BAYSWATER URANIUM CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED FEBRUARY 29, 2012

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Bayswater Uranium Corp.

We have audited the accompanying consolidated financial statements of Bayswater Uranium Corp., which comprise the consolidated statements of financial position as at February 29, 2012, February 28, 2011 and March 1, 2010 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended February 29, 2012 and February 28, 2011, 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.

Auditors' 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 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 auditors' 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 auditors consider 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Bayswater Uranium Corp. as at February 29, 2012, February 28, 2011 and March 1, 2010 and its financial performance and its cash flows for the years ended February 29, 2012 and February 28, 2011 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 describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Bayswater Uranium Corp. to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

June 27, 2012

BAYSWATER URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	February 29, 2012	February 28, 2011 (Note 16)	March 1, 2010 (Note 16)
ASSETS			
Current			
Cash	$ 237,628	$ 953,893	$ 394,679
Short-term investments	-	-	1,949,000
Marketable securities (Note 4)	313,580	762,635	861,062
Receivables (Note 5)	130,177	1,158,845	135,719
Prepaids and deposits	68,819	39,890	76,200
	750,204	2,915,263	3,416,660
Marketable securities (Note 4)	-	720,000	-
Long-term receivables (Note 7)	-	-	221,633
Equipment (Note 6)	37,670	90,389	127,121
Reclamation bonds	17,785	17,785	17,785
Exploration advances	-	-	7,500
Deferred acquisition costs (Note 7)	-	-	826,306
Exploration and evaluation assets (Note 7)	10,240,392	30,722,861	33,376,284
	$ 11,046,051	$ 34,466,298	$ 37,993,289
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities (Note 8)	$ 1,651,215	$ 2,194,405	$ 340,239
Shareholders' Equity			
Capital stock (Note 9)	83,253,560	83,253,560	79,405,598
Reserves (Note 9)	16,707,962	16,447,371	15,768,920
Deficit	(90,566,686)	(67,429,038)	(57,521,468)
	9,394,836	32,271,893	37,653,050
	$ 11,046,051	$ 34,466,298	$ 37,993,289

Nature and continuance of operations (Note 1)
Commitments (Note 12)
Subsequent event (Note 17)

Approved and authorized on behalf of the Board on June 27, 2012:

"George Leary" Director "Victor Tanaka" Director

The accompanying notes are an integral part of these consolidated financial statements.

BAYSWATER URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year Ended February 29, 2012	Year Ended February 28, 2011 (Note 16)
EXPENSES		
Administration (Note 10)	$ 36,460	$ 32,182
Amortization	21,988	36,732
Consulting fees	59,517	116,721
Directors' fees (Note 10)	39,000	43,500
Investor relations	3,548	30,513
Management fees (Note 10)	120,000	120,000
Office and miscellaneous	108,823	148,570
Professional fees	327,551	288,189
Rent (Note 10)	95,391	95,886
Shareholder communication	87,648	121,645
Stock-based compensation (Note 9)	260,591	680,801
Transfer agent and filing fees	15,497	21,870
Travel and related costs	14,520	20,801
Loss before other items	(1,190,534)	(1,757,410)
OTHER ITEMS		
Foreign exchange loss	(23,826)	(11,265)
Interest and other income	24,738	80,114
Interest expense	(126,303)	(99,679)
Write-down of long-term receivable	-	(172,980)
Gain (loss) on sale of exploration and evaluation assets	10,000	(262,729)
Gain on disposal of equipment	19,269	-
Write-off of exploration and evaluation assets	(20,921,325)	(7,862,203)
Unrealized gain (loss) on marketable securities (Note 4)	(589,055)	1,260,609
Realized loss on sale of marketable securities (Note 4)	(340,612)	(1,082,027)
	(21,947,114)	(8,150,160)
Loss and comprehensive loss for the year	$ (23,137,648)	$ (9,907,570)
Basic and diluted loss per common share	$ (1.04)	$ (0.46)
Weighted average number of common shares outstanding	22,315,548	21,583,904

The accompanying notes are an integral part of these consolidated financial statements.

BAYSWATER URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended February 29, 2012	Year Ended February 28, 2011 (Note 16)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (23,137,648)	$ (9,907,570)
Items not affecting cash:		
Amortization	21,988	36,732
Stock-based compensation	260,591	680,801
Accretion of interest on long-term receivable	-	(11,347)
Accrued interest expense	126,303	99,679
Write-down of long-term receivable	-	172,980
Unrealized (gain) loss on marketable securities	589,055	(1,260,609)
Realized loss on sale of marketable securities	340,612	1,082,027
(Gain) loss on sale of exploration and evaluation assets	(10,000)	262,729
Gain on sale of equipment	(19,269)	-
Write-off of exploration and evaluation assets	20,921,325	7,862,203
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(8,482)	14,024
(Increase) decrease in prepaids and deposits	(28,929)	36,310
Increase (decrease) in accounts payable and accrued liabilities	(242,498)	214,578
Net cash used in operating activities	(1,186,952)	(717,463)
CASH FLOWS FROM INVESTING ACTIVITIES		
Short-term investments	-	1,949,000
Proceeds on sale of marketable securities	299,388	989,009
Proceeds on sale of equipment	50,000	-
Exploration and evaluation asset expenditures	(892,351)	(1,703,612)
Exploration and evaluation asset recoveries	978,650	911,891
Proceeds on sale of exploration and evaluation assets	35,000	12,000
Exploration advances	-	7,500
Investment in subsidiary, net of cash acquired	-	(1,231,713)
Net cash provided by investing activities	470,687	934,075
CASH FLOWS FROM FINANCING ACTIVITY		
Capital stock issued	-	342,602
Net cash provided by financing activity	-	342,602
Increase (decrease) in cash during the year	(716,265)	559,214
Cash, beginning of year	953,893	394,679
Cash, end of year	$ 237,628	$ 953,893

Supplemental disclosure with respect to cash flows (Note 11)

The accompanying notes are an integral part of these consolidated financial statements.

BAYSWATER URANIUM CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Number of Common Shares	Capital Stock Amount	Reserves	Deficit	Total
Balance, February 28, 2010 (Note 16)	15,436,373	$ 79,405,598	$ 15,768,920	$ (57,521,468)	$ 37,653,050
Shares issued for Reno Creek property	6,256,262	3,503,010	-	-	3,503,010
Private placements	608,663	334,765	-	-	334,765
Exercise of options	14,250	7,837	-	-	7,837
Reclassification of reserves on the exercise of stock options	-	2,350	(2,350)	-	-
Stock-based compensation	-	-	680,801	-	680,801
Loss for the year	-	-	-	(9,907,570)	(9,907,570)
Balance, February 28, 2011 (Note 16)	22,315,548	83,253,560	16,447,371	(67,429,038)	32,271,893
Stock-based compensation	-	-	260,591	-	260,591
Loss for the year	-	-	-	(23,137,648)	(23,137,648)
Balance, February 29, 2012	22,315,548	$ 83,253,560	$ 16,707,962	$ (90,566,686)	$ 9,394,836

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Bayswater Uranium Corporation (incorporated under the laws of the Province of British Columbia) and its wholly-owned subsidiaries ("Bayswater" or the "Company") are engaged in the acquisition and exploration of exploration and evaluation assets and have not yet determined whether these assets contain economically recoverable reserves. To date, the Company has not earned significant revenues.

The Company's principal address and registered and records office is 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. The Company has incurred operating losses over the past several years and does not have a current source of revenue or sufficient financial resources to sustain operations in the long term.

The Company continues to be dependent upon its ability to finance its operations and exploration programs, and has not met certain funding obligations with respect to the Reno Creek Property (Note 7). The financing activities may include issuances of additional debt or equity securities or disposal of interests in exploration and evaluation assets in order to re-invest the proceeds. The recoverability of the carrying value and maintenance of ownership interests on exploration projects, and ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the development of the assets, future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

While management intends to pursue additional financings and the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. BASIS OF PREPARATION AND FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's transition date to IFRS was March 1, 2010. The rules for first-time adoption of IFRS are set out in IFRS 1, "First-time adoption of International Financial Reporting Standards". In preparing the Company's first IFRS financial statements, these transition rules have been applied to the amounts previously reported in accordance with Canadian generally accepted accounting principles ("GAAP"). Historical results and balances have been restated under IFRS. These consolidated financial statements should be read in conjunction with the Company's February 28, 2011 GAAP annual consolidated financial statements, and in consideration of the disclosure regarding the transition from Canadian GAAP to IFRS included in Note 16. Certain disclosures that are required to be included in annual consolidated financial statements prepared in accordance with IFRS are not included in the Company's February 28, 2011 GAAP annual consolidated financial statements.

2. BASIS OF PREPARATION AND FIRST-TIME ADOPTION OF IFRS (cont'd…)

Basis of consolidation and presentation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. These consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

The Company's wholly-owned subsidiaries are as follows:

Bayswater Holdings Inc. (incorporated in British Columbia)
NCU Holdings Inc. (incorporated in British Columbia)
Kilgore Gold Company (incorporated in the United States of America)
NCA Nuclear Inc. (incorporated in the United States of America)
Jadebay Limited (incorporated in Ireland)

Use of estimates

The preparation of these 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 the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

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, relate to, but are not limited to, the following:

a) The recoverability of receivables that are included in the statements of financial position based on the historical collection of receivables.

b) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position based on the planned exploration budgets and drill results of exploration programs.

c) The inputs used in accounting for stock-based compensation expense included in loss calculated using the Black-Scholes option pricing model.

d) The valuations of shares issued in non-cash transactions using the quoted share price as the fair value based measurement on the date the shares are issued for the transaction or the value of the goods and services received.

e) The recognition of deferred tax assets based on the change in unrecognized deductible temporary tax differences.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors indentified in IAS 21, *The*

Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in loss and comprehensive loss.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method.

The Company has classified its cash, short-term investments and marketable securities as fair value through profit and loss, its receivables and long-term receivables as loans and receivables and its accounts payable and accrued liabilities as other financial liabilities.

Short-term investments

Short-term investments include Canadian guaranteed investment certificates with a major Canadian banking institution that are readily convertible to cash with an original term of more than 90 days when acquired. These investments are carried at fair value.

Equipment

Equipment is recorded at cost, net of accumulated amortization. Amortization is calculated on an annual basis over the estimated useful lives of the assets as follows:

Furniture and fixtures	20% declining balance
Computer equipment	30% declining balance
Exploration equipment	30% declining balance
Leasehold improvements	5 years straight-line

Exploration and evaluation assets

Pre-exploration costs prior to obtaining title to exploration and evaluation assets are expensed as incurred.

Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and amortized using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Mineral properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

Government mining assistance

The Company carries on certain mineral exploration activities in Newfoundland and Labrador and is eligible to earn refundable credits based on qualifying expenditures. Payments received for mining exploration assistance are recorded as either a reduction of the cost of applicable assets or credited in the statement of operations depending on the nature of the expenditures which gave rise to the credits.

Stock-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in reserves is recorded when stock options are expensed. When stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion of stock-based compensation previously recorded in reserves. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Stock-based compensation (cont'd…)

Stock-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only 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, it does not recognize that excess.

Loss per share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

New standards not yet adopted

IFRS 9, "Financial Instruments"

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entitles would be required to reverse the portion of the fair value change due to their own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective on January 1, 2015. Early adoption is permitted and the standard is required to be applied retrospectively.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standards not yet adopted (cont'd…)

IFRS 10, "Consolidated Financial Statements"

IFRS 10, "Consolidated Financial Statements", requires an entity to consolidate 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. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation - Special Purpose Entities", and parts of IAS 27, "Consolidated and Separate Financial Statements". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

IFRS 11, "Joint Arrangements"

IFRS 11, "Joint Arrangements", requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities - Non-monetary Contributions by Venturers". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

IFRS 12, "Disclosure of Interests in Other Entities"

IFRS 12, "Disclosure of Interests in Other Entities", establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

IFRS 13, "Fair Value Measurement"

IFRS 13, "Fair Value Measurement", is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The new converged fair value framework is effective for annual periods beginning on or after January 1, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standards not yet adopted (cont'd…)

IAS 28, "Investments in Associates and Joint Ventures" (Amended in 2011)

IAS 28 (2011), "Investments in Associates and Joint Ventures", supersedes IAS 28 "Investments in Associates" and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. The amended standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities" and IAS 27 (2011), "Separate Financial Statements".

IAS 32, "Financial Instruments: Presentation"

The IASB amended IAS 32, "Financial Instruments: Presentation" to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off';
- the application of simultaneous realization and settlement;
- the offsetting of collateral amounts; and
- the unit of account for applying the offsetting requirements.

The amended standard is effective for annual periods beginning on or after January 1, 2014.

4. MARKETABLE SECURITIES

As at February 29, 2012, marketable securities consist of shares in publicly-traded companies with an initial cost of $715,504 (February 28, 2011 - $1,295,504; March 1, 2010 - $1,934,540) and a fair value of $313,580 (February 28, 2011 - $1,482,635; March 1, 2010 - $861,062). An unrealized loss on marketable securities of $589,055 (February 28, 2011 – gain of $1,260,609) was recorded in the statement of loss for the year ended February 29, 2012.

Included in marketable securities as at February 29, 2012, are 1,000,000 (February 28, 2011 - 2,000,000; March 1, 2010 – 900,000) common shares of Otis Gold Corp. which are subject to hold periods (Note 7). The hold period on nil (February 28, 2011 – 1,000,000; March 1, 2010 - nil) of these securities extends more then one year beyond the Company's year-end. Consequently, a balance of $Nil (February 28, 2011 - $720,000; March 1, 2010 - $Nil) has been classified as non-current.

5. RECEIVABLES

The Company's receivables consist of the following:

	February 29, 2012	February 28, 2011	March 1, 2010
Due from the sale of exploration and evaluation assets	$ 66,667	$ 1,103,817	$ 66,667
HST/GST receivable	35,842	48,748	61,131
Other	27,668	6,280	7,921
Total	$ 130,177	$ 1,158,845	$ 135,719

6. EQUIPMENT

	Furniture and fixtures	Computer equipment	Exploration equipment	Leasehold improvements	Total
Cost					
Balance, March 1, 2010	$ 11,970	$ 138,020	$ 125,607	$ 10,191	$ 285,788
Disposals	(2,434)	(8,225)	-	(10,191)	(20,850)
Balance, February 28, 2011	9,536	129,795	125,607	-	264,938
Disposals	-	(33,275)	(79,164)	-	(112,439)
Balance, February 29, 2012	$ 9,536	$ 96,520	$ 46,443	$ -	$ 152,499
Accumulated amortization					
Balance, March 1, 2010	$ 10,267	$ 77,237	$ 61,538	$ 9,625	$ 158,667
Amortization	601	22,691	12,874	566	36,732
Disposals	(2,434)	(8,225)	-	(10,191)	(20,850)
Balance, February 28, 2011	8,434	91,703	74,412	-	174,549
Amortization	259	13,511	8,218	-	21,988
Disposals	-	(27,773)	(53,935)	-	(81,708)
Balance, February 29, 2012	$ 8,693	$ 77,441	$ 28,695	$ -	$ 114,829
Carrying amounts					
As at March 1, 2010	$ 1,703	$ 60,783	$ 64,069	$ 566	$ 127,121
As at February 28, 2011	$ 1,102	$ 38,092	$ 51,195	$ -	$ 90,389
As at February 29, 2012	$ 843	$ 19,079	$ 17,748	$ -	$ 37,670

7. EXPLORATION AND EVALUATION ASSETS

Year Ended February 29, 2012	CMB Labrador Claims	Thelon Basin Projects	Collins Bay Property, Saskatchewan	USA Properties	Ireland Properties	Reno Creek Project	Total
Acquisition costs							
Balance, beginning of year	$ 1,618,399	$ 1	$ 1,850,049	$ 3,492,298	$ 1	$ 6,950,778	$ 13,911,526
Additions	9,420	-	-	-	-	-	9,420
Recoveries	(1,500)	-	-	-	-	-	(1,500)
Written-off during the year	(1,626,318)	-	(1,850,048)	(1,422,298)	(1)	-	(4,898,665)
Balance, end of year	1	1	1	2,070,000	-	6,950,778	9,020,781
Deferred exploration costs							
Balance, beginning of year	8,894,094	-	2,046,937	4,650,693	-	1,219,611	16,811,335
Analytical	-	-	-	9,592	-	-	9,592
Field administration	11,498	-	-	30,177	-	-	41,675
Geological consulting	28,500	-	5,250	119,667	-	-	153,417
Property maintenance	-	-	-	226,252	-	-	226,252
	39,998	-	5,250	385,688	-	-	430,936
Written-off during the year	(8,934,092)	-	(2,052,187)	(5,036,381)	-	-	(16,022,660)
Balance, end of year	-	-	-	-	-	1,219,611	1,219,611
Total, end of year	$ 1	$ 1	$ 1	$ 2,070,000	$ -	$ 8,170,389	$ 10,240,392

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Year Ended February 28, 2011	CMB Labrador Claims	Thelon Basin Projects	Collins Bay Property, Saskatchewan	Niger, West Africa	USA Properties	Ireland Properties	Reno Creek Project	Total
Acquisition costs								
Balance, beginning of year	$ 1,598,714	$ 828,313	$ 1,875,465	$ 125,074	$ 5,234,580	$ 600,000	$ -	$ 10,262,146
Additions	21,935	-	-	-	-	-	6,950,778	6,972,713
Recoveries	(2,250)	-	(25,416)	-	(1,067,073)	-	-	(1,094,739)
Written-off during the year	-	(828,312)	-	(125,074)	(425,802)	(599,999)	-	(1,979,187)
Disposed of during the year	-	-	-	-	(249,407)	-	-	(249,407)
Balance, end of year	1,618,399	1	1,850,049	-	3,492,298	1	6,950,778	13,911,526
Deferred exploration costs								
Balance, beginning of year	8,903,252	3,959,493	2,046,937	131,801	7,065,133	1,007,522	-	23,114,138
Analytical	690	-	-	-	11,111	-	-	11,801
Compilation	6,000	450	-	-	17,816	-	36,450	60,716
Drilling	-	-	-	-	20,087	-	99,484	119,571
Environmental	-	-	-	-	-	-	181,859	181,859
Exploration advances	-	-	-	-	-	-	366,421	366,421
Field administration	14,981	-	-	-	14,410	-	90,489	119,880
Geological consulting	92,500	-	-	-	108,443	73,711	214,666	489,320
Property cost recoveries	(138,117)	-	-	-	(2,119,135)	-	-	(2,257,252)
Property maintenance	12,800	3,435	-	-	263,021	-	224,970	504,226
Travel and related	1,988	-	-	-	1,733	-	5,272	8,993
	(9,158)	3,885	-	-	(1,682,514)	73,711	1,219,611	(394,465)
Disposed of during the year	-	-	-	-	(25,322)	-	-	(25,322)
Written-off during the year	-	(3,963,378)	-	(131,801)	(706,604)	(1,081,233)	-	(5,883,016)
Balance, end of year	8,894,094	-	2,046,937	-	4,650,693	-	1,219,611	16,811,335
Total, end of year	$ 10,512,493	$ 1	$ 3,896,986	$ -	$ 8,142,991	$ 1	$ 8,170,389	$30,722,861

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

Uranium properties

Investment in Reno Creek Property

During the year ended February 28, 2010, the Company entered into a formal Purchase Agreement (the "Agreement") with Strathmore Resources (US) Ltd. ("Strathmore"), a wholly owned subsidiary of Strathmore Minerals Corp., and American Uranium Corp. ("American"), for the acquisition (the "Acquisition") of a 100% interest in the Reno Creek uranium property, located in northeastern Wyoming (the "Reno Creek Property" or the "Property").

Effective April 7, 2010, the acquisition of the Reno Creek Property was completed through the acquisition of AUC LLC ("AUC"), a limited liability company, in consideration for the aggregate payment of US$20,000,000 (CDN$20,026,000) to Strathmore, of which US$17,500,000 was paid in cash and US$2,500,000 was paid through the issuance of 4,422,807 common shares of the Company valued at $2,502,150. In consideration for a historical database, rights to a previous permit and in exchange for American's consent to the transaction and termination of its rights pursuant to a previous joint venture on the Property, the Company paid American US$1,000,000 and issued 1,833,455 common shares of the Company valued at US$1,000,000 (CDN$1,000,860).

The Company executed an investment agreement dated April 7, 2010 pursuant to which Pacific Road Resources Funds ("PRRF"), a private mining equity investor, provided US$20,000,000 in financing to fund the purchase of the Property. The financing consisted of a US$20,000,000 investment into Reno Creek Holdings Inc. ("RCHI") (formerly 514565 Canada Inc. and formerly referred to as "Newco") which holds the Property indirectly through AUC LLC. PRRF initially held a 76.92% interest in RCHI and the Company initially held a 23.08% interest in RCHI. The Company's cost of its 23.08% interest totaled $8,250,678, which included an establishment fee of US$700,000, (originally payable on or before December 1, 2010, and subsequently amended to be paid upon, or prior to, the next capital contribution to RCHI by the Company, and bearing interest at the rate of prime plus 15% per annum) and a finder's fee of US$1,000,000, both payable in conjunction with this investment agreement. The Company and PRRF entered into a shareholders' agreement in respect of RCHI which permitted the Company to contribute additional amounts to RCHI in order to achieve a 50% ownership interest. PRRF has the right to convert its investment in RCHI into common shares of the Company at any time up to six months following the latter of completion of a feasibility study and mine permitting but, in any event, PRRF shall convert its investment not later than five years from April 7, 2010, provided certain conditions are met. Upon conversion of PRRF's investment, the Company would own a 100% interest in RCHI which holds the Reno Creek Property. The shareholders' agreement also provides for equal representation on the board of RCHI, subject to adjustment, as well as unanimous RCHI shareholder approval for certain key decisions including annual work program and budgets for the Property.

The Company was to contribute additional amounts in stages totaling US$14,000,000 to earn a 50% interest in RCHI and in order to complete a feasibility study and to secure mining permits.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Uranium properties (cont'd…)

Investment in Reno Creek Property (cont'd…)

Pursuant to the investment agreement and shareholders agreement dated April 7, 2010 (the "Agreements") involving PRRF, the Company was obliged to fund RCHI, which indirectly holds the Reno Creek Uranium Project, with US$7,000,000 and pay certain fees to PRRF on or before December 1, 2010. Such funding and payment of fees did not occur. On January 5, 2011, PRRF and the Company entered into an amending agreement in respect of the Agreements whereby PRRF funded the first quarter of the 2011 RCHI budget in the amount of US$1,750,000 and, as a result, the interest held by the Company in RCHI was reduced to 21.29% from 23.08% with a maximum interest the Company could earn in RCHI having been reduced from 50.0% to 45.13%. On January 31, 2012, the remaining balance of the 2011 AUC budget, being US$5,250,000 plus certain fees (and accrued interest thereon), was due before March 1, 2011. The Company was unable to secure such funding before March 1, 2011. As a result, PRRF funded the balance of $5,250,000 and, as of March 1, 2011, the interest held by the Company in RCHI was reduced to 17.27% from 21.29% with a maximum interest the Company could then earn in RCHI having been reduced from 45.13% to 31.14%. The Company would have been able to increase its interest in RCHI to the maximum level of 31.14% by contributing US$7,000,000 to RCHI and by paying certain fees and interest charges to PRRF on or before the time of the setting of the next Reno Creek budget, which was December 7, 2011.

A budget in the amount of US$8,000,000 for the 2012 Reno Creek Program was approved by PRRF and the Company on December 7th, 2011. On January 31, 2012, PRRF and the Company finalized a second amendment agreement whereby PRRF funded the entire US$8,000,000 for the 2012 Reno Creek program and, as a result, the interest held by the Company in RCHI was reduced to 13.47% from 17.27% with a maximum interest the Company could then earn in RCHI having been reduced from 31.14% to 13.47%.

Pursuant to the Agreements as amended on January 5, 2011 and January 31, 2012, PRRF continues to be entitled to convert its investment in RCHI into common shares of the Company at any time up to six months following the later of completion of a feasibility study or receipt of all requisite mining permits, but in any event, PRRF shall convert its investment not later than April 7, 2015, provided certain conditions are met. Upon conversion by PRRF, Bayswater will own a 100% interest in RCHI which holds the Reno Creek property**.**

Future obligations associated with the Reno Creek Property consist of payments pursuant to maintaining mineral claims and various underlying mineral lease, surface access and property option agreements through calendar 2014. The Company's 13.47% share of these future payments total US$80,685.

Central Mineral Belt ("CMB") Properties, Labrador

On November 17, 2005, the Company entered into an option agreement with Longview Capital Partners Inc. (formerly Longview Strategies Incorporated) ("Longview"), a company related by a former director in common, to acquire a 100% interest in certain claim blocks located in Labrador, Newfoundland. Under the terms of the agreement, the Company paid Longview $560,000 and issued 168,120 common shares valued at $872,000. A net smelter royalty ("NSR") of 2% will be payable to an underlying option holder on each of the claim blocks retained. The Company has the right to purchase one-half of the NSR (1%) at any time for $1,500,000. By agreement dated November 22, 2005, Longview assigned all its staking rights with the underlying option holder to the Company.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Uranium properties (cont'd…)

Central Mineral Belt ("CMB") Properties, Labrador (cont'd…)

On November 29, 2005, the Company entered into an agreement with the underlying option holder to stake additional claim blocks at a cost of $61,440. In consideration, the Company paid the underlying option holder a staking fee of 5,000 common shares valued at $15,000. A NSR of 2% will be payable on each of the claim blocks. The Company has the right to purchase one-half of the NSR (1%) at any time for $1,500,000.

On January 3, 2006, the Company entered into an agreement with the underlying option holder to stake additional claim blocks at a cost of $599,040. In consideration, the Company paid the underlying option holder a staking fee of $10,000 in cash and 18,000 common shares valued at $86,400. A NSR of 1% will be payable on each of the claim blocks. The Company has the right to purchase all of the NSR (1%) at any time for $2,000,000.

The Company acquired by staking, during the year ended February 28, 2007, additional claims in Labrador. In consideration, the Company paid a staking fee of $19,400 in addition to staking costs of $144,800. An NSR of 1% will be payable on these claims. The Company retains the right to purchase the NSR (1%) at any time for $2,000,000.

The Company purchased, during the year ended February 28, 2007, additional claims in Labrador for cash consideration of $5,600. An NSR of 2% will be payable on these claims. The Company has the right to purchase one-half of the NSR (1%) at any time for $1,500,000.

The Company has acquired, during the year ended February 28, 2007, a 100% interest, by staking, in additional claims in Labrador, subject to a 1% or 2% NSR for a staking fee of $3,000. The Company has the right to purchase, respectively, all or one-half of the NSR (1%) at any time for $1,000,000.

The Company has acquired, during the year ended February 29, 2012 and during the years ended February 29, 2008 and February 28, 2007, a 100% interest, by staking, in additional claims in Labrador.

During the year ended February 29, 2008, the Company entered into an option/joint venture agreement with Ucore Uranium Inc. ("Ucore"), whereby the Company and Ucore pooled certain claims and option rights on additional claims held by Ucore in Labrador. Pursuant to the terms of the agreement, the Company and Ucore each have the option to acquire a 50% interest in the pooled claims and option rights by incurring exploration expenditures totaling $400,000 (completed).

During the year ended February 28, 2010, the Company wrote down the CMB Properties in the amount of $8,903,251 due to market conditions.

During the year ended February 29, 2012, the Company wrote-down the property by $10,560,410 to $1 as a result of delayed development due to market conditions but continues to maintain its key landholdings in Labrador.

Thelon Basin Projects

These properties include the Canada Uranium Joint Venture and the Company's other property holdings in the Thelon Basin:

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Uranium properties (cont'd…)

Thelon Basin Properties, Northwest Territories ("NWT") and Nunavut ("NU")

The Company entered into an agreement, dated April 13, 2006, with Yukon 37999 Inc. to acquire a 100% interest in certain uranium claims in the South Thelon area of the NWT. As consideration, the Company paid cash of $102,903 and issued 10,886 common shares valued at $95,432. A NSR of 2% on metals and a gross overriding royalty ("GOR") of 2% on diamonds will be payable on each of the claims. The Company retains the right to purchase one-half of the royalties (1.0%) at any time for $2,000,000.

During the year ended February 28, 2007, the Company entered into agreements with Aurora Geosciences Ltd. ("Aurora") to stake a minimum of 1,100,000 acres in Thelon Basin, NWT and NU. Under the terms of the agreements, consideration for staking was $0.60 per acre and one-third of a common share of the Company per acre, for claims located on land and $0.40 per acre and one-quarter of a common share of the Company per acre for claims located over water. During the year ended February 28, 2007, a total of $1,056,356 was paid by the Company for staking costs and 52,030 common shares were issued to Aurora. In addition, during the year ended February 29, 2008, a total of $333,368 was paid for staking costs and 18,387 common shares were issued to Aurora.

Pursuant to a Memorandum of Understanding ("MOU") dated April 11, 2005, the Company was granted an option to acquire an 80% interest in uranium rights in certain exploration permits acquired by Diamonds North Resources Ltd. ("Diamonds North"), and now held by Uranium North Resources Corp. ("Uranium North"), located within and around the Thelon Basin, Northwest Territories, in consideration of making a cash payment of $100,000 (paid) and issuing a total of 200,000 common shares. The Company issued 29,400 shares during the year ended February 29, 2008. The Company must also incur staged optional exploration expenditures on the property totaling $4,000,000, of which $400,000 must be expended by April 11, 2006 (completed), a further $1,600,000 by April 11, 2007 (completed) and a further $2,000,000 by April 11, 2008. The Company and Uranium North agreed to suspend the remaining required exploration expenditures due to permitting restrictions. During the year ended February 28, 2011, the Company relinquished its option to acquire an 80% interest in the exploration permits. All related costs were already written off during the year ended February 28, 2010.

During the year ended February 29, 2008, the Company granted an option to Stornoway Diamond Corp. ("Stornoway"), whereby Stornoway may earn a 60% interest in certain diamond rights at Itza Lake, Nunavut by issuing to the Company common shares of Stornoway with a value of $75,000 (received) and by incurring $4,000,000 in exploration expenditures over five years with a minimum of $500,000 to be incurred prior to September 1, 2011 During the year ended February 29, 2012, the Company received notice from Stornoway that it will not be proceeding to exercise its option. As a result, the option agreement has been terminated.

During the year ended February 28, 2010, the Company wrote-off the South Thelon Properties in the amount of $7,043,759 due to permitting constraints as well as market conditions.

During the year ended February 28, 2011, the Company wrote-off the remainder of the Thelon Properties in the amount of $3,963,378 due to market conditions.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Uranium properties (cont'd…)

Canada Uranium Joint Venture

On January 23, 2006, the Company entered into a joint venture agreement with Strongbow Exploration Inc. ("Strongbow") to identify, acquire and explore uranium properties in Canada. The Company will be the operator of the joint venture and, over the first five years of the agreement, shall contribute funding of up to $500,000 for the acquisition of prospective Canadian uranium properties identified by Strongbow. Strongbow and the Company shall each retain a 50% working interest in each acquired property, subject to the right of Strongbow to select up to three joint venture properties ("Earn-In Properties") for which the Company must fund the first $600,000 in exploration expenditures on each such property. Under the terms of the joint venture arrangement, Strongbow must offer all Canadian uranium opportunities that it identifies to the Company for inclusion in the joint venture. The Company maintains the right to identify and acquire Canadian uranium prospects outside of the joint venture, with no obligation to offer such projects to Strongbow unless such prospect is located in any of the Yukon, Nunavut, or Northwest Territories.

Pursuant to the joint venture, the Company entered into an agreement dated April 13, 2006 with Yukon 37999 Inc. ("Yukon") to acquire a 100% interest in certain uranium claims in the South Thelon Basin area of the NWT for cash consideration totaling $105,706. A 1% NSR on metals and a 1% GOR on diamonds will be payable on each of the claim blocks. The joint venture retains the right to purchase one-half of the royalties (0.5%) at any time for $1,000,000. Strongbow has elected to include these claims as an Earn-In Property.

Pursuant to the joint venture, Strongbow has elected to include certain staked mineral claims, in the North Thelon Basin, Nunavut, as an Earn-In Property under the Joint Venture.

Baca Property, New Mexico, United States

During the year ended February 29, 2008, the Company acquired an option (subsequently amended) to earn a 100% interest in claims comprising the Baca Property in New Mexico by paying US $520,000 (US $120,000 paid) and issuing 130,000 common shares (30,000 shares issued) over a period ending on July 31, 2014. A 4% NSR on mineral products produced will be payable on the claims. The Company retains the right to purchase one half of the NSR (2%) at any time for $2,000,000. A 4% NSR is also payable on production from mineral rights acquired by the Company within a one kilometer perimeter of the property unless such production is already burdened by a royalty or similar interest, in which case the Company will only be required to pay a 1% NSR. Upon the fourth anniversary of the option agreement, advance royalty payments of US $50,000 are to be paid annually and will be credited against future production royalties.

During the year ended February 29, 2008, the Company acquired a 100% interest by staking additional claims in the region of the Baca Property.

During the year ended February 28, 2010, the Company entered into a quitclaim deed indenture with Running Fox Resource Corp. in order to exchange and assign certain mineral claims, at no cost, in connection with its New Mexico uranium acreage in the region of the Baca property. Most of the swapped claims were either adjoining or overlapping each company's respective landholdings.

During the year ended February 28, 2011, the Company abandoned the Baca property and, as a result, related costs of $1,132,406 were written off to operations.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Uranium properties (cont'd…)

Montana, Wyoming, California and Nevada Uranium Properties, United States

During the year ended February 29, 2008, pursuant to an amalgamation, the Company acquired the following:

a) a 100% interest in several uranium properties located in the states of Montana, Wyoming, California and Nevada, USA. During the year ended February 28, 2011, the Company sold its claims located in California and, as a result, recorded a loss on sale of mineral properties totaling $262,729.

b) a 100% interest in two uranium state leases in Wyoming, and entered into a surface and mineral lease agreement on lands in Carter County, Montana (the "Schlosser Lease"). Under the surface and mineral lease agreement, the Company is responsible for payment of production royalties at rates of between 1% and 3% based on gross value of mineral materials sold and for making certain minimum annual royalties payable in advance. Annual advance minimum royalty payments made by the Company shall be applied as a credit against production royalties. The first annual advance minimum royalty payment, being $10,000, was due and paid on November 1, 2005, and increases on each anniversary date thereafter to a maximum of US$100,000 by the 14th anniversary date. The annual minimum royalty payment will also increase upon commercial production of mineral materials from the lease. The primary term of the lease is for twenty years, and with a consecutive secondary term thereafter that begins on the twentieth (20th) anniversary, unless terminated sooner.

c) a 100% interest in additional claims staked in Nevada and acquired a 100% interest in certain uranium state leases in Wyoming.

d) pursuant to a data base purchase agreement, the Company agreed to pay an NSR of 0.25% on uranium production from certain mineral lands within Carter County, Montana and Crook County, Wyoming and to pay a bonus of US$100,000 in the event a uranium mine is constructed in the same region.

e) a 100% interest in additional staked claims in Montana and Wyoming; and entered into a surface and mineral lease agreement on land in Carter County, Montana (the "Cochrane Lease"). Under the surface and mineral lease agreement, the Company is responsible for an upfront payment of US$25,000, and payment of production royalties at rates of between 2% and 5% based on net value realized from sale of minerals, and subject to certain minimum annual royalties payable in advance. Advance annual minimum royalty payment made by the Company shall be applied as a credit against production royalties. The advance annual minimum royalty is US$3 per acre during the primary term, increasing to US$6 per acre on the tenth (10th) anniversary date. The primary term of the lease is for ten years, and with a consecutive secondary term thereafter that begins on the tenth (10th) anniversary date, unless sooner terminated.

f) a database on the Mountain West Property in Elko county, Nevada. The database was acquired for an initial cash payment of US$50,000, with a further cash payment of US$100,000 to be made when the Company receives a Nevada mine permit. The acquisition agreement also includes the grant of a right of first offer to UG USA, Inc., under which the Company has entered into an agreement for the sale of uranium concentrates to UG USA, Inc. The right of first offer applies to the first one million pounds of uranium concentrate production from the Mountain West Property, at a 1% discount to the prevailing spot price of uranium. In addition, during the year ended February 28, 2009, the Company acquired a 100% interest in certain unpatented mineral claims adjacent to the Mountain West Property by issuing 20,000 common shares.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Uranium properties (cont'd…)

Montana, Wyoming, California and Nevada Uranium Properties, United States (cont`d...)

During the year ended February 29, 2012, the Company wrote-down the property by $8,142,991 to $2,070,000as a result of delayed development due to market conditions but continues to maintain its key landholdings in Wyoming, Montana and Nevada.

Saskatchewan, Canada; Wyoming and South Dakota, USA and Mali and Niger, West Africa Uranium Properties

During the year ended February 29, 2008, pursuant to an amalgamation, the Company acquired the following:

a) **Saskatchewan Properties:** On June 15, 2005, the Company entered into an option agreement with Bullion Fund Inc. ("Bullion"), pursuant to which it acquired an undivided 90% interest in certain mineral claim blocks in northern Saskatchewan (the "Collins Bay Extension"). Under the terms of the option agreement, Bullion retained an undivided 10% carried interest in all the claims.

   During the year ended February 29, 2008, the Company purchased the 10% interest held by Bullion in the claims subject to the initial purchase agreement by paying $125,000 cash and $225,000 through the issuance of 36,946 common shares.

   During the year ended February 28, 2010, the Company entered into an agreement with CanAlaska Uranium Ltd. ("CanAlaska"), whereby CanAlaska has an option to earn a 51% interest in the Collins Bay Extension property in the Athabasca Basin by spending $4,000,000 in exploration over five years and by issuing 50,000 shares (10,000 received to date) to the Company. CanAlaska also has an option to increase its interest to 70% by spending an additional $2,000,000 in exploration over a further three year period and by issuing an additional 80,000 shares to the Company.

   During the year ended February 28, 2010, the Company wrote down the Collins Bay Extension Properties in the amount of $3,997,235 due to market conditions. During the year ended February 29, 2012, the Company wrote-down the property by $3,902,235 to $1as a result of market conditions but the agreement with CanAlaska remains in good standing.

b) **Wyoming and South Dakota Properties:** By agreement, effective March 14, 2006, with Miller-Berdahl Partnership ("Miller-Berdahl") the Company has an option over a three year period to acquire a 100% interest, subject to certain production royalties, in state of Wyoming leases, mineral claims and one surface right agreement in four project areas in Wyoming and in one project area located in South Dakota and Wyoming. The surface right agreement, entered into between Stockade Beaver Creek Ltd., a company owned by Miller-Berdahl, and D. Spencer and P. Spencer and assigned to the Company as per terms of the Miller-Berdahl option agreement, provides the Company access and mining rights for the consideration of a 2% NSR production royalty and annual access payments in the amount of $3 per acre. Under the terms of the Miller-Berdahl option agreement, the Company made cash payments totalling US$750,000 and issued 32,500 common shares in order to exercise the option.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Uranium properties (cont'd…)

Saskatchewan, Canada; Nevada, Wyoming and South Dakota, USA and Mali and Niger, West Africa Uranium Properties (cont'd…)

Also, the Company has three surface rights agreements (providing also rights to mineral interests to the extent owned by the vendor) for access and mining rights in the Elkhorn project area.

During the year ended February 28, 2009, the Company sold its interest in certain claims and state leases in eastern Wyoming and in South Dakota to Powertech Uranium Corp., by agreement dated December 10, 2008, for consideration totaling US$50,000 and retained yellowcake royalties ranging between 1% and 5%.

During the year ended February 28, 2010, the Company entered into an agreement, subsequently amended, to acquire a 75% interest in the Hauber Uranium Project in Crook County, Wyoming. To earn its 75% interest, the Company was required to incur exploration expenditures totalling US$1,000,000 by March 31, 2015. However, subsequent to February 29, 2012, the Company provided its notice of termination of this option agreement and, as a result, $397,415 of exploration costs have been written off to operations during the current year.

c) **Mali Properties:** The Company owned a Mali subsidiary, Northern Canadian Minerals Inc. Mali ("NCA Mali") for the purpose of applying for and holding mineral rights in Mali.

During the year ended February 28, 2010, the Company sold to Cascade Resources Ltd. ("Cascade"), a TSX listed company, 100% of its interest in exploration and mining rights and permits in Mali for the consideration of 1,000,000 shares valued at $75,000 (received), a $250,000 promissory note (with an initial fair value of $215,959) amended and replaced by 1,000,000 common shares of Cascade with a value of $60,000 (received), and a 2.5% NSR on future production.

d) **Niger Properties:** During the year ended February 29, 2008, the Company applied for 12 uranium concessions in two blocks (subsequently reduced to four concessions in one block, pursuant to policy changes made by the Government of Niger) in north central Niger, West Africa. Granting of one block of four concessions was pending. However, during the year ended February 29, 2012, the Company dropped its interest in these concessions.

Niger Concessions

The Company entered into an option agreement dated November 17, 2005 with Longview to acquire a 100% interest in two uranium and two gold concessions located in Niger, West Africa.

During the year ended February 28, 2011, and subject to regulatory approval, the Company entered into an agreement with Cascade to sell all of its interests in its Niger properties for consideration comprised of 2,000,000 common shares of Cascade plus a 2.5% NSR on future production. Subsequently, Cascade declined to close the transaction and, as a result, the Company dropped its interest in all Niger concessions and related costs of $256,875 were written off to operations.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Gold and base metal properties

Kilgore Gold and Other Gold Properties, Idaho, United States

During the year ended February 28, 2009, the Company entered into an option/joint venture agreement with Otis Gold Corp. (formerly Otis Capital Corp.) ("Otis") whereby Otis could earn up to a 75% interest in the Kilgore Gold, Hai and Gold Bug Properties (the "Properties") by paying US$200,000 (received), issuing 3,000,000 common shares (received 1,300,000 common shares valued at $500,000) and incurring exploration expenditures totaling $3,000,000 over a five year period. A 2% NSR would be paid to the Company on production of gold from the Property. At any time, Otis would have the right to purchase each one-fourth of the NSR for the sum of $500,000, up to a maximum of three-fourths (3/4), following which the Company would hold a 0.5% NSR.

During the year ended February 28, 2011, the Company entered into a Purchase Agreement, which replaced the option/joint venture agreement, to sell a 100% interest in the Properties to Otis. The Purchase Agreement required Otis to pay an additional US $1,750,000 and issue 2,000,000 common shares. The cash was paid over a one year period from the date of closing (US $750,000 within forty five days (received); US$750,000 within four months (received); and US $250,000 within twelve months (received)). As at February 29, 2012, $Nil (February 28, 2011 - $977,150) was recorded as receivables on the balance sheet. Otis issued the 2,000,000 common shares at closing (Note 4). The shares are subject to hold periods (500,000 for six months; 500,000 for twelve months; 500,000 for eighteen months; and 500,000 for twenty four months).

Avoca Property, Ireland

The Company, through Jadebay Limited ("Jadebay"), a 100% owned Irish subsidiary, maintains a 100% interest in two prospecting licences in the Republic of Ireland. To maintain the licenses, the Company must incur exploration expenditures of €37,500 (approximately CDN $50,400) per license, annually.

During the year ended February 28, 2011, the Company's licenses were renewed for an additional two-year period ending June 10, 2012. However, due to delays in development, the Company wrote-down the property by $1,681,233 to $1 during the year ended February 28, 2011. Subsequent to February 29, 2012, the Company allowed the licenses to lapse and, as a result, the remaining $1 of costs has been written off to operations during the current year.

8. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	February 29, 2012	February 28, 2011	March 1, 2010
Trade payables	$ 1,368,983	$ 2,016,796	$ 221,127
Accrued liabilities	282,232	177,609	119,112
Total	$ 1,651,215	$ 2,194,405	$ 340,239

9. CAPITAL STOCK AND RESERVES

Authorized capital stock

As at February 29, 2012, the authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of Class A convertible preferred shares without par value.

Private placements

During the year ended February 28, 2011, the Company completed private placements consisting of 608,663 units at a price of $0.55 per unit for gross proceeds of $334,765. Each unit consisted of one common share and one-half of one share purchase warrant. Of the 304,332 whole warrants, 233,182 are exercisable at $0.75 per share until April 6, 2012 and 71,150 are exercisable at $0.75 per share until April 14, 2012.

Stock options

The Company has a stock option plan where the directors are authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option shall not be less than the closing price of the Company's shares on the date of grant less any discount permitted by the TSX Venture Exchange ("TSX-V") and vesting terms are at the discretion of the board of directors. The options can be granted up to a maximum term of 10 years.

As at February 29, 2012, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
41,375	$ 0.30	June 10, 2013
2,085,750	0.30	April 29, 2017
2,200,000	0.30	February 3, 2018
4,327,125		

9. CAPITAL STOCK AND RESERVES (cont'd…)

Stock options (cont'd...)

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, February 28, 2010	1,332,079	$	4.50
Options granted	4,300,000		0.78
Options exercised	(14,250)		0.55
Options cancelled/expired	(1,290,704)		4.50
Balance, February 28, 2011	4,327,125		0.82
Repriced	(4,327,125)		0.82
Repriced	4,327,125		0.30
Balance, February 29, 2012	4,327,125	$	0.30
Number of options currently exercisable	4,242,125	$	0.30

Warrants

As at February 29, 2012, the Company had outstanding share purchase warrants and broker warrants enabling the holders to acquire common shares as follows:

Number of Shares		Exercise Price	Expiry Date
233,182	$	0.75	April 6, 2012 (Expired unexercised subsequent to year-end)
71,150		0.75	April 14, 2012 (Expired unexercised subsequent to year-end)
304,332			

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
As at February 28, 2010	401,250	$	1.93
Issued	304,332		0.75
Expired	(401,250)		1.93
As at February 28, 2011 and February 29, 2012	304,332	$	0.75

9. CAPITAL STOCK AND RESERVES (cont'd…)

Stock-based compensation

For the year ended February 29, 2012, the Company recorded $224,567 (February 28, 2011 - $680,801) as stock-based compensation expense pursuant to the vesting of 2,640,000 (February 28, 2011 – 1,575,000) stock options, with an offset to reserves for options that vested during the current year.

The weighted average fair value of the stock options granted during the year ended February 29, 2012 was $Nil (February 28, 2011 - $0.43) per option.

During the year ended February 29, 2012, the Company also repriced 4,327,125 previously granted stock options that were exercisable at prices ranging from $0.55 - $4.50 to a price of $0.30 per option. As a result, additional stock-based compensation of $36,024 (February 28, 2011 - $Nil) has been recorded.

The weighted average fair value of stock options repriced during the year ended February 29, 2012 was $0.09 (February 28, 2011 - $Nil) per option.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options and compensation options granted or repriced during the years ended February 29, 2012 and February 28, 2011:

	2012	2011
Risk-free interest rate:	0.89%	2.21%
Expected life of options:	3 years	3 years
Annualized volatility:	109.24%	101.51%
Dividend rate:	0%	0%

10. RELATED PARTY TRANSACTIONS

During the year ended February 29, 2012, the Company:

a) Paid or accrued $120,000 (February 28, 2011 - $120,000) for management fees, $12,000 (February 28, 2011 - $12,000) for rent, and $120,000 (February 28, 2011 - $120,000) for geological consulting fees included in deferred exploration costs to a company controlled by the president of the Company and to a director of the Company.

b) Paid or accrued $15,000 (February 28, 2011 - $15,000) for administration fees to a company owned by an officer of the Company.

Included in accounts payable and accrued liabilities at February 29, 2012 is $27,112 (February 28, 2011 - $289,014; March 1, 2010 - $83,937) owing to a company controlled by the president of the Company, a company with a director in common and to directors of the Company, all related to the above transactions.

10. RELATED PARTY TRANSACTIONS (cont'd…)

The remuneration of directors and key management personnel during the years ended February 29, 2012 and February 28, 2011 are as follows:

	2012	2011
Administration fees	$ 15,000	$ 15,000
Directors' fees	39,000	43,500
Management fees	120,000	120,000
Professional fees	42,600	48,625
Rent	12,000	12,000
Stock-based compensation (i)	166,536	338,780
Geological consulting fees included in deferred exploration costs	120,000	120,000
	$ 515,136	$ 697,905

(i) Stock-based compensation is the fair value of options granted to key management personnel.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2012	2011
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

The significant non-cash investing and financing transactions during the year ended February 29, 2012 included:

a) receiving 1,000,000 common shares of a publicly-traded company to settle receivables of $60,000; and

b) accruing $3,443 of deferred exploration costs for exploration and evaluation assets and $1,260,648 of acquisition costs related to the acquisition of the Reno Creek Property in accounts payable and accrued liabilities as at February 29, 2012.

The significant non-cash investing and financing transactions during the year ended February 28, 2011 included:

a) issuing 6,256,262 common shares valued at $3,503,010 pursuant to the acquisition of the Reno Creek Property (Note 7);

b) receiving marketable securities valued at $152,000 pursuant to a resource property option agreement;

c) receiving marketable securities valued at $1,280,000 pursuant to the sale of an exploration and evaluation asset;

d) accruing $977,150 of sales proceeds in receivables as at February 28, 2011; and

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd…)

e) accruing $207,484 of deferred exploration costs for exploration and evaluation assets and $1,483,602 of acquisition costs related to the acquisition of the Reno Creek Property in accounts payable and accrued liabilities as at February 28, 2011.

12. COMMITMENTS

During the year ended February 29, 2008, the Company entered into management services agreements with the Company's President and its Chief Operating Officer. Both contracts were effective from January 1, 2008 to December 31, 2009 (subsequently amended to December 31, 2011) and remuneration was originally $20,000 per month (reduced to $10,000 per month effective January 1, 2009). On April 1, 2010, these management services agreements were replaced by new, substantively identical, agreements with effective dates from April 1, 2010 to March 31, 2013 with remuneration of $10,000 per month. If the Company terminates either agreement, the Company will, in certain circumstances, be obligated to make a termination payment equal to twenty-four times the monthly management fee.

13. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	2012	2011
Loss for the year	$ (23,137,648)	$ (9,907,570)
Expected income tax (recovery)	$ (6,074,000)	$ (2,791,000)
Change in statutory, foreign tax and foreign exchange rates	(138,000)	247,000
Permanent difference	189,000	348,000
Change in unrecognized deductible temporary differences	6,023,000	2,196,000
Total income tax expense (recovery)	$ -	$ -

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada.

The significant components of the Company's unrecorded deferred tax assets are as follows:

	2012	2011
Deferred Tax Assets (Liabilities):		
Exploration and evaluation assets	$ 7,349,000	$ 1,706,000
Property and equipment	52,000	52,000
Marketable securities	50,000	(23,000)
Share issue costs	-	91,000
Allowable capital losses	178,000	135,000
Non-capital losses available for future period	4,136,000	3,781,000
	11,765,000	5,742,000
Unrecognized deferred tax assets	(11,765,000)	(5,742,000)
Net deferred tax assets	$ -	$ -

13. INCOME TAXES (cont'd…)

The Company has available for deduction against future taxable income non-capital losses of approximately $16,035,000. These losses, if not utilized, will expire through to 2032. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements.

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2012	2011	Expiry Date Range 2011
Temporary differences:			
Exploration and evaluation assets	$ 27,150,000	$ 6,431,000	No expiry date
Property and equipment	216,000	215,000	No expiry date
Marketable securities	402,000	(187,000)	No expiry date
Share issue costs	-	365,000	Not applicable
Allowable capital losses	711,000	541,000	No expiry date
Investment tax credits	150,000	145,000	2026 - 2032
Non-capital losses available for future period	$ 16,035,000	$ 14,629,000	2014 - 2032

Tax attributes are subject to review, and potential adjustment, by tax authorities.

14. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, long-term receivables and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature. The Company's other financial instruments, being cash, short-term investments and marketable securities, are measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and short-term investments are held at a large Canadian financial institution in interest bearing accounts.

14. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd…)

Credit risk (cont'd...)

The Company's receivables and long-term receivables consist mainly of amounts due from the sale of exploration and evaluation assets and HST receivable due from the government of Canada (Note 5).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Accounts payable relating to exploration and evaluation assets and other accounts payable and accrued liabilities are due within one year.

The Company has a working capital deficiency as at February 29, 2012 of $901,011. Included in accounts payable and accrued liabilities are finder's and establishment fees totaling $1,260,648 (US$1,265,000) associated with the acquisition of the Reno Creek Property (Note 7).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments is minimal because these investments roll over daily.

b) Foreign currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, the United States and Ireland. The Company funds cash calls to its subsidiary companies outside of Canada in US dollars and a portion of its expenditures are also in the other local currencies. The greatest risk is the exchange rate of the Canadian dollar relative to the US dollar and a significant change in this rate could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. At February 29, 2012, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

	US$
Cash	113,834
Reclamation bonds	16,000
Accounts payable and accrued liabilities	(1,268,455)
Net exposure	(1,138,621)

14. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd…)

Market risk (cont'd...)

Based on the above net exposure as at February 29, 2012, and assuming that all other variables remain constant, a 10% change in the value of the Canadian dollar against the US dollar would not materially affect the loss from operations.

c) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly uranium. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

The Company currently maintains investments in certain marketable securities. There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its resource properties. The Company relies mainly on equity issuances to raise new capital and on entering joint venture agreements on certain properties which enables it to conserve capital and to reduce risk. In the management of capital, the Company includes the components of shareholders' equity. The Company prepares annual estimates of exploration expenditures and monitors actual expenditures compared to the estimates in effort to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to negotiate premium interest rates on savings accounts or to invest its cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated at any time without interest penalty. The Company will require additional financing in order to provide working capital to fund costs relating to the financing of the investment in the Reno Creek Property and fund its exploration programs. These financing activities may include issuances of additional debt or equity securities or disposal of resource property interests in order to re-invest the proceeds.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

15. SEGMENTED INFORMATION

The primary business of the Company is the acquisition and exploration of resource properties.

15. SEGMENTED INFORMATION (cont'd…)

Geographic information is as follows:

	February 29, 2012	February 28, 2011	March 1, 2010
Capital assets			
Canada	$ 9,932	$ 14,457,931	$ 19,279,544
United States	10,268,130	16,355,318	13,185,770
Africa	-	-	256,875
Ireland	-	1	1,607,522
	$ 10,278,062	$ 30,813,250	$ 34,329,711

16. FIRST TIME ADOPTION OF IFRS

As stated in Note 2, these consolidated financial statements are for the Company's first annual financial statements prepared in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing the consolidated financial statements for the years ended February 29, 2012 and February 28, 2011 and the opening IFRS consolidated statement of financial position as at March 1, 2010, the "Transition Date".

In preparing the opening IFRS consolidated statement of financial position and the consolidated financial statements for the year ended February 28, 2011, the Company has adjusted amounts reported previously in financial statements that were prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

a) to apply the requirements of IFRS 3, Business Combinations, prospectively from the Transition Date; and

b) to apply the requirements of IFRS 2, Share-based payment, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date.

Additionally, in accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of March 1, 2010 are consistent with its GAAP estimates for the same date.

16. FIRST TIME ADOPTION OF IFRS (cont'd…)

The reconciliation between the Canadian GAAP and IFRS equity as at March 1, 2010 (date of transition to IFRS) and February 28, 2011 is provided below:

	Note	March 1, 2010	February 28, 2011
Equity under Canadian GAAP		$ 37,653,050	$ 32,271,893
Adjustment	(b)	-	-
Equity under IFRS		$ 37,653,050	$ 32,271,893

The reconciliation between the Canadian GAAP and IFRS total comprehensive income for the year ended February 28, 2011 is provided below:

	Note	Year ended February 28, 2011
Comprehensive income under Canadian GAAP		$ (9,759,253)
Adjustment	(a)	(148,317)
Comprehensive income under IFRS		$ (9,907,570)

There are no differences between IFRS and Canadian GAAP in connection with the Company's statements of cash flows for the year ended February 28, 2011.

a) Stock-based compensation

IFRS requires each tranche of a share-based award with different vesting dates to be considered a separate grant for purpose of fair value calculation, and the resulting fair value is amortized over the vesting period of the respective tranches. Furthermore, forfeiture estimates are recognized in the period they are estimated.

Under GAAP, the fair value of share-based awards with graded vesting was calculated as one single grant and the resulting fair value was recognized on a straight-line basis over the longest vesting period. Forfeitures of awards were only recognized in the period the forfeiture occurred.

b) Flow-through shares

Canadian GAAP has specific guidance for the treatment of flow-through shares, which are an equity instrument unique to Canada and therefore, there is no specific equivalent guidance under IFRS. Under the IFRS framework, the shares can be seen as a compound instrument, consisting of a share and a tax benefit and when the shares are issued the premium paid for the tax benefit in excess of the market value of the shares on a standalone basis is credited to flow-through liabilities. When the qualifying expenditures are made, the obligation of the Company to pass the tax benefit to the shareholder has been discharged, and accordingly, the liability is taken into income at that point in time as a deferred tax recovery.

17. SUBSEQUENT EVENT

Subsequent to February 29, 2012, the Company issued 254,000 units for total gross proceeds of $38,100 pursuant to a private placement. Each unit consists of one common share and one share purchase warrant enabling the holder to acquire an additional common share at $0.25, expiring May 24, 2014. A commission of $2,286 and 15,240 finder's warrants were paid in connection with the private placement. The warrants issued to the finder were issued under the same terms and conditions as the units sold pursuant to the private placement.

BAYSWATER URANIUM CORPORATION

Management Discussion and Analysis

Year Ended February 29, 2012

This discussion and analysis of financial position and results of operations ("MD&A") is prepared as at June 27, 2012 and should be read in conjunction with the audited consolidated financial statements for the years ended February 29, 2012 and February 28, 2011 of Bayswater Uranium Corporation (the "Company" or "Bayswater") with the related notes thereto. Those audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

Description of Business

The Company is a natural resource company engaged in the acquisition and exploration of uranium properties with a secondary interest in base metal properties. During the year ended February 28, 2011, the Company completed the acquisition of the Reno Creek uranium property, located in northeastern Wyoming (see Investment in Reno Creek Property below). The Company holds additional uranium interests in the western United States, Saskatchewan, Labrador, Nunavut and the Northwest Territories. The Company also owns various base metal and diamond interests.

The Company trades on the TSX Venture Exchange ("TSX-V") under the symbol BYU.

Forward-Looking Statements

This MD&A may contain "forward-looking statements" within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date of this Interim MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

These forward-looking statements include, among others, statements with respect to the Company's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding the Company's future operations, future exploration and development activities or other development plans and estimated future financing requirements contain forward-looking statements.

All forward-looking statements and information are based on the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated

financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements.

These factors include, but are not limited to, developments in world financial and commodity markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration plans due to exploration results and changing budget priorities of the Company or its joint venture partners, changes in project parameters as plans continue to be refined; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing, the effects of competition in the markets in which the Company operates, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the Company's anticipation of and success in managing the foregoing risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on the Company's behalf, except as required by law.

INVESTMENT IN RENO CREEK PROPERTY

The Reno Creek Property, located in Wyoming, is the Company's flagship project and our corporate goal is to put the property into production in the shortest time frame possible in order to maximize shareholder value.

During the year ended February 28, 2010, the Company entered into a formal Purchase Agreement as amended (the "Agreement") with Strathmore Resources (US) Ltd. ("Strathmore"), a wholly-owned subsidiary of Strathmore Minerals Corp. (TSX-STM.V) and American Uranium Corp. (OTC:ACUC) ("American") for the acquisition (the "Acquisition") of a 100% interest in the Reno Creek uranium property, located in northeastern Wyoming (the "Reno Creek Property" or the "Property").

Reno Creek is an advanced, near–surface uranium project at the permitting/feasibility stage located in the Powder River Basin in northeastern Wyoming, a well established uranium development region. The Project comprises NI 43-101 compliant resources of 10.96 million pounds of U3O8 in 8,268,872 tons at an average grade of 0.066% U3O8 measured and indicated and 4.73 million pounds of U3O8 in 3,796,930 tons at an average grade of 0.063% U3O8 inferred as documented in separate reports filed on Sedar on the Reno Creek and Southwest Reno Creek Uranium Properties, respectively, dated January 30, 2009 by Charles D. Snow, P.G. Reno Creek also contains additional historical resources in the Pine Tree Trend of approximately 8.41 million pounds of U3O8 in 5,066,265 tons grading approximately 0.083% U3O8 (Pathfinder Resources, 1980; Rocky Mountain Energy, 1986). Historical resource estimates are not compliant with NI 43-101 standards, are not treated as mineral resources, have not been verified by the Company's Qualified Person, are provided for information purposes only and, as such, should not be relied upon. The Project also has excellent potential to significantly increase resources through low-risk exploration.

The Reno Creek Project encompasses approximately 20,900 acres of claims and leases, including 588 unpatented mining claims, seven Wyoming State mineral leases, four fee (private) mineral leases, and nine surface access agreements. As the deposits at Reno Creek are considered to be highly amenable to In-Situ Recovery (ISR) production, and are located in close proximity to major infrastructure, power, and other operating ISR facilities, the Project economics appear to be very robust based on a prefeasibility report completed for the Company by TREC, Inc. in 2009. The near-ideal geological characteristics of the uranium deposits which make the resources conducive to low-cost, minimal-impact ISR mining, combined with the benefits of nearby infrastructure within a highly favorable political jurisdiction for uranium mining, are among the chief reasons that the Reno Creek Project is one of the best undeveloped major uranium properties in the western United States as stated independently by Tom Pool, a leading US uranium industry mining engineer. These factors allow for a fairly predictable five year development schedule to production, a timeline the Company will aggressively pursue.

Effective April 7, 2010, the acquisition of the Reno Creek Property was completed through the acquisition of AUC LLC ("AUC"), a limited liability company, in consideration of the aggregate payment of US$20,000,000 to Strathmore, of which US$17,500,000 was paid in cash and US$2,500,000 was paid through the issuance of 4,422,807 common shares of the Company valued at $2,502,150. In consideration for an extensive historical database, rights to a previous deep well injection permit and in exchange for American's consent to the transaction and termination of its rights pursuant to a previous joint venture on the Property, the Company paid American US$2,000,000, of which US$1,000,000 was paid in cash and US$1,000,000 was paid through the issuance of 1,833,455 common shares of the Company.

The Company executed an investment agreement dated April 7, 2010 pursuant to which the Pacific Road Resources Funds ("PRRF"), a private mining equity investor, provided US$20,000,000 in financing to fund the purchase of the Property. The financing consisted of a US$20,000,000 investment into a special purpose entity, Reno Creek Holdings Inc., ("RCHI") (formerly referred to as "Newco"), which holds the Property indirectly through AUC. On closing of the transaction, PRRF held a 76.92% interest in RCHI and the Company held a 23.08% interest in RCHI. The Company's cost of its 23.08% interest totaled $8,250,678, which included an establishment fee of US$700,000 (originally payable on or before December 1, 2010 and subsequently amended to be paid upon, or prior to, the next capital contribution to RCHI by the Company and bearing interest at the rate of prime plus 15% per annum) and a finder's fee of US$1,000,000, both payable in conjunction with the investment agreement. The Company and PRRF have entered into a shareholders' agreement in respect of RCHI which permits the Company to contribute additional amounts to RCHI in order to achieve a 50% ownership interest. PRRF has the right to convert its investment in RCHI into common shares of the Company, subject to shareholder approval (obtained during the year ended February 28, 2011), at any time up to six months following the latter of completion of a feasibility study and mine permitting, but not later than five years from April 7, 2010 provided certain conditions are met. The shareholders' agreement also provides for equal representation on the board of RCHI, subject to adjustment, as well as unanimous RCHI shareholder approval for certain key decisions including annual work programs and budgets for the Property.

While PRRF funded the acquisition of the Property and jointly funded with the Company a US$4,000,000 working capital position in RCHI for the first year's program in 2010, Bayswater was to contribute additional amounts in stages totaling US$14,000,000 in order to complete a feasibility study and to secure mining permits. Upon the Company making the US$14,000,000 cash contribution to RCHI, it would have owned a 50% interest in RCHI. Upon PRRF converting its investment in RCHI into common shares of the Company, the Company would then own a 100% interest in RCHI and, thus, the Reno Creek Property.

Pursuant to the investment agreement and shareholders agreement dated April 7, 2010 (the "Agreements") involving PRRF, the Company was obliged to fund RCHI with US$7,000,000 and pay certain fees to PRRF on or before December 1, 2010. Such funding and payment of fees did not occur. On January 5, 2011, PRRF and the Company entered into an amending agreement in respect of the

Agreements whereby PRRF funded the first quarter of the 2011 RCHI budget in the amount of US$1,750,000 and, as a result, the interest held by the Company in RCHI was reduced to 21.29% from 23.08% with a maximum interest the Company could earn in RCHI having been reduced from 50.0% to 45.13%. The remaining balance of the 2011 RCHI budget, being US$5,250,000 plus certain fees (and accrued interest thereon), was due before March 1, 2011. The Company was unable to secure such funding before March 1, 2011. As a result, PRRF funded the balance of $5,250,000 and, as of March 1, 2011, the interest held by Bayswater in RCHI was reduced to 17.27% from 21.29% with a maximum interest the Company could then earn in RCHI having been reduced from 45.13% to 31.14%.

Upon approval on December 7, 2011 by PRRF and the Company of the program and budget for the 2012 Reno Creek Project in the amount of US$8,000,000, the Company has not been able to fund either its obligation of US$7,000,000 and pro-rata share of the balance of US$1,000,000 or certain fees (and accrued interest thereon); and PRRF have notified the Company and the parties have agreed that PRRF will be funding the entire US$8,000,000 for the 2012 program. Consequently, on January 31, 2012, PRRF and the Company have further amended the Agreements to reflect such funding by PRRF and the reduced interest held by the Company in RCHI from 17.27% to 13.47% and the maximum interest the Company could then earn in RCHI having been reduced from 31.14% to 13.47%.

Pursuant to the Agreements as amended on January 5, 2011 and January 31, 2012, PRRF continues to be entitled to convert its investment in RCHI into common shares of the Company at any time up to six months following the later of completion of a feasibility study or receipt of all requisite mining permits at which time PRRF must convert if not already done so, but in any event PRRF must convert its investment not later than April 7, 2015, provided certain conditions are met. Upon conversion by PRRF, Bayswater will own a 100% interest in RCHI which indirectly holds the Reno Creek property**.**

During the year ended February 28, 2010, the Company received a positive National Instrument 43-101-compliant prefeasibility study report (PFS) from TREC Inc. on the technical and economic feasibility of the Reno Creek uranium project in Wyoming. The report also verified the previous resource estimates as outlined above. Based on a central processing plant with a capacity for producing up to 2.0 million pounds U3O8 per year, the PFS indicated the project has potential robust economics with an IRR of 79% and a discounted NPV of US$164 million. Cash operating costs were projected at US$13.72 per pound U3O8. The PFS also indicated a conservative five year timeline to production with potential for reducing the timeline based primarily on time spent to completion of permitting. The PFS financial parameters as stated were determined using U3O8 selling prices ranging from US$63.00 per pound in the first year of production increasing to US$72.50 in the sixth year of production.

AUC plans to complete baseline environmental and engineering studies and permitting of the project for planned production by 2015 or earlier.

During the year ended February 29, 2012, the following work program was completed on the Reno Creek Project by AUC LLC, an affiliate that holds the Reno Creek properties and operator of the Reno Creek Uranium Project:

1. 350 drill holes were completed on the Southwest Reno Creek deposit in order to confirm and better delineate known resources and to evaluate potential extensions of mineralized roll fronts.

2. The above drilling programs included selected coring of the host sandstone in resource areas for metallurgical and engineering testing to support the application for permits to the NRC and WDEQ.

3. Environmental baseline studies, including pump tests, were completed and permit applications, including a Source Materials License to the NRC and a Permit to Mine to the WDEQ, are in the process of being finalized.

Results of the work program to February 29, 2012 are summarized as follows:

- Drilling confirmed historical mineralization, both in extent and grade, over all portions of SW Reno Creek drilled to date.
- Delineation and step-out holes identified additional mineralization beyond known resources in the SW Reno Creek area..
- Drilling defined significant uranium intercepts utilizing cutoff grades of greater than or equal to 0.03% eU3O8 and grade-thickness values of greater than or equal to 0.30.
- The best holes intersected 19.0 feet grading 0.409% eU3O8 for a grade/thickness ("GT") interval of 7.8; 38.5 feet grading 0.068% eU3O8 for a GT interval of 2.63; and 24.5 feet grading 0.117% eU3O8 for a GT interval of 2.867.
- Of the 350 holes drilled, 107 holes intersected higher grade mineralized intervals above cut-off with GT's ranging from 0.5 to 2.867.
- Metallurgical test work completed on mineralized core samples in the Southwest Reno Creek deposit indicate uranium recoveries ranging from 78% to 93%. Permeability of core samples tested is well within the range typical of in-situ-recovery operations in the Western USA.
- With completion of environmental baseline studies, AUC is finalizing applications for a Source Materials License to the NRC and a Permit to Mine to the WDEQ. In order to optimize the quality and effectiveness of the applications, AUC elected to initiate a collaborative, publicly open procedure with the NRC during November 15-17, 2011, called a Pre-Submission Audit. NRC staff traveled to the Reno Creek Project site and toured the proposed project development area. NRC staff then reviewed the draft application, including both the Technical Report and Environmental Report, in detail, to determine the application's general level of completeness. NRC staff found the documents very thorough and identified specific sections of the document whose enhancements could significantly reduce future Requests for Additional Information during the technical review phase. NRC's comments are now being incorporated into the final applications. Key findings of environmental baseline work are as follows:
    - The mineralized Production Zone sandstone horizon is physically confined above and below by a low permeability shale or mudstone across the entire project area. Detailed core testing of these mudstone aquitards has revealed very low permeability ranging from 0.0005 to 0.0009 millidarcies.
    - The four multi-well pump tests completed, document that the hydrologic conditions such as permeability and transmissivity are within the normal operating ranges exhibited at existing commercial ISR production facilities in Wyoming and neighbouring states as well as for projects under on-going permitting or recently permitted for production in Wyoming.
    - No hydrologic communication has been detected between the mineralized production sandstone and the underlying and overlying aquifers in the area of pump testing. This finding also confirms that there is no evidence of hydrologic leakage or communication through historical drill holes.

AUC's plans for calendar 2012 include drilling of up to 550 exploration and delineation holes on various Reno Creek area properties, continuing its permitting activities with the NRC and the WDEQ, preparation of an new NI 43-101 Resource Report, and preparation of a new NI 43-101 compliant Prefeasibility Study. In addition, during 2012, AUC intends to commence engineering and design of the Production Units and Central Process Plant. AUC's total budget is approximately $8.0 million (US) that has been fully funded by Pacific Road Resources Funds. The calendar 2012 drilling campaign commenced in March, 2012.

Subsequent to the year ended February 29, 2012, the Company has announced the following positive results from the Reno Creek 2012 work program:

- AUC acquired two data packages applicable to the Reno Creek project and in particular to the Pine Tree Trend—the region hosting the historical resources referred to above. Data packages are currently being compiled and assessed.
- The Company recently announced discovery by AUC LLC of a significant mineralized extension to known resources in the Southwest Portion of the Reno Creek deposit. A major portion of the discovery has been delineated by 230 holes of which 195 were completed in 2012. Approximately 70% of the drill holes reported in the discovery area show grade-thickness (GT) in excess of 0.2, with an average grade of 0.051% U3O8 over an average thickness of 12.7 feet, resulting in an average GT of 0.64. Nearly 40% of the holes reported GT >0.5.

AUC's plans for the second half of 2012 include the completion of an updated and revised NI 43-101 Resource Estimate for North Reno Creek and Southwest Reno Creek resource areas that comprise the known Reno Creek deposit. In addition, the Resource Estimate will incorporate portions of the area of the historical resource from the Pine Tree Trend utilizing recently acquired new data as stated above.

The Pine Tree Trend contains AUC's Moore Unit, which lies approximately 7 miles northwest of the Reno Creek Project, and the Pine Tree Unit, which lies approximately 5 miles southwest of the Reno Creek Project. The Pine Tree Trend contains a historical resource of 8.4 million pounds U3O8 grading 0.083% U3O8 based on a 1980 report by Pathfinder Mines Corporation and by Rocky Mountain Energy in a report dated April, 1986. Historical resource estimates are not compliant with NI 43-101 standards, are not treated as mineral resources, have not been verified by the Company's Qualified Person, are provided for information purposes only and, as such, should not be relied upon. The NI 43-101 Resource Estimate is being prepared by Behre Dolbear Group, Inc. Following completion of the Resource Estimate, AUC intends to issue a new Pre-Feasibility Study, which is being prepared by TREC, Inc.

AUC intends to continue its drilling program and the permitting activities with the NRC and the WDEQ.

Future obligations associated with the Reno Creek Property consist of payments pursuant to maintaining mineral claims and various underlying mineral lease, surface access and property option agreements. The Company's 13.47% share of these future payments through calendar 2014 totals US$80,685.

Overall Performance

During the year ended February 29, 2012, the Company sold its interest in all concessions in Niger to Cascade Resources Inc. ("Cascade"), subject to regulatory approval; however, during the period ended May 31, 2011, Cascade advised the Company that it had declined to close the transaction and, as a result of this and the financial obligations to maintain the concessions, the Company terminated its interest in the concessions The Niger holdings are early stage exploration targets that do not fit with current corporate goals to focus on advance uranium projects.

Subsequent to February 29, 2012, the Company provided notice to terminate its option agreement to acquire the Hauber Uranium Project and, as a result, $397,415 of accumulated exploration costs were written off to operations during the current year. In addition, the Company allowed the Avoca property licenses to lapse and, as a result, the remaining $1 of costs has been written off to operations during the current year.

Future Plans and Outlook

Given current market conditions, the Company has significantly reduced overhead and project expenditures going forward with a realigned focus primarily on advancing the Reno Creek Project to feasibility and production in the shortest time frame possible and secondarily on acquisition of additional advanced uranium projects and on development of select early stage Canadian and United States projects

through joint ventures. These measures will enable the Company to maintain operations and, at the same time, maintain its major property assets and its management team.

Selected Annual Financial Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the Consolidated Financial Statements.

	Year Ended February 29, 2012	Year Ended February 28, 2011	Year Ended February 28, 2010
Interest income	$ 370	$ 1,130	$ 67,067
Loss for the year	(23,137,648)	(9,907,570)	(23,031,119)
Basic and diluted loss per share	(1.04)	(0.46)	(1.49)
Total assets	11,046,051	34,466,298	37,993,289
Total long-term liabilities	-	-	-
Cash dividends	-	-	-

Basis of preparation

The financial information for the years ended February 29, 2012 and February 28, 2011 have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). Financial information for the year ended February 28, 2010 was prepared using Canadian GAAP.

Results of Operations

The Company recorded a loss of $23,137,648 for the year ended February 29, 2012 compared to a loss of $9,907,570 during the comparative year ended February 28, 2011. The increase in loss of $13,230,078 was mostly due to the recording of more write-off of exploration and evaluation assets (2012 - $20,921,325; 2011 - $7,862,203) and by the increase in the combined unrealized/realized loss on marketable securities (2012 - $929,667; 2011 – gain of $178,582). These increases were partially offset by decreases in stock-based compensation expense (2012 - $260,591; 2011 - $680,801) and loss on sale of exploration and evaluation assets (2012 – gain of $10,000; 2011 – loss of $262,729) during the current year.

The Company recorded a loss of $9,907,570 for the year ended February 28, 2011 compared to a loss of $23,031,119 during the comparative year ended February 28, 2010. The decrease in loss of $13,123,549 was mostly due to the write-off of mineral properties (2011 - $7,862,203; 2010 - $24,075,862). Significant expense increases during the current year included higher stock-based compensation (2011 - $680,801; 2010 - $418,736) due to more options vesting, and interest expense (2011 - $99,679; 2010 - $Nil) due on amounts now owing to PRRF. These increases were offset by continuing reductions in operating expenses. Other significant differences included future income tax recovery (2011 - $Nil; 2010 - $2,705,000) related to the write-off of mineral properties, and gain (loss) on sale of mineral properties (2011 - $(262,729); 2010 - $229,488).

Quarterly Information

	Three Months Ended Feb 29, 2012	Three Months Ended Nov 30, 2011	Three Months Ended Aug 31, 2011	Three Months Ended May 31, 2011
Total assets	$11,046,051	$32,264,113	$32,723,619	$33,283,783
Exploration and evaluation assets	10,240,392	31,099,705	31,018,140	30,865,290
Working capital (deficiency)	(901,011)	(649,661)	(111,462)	190,473
Loss for the period	(21,471,073)	(542,102)	(490,713)	(633,760)
Loss per share	(0.96)	(0.02)	(0.02)	(0.03)

	Three Months Ended Feb 28, 2011	Three Months Ended Nov 30, 2010	Three Months Ended Aug 31, 2010	Three Months Ended May 31, 2010
Total assets	$34,466,298	$41,629,713	$41,944,205	$43,322,681
Exploration and evaluation assets	30,722,861	40,071,137	39,948,020	40,738,297
Working capital (deficiency)	720,858	(1,186,877)	(634,655)	60,804
Loss for the period	(7,047,781)	(545,741)	(1,593,741)	(720,307)
Loss per share	(0.32)	(0.02)	(0.07)	(0.04)

Basis of preparation

The quarters ended May 31, 2010 through February 29, 2012 have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Fiscal 2012

From March 1, 2011 to February 29, 2012, total assets decreased by $23,420,247. This was mainly due to the recording of realized and unrealized losses on marketable securities totaling $929,667, the write-off of exploration and evaluation assets of $20,921,325 and the expending of $1,186,952 on operating activities.

During the quarter ended February 29, 2012, the Company recorded a loss of $21,471,073, an increase of $20,928,971 from the prior quarter. The increase was mostly due to the write-off of exploration and evaluation assets of $20,921,325 during the quarter ended February 29, 2012. The Company recorded a loss of $542,102 during the quarter ended November 30, 2011, which was an increase in loss of $51,389 from the quarter ended August 31, 2011. The increase was insignificant. During the quarter ended August 31, 2011, the Company recorded a loss of $490,713, which was a decrease in loss of $143,047 compared to the loss of $633,760 recorded in the quarter ended May 31, 2011. The decrease was mostly due to the higher unrealized and realized losses on marketable securities recorded in the prior quarter (August 31, 2011 - $296,689; May 31, 2011 - $412,248). During the quarter ended May 31, 2011, the Company recorded a loss of $633,760, which was a decrease in loss of $6,414,021 compared to the loss of $7,047,781 recorded in the quarter ended February 28, 2011. The decrease was mostly due to the write-down of mineral properties in the prior quarter (May 31, 2011 - $Nil; February 28, 2011 - $6,729,797).

Fiscal 2011

From March 1, 2010 to February 28, 2011, total assets decreased by $3,526,991. This was mainly due to the write-down of mineral properties totaling $7,862,203, which was partially offset by the acquisition of the Reno Creek Project, pursuant to which the Company issued 6,256,262 common shares valued at $3,503,010 and the issuance of common shares for proceeds of $334,765 pursuant to private placements.

During the quarter ended February 28, 2011, the Company recorded a loss of $7,047,781, which was an increase in loss of $6,502,040 compared to the loss of $545,741 recorded in the quarter ended November 30, 2010. The increase was mostly due to the write-down of mineral properties (February 28, 2011 - $6,502,040; November 30, 2010 - $Nil) and the recording of stock-based compensation (February 28, 2011 - $43,766; November 30, 2010 - $101,477). The Company recorded a loss of $545,741 during the quarter ended November 30, 2010, which was a decrease of $1,048,000 from the loss incurred in the previous quarter. The decrease was mostly due to the write-off of mineral properties during the previous quarter (November 30, 2010 - $Nil; August 31, 2010 - $1,132,406) which was partially offset by the loss on sale of mineral properties (November 30, 2010 - $237,407; August 31, 2010 - $Nil). During the quarter ended August 31, 2010, the Company recorded a loss of $1,593,741,which was an increase of $873,434 from the quarter ended May 31, 2010. The increase was mostly due to the write-off of mineral properties in the current quarter (August 31, 2010 - $1,132,406; May 31, 2010 - $Nil), which was partially offset by the recording of more stock-based compensation in the previous quarter (August 31, 2010 - $133,970; May 31, 2010 - $401,588). The Company recorded a loss of $720,307 during the quarter ended May 31, 2010, which was a decrease of $21,174,879 from the loss incurred during the quarter ended February 28, 2010. The decrease was due mainly to the write-down of mineral properties in the prior quarter (May 31, 2010 - $Nil; February 28, 2010 - $24,075,862), which was partially offset by a future income tax recovery (May 31, 2010 - $Nil; February 28, 2010 - $2,808,000).

Liquidity and Capital Resources

The Company commenced fiscal 2012 with a working capital deficiency of approximately $721,000 and cash of $953,893. As at February 29, 2012, the Company had a working capital deficiency of approximately $901,000 and cash of $237,628. Acquisition, exploration and administrative expenditures incurred during the year ended February 29, 2012 were primarily funded from cash on hand at February 28, 2011 and from US$1,000,000 received pursuant to the agreement with Otis (see Overall Performance section above).

Included in accounts payable and accrued liabilities are finder's and establishment fees totaling $1,260,648 (US$1,265,000) associated with the acquisition of the Reno Creek Property which were scheduled to be paid by December 1, 2010. The Company does not currently have the working capital required to satisfy these obligations.

For the year ending February 29, 2013, Bayswater anticipates incurring exploration and property maintenance expenditures in order to maintain the Company's projects. The Company does not have sufficient working capital to sustain operations for the 2013 fiscal year. Bayswater's main source of financing is through issuances of equity.

The Company does not anticipate generating revenues in the near future and intends to continue its mineral exploration activities. These activities, along with further mineral acquisitions, will need to be funded through additional equity financings.

Related party transactions

During the year ended February 29, 2012, the Company:

a) Paid or accrued $120,000 (2011 - $120,000) for management fees, $12,000 (2011 - $12,000) for rent, and $120,000 (2011 - $120,000) for geological consulting fees included in deferred exploration costs to a company controlled by the president of the Company and to a director of the Company.

b) Paid or accrued $15,000 (2011 - $15,000) for administration fees to a company owned by an officer of the Company.

Included in accounts payable and accrued liabilities at February 29, 2012 is $27,112 (February 28, 2011 - $289,014) owing to a company controlled by the president of the Company and to directors of the Company, all related to the above transactions.

The remuneration of directors and key management personnel during the years ended February 29, 2012 and February 28, 2011 are as follows:

	2012	2011
Administration fees	$ 15,000	$ 15,000
Directors' fees	39,000	43,500
Management fees	120,000	120,000
Professional fees	42,600	48,625
Rent	12,000	12,000
Stock-based compensation (i)	166,536	338,780
Geological consulting fees included in deferred exploration costs	120,000	120,000
	$ 515,136	$ 697,905

(i) Stock-based compensation is the fair value of options granted to key management personnel.

Off Balance Sheet Arrangements

The Company has no off Balance Sheet arrangements.

Investor Relations

During the year ended February 29, 2008, the Company entered into an investor relations agreement with The Windward Agency whereby the Company was obligated to pay US$4,000 per month for certain investor relations services provided. During the year ended February 28, 2011, the Windward Agency reduced its monthly charge to US$2,500 to January 31, 2011, after which it was agreed that the Windward Agency would continue its services to December 31, 2011 for one payment of US$4,000. During the year ended February 29, 2012, the agreement was terminated.

Commitments

During the year ended February 29, 2008, the Company entered into management services agreements with the Company's President and its Chief Operating Officer. Both contracts were effective from January 1, 2008 to December 31, 2009 (subsequently amended to December 31, 2011) and remuneration was originally $20,000 per month (reduced to $10,000 per month effective January 1, 2009). On April 1, 2010, these management services agreements were replaced by new, substantively identical, agreements

with effective dates from April 1, 2010 to March 31, 2013 with remuneration of $10,000 per month. If the Company terminates either agreement, the Company will, in certain circumstances, be obligated to make a termination payment equal to twenty-four times the monthly management fee.

Subsequent Event

Subsequent to February 29, 2012, the Company issued 254,000 units for total gross proceeds of $38,100 pursuant to a private placement. Each unit consists of one common share and one share purchase warrant enabling the holder to acquire an additional common share at $0.25, expiring May 24, 2014. A commission of $2,286 and 15,240 finder's warrants were paid in connection with the private placement. The warrants issued to the finder were issued under the same terms and conditions as the units sold pursuant to the private placement.

First Time Adoption of IFRS

The consolidated financial statements for the year ended February 29, 2012 are the Company's first annual consolidated financial statements prepared in accordance with IFRS. The accounting policies in Note 3 to the consolidated financial statements have been applied in preparing the consolidated financial statements for the year ended February 29, 2012, as well as for the consolidated financial statements for the year ended February 28, 2011 and the opening IFRS statement of financial position on March 1, 2010, the "Transition Date".

In preparing the opening IFRS statement of financial position and the financial statements for the year ended February 28, 2011, the Company has adjusted amounts reported previously that were prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

a) to apply the requirements of IFRS 3, Business Combinations, prospectively from the Transition Date; and

b) to apply the requirements of IFRS 2, Share-based payment, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date; and

Additionally, in accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of March 1, 2010 are consistent with its GAAP estimates for the same date.

The reconciliation between the Canadian GAAP and IFRS equity as at March 1, 2010 (date of transition to IFRS), and February 28, 2011 is provided below:

	Note	March 1, 2010	February 28, 2011
Equity under Canadian GAAP		$ 37,653,050	$ 32,271,893
Adjustment	(b)	-	-
Equity under IFRS		$ 37,653,050	$ 32,271,893

The reconciliation between the Canadian GAAP and IFRS total comprehensive income for the year ended February 28, 2011 is provided below:

	Note	Year ended February 28, 2011
Comprehensive income under Canadian GAAP		$ (9,759,253)
Adjustment	(a)	(148,317)
Comprehensive income under IFRS		$ (9,907,570)

There are no differences between IFRS and Canadian GAAP in connection with the Company's statements of cash flows for the year ended February 28, 2011.

a) Stock-based compensation

IFRS requires each tranche of a share-based award with different vesting dates to be considered a separate grant for purpose of fair value calculation, and the resulting fair value is amortized over the vesting period of the respective tranches. Furthermore, forfeiture estimates are recognized in the period they are estimated.

Under GAAP, the fair value of share-based awards with graded vesting was calculated as one single grant and the resulting fair value was recognized on a straight-line basis over the longest vesting period. Forfeitures of awards were only recognized in the period the forfeiture occurred.

b) Flow-through shares

Canadian GAAP has specific guidance for the treatment of flow-through shares, which are an equity instrument unique to Canada and therefore, there is no specific equivalent guidance under IFRS. Under the IFRS framework, the shares can be seen as a compound instrument, consisting of a share and a tax benefit and when the shares are issued the premium paid for the tax benefit in excess of the market value of the shares on a standalone basis is credited to flow-through liabilities. When the qualifying expenditures are made, the obligation of the Company to pass the tax benefit to the shareholder has been discharged, and accordingly, the liability is taken into income at that point in time as a deferred tax recovery.

Risks and Uncertainties

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that claims and leases are in good standing and obtaining permits for drilling and other exploration activities. The market prices for uranium and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

Bayswater is currently earning an interest in certain of its key properties through option agreements and acquisition of title to the properties is only completed when the option conditions have been met. These conditions generally include making property payments, incurring exploration expenditures on the

properties and can include the satisfactory completion of pre-feasibility studies. If the Company does not satisfactorily complete these option conditions in the time frame laid out in the option agreements, the Company's title to the related property will not vest and the Company will have to write-down the previously capitalized costs related to that property.

The Company is operating in countries that currently have varied political environments. Changing political situations may affect the manner in which the Company operates. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its expenditures in local currencies or in US dollars. At this time there are no currency hedges in place. All work is primarily carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project.

Financial and Capital Risk Management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities approximate their carrying values. The Company's other financial instruments, being cash and marketable securities, are measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist mainly of amounts due from the sale of mineral properties and HST receivable due from the government of Canada.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Accounts payable relating to mineral properties and other accounts payable and accrued liabilities are due within one year.

The Company has a working capital deficiency as at February 29, 2012 of $901,011. Included in accounts payable and accrued liabilities are finder's and establishment fees totaling $1,260,648 (US$1,265,000) associated with the acquisition of the Reno Creek Property.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is minimal because these investments roll over daily.

b) Foreign currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, the United States and Ireland. The Company funds cash calls to its subsidiary companies outside of Canada in US dollars and a portion of its expenditures are also in the other local currencies. The greatest risk is the exchange rate of the Canadian dollar relative to the US dollar and a significant change in this rate could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. At February 29, 2012, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

	US$
Cash	113,834
Reclamation bonds	16,000
Accounts payable and accrued liabilities	(1,268,455)
Net exposure	(1,138,621)

Based on the above net exposure as at February 29, 2012, and assuming that all other variables remain constant, a 10% change in the value of the Canadian dollar against the US dollar would not materially affect the loss from operations.

c) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly uranium. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

The Company currently maintains investments in certain marketable securities. There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties. The Company relies mainly on equity issuances to raise new capital and on entering joint venture agreements on certain properties which enables it to conserve capital and to reduce risk. In the management of capital, the Company includes the components of shareholders' equity. The Company prepares annual estimates of exploration expenditures and monitors actual expenditures compared to the estimates in effort to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to negotiate premium interest rates on savings accounts or to invest its cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated at any time without interest penalty. The Company will require additional financing in order to provide working capital to fund costs relating to the financing of the investment in the Reno Creek Property and fund its exploration programs. These financing activities may include issuances of additional debt or equity securities or disposal of mineral property interests in order to re-invest the proceeds.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

Outstanding Share Data

As at June 27, 2012, there were 22,569,548 common shares issued and outstanding. There were also 2,085,750 stock options outstanding to directors, officers and consultants with an exercise price of $0.30 per share which expire on April 29, 2017, 2,200,000 stock options with an exercise price of $0.30 per share which expire on February 3, 2018 and 41,375 stock options with an exercise price of $0.30 per share which expire on June 10, 2013. In addition, 269,240 warrants were outstanding with an exercise price of $0.25 per share, expiring May 24, 2014.