APPIA ENERGY CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended December 31, 2012 and 2011
(Unaudited)
(Expressed in Cdn $)

Appia Energy Corp.

Condensed Interim Statements of Financial Position

(Expressed in Cdn $)

Unaudited

As at	**December 31 2012 $**	September 30 2012 $
Assets		
Current		
Cash and cash equivalents (note 4)	**1,303,722**	1,758,567
Cash and cash equivalents for future exploration activities (note 4)	**-**	601,458
Accounts receivable	**176,453**	78,953
Prepaid expenses	**13,892**	19,008
Total current assets	**1,494,067**	2,457,986
Exploration and evaluation assets		
Acquisition costs (note 5)	**764,100**	725,916
Deferred exploration expenditures (note 5)	**5,208,532**	4,517,661
Total assets	**7,466,699**	7,701,563
Liabilities		
Current		
Accounts payable & accruals	**473,999**	617,624
Total current liabilities	**473,999**	617,624
Deferred flow-through share premium liability	**-**	82,451
Deferred income tax	**605,497**	601,862
Total liabilities	**1,079,496**	1,301,937
Contingencies and commitments (note 12)		
Shareholders' equity		
Share capital (note 6(a))	**7,835,123**	7,835,123
Warrants (note 6(c))	**-**	1,302
Contributed surplus (note 7)	**2,028,007**	1,964,222
Deficit	**(3,475,927)**	(3,401,021)
Total shareholders' equity	**6,387,203**	6,399,626
Total liabilities and shareholders' equity	**7,466,699**	7,701,563

The accompanying notes are an integral part of these condensed interim financial statements

APPROVED ON BEHALF OF THE BOARD ON "DATE"

"Signed"
Anastasios (Tom) Drivas

"Signed"
Nick Bontis

Appia Energy Corp.

Condensed Interim Statements of Changes in Equity

(Expressed in Cdn $)

Unaudited

	Share Capital $	Warrants $	Contributed Surplus $	Deficit $	Total $
At September 30, 2011	7,796,776	117,091	1,000,827	(2,231,599)	6,683,095
Net loss and comprehensive loss for the period	-	-	-	(179,747)	(179,747)
Common shares issued, net	28,400	-	-	-	28,400
Flow-through shares issued, net	11,250	-	-	-	11,250
Value associated with warrants issued	(1,303)	1,303	-	-	-
Share-based payments	-	-	134,727	-	134,727
Flow throw warrants expired	-	(2,449)	2,449	-	-
At December 31, 2011	7,835,123	115,945	1,138,003	(2,411,346)	6,677,725
Net loss and comprehensive loss for the period	-	-	-	(989,675)	(989,675)
Flow-through warrants expired	-	(114,643)	114,643	-	-
Share-based payments	-	-	711,576	-	711,576
At September 30, 2012	7,835,123	1,302	1,964,222	(3,401,021)	6,399,626
Net loss and comprehensive loss for the period	-	-	-	(74,906)	(74,906)
Flow-through warrants expired	-	(1,302)	1,302	-	-
Share-based payments	-	-	62,483	-	62,483
At December 31, 2012	7,835,123	-	2,028,007	(3,475,927)	6,387,203

The accompanying notes are an integral part of these condensed interim financial statements

Appia Energy Corp.

Condensed Interim Statements of Profit and Loss, and Comprehensive Profit and Loss

(Expressed in Cdn $)

Unaudited

	For the three months ended December 31	
	2012	2011
	$	$
Expenses		
Professional fees (note 9)	**62,715**	34,821
Management fees and salaries (note 9)	**24,000**	15,000
Office and general (note 9)	**9,513**	8,902
Shareholder communication	**1,379**	1,830
Share-based payments	**62,483**	134,727
Loss for the period before the following	**(160,090)**	(195,280)
Interest income	**6,368**	14,764
Net loss for the period	**(153,722)**	(180,516)
Deferred income tax recovery	**78,816**	769
Net loss and comprehensive loss	**(74,906)**	(179,747)
Weighted average number of shares outstanding	**41,616,078**	41,616,078
Basic and diluted loss per share	**$ (0.00)**	$ (0.00)

The accompanying notes are an integral part of these condensed interim financial statements

Appia Energy Corp.
Condensed Interim Statements of Cash Flows
(Expressed in Cdn $)
Unaudited

	For the three months ended December 31	
	2012	2011
	$	$
Operating activities		
Net loss for the period	**(74,906)**	(179,747)
Items not affecting cash:		
Deferred income tax recovery	**(78,816)**	(769)
Share-based payments	**62,483**	134,727
	(91,239)	(45,789)
Net change in non-cash working capital		
Accounts receivable	**(97,500)**	(5,617)
Prepaid expenses	**5,116**	-
Accounts payable and accrued liabilities	**(143,625)**	23,025
Change from operating activities	**(327,248)**	(28,381)
Investing activities		
Mineral property acquisition costs	**(38,184)**	-
Deferred exploration expenditures	**(690,871)**	(5,842)
Change from investing activities	**(729,055)**	(5,842)
Financing activities		
Private placement of common shares	**-**	41,900
Change from financing activities	**-**	41,900
Change in cash and cash equivalents	**(1,056,303)**	7,677
Cash and cash equivalents, beginning of period	**2,360,025**	3,663,985
Cash and cash equivalents, end of period	**1,303,722**	3,671,662
Cash comprises:		
Cash and cash equivalents	**1,303,722**	1,765,844
Cash and cash equivalents for future exploration activities	**-**	1,905,818
	1,303,722	3,671,662

The accompanying notes are an integral part of these condensed interim financial statements

APPIA ENERGY CORP.
(the "Company")
NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these financial statements.

DATED this 20th day of February, 2013.

APPIA ENERGY CORP.

Per: *(signed) "Tom Drivas"*
Name: Tom Drivas
Title: Chief Executive Officer

Per: *(signed) "Michael D'Amico"*
Name: Michael D'Amico
Title: Chief Financial Officer

1. Nature of operations and going concern

Appia Energy Corp. (“Appia” or "the Company") has interests in resource properties and is in the process of determining whether its properties contain resources that are economically recoverable.

The accompanying unaudited condensed interim financial statements (“Financial Statements”) of the Company have been prepared by, and are the responsibility of, the Company’s management. The Company’s independent auditor has not performed a review of these Financial Statements.

These Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at December 31, 2012 the Company had no sources of operating cash flows. The Company will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. The Company had working capital of $1,020,068 as at December 31, 2012, and has incurred losses since inception, resulting in an accumulated deficit of $3,475,927 as at December 31, 2012. The Company’s ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the Company will be successful in this regard, and therefore, there is doubt regarding the Company’s ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These Financial Statements do not reflect adjustments that would be necessary if the “going concern” assumption were not appropriate. If the “going concern” assumption were not appropriate for these Financial Statements, then adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

The recoverability of expenditures on its resource properties and related deferred exploration expenditures is dependent upon the existence of resources that are economically recoverable, confirmation of the Company's ownership interests in the claims, the ability of the Company to obtain necessary financing to complete the exploration and the development of the properties, and upon future profitable production or proceeds from disposition thereof.

2. Basis of preparation and statement of compliance with IAS 34

These Financial Statements form part of the period covered by the Company’s IFRS annual consolidated financial statements. These Financial Statements have been prepared in accordance with IAS 34- *Interim Financial Reporting* and on the basis of IFRS standards and interpretations expected to be effective as at the Company’s IFRS annual reporting date, September 30, 2013.

These Financial Statements may not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company’s audited annual financial statements for the year ended September 30, 2012 prepared in accordance with International Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) in effect as of September 30, 2012.

An explanation of the transition to IFRS with a transition date of October 1, 2010 has been provided in the Company’s audited annual financial statements for the year ended September 30, 2012.

2. Basis of preparation and statement of compliance with IAS 34 (continued)

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these Financial Statements. Operating results for the three months ended December 31, 2012, may not be indicative of the results that may be expected for the year ending September 30, 2013.

3. Summary of significant accounting policies

The Company's first annual IFRS statements were dated September 30, 2012 and included all required disclosure for conversion to IFRS. Readers should refer to these annual financial statements for the accounting policies used in the preparation of these Financial Statements. The IASB continues to amend and add to current IFRS standards and interpretations with several projects underway. Accordingly, the accounting policies adopted by the Company for the Company's IFRS annual financial statements will be determined as at September 30, 2013. In the event that accounting policies adopted at September 30, 2013 differ materially from the accounting policies used in the preparation of these financial statements, these financial statements will be restated to retrospectively account for the application of those policies adopted at September 30, 2013.

The accounting policies have been applied consistently to all periods presented in these Financial Statements unless otherwise indicated.

4. Cash and cash equivalents

Cash and cash equivalents and cash and cash equivalents held for future exploration activities consist of cash and investments in Canadian Chartered Bank demand money market funds.

On November 15, 2011, the Company completed a private placement of 9,000 flow-through units for gross proceeds of $13,500. These funds were committed to be expended on Canadian Exploration Expenditures ("CEE") and were therefore not available for current working capital purposes.

During the three months to December 31, 2012, the Company spent a total of $690,871 on exploration activities, including the balance of all funds raised exclusively for CEE in the current and prior fiscal years.

5. Exploration and evaluation assets

Acquisition costs

	Ontario Elliot Lake	**Saskatchewan**	**Total**
	$	$	$
Balance, September 30, 2011	597,593	128,323	725,916
Total additions for the period	-	-	-
Balance, September 30, 2012	597,593	128,323	725,916
Total additions for the period	-	38,184	38,184
Balance, December 31, 2012	597,593	166,507	764,100

Deferred exploration expenditures

	Total $
Balance, September 30, 2011	3,206,659
Additions:	
Assaying	84,440
Drilling	1,084,631
Contract labour	102,058
Other	39,873
Total additions for the period	1,311,002
Balance, September 30, 2012	4,517,661
Additions:	
Assaying	211,899
Drilling	241,967
Contract labour	223,638
Subcontract labour	1,260
Other	12,107
Total additions for the period	690,871
Balance, December 31, 2012	5,208,532

Note: To date all deferred exploration expenditures have been incurred on the Company's Elliot Lake Property.

Ontario, Elliot Lake

(a) On November 1, 2007, the Company acquired a 100% interest in 61 mining claims known as the Elliot Lake property located in Beange, Bolger, Bouck, Buckles, Gunterman and Joubin Townships, Sault Ste. Marie Mining Division in the Province of Ontario. As part of the acquisition agreement the Company issued 35 million common shares to Canada Enerco Corp. ("CEC"), a company controlled by the President, CEO and Director of the Company, at a stated value of $218,212. CEC retains the right to a 1% Uranium Production Payment Royalty and a 1% Net Smelter Returns Royalty on any precious or base metals production provided the price of uranium is greater than US$130 per pound.

The Company also entered into two (2) share option agreements with CEC whereby the Company had the option to buy back 1,000,000 of the common shares of the Company at the price of $1.00 per share, expiring August 31, 2008 and 9,000,000 common shares at the price of $2.00 per share, subject to adjustment downward, in tranches of 1,000,000 shares, expiring November 2, 2012. In the fiscal year ended September 30, 2008, the Company exercised the first option for the 1,000,000 common shares by payment to CEC of $1,000,000. These shares were cancelled in fiscal 2009. The second option was conditional upon the Company spending at least $10 million on exploration on the property prior to November 1, 2011, to define an NI 43-101 compliant uranium mineral resource on the property. The Company did not spend the required $10 million on exploration and the second option expired on November 1, 2011.

Pursuant to an Assumption of Obligations Agreement dated November 2, 2007 among the Company, CEC, Quincy Gold Corp. and Energy Metals Corp. ("EMC"), the Company assumed certain obligations of CEC to Quincy and EMC giving the Company a 100% interest in the Elliot Lake property free and clear of all liens, charges and encumbrances in consideration for granting to EMC the right to purchase up to 9.9% of the equity of the Company (the "Participation Right") pursuant to an initial financing or an initial public offering or a going public transaction pursuant to a business combination at the same price and terms as other subscribers and a $250,000 credit (the "Credit") towards the Participation Right. Since the date of the agreement mentioned above, EMC has been acquired by Uranium One. In fiscal year 2008, 250,000 common shares of the Company were issued to EMC in consideration for the Credit.

(b) The Company transferred 2 of the claims acquired from CEC as disclosed in (a) above to Denison Mines Inc. in return for rights of access and use of infrastructure as well as a 3% Net Smelter Returns Royalty on any product produced from the claims. No gain or loss has been recognized on this transfer.

(c) On February 27, 2008, the Company entered into an agreement with Dan Patrie Exploration Ltd. ("DPE") to acquire an option to earn a 100% interest in 6 mineral claims comprising 50 claim units in the Buckles and Joubin Townships in Sault Saint Marie Mining Division in the Province of Ontario in consideration for the payment of $20,000 cash and the issuance of 50,000 common shares at a price of $1 per share. DPE retains the right to a 1% Uranium Production Payment Royalty ("Royalty") payable when the uranium is sold from the claims at a price of at least US$130 per pound. The Company has the right and option to purchase one-half (1/2) of the Royalty from DPE for $1,000,000. If DPE wishes to sell the remaining Royalty to a third party, it shall first offer the remaining Royalty to the Company on the same terms on which they have received the offer from a bona fide third party which they are prepared to accept.

(d) During fiscal 2010 the Company staked an additional 35 claims in the Elliot Lake area for additional cost of $35,950. All staked claims above are subject to the CEC royalty as outlined in paragraph (a) above.

Saskatchewan, Athabasca Basin

(e) During fiscal 2011, the Company participated in staking 26,657 hectares of uranium and rare earth prospects in Saskatchewan for total consideration and costs of $128,323. The Company holds interests of 50 to 90% in these 10 exploration and evaluation assets in the Athabasca Basin area of the Province of Saskatchewan.

(f) On December 24, 2012, the Company paid $35,000 for exploration work and earned an additional 10% interest on one property in Saskatchewan to increase its holding to 60% in this property.

(g) On December 21, 2012 the Company staked a uranium and rare earth property encompassing 5,306 hectares in the Athabasca Basin area of Saskatchewan for total consideration and costs of $3,184. The Company holds 100% interest in this property.

6. Share capital

(a) Common shares

The Company is authorized to issue an unlimited number of no par value common shares. The following table provides the details of changes in the number of issued common shares:

	Number	***Amount***
	#	$
Balance, September 30, 2011	41,584,358	7,796,776
Flow-through common shares issued, net	9,000	11,250
Common shares issued November 15, 2011	20,720	25,900
Common shares issued December 30, 2011	2,000	2,500
Less: Value associated with warrants issued	-	(1,302)
Balance, September 30, 2012	41,616,078	7,835,123
Balance, December 31, 2012	41,616,078	7,835,123

On November 15, 2011, the Company completed a private placement of 20,720 working capital units ("WC unit") at $1.25 per unit for gross proceeds of $25,900. Each WC unit consists of one common share of the Company and one-half of a common share purchase warrant. These warrants expired on November 15, 2012.

On November 15, 2011, the Company completed a private placement of 9,000 flow-through units ("FT unit") at $1.50 per unit for gross proceeds of $13,500. Each FT unit consists of one flow-through share ("FT share") of the Company and one-half of a common share purchase warrant. These warrants expired on November 15, 2012.

On December 30, 2011, the Company completed a private placement of 2,000 working capital units ("WC unit") at $1.25 per unit for gross proceeds of $2,500. Each WC unit consists of one common share of the Company and one-half of a common share purchase warrant. These warrants expired on December 30, 2012.

(b) Common share purchase options

The Company 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 December 31, 2012 2,200,000 common shares were reserved for the exercise of stock options granted under the Company's stock option plan (the "Plan").

The following table provides the details of changes in the number of issued common share purchase options during the period:

	Options	**Weighted-average exercise price**
	#	$
Outstanding at September 30, 2011	1,400,000	1.25
Granted	800,000	1.25
Outstanding at September 30, 2012	2,200,000	1.25
Outstanding at December 31, 2012	2,200,000	1.25
Options exercisable at December 31, 2012	1,800,000	1.25

On February 17, 2011, the Company issued 1,000,000 stock options exercisable at $1.25 per share until February 17, 2016 to directors of the Company. At December 31, 2012, all of these options are exercisable.

On July 14, 2011, the Company issued 400,000 stock options exercisable at $1.25 per share until July 14, 2016 to a director of the Company. At December 31, 2012, all of these options are exercisable.

On January 23, 2012, the Company issued 400,000 stock options exercisable at $1.25 per share until January 23, 2017 to an officer of the Company. Half of the options granted are exercisable on or after the date of grant; the remaining options are exercisable on or after January 23, 2013.

On February 1, 2012, the Company issued 400,000 stock options exercisable at $1.25 per share until February 1, 2017 to a director of the Company. Half of the options granted are exercisable on or after the date of grant; the remaining options are exercisable on or after February 1, 2013.

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
1,000,000	1,000,000	37.6 months	$1.25	February 17, 2016
400,000	400,000	42.5 months	$1.25	July 14, 2016
400,000	200,000	48.8 months	$1.25	January 23, 2017
400,000	200,000	49.0 months	$1.25	February 1, 2017
2,200,000	1,800,000			

The weighted average fair value of all the options granted and outstanding is $0.90 per option, each contract fair value having been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate is 1.98%, expected dividend yield of nil, expected volatility of 97%-141% and expected life term is 60 months. Under this method of calculation, the Company has recorded $62,483 as stock based compensation during the three months ended December 31, 2012, being the fair value of the options vested during the three months ended December 31, 2012. Options that have been issued and remain outstanding vest half immediately on the date of grant and half in twelve months from the date of grant.

(c) Warrants

On certain issuances of common shares, the Company grants warrants entitling the holder to acquire additional common shares of the Company and the Company grants warrants as consideration for services associated with the placement of such common share issues.

The following table provides the details of changes in the number of outstanding common share purchase warrants:

	Number #	$
Balance September 30, 2011	1,353,915	117,091
Private placement warrants issued	15,860	1,302
Warrants expired	(1,353,915)	(117,091)
Balance September 30, 2012	15,860	1,302
Warrants expired	(15,860)	(1,302)
Balance December 31, 2012	Nil	Nil

7. Contributed surplus

A summary of changes in contributed surplus is as follows:

	Amount $
Balance, September 30, 2011	1,000,827
Stock based compensation	846,304
Common share purchase warrants expired	117,091
Balance, September 30, 2012	1,964,222
Stock based compensation	62,483
Value of expired warrants	1,302
Balance, December 31, 2012	2,028,007

The number of common shares outstanding on December 31, 2012 was 41,616,078. Taking into account outstanding share purchase options, the fully diluted number of common shares that could have been outstanding on December 31, 2012 was 43,816,078.

8. Related party transactions

During the three months ended December 31, 2012, the Company incurred related party expenses of $27,000 (2011 – $18,000). These expenses related to management fees paid to Tom Drivas, Chief Executive Officer, Michael D'Amico, Chief Financial Officer and office administration services paid to a Company where Tom Drivas is a director and officer. At December 31, 2012, $313,306 (2011 - $253,306) of accumulated related party expenditures is outstanding and is included under accounts payable and accrued liabilities. The amount charged for office administration services is included under office and general expenses.

Share based payments to management and directors for the three months ended December 31, 2012 were $62,483 (2011 - $134,727).

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the three months ended December 31, 2012 and 2011.

During the three months ended December 31, 2012, the Company incurred expenses of $33,675 (2011- $20,271) for legal fees to a law firm related to a senior officer and director of the Company, William R. Johnstone. At December 31, 2012 $46,885 (2011 – $ 13,645) was due and payable to this related party.

As disclosed in Note 5(a) of the Financial Statements, the Company's major exploration property was acquired from a related party.

9. Financial instruments and risk management

Categories of financial assets and liabilities

Under IFRS, financial instruments are classified into one of the following five categories: Fair value through profit and loss ("FVTPL"), held to maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The carrying values of the Company's financial instruments, including those held for sale are classified into the following categories:

	December 31 2012 $	September 30 2012 $
FVTPL [(1)]	**1,303,722**	2,360,025
Loans and receivables [(2)]	**176,453**	78,953
Other financial liabilities [(3)]	**473,999**	617,624

(1) Includes cash, committed cash and short-term investments.
(2) Includes accounts receivable related to HST tax refunds.
(3) Includes accounts payable and bank overdraft.

Financial Instruments

The carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items.

(i) Cash and cash equivalents and cash and cash equivalents held for future exploration are designated as FVTPL financial assets and are recorded at market value. The interest on deposits is insignificant.
(ii) H.S.T. receivable is designated as loans and receivables and is recorded at cost.
(iii) Accounts payable is designated as other financial liabilities and is recorded at cost.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

(a) Market risk

(i) Price risk

Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company is exposed to commodity price risk arising from the fluctuation of the value of the metals it is exploring for. The Company does not manage commodity price risk through the use of derivative instruments.

Sensitivity

Anticipated changes in the value of uranium and rare earth elements would not, in management's opinion, change the recognized value of any of the Company's financial instruments.

(ii) Cash flow fair value interest rate risk

The Company does not have interest-bearing borrowings for which general rate fluctuations apply. The Company is exposed to interest rate risk to the extent of the balance of the bank accounts.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. Credit risk arises from cash and deposits with banks and financial institutions as well as credit exposures to outstanding receivables.

The Company has no concentration of credit risk. The carrying amounts of financial assets recorded in the Financial Statements are adjusted for any impairment and represent the Company's maximum exposure to credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. The Company is currently assessing all options to address its liquidity issues. It is not possible to determine with any certainty the success and adequacy of these initiatives.

10. Capital disclosures

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. The capital of the Company consists of capital stock, warrants and contributed surplus.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and intends to raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements.

11. Contingencies and commitments

In January of 2013, the Company was served with a summons under Section 24 of the Provincial *Offences Act* charging the Company with an offence under Section 36(1) of the *Lakes and Rivers Improvement Act*, R.S.O. 1990, Chapter L.3 and Section 2(1)(d) Ontario Regulation 453/96 made under the *Public Lands Act*, R.S.O. 1990, Chapter P.43 relating to a minor incident that occurred in July of 2012 during the Company's summer drill program at Elliot Lake. The Company has not received any further particulars of the offence or the details relating thereto and is investigating the matter. No allegations have been proven in court and it is not possible to determine the amount of any liability to the Company at this time. While the Company and the drilling contractor retained by the Company both maintain insurance coverage, it is not possible to determine whether such insurance is applicable or adequate at this time. The Company is of the view that it took all steps necessary at the time to alleviate the problem and will take all steps necessary to ensure appropriate remediation has been effected once it is able to obtain full particulars of the offence from the prosecutor.

12. Subsequent events

On February 12, 2013 the Company staked three uranium and rare earth properties encompassing 5,128 hectares and on February 19, 2013, an additional uranium and rare earth property encompassing 279 hectares. The total consideration and costs to hold a 100% interest in these properties, which are all located in the Athabasca Basin area of Saskatchewan, was $3,377.