Consolidated Financial Statements of

NEXGEN ENERGY LTD.

(Formerly Clermont Capital Inc.)

Years ended December 31, 2013 and 2012

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
NexGen Energy Ltd.

We have audited the accompanying consolidated financial statements of NexGen Energy Ltd., which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of comprehensive loss, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of NexGen Energy Ltd. as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

The consolidated financial statements of NexGen Energy Ltd. for the year ended December 31, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on April 15, 2013.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

March 4, 2014

NEXGEN ENERGY LTD.
(Formerly Clermont Capital Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

As at

	Note	**December 31, 2013** **$**	December 31, 2012 $
ASSETS			
Current			
Cash		**7,562,633**	2,729,746
Sales taxes receivable		**221,311**	129,551
Prepaid expenses		**128,447**	26,416
		7,912,391	2,885,713
Exploration and evaluation assets	**5**	**31,017,257**	14,530,504
Equipment	**7**	**191,046**	3,939
		31,208,303	14,534,443
		39,120,694	17,420,156
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**251,326**	581,126
		251,326	581,126
Due to related party	**10**	**1,354,664**	1,354,664
Flow-through share premium liability	**8**	**105,480**	-
		1,460,144	1,354,664
TOTAL LIABILITIES		**1,711,470**	**1,935,790**
EQUITY			
Share capital	**8**	**39,599,737**	16,455,476
Reserves	**8**	**2,187,811**	33,400
Accumulated deficit		**(4,378,324)**	(1,004,510)
TOTAL EQUITY		**37,409,224**	15,484,366
TOTAL LIABILITIES AND EQUITY		**39,120,694**	**17,420,156**

Going concern (Note 2)
Commitments (Note 6)
Subsequent events (Note 16)

On behalf of the Board:
These consolidated financial statements were authorized for issue by the Board of Directors on March 4, 2014

"Leigh Curyer"	*"Trevor Thiele"*
Leigh Curyer, CEO, Director	**Trevor Thiele, Director**

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

NEXGEN ENERGY LTD.
(Formerly Clermont Capital Inc.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)
FOR THE YEARS ENDED

	NOTE	December 31, 2013 $	December 31, 2012 $
Operating expenses			
Salaries, benefits and directors fees	10	817,652	316,060
Office and administrative		473,375	103,149
Professional fees		760,699	497,193
Travel		262,555	72,896
Depreciation	7	12,243	557
Share-based payments	8	1,202,318	-
Foreign exchange loss (gain)		45,116	(2,066)
Write-off of exploration and evaluation assets	5	10,422	-
		(3,584,380)	(987,789)
Other items			
Finance income		29,566	23,564
Other Income	8	181,000	-
Net loss and comprehensive loss for the year		**(3,373,814)**	**(964,225)**
Loss per common share - basic and diluted		$ (0.03)	$ (0.05)
Weighted average number of common shares outstanding - basic and diluted		96,884,088	18,532,473

The accompanying notes are an integral part of the consolidated financial statements

NEXGEN ENERGY LTD.
(Formerly Clermont Capital Inc.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

	Note	Number of Common Shares	Share Capital	Reserves	Accumulated Deficit	Total
Balance as at December 31, 2011		**1**[(1)]	**$ -**	**$ -**	**$ (40,285)**	**$ (40,285)**
Issue of shares for cash	8	9,473,532	3,585,404	-	-	3,585,404
Issue of shares for exploration and evaluation assets	8	53,170,154	13,003,371	-	-	13,003,371
Share issuance costs	8	-	(133,299)	33,400	-	(99,899)
Loss for the year		-	-	-	(964,225)	(964,225)
Balance as at December 31, 2012		**62,643,687**	**$ 16,455,476**	**$ 33,400**	**$ (1,004,510)**	**$ 15,484,366**
Issue of shares for cash	8	38,308,370	13,715,250	-	-	13,715,250
Premium on flow-through shares issued	8	-	(286,480)	-	-	(286,480)
Issue of shares for exploration and evaluation assets	5	30,861,238	10,332,238	469,732	-	10,801,970
Share capital of Clermont	9	6,723,393	893,804	-	-	893,804
Share issuance costs	8	-	(1,510,551)	144,938	-	(1,365,613)
Share-based payments	8	-	-	1,539,741	-	1,539,741
Loss for the year		-	-	-	(3,373,814)	(3,373,814)
Balance as at December 31, 2013		**138,536,688**	**$ 39,599,737**	**$ 2,187,811**	**$ (4,378,324)**	**$ 37,409,224**

[(1)]Upon incorporation of the Company on December 20, 2011, one share at a value of $0.05 was issued to Tigers Realm Minerals Pty Ltd, a major shareholder of NexGen Energy Ltd.

The accompanying notes are an integral part of the consolidated financial statements

NEXGEN ENERGY LTD.
(Formerly Clermont Capital Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED

	December 31, 2013 $	December 31, 2012 $
Cash flows used in operating activities		
Loss for the year	$ (3,373,814)	$ (964,225)
Items not involving cash:		
Depreciation	12,243	557
Share-based payments	1,202,318	-
Other Income	(181,000)	-
Write-off of exploration and evaluation assets	10,422	-
Changes in non-cash working capital items:		
Sales taxes receivable	(70,636)	(129,551)
Prepaid expenses	(102,031)	(26,416)
Accounts payable and accrued liabilities	(387,922)	581,126
	(2,890,420)	**(538,509)**
Cash flows used in investing activities		
Acquisition of exploration and evaluation costs	(5,357,781)	(1,527,133)
Acquisition of equipment	(199,350)	(4,496)
Cash acquired from Clermont on Amalgamation (Note 9)	930,802	-
	(4,626,329)	**(1,531,629)**
Cash flows from financing activities		
Due to related party	-	1,314,379
Shares issued for cash, net of share issue costs	12,349,636	3,485,505
	$ **12,349,636**	$ 4,799,884
Increase in cash	$ 4,832,887	$ 2,729,746
Cash, beginning of year	2,729,746	-
Cash, end of year	$ **7,562,633**	$ **2,729,746**

Supplemental disclosure with respect to cash flows (Note 15)

The accompanying notes are an integral part of the consolidated financial statements

1. NATURE OF OPERATIONS

NexGen Energy Ltd. (Formerly Clermont Capital Inc.) (“NexGen” or the “Company”) is an exploration stage entity engaged in the acquisition, exploration and development of uranium properties in Canada. The Company was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on December 20, 2011. The Company’s head office is located in Suite 2450, 650 West Georgia Street, Vancouver, BC V6B 4N9.

On April 19, 2013, the Company completed its Qualifying Transaction, which was effected pursuant to an Amalgamation Agreement (the “Amalgamation Agreement”) amongst Clermont Capital Inc. (“Clermont”), 0957633 B.C. Ltd., a wholly-owned subsidiary of Clermont and NexGen dated as of December 31, 2012. Pursuant to the Amalgamation Agreement, the shareholders of NexGen were issued one common share of Clermont (on a post-Share Consolidation basis, as defined below) for every one NexGen common share held immediately prior to the completion of the amalgamation (the “Amalgamation”), being 78,932,247 common shares. In connection with the Qualifying Transaction, Clermont completed a consolidation of its common shares on a 2.35:1 basis (the “Consolidation”) and changed its name to “NexGen Energy Ltd.” The acquisition of NexGen was accounted for as a reverse takeover (Note 9).

Following Exchange approval, on April 23, 2013, the Company is a Tier 2 Issuer classified as a mineral exploration and development company. The Company commenced trading under the symbol “NXE” on April 23, 2013.

2. GOING CONCERN

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the consolidated financial statements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

As at December 31, 2013, the Company had a working capital of $7,661,065 (December 31, 2012 - $2,304,587) which is sufficient to carry out committed exploration activities and corporate and administrative costs for fiscal 2014.

The business of mining for minerals involves a high degree of risk. NexGen is an exploration company and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, alternatively NexGen's ability to dispose of its exploration and evaluation assets on an advantageous basis; as well as global economic and uranium price volatility; all of which are uncertain.

The underlying value of the mineral properties is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material write-downs of the carrying value of exploration and evaluation assets.

3. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements as at and for year ended December 31, 2013, including comparatives, are prepared in accordance with International Financial Reporting Standings ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts ("$").

These consolidated financial statements include the accounts of the Company and its direct, wholly-owned subsidiary, NexGen Uranium Ltd., up to October 24, 2013 at which time was amalgamated with the Company. 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. All intercompany transactions and balances have been eliminated.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses, have been eliminated on consolidation.

Critical accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is as follows:

(i) Impairment

At the end of each financial reporting period the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss or reversal of previous impairment. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Refer to Note 4 for further details.

3. BASIS OF PRESENTATION, continued

Critical accounting judgements, estimates and assumptions, continued

(ii) Share-based payments

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate share-based payments expense. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense. Refer to Note 8 for further details.

The information about significant areas of judgment considered by management in preparing the consolidated financial statements are as follows:

(i) Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and the consolidated financial statements continue to be prepared on a going concern basis.
These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Refer to Note 2.

(ii) Determination of functional currency

The effect of Changes in Foreign Exchange Rates (IAS 21) defines the functional currency as the currency of the primary economic environment in which an entity operates. The determination of functional currency, which is performed on an entity by entity basis, is based on various judgmental factors outlined in IAS 21. Based on assessment of the factors in IAS 21, primarily those that influence labour, material and other costs of goods or services received by its subsidiaries, management determined that the functional currency for the Company and its subsidiaries is Canadian dollars.

(iii) Deferred tax assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies. Refer to Note 13 for further details.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements:

(a) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its wholly-owned subsidiary.

Translation of transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive loss.

4. SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Cash

Cash includes deposits held with banks that are available on demand.

(c) Exploration and evaluation assets

Once the legal rights to explore have been obtained, exploration and evaluation costs are capitalized as exploration and evaluation assets on an area of interest basis pending determination of the technical feasibility and the commercial viability of the project. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a claim is relinquished or a project is abandoned, the related costs are recognized in profit or loss immediately.

Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition and deferred exploration costs will be written off to operations.

Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. A property may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Management regularly assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining assets and development assets within property, plant and equipment.

(d) Equipment

(i) Recognition and measurement

Items of equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

(ii) Subsequent costs

The cost of replacing a part of an item in the carrying amount of equipment is recognized when that cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably.

(iii) Depreciation

The carrying amounts of equipment (including initial and subsequent capital expenditures) are amortized to their estimated residual value over the estimated useful lives of the specific assets concerned. Depreciation is calculated using a declining balance method over the estimated useful lives of each significant component as follows:

- Computer equipment 55%
- Software 55%
- Field equipment 20%

Depreciation methods, useful lives, and residual values are reviewed at least annually and adjusted if appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Equipment, continued

(iv) Disposal

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of the item of equipment and are recognized in profit or loss.

(e) Impairment

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit (“CGU”), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of assets is the greater of an asset’s fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment.

(f) Decommissioning and Restoration Provisions

Decommissioning and restoration provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and discount rates. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows discounted for the market discount rate.

Over time the discounted liability is increased for the changes in the present value based on the current market discount rates and liability risks. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Changes in reclamation estimates are accounted for prospectively as a change in the corresponding capitalized cost.

The Company did not have any decommissioning and restoration provisions for the years presented.

4. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

(h) Share-based payments

The Company's stock option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payment expense with a corresponding increase in equity reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

(i) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Company separates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any investors pay for the flow-through feature, which is recognized as a liability and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. To the extent that eligible deferred income tax assets are available, the Company will reduce the deferred income tax liability and record a deferred income tax recovery. Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of two years. Failure to expend such funds as required under the Canadian income tax legislation will result in a Part XII.6 tax to the Company on flow-through proceeds renounced under the "Look-back" Rule. When applicable, this tax is accrued as a financial expense until paid.

4. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Financial Instruments

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

Fair value through profit or loss (“FVTPL”) - 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. Cash is included in this category of financial assets.

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. Sales taxes receivable are included in this category of financial assets.

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.

Financial liabilities

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

Fair value through profit or loss (FVTPL) - 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. Accounts payable and accrued liabilities and due to related party are included in this category of financial liabilities

4. SIGNIFICANT ACCOUNTING POLICIES, continued

(k) Loss per Share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year.

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and other similar instruments. Under this method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

Existing stock options and share purchase warrants have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share is the same for the years presented.

(l) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. SIGNIFICANT ACCOUNTING POLICIES, continued

Accounting Standards adopted during the year

Effective January 1, 2013, the following standards were adopted but have had no material impact on the financial statements.

- IFRS 10: New standard to establish principles for the presentation and preparation of consolidated financial statements, effective for annual periods beginning on or after January 1, 2013
- IFRS 11: New standard to account for the rights and obligations in accordance with a joint agreement, effective for annual periods beginning on or after January 1, 2013
- IFRS 12: New standard for the disclosure of interest in other entities not within the scope of IFRS 9 / IAS 39, effective for annual periods on or after January 1, 2013
- IFRS 13: New standard on the measurement and disclosure of fair value, effective for annual periods beginning on or after January 1, 2013
- IAS 27 (Amendment): As a result of the issue of IFRS 10, IFRS 11 and IFRS 12. IAS 27 deals solely with separate financial statements, effective for annual periods beginning on or after January 1, 2013
- IAS 28 (Amendment): New standard issued that supersedes IAS 28 (2003) to prescribe the application of the equity method to investments in associates and joint ventures, effective for annual periods beginning on or after January 1, 2013

New standards and interpretations not yet adopted

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

The Company has not early adopted these standards and is currently assessing the impact these standards will have on its financial statements.

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2014
- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015
- IFRS 9: New standard that replaced IAS 39 for classification and measurement

5. EXPLORATION AND EVALUATION ASSETS

Radio Uranium Project

The Radio Project ("Radio") is located in Northern Saskatchewan. In December 2011, Tigers Realm Minerals Pty Ltd ("Tigers Realm" a shareholder of NexGen) optioned Radio, pursuant to an option agreement with three arm's length individuals (the "Optionors") pursuant to which Tigers Realm has exclusive right and option (the "Option") to earn an undivided 70% interest in the Radio Project. On February 21, 2012, Tigers Realm signed an agreement with NexGen to transfer all the interest in the option agreement to NexGen in exchange for the issue of 21,999,997 common shares.

Under the terms of the option agreement, as amended subsequent to December 31, 2013 (Note 16), NexGen must do the following in order to maintain the Option in good standing and acquire the undivided 70% interest in the Radio Project:

(a) Pay the Optionors the sum of $1,500,000 (Paid).

(b) Make the following payments/issue shares to Optionors (collectively):

(i) On December 5, 2012 the sum of $600,000 (Paid)

(ii) The obligation to increase the Optionors' shareholdings to 20% (on a fully diluted basis) on December 5, 2013 and/or upon NexGen raising gross proceeds of $21 million from equity financings (Completed – see (iii) below); and

(iii) The issuance of 26,762,088 common shares and 4,393,939 common share purchase warrants at an exercise price of $0.50 (issued). As a result of the issuance, there is also no further obligation under (ii) above.

(iv) The issuance of 5,714,286 common shares and 5,714,286 common share purchase warrants at an exercise price of $0.50 (issued subsequent to December 31, 2013) (Note 16).

(v) Additionally, the Company issued 2,941,561 and 1,157,589 common shares to the Optionors, on April 19, 2013 and May 29, 2013 respectively, to satisfy the terms of the Radio Option Agreement. (Note 8).

(c) Between January 1, 2014 and May 31, 2017, NexGen must incur at least $10,000,000 of expenditures on the Radio Project (the "Earn in Expenditures") (Note 16).

Upon NexGen having satisfied all of its obligations as set out in points (a) to (c) above, NexGen will deliver to the Optionors an officers certificate (Exercise Notice) certifying that it has satisfied its entire obligation. NexGen shall then be deemed to have exercised the Option and shall thereafter be the owner of the undivided 70% right, title and interest in Radio Project ("Exercise Date"). Upon NexGen exercising its option to acquire a 70% interest in the Radio Project, a joint venture agreement will be entered into.

Mega Uranium Project

On December 18, 2012, NexGen entered into a purchase agreement with Mega Uranium Ltd ("Mega") for the acquisition of certain of Mega's projects. As consideration, the Company issued 21,876,265 common shares valued at $8,750,506. These projects are located in the Athabasca Basin, Saskatchewan and the Thelon Basin, Nunavut.

5. EXPLORATION AND EVALUATION ASSETS, continued

The following is a summary of the capitalized costs on the projects described below as at and for the years ended December 31, 2013 and December 31, 2012.

	Radio	Rook 1	Other Athabasca Basin Properties	Thelon Basin, Nunavut	Total
	$	$	$	$	$
Acquisition costs:					
Balance, December 31, 2012	4,752,859	220,713	1,725,636	2,682,748	9,381,956
Additions	12,325,980	-	-	-	12,325,980
Write-offs	-	-	(6,772)	-	(6,772)
Balance, December 31, 2013	17,078,839	220,713	1,718,864	2,682,748	21,701,164
Deferred exploration costs:					
Balance, December 31, 2012	899,975	451,840	1,981,059	1,815,674	5,148,548
Additions:					
Deficiency deposit	-	-	12,679	-	12,679
Drilling	710,720	1,464,884	-	-	2,175,604
General exploration	57,356	2,250	124,480	51,519	235,605
Geological and geophysical	116,924	423,115	28,053	3,750	571,842
Labour and wages	289,960	362,538	72,432	25,365	750,295
Share-based payments (Note 8)	168,712	168,711	-	-	337,423
Travel	50,177	34,042	3,528	-	87,747
Write-offs	-	-	(3,650)	-	(3,650)
	1,393,849	2,455,540	237,522	80,634	4,167,545
Balance, December 31, 2013	2,293,824	2,907,380	2,218,581	1,896,308	9,316,093
Total costs, December 31, 2013	**19,372,663**	**3,128,093**	**3,937,445**	**4,579,056**	**31,017,257**

5. EXPLORATION AND EVALUATION ASSETS, continued

	Radio	Rook 1	Other Athabasca Basin Properties	Thelon Basin, Nunavut	Total
	$	$	$	$	$
Acquisition costs:					
Balance, December 31, 2011	-	-	-	-	-
Additions	4,752,859	220,713	1,725,636	2,682,748	9,381,956
Balance, December 31, 2012	4,752,859	220,713	1,725,636	2,682,748	9,381,956
Deferred exploration costs:					
Balance, December 31, 2011	-	-	-	-	-
Additions:					
Drilling	4,568	105,568	940,864	355,170	1,406,170
General exploration	23,633	7,700	107,441	-	138,774
Geological and geophysical	365,035	116,058	625,074	1,219,667	2,325,834
Labour and wages	284,833	131,271	155,292	140,767	712,163
Travel	221,906	91,243	152,388	100,070	565,607
	899,975	451,840	1,981,059	1,815,674	5,148,548
Balance, December 31, 2012	899,975	451,840	1,981,059	1,815,674	5,148,548
Total costs, December 31, 2012	**5,652,834**	**672,553**	**3,706,695**	**4,498,422**	**14,530,504**

6. COMMITMENTS

Flow-through expenditures:

During the year ended December 31, 2013, the Company raised $6,248,413 through the issuance of flow-through shares (Note 8). Based on Canadian tax law, the Company is required to spend this amount on eligible exploration expenditures by December 31, 2014.

During the year ended December 31, 2012, the Company raised $530,000 through the issuance of flow-through shares. Based on Canadian tax law, the Company is required to spend this amount on eligible exploration expenditures by December 31, 2013.

As at December 31, 2013, $nil remains to be spent by December 31, 2013, and $3,164,400 remains to be spent by December 31, 2014.

Office leases:

The Company has total office lease commitments at its Vancouver and Saskatoon offices as follows: $100,431 in 2014; $84,103 in 2015; and $39,536 in 2016.

7. EQUIPMENT

	Computer Equipment	Software	Field Equipment	Total
Cost				
Balance at December 31, 2011	$ -	$ -	$ -	$ -
Additions	4,496	-	-	4,496
Balance at December 31, 2012	4,496	-	-	4,496
Additions	20,994	13,289	165,067	199,350
Balance at December 31, 2013	$ 25,490	$ 13,289	$ 165,067	$ 203,846
Accumulated Depreciation				
Balance at December 31, 2011	$ -	$ -	$ -	$ -
Depreciation for the year	557	-	-	557
Balance at December 31, 2012	$ 557	$ -	$ -	$ 557
Depreciation for the year	7,940	3,654	649	12,243
Balance at December 31, 2013	$ 8,497	$ 3,654	$ 649	$ 12,800
Net book value:				
At December 31, 2012	$ 3,939	$ -	$ -	$ 3,939
At December 31, 2013	**$ 16,993**	**$ 9,635**	**$ 164,418**	**$ 191,046**

8. SHARE CAPITAL AND RESERVES

Authorized Capital - Unlimited common shares with no par value.

Issued

For the year ended December 31, 2013:

(a) On March 12, 2013, the Company completed a private placement where it issued 7,256,500 flow-through shares at $0.425 per flow-through share for gross proceeds of $3,084,013, and 2,753,000 non-flow-through units at $0.40 per unit for gross proceeds of $1,101,200. Each unit consisted of one non-flow-through common share and one half of one share purchase warrant, each whole warrant exercisable at a price of $0.60 until March 12, 2015. In connection with the offering, the Company issued 700,665 broker warrants at an exercise price of $0.425 per warrant exercisable until March 12, 2015. The broker warrants were valued at $100,826.

(b) In connection with the March 12, 2013 private placement, the premium received on the flow-through shares issued was determined to be $181,000 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded which was reversed and recorded as other income on the statement of comprehensive loss since the required exploration expenditures were completed.

(c) On April 17, 2013, the Company completed a private placement where it issued 1,337,500 units at a price of $0.40 per unit for gross proceeds of $535,000. Each unit consisted of one common share and one half of one share purchase warrant, each whole warrant exercisable at a price of $0.60 until April 16, 2015. In connection with the financing the Company issued the following broker warrants: 76,125 broker warrants valued at $4,744, exercisable at a price of $0.425 and expiring on April 16, 2015; and 17,500 broker warrants valued at $2,391, exercisable at a price of $0.425 and expiring on May 22, 2015.

(d) On April 19, 2013, the Company completed a private placement where it issued 2,000,000 units at $0.40 per unit for gross proceeds of $800,000. Each unit consisted of one common share and one half of one share purchase warrant, each whole warrant exercisable at a price of $0.60 until April 19, 2015.

(e) On April 19, 2013, the Company issued 2,941,561 shares at a $0.40 to satisfy the terms of the Radio Option agreement (Note 5 (b) (v)).

(f) On April 19, 2013, the Company consolidated Clermont's share capital into its own, and a result, 6,723,393 shares from Clermont were consolidated.

(g) On May 29, 2013, the Company issued 1,157,589 shares at a value of $0.28 to satisfy the terms of the Radio Option agreement (Note 5 (b) (v)).

(h) On July 18, 2013, the Company issued to the Optionors of the Radio project an aggregate of 26,762,088 common shares at a value of $0.33 per common share, and 4,393,939 common share purchase warrants with a fair value of $469,732 exercisable at a price of $0.50 until January 18, 2015. This issuance was in full and final satisfaction of certain obligations under the Radio option agreement including the obligation to make cash payments to the optionors during the period from June 30, 2013 to December 5, 2017 (such cash amounts aggregating to $2,900,000 (paid) of which $1,500,000 was paid during the year ended December 31, 2013).

(i) On August 30, 2013, the Company completed a private placement where it issued 14,285,715 units at a price of $0.35 per unit for gross proceeds of $5,000,000. Each unit consisted of one common share and one half share purchase warrant with each whole warrant exercisable at a price of $0.55 until February 28, 2015. In connection with the financing, the Company paid cash finder fees of $230,829.

8. SHARE CAPITAL AND RESERVES, continued

For the year ended December 31, 2013, continued:

(j) On December 19, 2013 the Company completed a private placement where it issued 10,547,999 flow-through shares at $0.30 per flow-through share for gross proceeds of $3,164,400. The premium received on the flow-through shares issued was determined to be $105,480 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded and is presented on the statement of financial position. The amount will be reversed when the required exploration expenditures are incurred in full.

(k) During the year ended December 31, 2013 the Company issued 127,656 shares through the exercise of stock options for total proceeds of $30,637.

(l) Total cash share issuance costs for the financings completed during the year ended December 31, 2013 were $1,510,551 which was recorded as a reduction against share capital.

(m) On April 22, 2013, 43,434,768 common shares were placed in escrow under the following terms: 10% to be released from escrow on April 22, 2013 and 15% to be released from escrow every six months thereafter. As at December 31, 2013, 32,576,076 common shares remain in escrow.

For the year ended December 31, 2012:

(a) On February 21, 2012, the Company issued 21,999,997 shares at $0.05 per share for a total value of $1,100,005 to Tigers Realm as consideration for the transfer of Tigers Realm's interest and obligations of the Radio Option Agreement.

(b) On February 23, 2012, the Company issued 500,000 shares at $0.05 per share for total gross proceeds of $25,000.

(c) On August 9, 2012 the Company issued 1,613,421 shares at $0.05 per share for a total value of $80,671. The shares were issued to the Optionors of the Radio Option Agreement in order to comply with the Agreement terms to allow the Optionors to maintain a 6.667% shareholding in the Company.

(d) On December 3, 2012 the Company issued 3,898,532 units for total proceeds of $1,530,404. Each unit consisted of one common share and one half of one share purchase warrant with each whole warrant exercisable at a price of $0.60 until December 28, 2014.

(e) On December 18, 2012, the Company issued 21,876,265 shares valued at $8,750,506 upon completing the acquisition of the majority of Mega's Canadian uranium projects, which are located in the Athabasca Basin, Saskatchewan and the Thelon Basin, Nunavut.

(f) On December 19, 2012 the Company issued 3,750,000 units at $0.40 for gross proceeds of $1,500,000. Each unit consisted of one common share and one half of one share purchase warrant with each whole warrant exercisable at a price of $0.60 until December 28, 2014.

(g) On December 28, 2012, the Company issued 1,325,000 flow-through common shares at $0.40 per share valued at $530,000, and received subscription receipts for a further 2,000,000 shares at $0.40 for gross proceeds of $800,000. The value of the additional subscription receipts was not recorded in the consolidated financial statements as at December 31, 2012 as it was to be recorded upon closing of the Amalgamation with Clermont Capital Inc.

(h) During the year ended December 31, 2012 the Company made four issuances totalling 7,680,471 shares at $0.40 per share for a total value of $3,072,189. The shares were issued to the Optionors of the Radio Option Agreement in order to comply with the Agreement terms to allow the Optionors to maintain a 13.334% shareholding in the Company.

8. SHARE CAPITAL AND RESERVES, continued

For the year ended December 31, 2012, continued:

(i) Total cash share issuance costs for the financings completed during the year ended December 31, 2012 were $133,299 which was recorded as a reduction against share capital.

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Outstanding at December 31, 2011	**-**	**$**	**0.00**
Granted	4,057,016		0.59
Outstanding at December 31, 2012	**4,057,016**		**0.59**
Granted	15,376,331		0.54
Outstanding at December 31, 2013	**19,433,347**	**$**	**0.55**

The fair value of broker warrants and warrants issued for the Radio option agreement granted during the year was estimated at the date of grant using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	December 31, 2013	December 31, 2012
Expected stock price volatility	**92.83%**	94.00%
Expected life of warrants	**1.6 years**	2.0 years
Risk free interest rate	**1.10%**	1.20%
Expected dividend yield	**0%**	0%
Weighted average fair value per option granted in year	**$ 0.11**	$ 0.20

8. SHARE CAPITAL AND RESERVES, continued

Warrants, continued

As at December 31, 2013, the Company had the following warrants outstanding:

Outstanding	Exercise Price	Remaining Contractual Life (Years)	Expiry Date
1,949,266	$ 0.600	0.99	December 3, 2014
1,875,000	0.600	0.99	December 19, 2014
232,750	0.400	0.99	December 28, 2014
1,376,500	0.600	1.19	March 12, 2015
700,665	0.425	1.19	March 12, 2015
668,750	0.600	1.29	April 16, 2015
76,125	0.425	1.29	April 16, 2015
1,000,000	0.600	1.30	April 19, 2015
17,500	0.425	1.39	May 22, 2015
7,142,852	0.550	1.16	February 28, 2015
4,393,939	0.500	1.05	January 18, 2015
19,433,347			

Stock Options

Pursuant to the Company's stock option plan, directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 10 years and are subject to vesting provisions as determined by the Board of Directors of the Company.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Outstanding - December 31, 2011 and December 31, 2012	**-**	**$ 0.40**
Granted	10,043,080	0.38
Exercised	(127,656)	0.24
Cancelled	(150,000)	0.40
Outstanding at December 31, 2013	**9,765,424**	**$ 0.39**
Number of options currently exercisable	3,745,033	$ 0.39

8. SHARE CAPITAL AND RESERVES, continued

Stock options, continued

As at December 31, 2013, the Company has stock options outstanding and exercisable as follows:

Number of Options	Number Exercisable	Exercise Price	Remaining Contractual Life (Years)	Expiry Date
672,338	672,338	$ 0.240	3.66	August 29, 2017
4,800,000	1,600,000	0.400	4.09	January 31, 2018
250,000	125,000	0.425	4.31	April 22, 2018
425,000	141,667	0.400	4.41	May 29, 2018
3,168,086	1,056,028	0.400	4.58	July 30, 2018
100,000	33,333	0.400	4.64	August 22, 2018
350,000	116,667	0.300	4.97	December 19, 2018
9,765,424	**3,745,033**			

Share-based payments

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The following weighted average assumptions were used to estimate the following weighted average grant date fair values:

	December 31, 2013	December 31, 2012
Expected stock price volatility	**90.25%**	-
Expected life of options	**5.0 years**	-
Risk free interest rate	**1.40%**	-
Expected forfeitures	**0%**	-
Expected dividend yield	**0%**	-
Weighted average fair value per option granted in period	**$ 0.26**	-

Share-based payments for the current year amounted to $1,539,741 (2012 – $nil) of which $1,202,318 was expensed to the statement of comprehensive loss, and $337,423 (2012 - $nil) was capitalized to exploration and evaluation assets (Note 5).

9. AMALGAMATION AGREEMENT

Effective April 19, 2013, Clermont acquired all the issued and outstanding share capital of NexGen. As consideration, Clermont issued one common share for each common share of NexGen held immediately prior to the completion of the amalgamation. The Company also issued one stock option or warrant for each NexGen stock option or warrant held immediately prior to the date of the completion of the amalgamation.

In connection with the qualifying transaction, Clermont completed a consolidation of its common shares on a 2.35:1 basis (the "Consolidation") and changed its name to NexGen Energy Ltd.

As a result of the transaction, the former shareholders of NexGen, for accounting purposes, are considered to have acquired control of the Company. Accordingly, the Transaction has been accounted for as a reverse takeover that was not a business combination and effectively a capital transaction of Clermont. As NexGen is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation are included in the consolidated financial statements at their historical carrying value. Clermont's results of operations are included from April 19, 2013 onwards.

The net assets of Clermont totalled $893,804 at the date of amalgamation and have been allocated as follows:

Cash	$ 930,802
Other receivables	21,124
Accounts payable and accrued liabilities	(58,122)
	$ 893,804

10. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	For the years ended	
	December 31, 2013	**December 31, 2012**
Short-term compensation	$ 888,435	$ 200,444
Share-based payments (stock options)	870,437	-
	$ 1,758,872	$ 200,444

As at December 31, 2013, $52,221 was included in accounts payable and accrued liabilities to executives and directors for accrued short-term compensation and expense reimbursements.

Due to related party

Tigers Realm is a major shareholder of NexGen Energy Ltd. As at December 31, 2013 $1,354,664 (December 31, 2012 - $1,354,664) was payable to Tigers Realm. The repayment terms are no earlier than 18 months after becoming a reporting issuer on the TSXV and the date which Tigers Realm and NexGen agree that NexGen is in a financial position to repay the loan. No interest is payable on the loan.

All related party balances are unsecured and non-interest bearing. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions with non-related entities, on an arm's length basis.

11. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In the management of capital, the Company considers certain components of equity, which includes share capital and reserves.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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

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

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, sales taxes receivable, accounts payable and accrued liabilities, and due to related party.

Fair Value Measurement

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data.

The fair values of the Company's sales taxes receivable, accounts payable and accrued liabilities, and due to related party approximate their carrying value, due to their short-term maturities or ability of prompt liquidation. The Company's cash is measured at fair value using Level 1 inputs.

Financial instrument risk exposure

As at December 31, 2013, the Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit Risk

The Company's credit risk is primarily attributable to its cash. This risk is minimized as the cash have been placed with large Canadian chartered and Australian banks. Concentration of credit risk exists as a significant amount is held at two financial institutions. Management believes the risk of loss to be remote.

The Company's sales taxes receivable consists of input tax credits receivable from the Government of Canada and as a result the Company does not believe it is subject to significant credit risk.

12. FINANCIAL INSTRUMENTS, continued

Financial instrument risk exposure, continued

(b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2013, NexGen had a cash balance of $7,562,633 (December 31, 2012 - $2,729,746) to settle total liabilities of $251,326 (December 31, 2012- $581,126).

(c) 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.

(i) Interest Rate Risk

The Company will hold its cash in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2013. Future cash flows from finance income on cash may be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy for short-term investments. This policy focuses primarily on preservation of capital and liquidity. The Company monitors the investments it makes and is satisfied with the credit rating of its banks.

(ii) Foreign Currency Risk

The functional currency of the Company and its subsidiary is the Canadian dollar. The Company is affected by currency transaction risk and currency translation risk. Consequently, fluctuations of the Canadian dollar in relation to other currencies impact the fair value of financial assets, liabilities and operating results. Financial assets and liabilities subject to currency translation risk primarily include Australian dollar denominated cash and accounts payable and accrued liabilities. The Company maintains Australian dollar bank accounts in Australia and Canadian dollar bank accounts in Canada.

(iii) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Future declines in this commodity prices may impact the valuation of long-lived assets. The Company closely monitors commodity prices of uranium, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes movements are reasonably possible.

As at December 31, 2013, the Company's cash and accounts payable and accrued liabilities denominated in Australian dollars was AUD$422,815 and AUD$20,628 respectively. A 10% change in the Canadian dollar versus Australian dollar exchange rate would give rise to a $42,077 change in net loss.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

13. INCOME TAXES

A reconciliation of income taxes of statutory rates with the reported taxes is as follows:

		2013		2012
Net loss for the year	$	(3,373,814)	$	(964,225)
Statutory rate		25.8%		25.0%
Expected income tax (recovery)	$	(869,000)	$	(243,000)
Impact of future income tax rates applied versus current statutory rate		253,000		(91,000)
Impact of flow-through shares		786,000		134,000
Share issue costs		(352,000)		-
Change in unrecognized deductible temporary differences and other		182,000		200,000
Total	$	-	$	-

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

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

		2013		2012
Deferred tax assets (liabilities)				
Exploration and evaluation assets	$	(878,000)	$	-
Non-capital losses		878,000		-
Net deferred tax liability	$	-	$	-

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

		2013		2012
Deferred tax assets (liabilities)				
Share issue costs	$	284,000	$	2,000
Non-capital losses available for future periods		18,000		209,000
Equipment		3,000		-
Canadian eligible capital (CEC)		32,000		31,000
		337,000		242,000
Unrecognized deferred tax assets		(337,000)		(242,000)
Net deferred tax assets	$	-	$	-

13. INCOME TAXES (cont'd...)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2013	Expiry Date Range	2012	Expiry Date Range
Temporary Differences				
Share issue costs	$ 1,092,000	2034 to 2037	$ 9,000	2033
Non-capital losses available for future periods	66,000	2031 to 2033	834,000	2031 to 2032
Equipment	13,000	No expiry date	1,000	No expiry date
Canadian eligible capital (CEC)	124,000	No expiry date	124,000	No expiry date

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

14. SEGMENT INFORMATION

The Company operates in one reportable segment, being the acquisition, exploration and development of uranium properties. All of the Company's assets are located in Canada.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Years ended December 31, 2013	Years ended December 31, 2012
Cash paid for income taxes	$ -	$ -
Cash paid for interest	-	-

The significant non-cash transactions during the year ended December 31, 2013 included:

a) The completion of the Company's qualifying transaction (Note 9).

b) The issuance of common shares valued at $10,332,238 for exploration and evaluation assets.

c) The issuance of warrants in connection with the Radio option agreement valued at $469,732 (Note 8).

d) The flow-through share premium liability recorded as a reduction to share capital was valued at $105,480 (Note 8).

e) The issuance of broker warrants in connection with various private placements valued at $144,938.

f) Share-based payments capitalized to exploration and evaluation assets of $337,423 (Note 5).

The significant non-cash transactions during the year ended December 31, 2012 included:

a) The issuance of common shares valued at $13,003,371 for exploration and evaluation assets.

b) The issuance of broker warrants in connection with various private placements valued at $33,400.

16. SUBSEQUENT EVENTS

(a) On January 15, 2014, the Radio option agreement (Note 5 (c)) was amended:
Before the amendment, NexGen must have incurred at least $15,000,000 of expenditures on the Radio Project (the Earn in Expenditures) on or before March 31, 2015 as follows:

i. $5,000,000 of expenditures by March 31, 2014; provided, however, that NexGen shall not commence any drilling on the Radio Project unless NexGen has first paid the Optionors any outstanding payment

ii. $5,000,000 of expenditures by May 31, 2014

iii. $5,000,000 of expenditures by March 31, 2015

As a result of the amendment the above noted Earn in Expenditure requirement was replaced with the following:

NexGen must have incurred at least $10,000,000 of expenditures on the Radio Project between January 1, 2014 and May 31, 2017.

As a result of the amendment, the Company also issued to the Optionors 5,714,286 common shares and 5,714,286 share purchase warrants with an exercise price of $0.50 per common share expiring May 31, 2017.

(b) On February 26, 2014, 129,787 common shares were issued on the exercise of stock options at $0.24 per share.

(c) On March 4, 2014, the Company announced that it has entered into an agreement with Dundee Securities Ltd., on behalf of a syndicate of underwriters (collectively, the "Underwriters"), to purchase, on a "bought deal" basis by way of a short form prospectus, 22,300,000 units of the Company (the "Units") at a price of $0.45 per Unit for total gross proceeds of $10,035,000 (the "Offering"). The Underwriters have been granted the option to purchase up to an additional 15% of the Offering, exercisable in whole or in part at any time up to 30 days after the closing of the Offering (the "Option"). Each Unit shall consist of one common share ("Share") of the Company and one-half of one common share purchase warrant ("Warrant"). Each Warrant shall entitle the holder thereof to acquire one Share at a price of $0.65 for a period of 24 months following the closing of the Offering. The Offering is scheduled to close on or about March 26, 2014. The Units will be offered in all provinces of Canada (except Quebec) by way of a short form prospectus. The Offering is subject to a number of conditions, including, without limitation, receipt of all regulatory approvals, including the approval of the TSX Venture Exchange and the applicable securities regulatory authorities. The net proceeds of the Offering will be used for exploration and development of the Company's assets in the Athabasca Basin and for working capital and general corporate purposes. In connection with the Offering, the Underwriters will receive a cash commission equal to 6.0% of the gross proceeds raised under the Offering (inclusive of the Option) and that number of non-transferable broker warrants equal to 6.0% of the number of Units sold (inclusive of the Option). Each broker warrant shall be exercisable into one Unit of the Company for a period of 24 months from the Closing Date at a price equal to the issue price of the Offering.