 - import duties on certain equipment and spare parts.

- (iii) During 2011, the company expended a further \$313,175 (2010 - \$455,450) on the acquisition, exploration and development of mineral properties in Niger. As at December 31, 2011, the cumulative net expenditures on these properties were \$11,928,161 (2010 - \$11,614,986).

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

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7. MINERAL PROPERTIES, 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. Specifically, the company has encountered many delays during the execution of its Niger project due to events and circumstances beyond its control. The government of Niger has acknowledged these delays as "force majeure" and has granted the company an extension to its current concessions until August 31, 2012 to compensate for the lost time, essentially giving it a further two years to comply with its original spending requirements.

(b) US properties:

- (i) During the year ended December 31, 2009, the company did not renew the mining leases of four properties. These properties consisted of CNX, Norma Jean, and Tex in the state of Colorado and the Deremo West property in Utah.
- (ii) During 2010, the company expended a further \$360,024 on the acquisition, exploration and development of mineral properties in the US. As at December 31, 2010, the cumulative net expenditures on these properties were \$8,406,860.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31 2011	December 31 2010	January 1 2010
Balances made up of:			
Trade accounts payable and accruals	\$ 403,370	\$ 206,858	\$ 216,962
Payroll related	61,429	57,167	15,076
	<u>\$ 464,799</u>	<u>\$ 264,025</u>	<u>\$ 232,038</u>

As part of the private placement completed in February, 2012, \$42,250 of accounts payable and accrued liabilities were settled in exchange for common shares.

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9. INCOME TAXES

(a) The company has no current or deferred tax assets or liabilities for 2011 or 2010.

(b) The company's effective tax rate differs from the Canadian statutory rate as follows:

	2011	2010
Statutory rate	28%	31%
Non deductible expenses	(15)%	(32)%
Losses not recognized (recognized)	(13)%	16%
Effective tax rate	0%	15%

(c) The effective tax rate for 2010 recognizes a notional income tax benefit for tax losses to the extent of notional income tax recognized as expenses in shareholders' equity on the expiry of warrants and the paid-up capital reduction during that year. The 2011 statutory tax rate differs from the 2010 statutory tax rate due to enacted reductions in statutory rates.

(d) The company has Canadian tax losses of \$5,725,000 (2010 - \$4,829,000) that expire between 2026 and 2031, and other deductible temporary differences totaling \$5,988,000 (2010 - \$6,186,000). The benefits of these losses and other tax deductions have not been recognized in these consolidated financial statements.

10. SHARE CAPITAL

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

(b) In June, 2010, the company closed a non-brokered private placement financing of 20,000,000 common shares at \$0.05 per common share for gross proceeds of \$1 million. The common shares were subject to a four-month hold period in accordance with requisite securities laws. A finder's fee of 5% payable in cash was paid on a portion of the private placement to qualified finders. The net proceeds of the financing amounted to \$985,500.

(c) In February 2007, the company agreed to issue 4,000,000 common shares in return for services rendered towards a prospective acquisition nicknamed the "Lighthouse Project". 400,000 of these common shares were issued without condition while the remaining 3,600,000 common shares were held in escrow on condition that the said acquisition was formally accomplished before June 26, 2010. For the purposes of these consolidated financial statements, 400,000 shares issued without condition has been accounted at \$92,000 with the balance having no assigned value. On June 26, 2010, the condition to release the escrow had not materialized and the remaining 3,600,000 shares were cancelled.

(d) 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.

(e) 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 were received in cash, and the balance of \$60,850 were used to retire existing accounts payable. The common shares were subject to a four-month hold period in

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existing accounts payable. The common shares were subject to a four-month hold period in accordance with requisite securities laws.

11. WARRANTS

- (a) In 2007, the company closed a brokered private placement consisting of 28,434,100 units for gross proceeds of \$22,747,280. Each unit was convertible into one common share of the company and one half of one common share purchase warrant of the company. Each whole common share purchase warrant of the company entitled the holder to purchase one additional common share of the company at an exercise price of \$1.25 per share during the following 24 month period. In conjunction with this funding, the agent and other brokers were issued 1,898,353 broker warrants. Each broker warrant entitled the holder to purchase one additional common share of the company and one half of one common share purchase warrant of the company during the following 24 month period. A value of \$4,776,929 was ascribed to the common share purchase warrants based on their fair value as determined using the Black-Scholes option valuation method. Similarly, a value of \$1,057,383 was ascribed to the broker warrants for a total valuation of \$5,834,312.
- (b) In June, 2009, the company extended the expiry of the 14,217,050 then-outstanding common share purchase warrants by up to one year such that they expired by June 19, 2010. In addition, the common share purchase warrants exercise price was amended from \$1.25 to \$0.80 per warrant resulting in an increase in the value attributed to these warrants of \$1,619,067.
- (c) In 2009, the broker warrants expired unexercised. In 2010, the common share purchase warrants also expired unexercised.

12. 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 2010 and 2011, all outstanding options as at December 31, 2011 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:

	2011	2010
Outstanding, beginning of year	3,940,000	4,090,000
Cancelled	(1,660,000)	(150,000)
Outstanding, ending of year	2,280,000	3,940,000

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

As at December 31, 2011 and 2010, all outstanding options were exercisable. During the year, the company recognized \$8,190 (2010 - \$22,048) of share based payments.

13. LOSS PER SHARE

The weighted average number of shares outstanding for the 2011 year is 74,856,010 (2010 - 56,179,845). Diluted loss per share is the same as basic loss per share as all options and warrants are anti-dilutive.

14. 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.

(a) Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The company's credit risk is primarily attributable to accounts receivable and cash. Financial instruments included in accounts receivable consist of miscellaneous accounts receivable and accrued interest and deposits held with consultants and other service providers. As at December 31, 2011, cash of \$4,783 (December 31, 2010 - \$24,413, January 1, 2010 - \$4,337,215) is held with reputable financial institutions from which management believes the risk of loss to be minimal. All accounts receivable and reclamation deposits held by US banks and US government departments are in good standing. As of December 31, 2011, a total of \$21,570 (December 31, 2010 - \$60,367, January 1, 2010 - \$60,367) represented the maximum credit exposure on accounts receivable. Management believes that the credit risk concentration with respect to accounts receivable is negligible.

(b) Liquidity risk

Liquidity risk refers to the risk that the company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost (see note 1(c)). The company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due, and as such, the company has classified its investments as current. As at December 31, 2011, the company has negative working capital of \$30,984 (December 31, 2010 - \$1,129,466, January 1, 2010 - \$4,175,709). All of the company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

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14. FINANCIAL INSTRUMENTS, CONTINUED

(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 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.

(f) Sensitivity analysis

As at December 31, 2011, December 31, 2010 and January 1, 2010, the carrying and fair value amounts of the company's financial instruments are approximately equivalent.

i) The company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The company funds certain operations, exploration and administrative expenses in Niger and the United States on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. The company maintains US dollar bank accounts in Canada and the United States. The company is exposed to foreign currency risk on fluctuations of financial instruments that are denominated in US dollars and West African francs (CFA's) related to cash, restricted cash, accounts receivable, investments and accounts payable and accrued liabilities. Sensitivity to a plus or minus 10% change in the foreign exchange rate would affect the net comprehensive income by \$28,000.

ii) The company is exposed to market risk as it relates to its investments held in marketable securities. If market prices had varied by 10% from their December 31, 2011 fair market value positions, the net loss and/or comprehensive income would have varied by approximately \$37,000.

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14. **FINANCIAL INSTRUMENTS, CONTINUED**

(g) **Fair value hierarchy**

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

	December 31 2011	December 31 2010	January 1 2010
Level 1			
Cash	\$ 4,783	\$ 24,413	\$ 4,337,215
Restricted cash	\$ 26,881	\$ 127,340	\$ 162,742
Investments	\$ 367,787	\$ 1,178,986	\$ 2,222,332

15. **CAPITAL MANAGEMENT**

The company's objective when managing capital is to maintain adequate levels of funding to support development of its exploration projects, to expand regional exploration activities within Niger and to maintain corporate and administrative functions. The company considers its capital to be equity, which is comprised of share capital, contributed surplus, reserve for warrants, reserve for share based payments, accumulated deficit and accumulated other comprehensive loss, which at December 31, 2011 was \$(497) (December 31, 2010 - \$1,245,917, January 1, 2010 - \$6,845,225) (see note 1(c)). The company manages its capital structure in an effort to provide sufficient funding for its development projects. Funds are primarily secured through equity capital raised by way of private placements.

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

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16. 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.

17. RELATED PARTY TRANSACTIONS

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

- (a) The company paid consulting fees of \$14,000 (\$3,500 per month for a period of four months) to the CEO of the company (2010 - \$NIL). Starting in July, 2011, that compensation was added to the overall compensation of the company described in note 17(b-i).
- (b) Management and administrative services:
 - (i) Starting in January, 2011, the company paid \$6,500 per month to Grove Capital Group Ltd., a company controlled by an officer and director, for management and administrative services, including compensation for the CFO, corporate secretary, office rent and regular administrative functions. Starting in July, 2011, the fee was increased to \$10,000 per month as the compensation of the CEO was assumed by Grove Capital. Total fees paid during the year totalled \$99,000 (2010 - \$NIL). Accounts payable and accrued liabilities as at December 31, 2011 includes \$33,900 owing to this party (including applicable HST).
 - (ii) Starting in June, 2010, these services were provided by Southern Andes Energy Inc. at a monthly rate of \$4,000 (total of \$28,000) at a time when the companies shared common management and office premises. Southern Andes Energy Inc. received \$9,250 in early 2011 during the transition to the new management team.
- (c) An amount of \$30,000 (2010 - \$NIL) was paid to a company owned by the CFO for incremental services provided during the year. Accounts payable and accrued liabilities as at December 31, 2011 includes \$33,900 owing to this party (including applicable HST).
- (d) The company paid consulting fees of \$NIL (2010 - \$2,000) to a former director.
- (e) Rental income of \$NIL (2010 - \$4,995) was received from a company controlled by a director.
- (f) A company controlled by a director received consulting fees of USD \$39,000 during 2011 relating to the administration of the wind-down of the affairs of the company's US subsidiary. In 2010, this individual received a salary from the company's US subsidiary on the basis of his full time employment there in the ordinary course of business. Accounts payable and accrued liabilities as at December 31, 2011 includes USD \$9,000 owing to this party.

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18. COMMITMENTS AND CONTINGENCIES

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

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

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

19. FIRST TIME ADOPTION OF IFRS (SEE SCHEDULES 1 TO 4 ATTACHED)

Under IFRS 1 'First time Adoption of International Financial Reporting Standards', the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities from those stated under GAAP taken to retained earnings unless certain exemptions are applied. The company has followed the recommendations in IFRS-1 'First-time adoption of IFRS', in preparing its transitional statements. IFRS 1 provides specific one-time choices and mandates specific one-time exceptions with respect to first-time adoption of IFRS.

(I) Choices available at first-time adoption IFRS that the company has adopted include:

- (a) Property and equipment: IFRS 1 provides a choice between measuring property and equipment at its fair value at the date of transition and using those amounts as deemed cost or using the historical valuation under the prior GAAP. The company has decided to continue to apply the cost model for property and equipment and has not restated property and equipment to fair value under IFRS. The historical bases under Canadian GAAP have been designated as the deemed cost under IFRS at Transition Date.
- (b) Foreign exchange: Retrospective application of IFRS would require recalculation of cumulative currency translation differences in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, from the date a subsidiary or associate was formed or acquired. Alternatively, IFRS 1 permits cumulative translation gains and losses to be reset to zero at the transition date of January 1, 2010. The company has elected to reset all cumulative translation gains and losses to zero in opening retained earnings at January 1, 2010.

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- (c) Share-based payments: IFRS 2, Share Based Payments, permits the application of that standard only to equity instruments granted after November 7, 2002 that had not vested by January 1, 2010. As permitted, the company has applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by January 1, 2010.
- (d) Mining properties: IFRS 6, Exploration for and Evaluation of Mineral Properties, permits entities to continue to use their existing accounting policies for exploration and evaluation assets. The company will take an exemption provided by IFRS 6.7 in developing its accounting policies and will apply section 10 of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, as required by IFRS 6.6. As a result of this policy choice, the company is required to expense all of its previously capitalized exploration and evaluation expenditures at the transition date (see also note 2(d)) and Schedule 1). The company will not continue to capitalize exploration expenditures and will adopt a policy choice where all exploration and acquisition costs of unproven resources are expensed as it believes that this policy results in information that is:
- (e) Business combinations: IFRS 3, Business Combinations may be applied retrospectively or prospectively. The retrospective basis would require restatement of all business combinations that occurred prior to January 1, 2010. The company has elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to January 1, 2010 and such business combinations will not be restated.

(II) Explanatory notes to the following IFRS reconciliations (see Schedules 1 to 4 attached) are as follows:

- (a) *Under Canadian GAAP* – Prior to 2011, the company used the policy to defer the cost of mineral properties and their related exploration and development costs until the properties are placed into production, sold or abandoned. These costs would be amortized over the estimated useful life of the properties following the commencement of production. Cost includes both the cash consideration as well as the fair market value of any securities issued on the acquisition of mineral properties. Properties acquired under option agreements or joint ventures, whereby payments were made at the sole discretion of the company, were recorded in the accounts at such time as the payments are made. The proceeds from property options granted reduced the cost of the related property and any excess over cost is applied to income.

Under IFRS – Acquisition, exploration and evaluation expenditures for each property can be expensed as incurred, unless such costs are expected to be recovered through successful development and exploration of the property or, alternatively, by its sale. All mining property expenditures capitalized and related deferred taxes up to December 31, 2009 have been charged to deficit as at January 1, 2010.

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- (b) *Under Canadian GAAP* - Financial statements of the company's integrated foreign operations are translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities denominated in foreign currencies are translated at current rates of exchange with the resultant gains or losses recognized in the consolidated statement of loss, while non-monetary items are translated at historical rates of exchange. Expenses are converted at the average rate for the year.

Under IFRS - The results and financial position of all the subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows: assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position, income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and all resulting exchange differences are recognized as a separate component of shareholders' equity.

- (c) *Under Canadian GAAP* - Prior to 2011, the company recorded the value of share based payments issued to contributed surplus.

Under IFRS - IFRS requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. IFRS requires a separate disclosure of the value that relates to "Reserves for share based payments" and any other component of shareholders' equity.

- (d) *Under Canadian GAAP* - The spin-out of Southern Andes Inc. represented a non-monetary non-reciprocal transfer to the company's shareholders and was measured at the carrying amount of the investment with a corresponding reduction to deficit.

Under IFRS - 'IFRIC 17 - Distributions of Non-Cash Assets to Owners' was used to account for this transaction. In accordance with this guidance, a dividend based on the fair value of the distribution, determined using the trading price of the Southern Andes common shares immediately following the date of spinoff, was recorded. The difference between the fair value of the dividend and the carrying value of the Southern Andes investment was recognized as a gain in the consolidated statement of income for the year ended December 31, 2010.

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FIRST TIME ADOPTION OF IFRS

Schedule 1: Reconciliation of Consolidated Statement of Financial Position

as at January 1, 2010

	Canadian GAAP \$	Effect of transition to IFRS \$	IFRS \$	FS Note 19
ASSETS				
Current:				
Cash	4,337,215	-	4,337,215	
Accounts receivable	70,532	-	70,532	
	<u>4,407,747</u>	<u>-</u>	<u>4,407,747</u>	
Long term:				
Restricted cash	162,742	-	162,742	
Investments	2,222,332	-	2,222,332	
Property and equipment	258,320	26,122	284,442	II(b)
Mineral properties	11,886,823	(11,886,823)	-	II(a)
	<u>18,937,964</u>	<u>(11,860,701)</u>	<u>7,077,263</u>	
LIABILITIES				
Current:				
Accounts payable and accrued liabilities	232,038	-	232,038	
Long term:				
Future income taxes	2,150,000	(2,150,000)	-	II(a)
	<u>2,382,038</u>	<u>(2,150,000)</u>	<u>232,038</u>	
SHAREHOLDERS' EQUITY				
Share capital	18,751,611	-	18,751,611	
Contributed surplus	4,499,497	(1,990,307)	2,509,190	II(c)
Reserve for warrants	6,395,996	-	6,395,996	
Reserve for share based payments	-	1,990,307	1,990,307	II(c)
Accumulated deficit	(13,091,178)	(9,710,701)	(22,801,879)	II(a),(b)
	<u>16,555,926</u>	<u>(9,710,701)</u>	<u>6,845,225</u>	
	<u>18,937,964</u>	<u>(11,860,701)</u>	<u>7,077,263</u>	

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FIRST TIME ADOPTION OF IFRS

Schedule 2: Reconciliation of Consolidated Statement of Financial Position as at December 31, 2010

	Canadian GAAP \$	Effect of transition to IFRS \$	IFRS \$	FS Note 19
ASSETS				
Current:				
Cash	24,413	-	24,413	
Accounts receivable	62,752	-	62,752	
Restricted cash	127,340	-	127,340	
Investments	1,178,986	-	1,178,986	
	1,393,491	-	1,393,491	
Long term:				
Property and equipment	116,560	(109)	116,451	II(b)
Mineral properties	11,614,986	(11,614,986)	-	II(a)
	13,125,037	(11,615,095)	1,509,942	
LIABILITIES				
Current:				
Accounts payable and accrued liabilities	264,025	-	264,025	
Long term:				
Future income taxes	1,900,000	(1,900,000)	-	II(a)
	2,164,025	(1,900,000)	264,025	
SHAREHOLDERS' EQUITY				
Share capital	19,737,111	-	19,737,111	
Contributed surplus	10,547,541	(2,012,355)	8,535,186	II(c)
Reserve for share based payments	-	2,012,355	2,012,355	II(c)
Accumulated deficit	(19,323,640)	(9,666,182)	(28,989,822)	II(a),(b),(d)
Accumulated other comprehensive loss	-	(48,913)	(48,913)	II(b)
	10,961,012	(9,715,095)	1,245,917	
	13,125,037	(11,615,095)	1,509,942	

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FIRST TIME ADOPTION OF IFRS

Schedule 3: Reconciliation of Consolidated Statement of Loss and Comprehensive Loss
for the year ended December 31, 2010

	Canadian GAAP	Effect of transition to IFRS	IFRS	FS Note 19
	\$	\$	\$	
Revenue				
Gain on spin-out of Southern Andes Energy Inc.	-	6,370,646	6,370,646	II(d)
Unrealized gain on held-for-trading securities	573,764	-	573,764	
Foreign exchange gain	222,533	(227,321)	(4,788)	II(a),(b)
Gain on disposal of property and equipment	44,503	-	44,503	
Interest income	12,007	-	12,007	
	<u>852,807</u>	<u>6,143,325</u>	<u>6,996,132</u>	
Expenses				
Impairment of mineral properties	1,087,311	(1,087,311)	-	II(a)
Exploration expenditures	-	913,550	913,550	II(a)
Realized loss on held-for-trading securities	367,239	-	367,239	
Corporate and investor relations	288,885	-	288,885	
Professional fees	183,869	-	183,869	
Project development	98,076	(98,076)	-	II(a)
Office and administration	115,560	-	115,560	
Depreciation	42,411	-	42,411	
Share based payments	22,048	-	22,048	
	<u>2,205,399</u>	<u>(271,837)</u>	<u>1,933,562</u>	
Loss from discontinued operations before income taxes	<u>(1,352,592)</u>	<u>6,415,162</u>	<u>5,062,570</u>	
Income tax recovery	(772,000)	-	(772,000)	
Net loss from continued operations	<u>(580,592)</u>	<u>6,415,162</u>	<u>5,834,570</u>	
Loss from discontinued operations	515,653	-	515,653	
Net earnings (loss)	<u>(1,096,245)</u>	<u>6,415,162</u>	<u>5,318,917</u>	
Basic and diluted earnings (loss) per share	<u>(0.01)</u>	<u>0.09</u>	<u>0.07</u>	
Other comprehensive earnings (loss)				
Net earnings (loss)	(1,096,245)	6,415,162	5,318,917	
Exchange differences on translating foreign operations	-	(48,913)	(48,913)	II(b)
	<u>(1,096,245)</u>	<u>6,366,249</u>	<u>5,270,004</u>	

HOMELAND URANIUM INC.
Schedules to Consolidated Financial Statements
Years ended December 31, 2011 and 2010
(Stated in \$CAD)

FIRST TIME ADOPTION OF IFRS

Schedule 4: Reconciliation of Consolidated Statement of Cash Flows for the year ended December 31, 2010
--

	Canadian GAAP	Effect of transition to IFRS	IFRS	FS Note 19
	\$	\$	\$	
Operating activities				
Net loss from continuing operations	(580,592)	6,415,162	5,834,570	II(d)
Add (deduct) items not affecting cash				
Gain on spin-out of Southern Andes Energy Inc.	-	(6,370,646)	(6,370,646)	II(d)
Amortization	42,411	69,152	111,563	II(a)
Impairment of mineral properties	1,087,311	(1,087,311)	-	II(a)
Income tax recovery	(772,000)	-	(772,000)	
Share based payments	22,048	-	22,048	
Gain on disposal of property and equipment	(44,503)	-	(44,503)	
Foreign exchange gain on future tax liability	(250,000)	250,000	-	II(a)
Realized loss on FVTPL securities	367,239	-	367,239	
Unrealized gain on FVTPL securities	(573,764)	-	(573,764)	
Unrealized foreign exchange losses	-	(25,683)	(25,683)	II(b)
	(701,850)	(749,326)	(1,451,176)	
Change in non-cash working capital balances				
Accounts receivable and prepaid expenses	7,780	-	7,780	
Accounts payable and accrued liabilities	31,988	-	31,988	
	(662,082)	(749,326)	(1,411,408)	
Financing activities				
Net proceeds from issuance of share capital	985,500	-	985,500	
Investing activities				
Mineral properties expenditures	(749,326)	749,326	-	II(a)
Proceeds from sale of property and equipment	77,703	-	77,703	
Decrease in restricted cash	35,402	-	35,402	
Investment in Southern Andes	(4,000,000)	-	(4,000,000)	
	(4,636,221)	749,326	(3,886,895)	
Decrease in cash	(4,312,803)	-	(4,312,803)	
Cash, beginning of period	4,337,215	-	4,337,215	
Cash, end of period	24,412	-	24,412	

APPENDIX B

AUDITED FINANCIAL STATEMENTS FOR PINON RIDGE MINING LLC.

PINON RIDGE MINING LLC
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of Pinon Ridge Mining LLC

We have audited the accompanying balance sheet of Pinon Ridge Mining LLC (the "Company") as of August 31, 2014, and the related statements of operations, changes in members' equity and cash flows for the period from March 10, 2014 (Inception) through August 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pinon Ridge Mining LLC, as of August 31, 2014, and the results of its operations and its cash flows for the period from March 10, 2014 (Inception) through August 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1, the Company has no present revenue and the Company's cash and working capital as of August 31, 2014, are not sufficient to complete its planned activities for the upcoming year. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Marcum LLP
Marcum LLP
New York, NY
November 14, 2014

**PINON RIDGE MINING LLC
BALANCE SHEET
AUGUST 31, 2014**

Assets

Current assets:

Cash	\$ 164,461
Prepaid license fees and other expenses	125,059
Total current assets	289,520

Non-current assets:

Mining properties and mineral interests	1,539,195
Restricted cash	672,196
Total non-current assets	2,211,391
Total assets	\$ 2,500,911

Liabilities and Members' Equity

Current liabilities:

Note payable, current	\$ 243,909
Accrued expenses	30,825
Total current liabilities	274,734

Non-current liabilities:

Long-term debt, net of current portion	659,280
Reclamation liability	109,749
Total non-current liabilities	769,029
Total liabilities	1,043,763

Commitments and contingencies

Members' equity	1,457,148
Total members' equity	1,457,148
Total liabilities and members' equity	\$ 2,500,911

The accompanying notes are an integral part of these financial statements

PINON RIDGE MINING LLC
STATEMENT OF OPERATIONS
FOR THE PERIOD MARCH 10, 2014 (INCEPTION) THROUGH AUGUST 31, 2014

Operating expenses	
General and administrative expenses	<u>\$ 42,894</u>
Total operating expenses	<u>42,894</u>
Loss from operations	<u>(42,894)</u>
Other expense	
Interest expense	<u>(1,058)</u>
Total other expense	<u>(1,058)</u>
Net loss	<u><u>\$ (43,952)</u></u>

The accompanying notes are an integral part of these financial statements

PINON RIDGE MINING LLC
STATEMENT OF MEMBERS' EQUITY
FOR THE PERIOD MARCH 10, 2014 (INCEPTION) THROUGH
AUGUST 31, 2014

	Total Members' Equity
Balance, March 10, 2014 (inception)	\$ -
Membership contributions	1,501,100
Net loss	(43,952)
Balance, August 31, 2014	<u><u>\$ 1,457,148</u></u>

The accompanying notes are an integral part of these financial statements

PINON RIDGE MINING LLC
STATEMENT OF CASH FLOWS

	For the period March 10, 2014 (inception) through August 31, 2014
Cash flows from operating activities	
Net loss	\$ (43,952)
Adjustments to reconcile net loss to net cash used in operating activities	
Amortization of note discount	524
Changes in operating assets and liabilities:	
Prepaid license fees and other expenses	(125,059)
Accrued expenses	30,825
Total adjustments	(93,710)
Net cash used in operating activities	<u>(137,662)</u>
Cash flows used in investing activities	
Investment in restricted cash	(672,196)
Purchase of mining assets	(526,781)
Net cash used in investing activities	<u>(1,198,977)</u>
Cash flows from financing activities	
Cash contribution for membership interests	1,501,100
Net cash provided by financing activities	<u>1,501,100</u>
Net increase in cash	164,461
Cash – beginning	<u>-</u>
Cash – ending	<u>\$ 164,461</u>

The accompanying notes are an integral part of these financial statements

PINON RIDGE MINING LLC
STATEMENT OF CASH FLOWS

For the period March
10, 2014 (inception)
through August 31, 2014

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for:

Interest

\$ -

Non-cash investing activity:

Purchase of mining assets:

Assets purchased:

Mining properties and mineral interests

\$ 1,539,195

Total purchase price consideration

 1,539,195

Less: cash paid to purchase the mining assets

 (526,781)

Non-cash consideration

\$ 1,012,414

Non-cash consideration consisted of:

Notes payable

\$ 902,665

Reclamation liability assumed

 109,749

Non-cash consideration

\$ 1,012,414

The accompanying notes are an integral part of these financial statements

PINON RIDGE MINING LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM MARCH 10, 2014 (INCEPTION) THROUGH AUGUST 31, 2014

Note 1 - Description of Business and Going Concern

Business

Pinon Ridge Mining LLC, a Delaware limited liability company with an indefinite term, ("Pinon" or the "Company") was formed on March 10, 2014 for the purpose of purchasing and operating uranium mines in the Pinon Ridge region of Utah and Colorado.

From the Company's inception through August 18, 2014, the Company was actively searching for, negotiating, and closing on a purchase of mining properties and mineral interests. On August 18, 2014, the Company closed on the purchase of certain mining properties (the "Mining Assets") from Energy Fuels Holding Corp. ("EFHC") (as disclosed in Note 3).

The Company has selected December 31 as its fiscal year-end.

Going Concern

The Company will need to raise additional capital through loans or additional investments from its members, officers, directors, or third parties. None of the members, officers or directors is under any obligation to advance funds to, or to invest in, the Company. Accordingly, the Company may not be able to obtain additional financing. If the Company is unable to raise additional capital, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of its business plan, and reducing overhead expenses. The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all. These conditions raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). In the opinion of management, all adjustments (consisting of normal accruals) considered for a fair presentation have been included. Operating results for the period March 10, 2014 (inception) through August 31, 2014 are not necessarily indicative of the results that may be expected for the period March 10, 2014 (inception) through December 31, 2014.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements as well as the reported expenses during the reporting periods. The more significant areas requiring the use of management estimates and assumptions relate to the assumptions used in the valuation of the Company's mining reclamation liabilities. The Company bases its estimates on management's historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results will differ from the amounts estimated in these financial statements.

PINON RIDGE MINING LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM MARCH 10, 2014 (INCEPTION) THROUGH AUGUST 31, 2014

Note 2 - Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

The Company maintains cash in bank accounts, consisting solely of deposits held at major banks, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and periodically evaluates the credit worthiness of the financial institutions and has determined the credit exposure to be negligible.

The Company considers all highly liquid instruments with an original maturity of three months or less when purchased to be cash equivalents. As of August 31, 2014, the Company had no cash equivalents.

Mining Properties and Mineral Interests

Mining Properties

For new projects without established proven reserves, all costs, other than purchase costs, are expensed prior to the establishment of proven and probable reserves. Reserves designated as proven and probable are supported by a feasibility study, indicating that the reserves have had the requisite geological, technical, and economic work performed and are legally extractable at the time of reserve determination. Once proven and probable reserves are established, all development and other site-specific costs are capitalized, including general and administrative charges for actual time and expenses incurred in connection with site supervision as mine development costs. Development drilling costs incurred to infill mineralized material to increase the confidence level in order to develop or increase proven and probable reserves are also capitalized as mine development costs. If subsequent events or circumstances arise that would preclude further development of the reserves under the then existing laws and regulations, additional costs are expensed until the impediments have been removed and the property would be subject to ongoing impairment reviews. When a mine is placed into production, the capitalized acquisition and mine development costs are reclassified to mining properties and are amortized to operations using the units-of-production method based on the estimated metals that can be recovered. As of August 31, 2014, the Company's mining properties are idle.

Mineral Interests

Mineral interests include the cost of obtaining patented and unpatented mining claims and the initial cost of acquiring mineral interests. If a mineable ore body is discovered, such costs are amortized when production begins using the units-of-production method based on proven and probable reserves. If no mineable ore body is discovered or such rights are otherwise determined to have no value, such costs are expensed in the period in which it is determined the property has no future economic value.

The Company uses the "full cost method" of accounting for its mineral interests. The full cost method generally provides for capitalizing all costs incurred in acquiring mineral rights, drilling, and exploration activities. These costs are then amortized and charged to expense and are tested for impairment on a quarterly basis. This impairment assessment is based on work completed on the properties to date, the expiration date of its leases and technical data from the properties and adjacent areas. The Company's capitalized costs are subject to a ceiling test which limits such costs to the aggregate of the estimated present value discounted at a 10% rate of future net revenues from proven reserves based on current economic and operating conditions, plus the cost of properties not being amortized. During the period from March 10, 2014 (inception) through August 31, 2014, the Company has not recorded any impairment.

Restricted Cash

Restricted cash consists of cash held in certificates of deposit pledged to secure the reclamation of the Mining Assets. The restrictions will be released when the reclamation is completed, which the Company does not expect to occur prior to 2054.

PINON RIDGE MINING LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM MARCH 10, 2014 (INCEPTION) THROUGH AUGUST 31, 2014

Note 2 - Summary of Significant Accounting Policies, continued

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. If impairment has occurred, the long-lived assets are written down to their estimated fair values. There was no such impairment for the period March 10, 2014 (inception) through August 31, 2014.

Income Taxes

Because the Company is a limited liability company, for both federal and state income tax purposes, the income or loss of the Company is generally allocated to the members in accordance with the Company's formation agreements, and it is the responsibility of the members to report their share of taxable income or loss on their separate income tax returns. As such, the Company does not directly pay federal and state income taxes.

Management has concluded that the Company is a pass-through entity and there were no uncertain tax positions that would require recognition in the financial statements. If the Company was to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors. Generally, federal, state and local authorities may examine the Company's tax returns for three years from the date of filing and the current year remains subject to examination as of August 31, 2014. The Company's principal jurisdictions are Colorado and Utah.

Recently Adopted Accounting Pronouncements

In June 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-10, "Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation." This ASU removes the definition of a development stage entity from the ASC, thereby removing the financial reporting distinction between development stage entities and other reporting entities from GAAP. In addition, the ASU eliminates the requirements for development stage entities to (1) present inception-to-date information in the statements of operations, cash flows, and stockholders' equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. This ASU is effective for annual reporting periods beginning after December 15, 2014, and interim periods therein. Early adoption is permitted. The Company has elected to adopt this ASU effective with these financial statements and its adoption resulted in the exclusion of previously required development stage disclosures.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"). ASU 2014-15 provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and sets rules for how this information should be disclosed in the financial statements. ASU 2014-15 is effective for annual periods ending after December 15, 2016 and interim periods thereafter. Early adoption is permitted. The Company has adopted ASU 2014-15 effective with this report for the period August 31, 2014. The adoption of ASU 2014-15 impacts disclosure only.

PINON RIDGE MINING LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM MARCH 10, 2014 (INCEPTION) THROUGH AUGUST 31, 2014

Note 3 – Purchase of Mining Assets

On August 18, 2014, the Company purchased the Mining Assets from EFHC.

The Mining Assets include both owned and leased land in the Pinon Ridge region of Utah and Colorado. All of the Mining Assets have been permitted for mining uranium and vanadium. The Company has not established proven or probable reserves, as defined by the U.S. Securities and Exchange Commission under Industry Guide 7, through the completion of a “final” or “bankable” feasibility study for any of its mineral projects. Without having established proven or probable reserves, there may be greater inherent uncertainty as to whether or not any mineralized material can be economically extracted as originally planned and anticipated.

The consideration for the Mining Assets included the following:

Cash paid at closing	\$ 526,781
Reclamation liability assumed	109,749
Notes payable	<u>902,665</u>
Total consideration	<u>\$ 1,539,195</u>

The total consideration above was recorded on the balance sheet as “mining properties and mineral interests”. In addition, the Company was required to fund certificates of deposit representing permit bonds required to operate the mines, which represent pledges to secure the Company’s reclamation of each mine. These certificates of deposit are recorded on the Company’s balance sheet under “restricted cash”.

Note 4 – Notes Payable

On August 18, 2014, in connection with the purchase of the Mining Assets (as described in Note 3), the Company entered into a note payable with EFHC (the “EFHC Note”) for \$500,000. The EFHC Note bears interest at rate of 3.0% per annum and is secured by a first priority interest in the Mining Assets. On the date of the purchase, the Company recorded the EFHC Note net of a discount for interest of \$73,971 at a rate of 4% per annum, resulting in a total effective interest rate of 7% per annum. The discount is being amortized using the effective interest method over the life of the loan. All principal on the EFHC Note is due and payable on August 18, 2018 and interest on the EFHC Note is due and payable annually beginning August 18, 2015.

On August 18, 2014, also in connection with the purchase of the Mining Assets, the Company entered into a Note Assumption Agreement with EFHC and Nuclear Energy Corporation (“Nueco”), whereby the Company assumed all of the obligations of EFHC under its note payable with Nueco (the “Nueco Note”). The Nueco Note has remaining obligations outstanding of \$500,360, with two installments of \$250,180 each, the first of which was due on October 13, 2014. The second installment is due on October 13, 2015. The Nueco Note bears no stated interest rate and is secured by certain of the Company’s Mining Assets. On the date of the purchase, the Company recorded the Nueco note net of a discount for interest of \$23,724 at a rate of 7% per annum. The discount is being amortized using the effective interest method over the life of the loan. On November 5, 2014, the Company entered into an Agreement with Nueco for the purpose of addressing the payment which came due on October 13, 2014. Under the terms of the Agreement, the due date for the 2014 payment was extended to December 20, 2014. On or before December 20, 2014, the Company shall pay Nueco the full amount of the 2014 payment together with interest thereon at a rate of 6% per annum.

PINON RIDGE MINING LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM MARCH 10, 2014 (INCEPTION) THROUGH AUGUST 31, 2014

Note 4 -- Notes Payable, continued

The Company's notes payable are as follows as of August 31, 2014:

	<u>EFHC Note</u>	<u>Nueco Note</u>	<u>Total</u>
Notes payable	\$ 500,000	\$ 500,360	\$ 1,000,360
Note discount	<u>(73,971)</u>	<u>(23,200)</u>	<u>(97,171)</u>
Notes payable, net	426,029	477,160	903,189
Less: current portion	<u>-</u>	<u>243,909</u>	<u>243,909</u>
Long term portion of notes payable, net	<u>\$ 426,029</u>	<u>\$ 233,251</u>	<u>\$ 659,280</u>

Future minimum principal payment are as follows:

For the twelve months ending August 31,	Amount
2015	\$ 250,180
2016	-
2017	-
2018	750,180
	<u>1,000,360</u>
Less: discount	(97,171)
Total, net	<u>\$ 903,189</u>

Note 5 -- Reclamation Liabilities

In connection with the Company's purchase of the Mining Assets, the Company evaluated the reclamation liabilities which are determined by rates set by law. The Company has estimated that the gross reclamation liability is currently approximately \$672,196, and expects to begin incurring the liability after 2054. The Company discounted the liability for time at a discount rate of 6.1% and calculated the net discounted value to be \$109,749; such amount is subject to revisions. The gross reclamation liability is secured by certificates of deposit.

Note 6 - Commitments and Contingencies

Environmental Matters

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect the public health and environment and believes its operations are in compliance with applicable laws and regulations in all material respects. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures.

PINON RIDGE MINING LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM MARCH 10, 2014 (INCEPTION) THROUGH AUGUST 31, 2014

Note 6 - Commitments and Contingencies, continued

Obligations of Mining Assets

In connection with the purchase of the Mining Assets, the Company assumed certain royalty agreements and other obligations to certain third parties. These royalty agreements each have a royalty in place of 1% of production in perpetuity. Once the Mining Assets are operational and the value of the obligations is estimable, the Company will record such expenditures accordingly.

Note 7 - Subsequent Events

Management evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon that evaluation, other than as described below, management did not identify any recognized or nonrecognized subsequent events that would have required adjustment or disclosure in the financial statements.

On November 6, 2014, the Company entered into a share exchange agreement with Homeland Uranium, Inc., a Canadian publicly traded company ("Homeland"), its wholly owned Utah incorporated subsidiary also named Homeland Uranium Inc. and certain other parties. The terms of the share exchange agreement provide that the members of the Company are to receive a number of common shares of Homeland equal to approximately 97.50% of the issued and outstanding shares of Homeland in exchange for their ownership of the Company. Also, under the share exchange agreement the principals of the Company will become the board of directors of Homeland, and the Company's Manager will become the President and CEO of Homeland.

APPENDIX C

PRO FORMA FINANCIAL STATEMENTS

Homeland Uranium Inc.

Pro Forma Statement of Financial Position

**August 31, 2014
(Stated in \$USD)
(Unaudited – prepared by management)**

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HOMELAND URANIUM INC.
Pro-Forma Statement of Financial Position
As at August 31, 2014
(Stated in \$USD)
(Unaudited - Prepared by Management)

	A	B	C		D	E= A+B-C+D
Description	Pinon Ridge Mining LLC (USD)	Homeland Uranium Inc. (CAD)	Pen African Uranium Inc. carve out (CAD)	Pro-forma notes	Pro-forma adjustments (USD & CAD)	Pro-forma balance (USD)
	\$	\$	\$		\$	\$
ASSETS						
Current:						
Cash	164,461	8,842	188	4-b, 4-d, 4-g	175,148	348,263
Accounts receivable and prepaid expenses		13,143	5,657	4-d	-591	6,895
Prepaid license fees and other expense	125,059					125,059
Marketable securities		41,903		4-d, 4-e	-41,903	0
	289,520	63,888	5,845			480,217
Long term:						
Restricted cash equivalents	672,196					672,196
Mining properties	1,539,195			4-a	30,393,000	31,932,195
	2,500,911	63,888	5,845		30,525,654	33,084,608
LIABILITIES						
Current:						
Accounts payable and accrued liabilities	30,825	678,997	527,666	4-d, 4-e	-83,102	99,054
Note payable	243,909					243,909
	274,734	678,997	527,666			342,963
Long term:						
Note payable, net of current portion	659,280					659,280
Reclamation liability	109,749					109,749
Intercompany loan payable			6,341,577	4-c	6,341,577	0
	1,043,763	678,997	6,869,243			1,111,992
EQUITY						
Share capital/members' equity	1,457,148	20,484,111	3,739,339	4-a, 4-b, 4-d, 4-f	14,730,309	32,632,229
Reserve for warrants		103,000		4-d, 4-f	-103,000	0
Contributed surplus		10,555,731		4-d, 4-f	-10,555,731	0
Share based payments		33,000		4-d, 4-f	-33,000	0
Deficit		-31,702,732	-10,602,737	4-c, 4-d, 4-e, 4-f, 4-g	20,140,383	-959,612
Accumulated other comprehensive income		-88,219		4-d, 4-f	88,219	0
	1,457,148	-615,109	-6,863,398			31,972,616
	2,500,911	63,888	5,845		30,525,654	33,084,608

HOMELAND URANIUM INC.

Notes to Pro Forma Statement of Financial
Position

As at August 31, 2014

Stated in \$USD

(Unaudited – prepared by management)

1. Structure of Transaction

This unaudited pro forma statement of financial position has been prepared for purposes of inclusion in a listing statement in support of an application to list common shares on the Canadian Stock Exchange by Homeland Uranium Inc. ("HUI" or "the Issuer") dated November 20, 2014.

Following the listing of the Common Shares, the Issuer intends to undertake a reorganization (the "Spin Out") with respect to Pan African Uranium Corporation ("PAUC"). Under the terms of the Spin Out, the shares of PAUC will be distributed to the shareholders of record the Issuer on November 3, 2014 on a pro rata basis. If approved, this will result in the current shareholders of HUI owning the shares of PAUC directly, and therefore PAUC will no longer be a subsidiary of the Issuer. The completion of the Spin Out is subject to the approval of the shareholders of the Issuer.

On September 23, 2014 the Issuer entered into a Letter of Intent ("the Acquisition") to acquire all of the issued and outstanding shares of Pinon Ridge Mining LLC ("PRM") in consideration for 8,800,000,000 (8.8 billion) shares of the Issuer priced at CAD\$0.00375 per share for a total value of CAD\$33,000,000 (USD \$30,393,000). This transaction has been accounted for as a reverse takeover of HUI by PRM as more fully described below in note 3. A formal share exchange agreement was executed on November 5, 2014.

The assets of PRM consist of the San Rafael Uranium Project, which is currently the Issuer's only material property, and eight other uranium and/or vanadium exploration properties. Following the completion of the Acquisition, HUI will seek approval to complete a consolidation of its outstanding common shares on the basis of one (1) post-consolidated common share for each eight hundred (800) pre-consolidation common shares and to change its name to Western Uranium Corporation.

On November 20, 2014, the Issuer completed a private placement to parties related to PRM for the issuance of 95,055,946 common shares priced at CAD \$0.0029 per common share for gross proceeds of USD \$247,808 (CAD \$275,662).

Following the Acquisition and the private placement, the shareholders of HUI will be 96.60% as to PRM, 0.95% to the participants of the private placement, and the remaining 2.45% will be held by the current shareholders of HUI.

The purpose of the Spin Out is to preserve the value, if any, of the historical assets of HUI in Niger, for the current shareholders of HUI as determined prior to the completion of the Acquisition and the private placement. On the completion of the Spin Out, the Niger assets, which are owned through PAUC, will no longer be assets of HUI as the shares of PAUC will be held directly by the current shareholders of HUI.

Following the completion of the Acquisition and the Spin Out, the principal business of the Issuer will be the development of the PRM assets. The pro-forma adjustments to this statement of financial position have been prepared on the basis that the Acquisition, the private placement and the Spin Out will be completed. The Acquisition and the private placement are intended to be completed immediately prior to listing. The Spin Out will be completed following a meeting of shareholders scheduled for December 23, 2014 wherein shareholders will also be asked to approve a change of name of the Issuer and a consolidation of the Issuer's outstanding common shares on the basis of one (1) post-consolidated common share for each eight hundred (800) pre-consolidation common shares.

HOMELAND URANIUM INC.

Notes to Pro Forma Statement of Financial Position

As at August 31, 2014

Stated in \$USD

(Unaudited – prepared by management)

2. Basis of presentation

These unaudited pro forma financial statements have been prepared on the basis of (a) an acquisition of assets of PRM by HUI, and (b) the spin out of the PAUC assets by HUI, respectively. The accounting for the effects of the Spin Out will only be determinable if the Spin Out is approved based upon the exchange of assets and share issuances. Accordingly, this pro forma statement of financial position is not necessarily indicative of the future financial position or results of operations of the Issuer.

2. Basis of presentation (continued)

This overall unaudited pro forma statement of financial position has been prepared in accordance with management's understanding of the application of the standards applicable under International Financial Reporting Standards ("IFRS"), the GAAP that Canadian reporting issuers must follow. The components of this unaudited pro forma statement of financial position are as follows:

- Audited balance sheet of Pinon Ridge Mining LLC as at August 31, 2014, stated in USD, prepared in accordance with US GAAP. Generally speaking, no material accounting policy differences have been identified by management between US GAAP and IFRS.
- Unaudited interim consolidated statement of financial position of Homeland Uranium Inc., the Issuer, as at June 30, 2014, stated in CAD, prepared in accordance with International Financial Reporting Standards ("IFRS"), prepared by management.
- Unaudited interim consolidated statement of financial position of Pan African Uranium Corp. ("PAUC"), the "carve-out" statement, as at June 30, 2014, stated in CAD, prepared in accordance with International Financial Reporting Standards ("IFRS"), prepared by management.
- Subtracting this financial position from the pro forma statement of financial position gives the POA the effect as if it had occurred on July 1, 2014. PPRM is only acquiring HUI's listing, and is not acquiring any of its Niger assets held through PAUC.

These unaudited pro forma financial statements are provided for illustrative purposes only, and do not purport to represent the financial position that would have resulted had the POA actually occurred on (1) June 30, 2013, the date of the HUI statement of financial position, (2) August 31, 2014, the date of the PRM statement of financial position, or (3) any other date. Further, these pro forma financial statements are not necessarily indicative of the future financial position or results of operations of PRM as a result of the POA. In particular, certain costs incurred with respect to the POA are one-off in nature and not expected to recur in future periods. These unaudited pro forma financial statements should be read in conjunction with the audited financial statements of PRM for the period ended August 31, 2013, the carve-out statement of financial position of PAUC as at June 30, 2014, and the unaudited interim financial statements of Homeland Uranium Inc. for the three and six month periods ended June 30, 2014 and 2013.

3. Significant accounting policies

Management of the Issuer has attempted to use accounting policies used in the preparation of these unaudited pro forma financial statements that are generally those required under IFRS. In preparing the unaudited pro forma financial statements, a review was undertaken of PRM's accounting policies under US GAAP with a view to identifying any policy differences with

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IFRS where the impact could be potentially material and could be reasonably estimated. No material accounting policy differences were identified. It is possible that certain accounting policy differences may be identified after completion of the proposed acquisition.

The policy of capitalizing exploration and mining expenditures under US GAAP, as PRM currently does, is one that management expects to follow in the future under IFRS. In addition, the company also expects its presentation currency under IFRS to be the USD, as it is for the pro forma statement of financial position.

Reverse takeover transaction ("RTO")

On September 23, 2014, HUI entered into a Letter of Intent ("the Acquisition") to acquire all of the issued and outstanding shares of PRM in consideration for 8,800,000,000 (8.8 billion) shares of the Issuer priced at CAD\$0.00375 per share for a total value of CAD\$33,000,000. This transaction constitutes a reverse takeover of HUI by PRM.

Although the transaction resulted in PRM legally becoming a wholly-owned subsidiary of HUI, the transaction constitutes a reverse takeover of HUI and has been accounted for as a reverse takeover transaction in accordance with guidance provided in IFRS 2 Share Based Payments. After the spin out of Pan African, and HUI no longer qualified as a business according to the definition in IFRS 3, this reverse takeover transaction does not constitute a business combination. It has been treated as an issuance of shares by PRM for the net monetary assets of HUI.

The transaction therefore is accounted for as a capital transaction, with PRM being identified as the accounting acquirer and the equity consideration being measured at fair value. The resulting statement of financial position is presented as a continuance of PRM operations.

The consideration paid by PRM to acquire HUI was measured on the basis of the fair value of the equity instruments issued, considering the price per share of private placements closing concurrently with the transaction. In accordance with IFRS 2, any excess of the fair value of the equity instruments issued by PRM over the value of the net monetary assets of HUI is recognized as a non-cash loss on completion of the RTO. Such amount has been estimated at \$920,189 and charged to deficit.

4. Pro forma assumptions

The unaudited pro forma statement of financial position is based on the following assumptions which are preliminary and subject to change:

- (a) On September 23, 2014, the Issuer entered into a Letter of Intent to acquire (the "Acquisition") all of the issued and outstanding shares of Pinon Ridge Mining LLC ("PRM") in consideration for 8,800,000,000 (8.8 billion) shares of the Issuer priced at CAD\$0.00375 per share for a total value of CAD\$33,000,000.
- (b) This pro forma adjustment reflects a non-brokered private placement of 95,055,946 shares at CAD \$0.0029 per share for gross proceeds of CAD \$275,662 (USD \$247,808) received in November, 2014.
- (c) This pro forma adjustment reflects the write-off of the intercompany loan owing from PAUC to HUI.
- (d) This pro forma adjustment reflects the foreign exchange conversion of remaining HUI FS balances (after giving effect to the PAUC carve-out) from CAD to USD.
- (e) This pro forma adjustment reflects the sale of marketable securities and reversal of certain accrued liabilities on the records of HUI that will not be assumed as part of the reverse takeover by PRM.
- (f) The pro forma adjustment reflects the accounting for the reverse takeover.

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described in note 3, including elimination of the historical equity accounts of HUI.

- (g) This pro forma adjustment reflects estimated transaction costs of CAD\$78,150 incurred by the Issuer.