



POWERTECH URANIUM CORP.
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

(Stated in United States Dollars)

THE ACCOMPANYING INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2008 AND 2007 HAVE NOT BEEN REVIEWED OR AUDITED BY THE CORPORATION'S AUDITORS.

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
December 31, 2008 and March 31, 2008
(unaudited)
(Stated in United States Dollars)

	<u>ASSETS</u>	<u>December 31,</u> <u>2008</u>	<u>March 31,</u> <u>2008</u>
Current			Restated – Note 2
Cash and cash equivalents		\$ 3,097,132	\$ 2,009,150
Restricted cash		858,391	802,818
GST receivable		17,041	23,172
Other receivable		14,714	–
Deposits		62,819	104,648
Prepaid expenses		<u>142,936</u>	<u>62,925</u>
		4,193,033	3,002,713
Mineral properties – Note 3		38,100,611	30,349,811
Building and Equipment – Note 4		<u>538,294</u>	<u>391,318</u>
		<u>\$ 42,831,938</u>	<u>\$ 33,743,842</u>

	<u>LIABILITIES</u>	
Current		
Accounts payable and accrued liabilities – Note 6		\$ 2,034,652
Current portion of long-term debt – Note 8		<u>290,000</u>
		2,324,652
Long-term debt		
Agreements payable – Notes 3 and 8		1,038,721
Loan payable – Note 8		<u>2,045,750</u>
		<u>5,409,123</u>
		1,663,650
		982,580
		<u>–</u>
		<u>2,646,230</u>

	<u>SHAREHOLDERS' EQUITY</u>	
Share capital – Note 5		50,831,518
Contributed surplus – Note 5		6,498,569
Accumulated Other Comprehensive Income		1,061,509
Deficit		<u>(20,968,781)</u>
		<u>37,422,815</u>
		<u>\$ 42,831,938</u>
		41,851,318
		5,061,463
		1,465,224
		<u>(17,280,393)</u>
		<u>31,097,612</u>
		<u>\$ 33,743,842</u>

Nature of Operations and Going Concern – Note 1
Commitments and Contingencies – Note 3 and 9
Subsequent Events – Note 11

APPROVED BY THE DIRECTORS:

<u>“Richard F. Clement, Jr.”</u> Richard F. Clement, Jr.	Director	<u>“Thomas Doyle”</u> Thomas Doyle	Director
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SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
for the three and nine months ended December 31, 2008 and 2007
(unaudited)
(Stated in United States Dollars)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		Restated – Note 2		Restated – Note 2
General and administrative expenses				
Accretion	\$ 12,584	\$ –	\$ 36,141	\$ –
Amortization and depreciation	78,274	5,438	158,223	16,313
Audit and accounting fees	–	4,556	7,724	4,766
Community and media relations	85,259	92,054	262,364	239,083
Director fees – Note 6	7,469	9,527	24,748	21,656
Filing fees	–	172,801	50,326	179,559
Field operations	15,183	–	98,038	–
Foreign exchange loss	15	122	(286)	1,460
Insurance	38,808	45,228	70,170	81,039
Investor relations and promotion	32,125	43,146	153,830	200,282
Legal fees	114,194	114,042	271,447	272,496
Management and consulting fees – Note 6	120,806	133,736	386,240	412,932
Office and miscellaneous	124,515	143,848	349,937	379,301
Stock-based compensation – Notes 5 and 6	16,873	214,616	901,409	355,672
Transfer agent fees	994	2,792	8,812	15,327
Travel and accommodation	67,490	40,611	250,441	137,343
Wages and benefits – Note 6	<u>229,895</u>	<u>156,002</u>	<u>726,363</u>	<u>420,193</u>
Loss before other	944,484	1,178,519	3,755,927	2,737,422
Other				
Interest income	<u>(15,992)</u>	<u>(94,585)</u>	<u>(67,539)</u>	<u>(350,435)</u>
Net loss for the period	928,492	1,083,934	3,688,388	2,386,987
Deficit, beginning of the period	20,040,289	14,947,776	17,280,393	13,644,723
Deficit, end of the period	<u>\$ 20,968,781</u>	<u>\$ 16,031,710</u>	<u>\$ 20,968,781</u>	<u>\$ 16,031,710</u>
Basic and diluted loss per share	<u>\$ 0.02</u>	<u>\$ 0.02</u>	<u>\$ 0.07</u>	<u>\$ 0.05</u>
Weighted average number of shares outstanding	<u>55,429,020</u>	<u>47,729,020</u>	<u>54,010,838</u>	<u>47,263,177</u>

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
AND ACCUMULATED OTHER COMPREHENSIVE INCOME**
for the three and nine months ended December 31, 2008 and 2007
(unaudited)
(Stated in United States Dollars)

	<u>Three Months Ended December</u>		<u>Nine Months Ended December</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		Restated – Note 2		Restated – Note 2
<u>Statements of Comprehensive Loss</u>				
Net loss for the period	\$ (928,492)	\$ (1,083,934)	\$ (3,688,388)	\$ (2,386,987)
Other comprehensive loss:				
Foreign currency translation	(96,646)	—	(403,715)	—
Comprehensive loss	<u>\$ (1,025,138)</u>	<u>\$ (1,083,934)</u>	<u>\$ (4,092,103)</u>	<u>\$ (2,386,987)</u>

Statements of Accumulated Other Comprehensive Income

Balance, beginning of period	\$ 1,158,155	\$ —	\$ 1,465,224	\$ —
Foreign currency translation	(96,646)	—	(403,715)	—
Balance, end of the period	<u>\$ 1,061,509</u>	<u>\$ —</u>	<u>\$ 1,061,509</u>	<u>\$ —</u>

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three and nine months ended December 30, 2008 and 2007
(unaudited)
(Stated in United States Dollars)

	<u>Three Months Ended December</u>		<u>Nine Months Ended December</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		Restated – Note 2		Restated – Note 2
Operating Activities				
Net loss for the period	\$ (928,492)	\$ (1,083,934)	\$ (3,688,388)	\$ (2,386,987)
Items not affecting cash:				
Accretion	12,584	–	36,141	–
Amortization and depreciation	78,274	5,438	158,223	16,313
Foreign exchange	15	122	(286)	1,460
Stock based compensation	<u>16,873</u>	<u>241,616</u>	<u>901,409</u>	<u>355,672</u>
	(820,746)	(863,758)	(2,592,901)	(2,013,542)
Net change in non-cash working capital balances:				
Restricted cash	(565)	–	(55,573)	(525,400)
GST receivable	5,121	(2,404)	6,131	(19,410)
Other receivable	(14,714)	–	(14,714)	–
Deposits	11,828	(68,048)	41,829	(21,048)
Prepaid expenses	(58,634)	(28,272)	(80,011)	(44,099)
Accounts payable and accrued liabilities	<u>333,180</u>	<u>(967,535)</u>	<u>631,002</u>	<u>689,961</u>
Cash used in by operations	<u>(544,530)</u>	<u>(1,930,017)</u>	<u>(2,064,237)</u>	<u>(1,933,538)</u>
Investing Activities				
Mineral property interests	(1,784,470)	(2,394,421)	(7,678,354)	(7,832,154)
Building and equipment	<u>(6,705)</u>	<u>(121,692)</u>	<u>(281,518)</u>	<u>(314,977)</u>
Cash used in investing activities	<u>(1,791,175)</u>	<u>(2,516,113)</u>	<u>(7,959,872)</u>	<u>(8,147,131)</u>
Financing Activities				
Long-term debt	2,081,891	–	2,131,891	(250,000)
Issuance of common shares	<u>–</u>	<u>–</u>	<u>8,980,200</u>	<u>5,831,532</u>
Cash provided by financing activities	<u>2,081,891</u>	<u>–</u>	<u>11,112,091</u>	<u>5,581,532</u>
(Decrease)/increase in cash during the period	(253,814)	(4,446,130)	1,087,982	(4,499,137)
Cash and cash equivalents, beginning of the period	<u>3,350,946</u>	<u>10,065,002</u>	<u>2,009,150</u>	<u>10,118,009</u>
Cash and cash equivalents, end of the period	<u>\$ 3,097,132</u>	<u>\$ 5,618,872</u>	<u>\$ 3,097,132</u>	<u>\$ 5,618,872</u>
Cash and cash equivalents consists of:				
Cash			\$ 2,593,851	\$ 150,976
Term deposits			<u>503,281</u>	<u>5,467,896</u>
			<u>\$ 3,097,132</u>	<u>\$ 5,618,872</u>

Non-cash Transactions – Note 7

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
December 31, 2008 and March 31, 2008
(unaudited)
(Stated in United States Dollars)

Schedule 1

	<u>South Dakota</u>	<u>Wyoming</u>	<u>Colorado</u>	<u>New Mexico</u>	<u>Other</u>	<u>Total</u>
Balance, March 31, 2007	\$ 11,947,246	\$ 1,729,549	\$ 4,364,018	\$ 176,988	\$ 119,840	\$ 18,337,641
Acquisition costs	-	-	1,312,266	-	-	1,312,266
Land services	57,792	95,718	73,179	-	38,614	265,303
Legal fees	66,033	23,555	369,704	-	-	459,292
Claims maintenance	74,465	145,338	-	27,875	-	247,678
Lease payments	173,396	365,675	34,396	-	20,833	594,300
Drilling/ Engineering	1,563,598	614,991	168,209	-	-	2,346,798
Permitting	1,850,751	17,508	3,392,272	-	-	5,260,531
Wages/Consulting	<u>629,926</u>	<u>352,849</u>	<u>478,444</u>	<u>29,830</u>	<u>34,953</u>	<u>1,526,002</u>
Balance, March 31, 2008	16,363,207	3,345,183	10,192,488	234,693	214,240	30,349,811
Acquisition costs	506,521	-	-	-	-	506,521
Land services	59,632	(350)	74,913	-	-	134,195
Legal fees	42,715	-	339,195	-	-	381,910
Claims maintenance	64,976	136,490	-	27,875	-	229,341
Lease payments	103,069	106,169	61,984	-	5,352	276,574
Drilling/ Engineering	565,652	-	433,963	-	-	999,615
Exploration	1,892	7,420	-	-	-	9,312
Geological Services	20,359	21,338	34,008	-	-	75,705
Permitting	2,333,540	3,737	1,500,970	-	-	3,838,247
Wages/Consulting	880,501	-	452,789	-	-	1,333,290
Other	<u>(4,590)</u>	<u>(24,934)</u>	<u>-</u>	<u>(34)</u>	<u>(4,352)</u>	<u>(33,910)</u>
Balance, December 31, 2008	<u>\$ 20,937,474</u>	<u>\$ 3,595,053</u>	<u>\$ 13,090,310</u>	<u>\$ 262,534</u>	<u>\$ 215,240</u>	<u>\$ 38,100,611</u>

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008

Note 1 Nature of Operations and Going Concern

The Company was incorporated in British Columbia on February 10, 1984. The Company's shares are publicly traded on the Toronto Stock Exchange ("TSX") and the Frankfurt Stock Exchange. The Company's business is the exploration and development of uranium properties located in South Dakota, Wyoming, Colorado and New Mexico, USA.

The Company is in the process of exploring its properties and has not yet determined whether these properties contain reserves that are economically recoverable. The success of the Company and the recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development of the reserves, and upon future profitable production or proceeds from disposition of the properties. The Company's success is subject to a number of risks including environmental risks, contractual risks, legal and political risks, fluctuations in the price of minerals and other factors beyond the Company's control.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

References to "CAD\$" refer to Canadian currency and "\$" to United States currency.

Note 2 Change in Accounting Policy

Effective April 1, 2008, the Company changed its functional and reporting currency from the Canadian dollar ("CAD") to the United States dollar ("USD"). This change to USD resulted from an increase in the business activities conducted in USD.

Financial statements for all periods presented have been translated from CAD to USD using the current rate method. Using this method, all consolidated assets and liabilities have been translated using the exchange rate at the balance sheet dates, while shareholders' equity has been translated using the historical exchange rates at the dates of the corresponding transactions. The consolidated statements of operations and deficit and consolidated statements of cash flow have been translated using the prevailing average exchange rates for the periods. Any resulting exchange rate differences due to this translation are included in shareholders' equity as accumulated other comprehensive income. All comparative financial information being presented has been restated to reflect the Company's financial statements as if they have been historically reported in USD and the effect on the consolidated financial statements resulted in an accumulated other comprehensive income adjustment of \$1,465,224 as at March 31, 2008.

Note 3 Mineral Properties

During May 2008, the Company entered into a Purchase Agreement to acquire a two-thirds mineral interest in a property in Custer County, South Dakota, in consideration for \$1,900,000 to be paid \$300,000 on closing less \$151,470 for amounts already paid under a mining lease and \$30,000 per year for ten years until May 2018. The balance of the purchase price of \$1,300,000 is payable contingent upon receipt of permits and authorizations necessary to commence exploration and mining on the property. The \$1,300,000 is to be paid in four equal instalments of \$325,000 on each anniversary of the Company obtaining such permits. The purchase agreement is secured by a promissory note and a mortgage on the mineral interest.

During December 2008, the Company acquired additional lands in South Dakota and Wyoming from Bayswater Uranium Corporation ("Bayswater"). The land package consists of 381 mining

claims and 8,186 acres of Wyoming State mining leases for a total 15,806 acres. The Company paid \$50,000 at closing and has committed to Bayswater to maintain all properties for a full year. On any property to be dropped, the Company will give Bayswater a 90-day notice in accordance with its right to reacquire the property. Bayswater will retain a Yellowcake Royalty on all properties ranging from 1-5%, depending on underlying royalty agreements inherited, to a maximum of 7% burden to the Company

South Dakota: There are a total of 59 located claims (1,180 acres) in Fall River and Custer Counties, of which 39 claims (780 acres) are adjacent to the Company's Dewey Burdock project.

Wyoming-Aladdin: This land package consists of seven Wyoming State mining leases in Crook County, Wyoming totalling 5,626 acres. These properties are either adjoining, on trend, or complementary to the Company's Aladdin project.

Wyoming-Dewey Terrace: There are a total of 322 located claims (6,440 acres) and four Wyoming State mining leases (2,560 acres) in Weston and Niobrara Counties, Wyoming. These properties are either adjoining, on trend, or complementary to the Company's Dewey Terrace project.

Note 4 **Building and Equipment**

	<u>At December 31, 2008</u>			<u>At March 31, 2008</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Building	\$ 102,773	\$ 1,493	\$ 101,280	\$ 102,773	\$ 856	\$ 101,917
Computer equipment	193,551	63,167	130,384	119,773	23,959	95,814
Field equipment	216,285	50,908	165,377	41,529	5,362	36,167
Office equipment	72,379	19,467	52,912	39,396	8,174	31,222
Vehicles	<u>189,304</u>	<u>100,963</u>	<u>88,341</u>	<u>189,303</u>	<u>63,105</u>	<u>126,198</u>
	<u>\$ 774,292</u>	<u>\$ 235,998</u>	<u>\$ 538,294</u>	<u>\$ 492,774</u>	<u>\$ 101,456</u>	<u>\$ 391,318</u>

Note 5 **Share Capital and Contributed Surplus**

Authorized:

Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

Common shares issued:

	<u>Number</u>	<u>Amount</u>	<u>Contributed Surplus</u>
Balance, March 31, 2008	49,429,020	\$ 41,851,318	\$ 5,061,463
Issued for cash:			
- pursuant to private placement agreement	6,000,000	8,980,200	-
Stock-based compensation	<u>-</u>	<u>-</u>	<u>1,437,106</u>
Balance, December 31, 2008	<u>55,429,020</u>	<u>\$ 50,831,518</u>	<u>\$ 6,498,569</u>

Share Capital Discussion:

On June 4, 2008, the Company issued pursuant to a private placement agreement (the "Agreement") with Société Belge des Combustibles Nucléaires - Synatom S.A. ("Synatom") 6,000,000 units at a price of CAD\$1.50 per unit, for aggregate proceeds of CAD\$9,000,000 (\$8,980,200). Each unit consists of one common share and two share purchase warrants, with the warrants exercisable at an exercise price of CAD\$2.00 per share, subject to adjustment. The warrants, which are subject to, among other things, certain anti-dilution provisions, were issued in two series as follows:

- the first series of 6,000,000 warrants may be exercised at any time until the earlier of: (i) 10 days following the day that the Company files certain specified permit applications for both the Centennial and the Dewey-Burdock projects of the Company (with a minimum duration of 6 months); and (ii) 12 months following the closing of the private placement; and
- the second series of 6,000,000 warrants may be exercised at any time until the earlier of: (i) 10 days following the day that the Company has obtained the permits required to construct and operate either the Centennial or the Dewey- Burdock project; and (ii) 24 months following the closing of the private placement.

The Company granted Synatom certain anti-dilution and preemptive rights that apply so long as Synatom continues to own no less than 15% of the outstanding shares (calculated on a non-diluted basis). In connection therewith, Synatom will, subject to any regulatory and applicable shareholder approval requirements, be entitled to: (i) maintain its rateable ownership of the shares, if the Company proposes to issue any further Shares or any securities convertible into shares; and (ii) increase its ownership to 33.34% of the outstanding shares (calculated on a fully diluted basis) if, after the exercise of all of the warrants, Synatom owns less than 33.34% of the outstanding Shares (calculated on a fully diluted basis).

The Company granted Synatom certain governance rights that apply so long as Synatom owns not less than 10% of the outstanding shares (calculated on a non-diluted basis). In connection with these governance rights, Synatom has the right to nominate directors to the board of directors of the Company (and that of its wholly-owned subsidiary Powertech (USA), Inc.) in proportion to its then proportionate interest of shares and the Company will cause such individuals nominated to be elected or appointed to the Board.

In connection with the Agreement, in the event that the Company produces uranium for sale, the Company has also granted Synatom an option to purchase a certain quantity of uranium from time to time (based on Synatom's then percentage ownership interest in the Company) on the terms sold to third parties, exercisable so long as Synatom continues to own no less than 15% of the outstanding shares (calculated on a non-diluted basis).

At the close of the private placement, Synatom owned 10,890,000 shares (excluding shares issuable upon the exercise of the warrants) representing approximately 19.6% of the outstanding shares. If all of the warrants are exercised for shares, Synatom will own shares representing approximately 33.9% of the outstanding shares.

The Company received shareholder approval at a special meeting (the "Special Meeting") of shareholders of the Company held on July 15, 2008, for a special resolution (the "Special Resolution") approving the warrants and the pre-emptive rights granted to Synatom. In connection therewith, management of the Company, which owns or exercises direction or control over an aggregate of approximately 25% of the Shares (calculated on a non-diluted basis) voted their shares in favour of the Special Resolution. In addition, Synatom voted its holdings prior to the closing of the private placement of approximately 9.9% of the Company in favour of the Special Resolution. Synatom did not vote any of the Shares acquired in this transaction at the Special Meeting.

Management of the Company has entered into a Shareholders Agreement with the Company and Synatom regarding, among other things, mutual rights of first refusal on the sales of shares, subject to certain exceptions, and certain anti-dilution rights in favour of Synatom. Management of the Company have also agreed to remain in their current positions for a period of five years and to not-compete for a period of one year after they cease providing services to the Company.

Note 5 Share Capital and Contributed Surplus – (cont'd)

Escrow

At December 31, 2008, 850,000 common shares were held in escrow subject to an escrow agreement.

Stock Option Plan

The Company has a Stock Option Plan (“the Plan”) under which it is authorized to grant share purchase options to directors, officers, consultants or employees of the Company. The Company is permitted to grant options to acquire up to a maximum of 9,885,804 common shares. The exercise price of options granted under the Plan may not be less than the fair market value of the Company’s common shares at the date the options are granted. Options granted under the Plan have a maximum life of five years. The Board of Directors specifies a vesting period on a grant-by-grant basis.

At December 31, 2008, there are 7,800,000 options outstanding entitling the holders thereof to purchase one common share for each option held as follows:

<u>Expiration Date</u>	<u>Exercise Price (CAD)</u>	<u>Outstanding at March 31, 2008</u>	<u>Granted during period</u>	<u>Exercised during period</u>	<u>Forfeited during period</u>	<u>Outstanding at December 31, 2008</u>
May 11, 2011	\$1.00	3,025,000	–	–	–	3,025,000
July 19, 2011	\$1.30	200,000	–	–	–	200,000
August 1, 2011	\$1.30	100,000	–	–	–	100,000
August 9, 2011	\$1.30	200,000	–	–	–	200,000
October 5, 2011	\$1.80	100,000	–	–	–	100,000
February 15, 2012	\$3.00	400,000	–	–	–	400,000
May 14, 2012	\$3.20	125,000	–	–	–	125,000
June 15, 2012	\$2.60	100,000	–	–	(100,000)	–
August 30, 2012	\$1.50	900,000	–	–	–	900,000
September 4, 2012	\$1.60	150,000	–	–	–	150,000
October 31, 2012	\$2.15	75,000	–	–	–	75,000
January 14, 2013	\$1.50	400,000	–	–	–	400,000
February 7, 2013	\$1.00	400,000	–	–	–	400,000
June 18, 2013	\$1.50	–	1,600,000	–	–	1,600,000
August 11, 2013	\$1.50	–	125,000	–	–	125,000
Totals		<u>6,175,000</u>	<u>1,725,000</u>	<u>–</u>	<u>(100,000)</u>	<u>7,800,000</u>

As of December 31, 2008, 7,165,625 options have vested. The weighted average life of the stock options outstanding is 3.27 years. The weighted average exercise price of the stock options outstanding is CAD\$1.38.

Vesting period is determined by the Board of Directors at the time of the grant. Stock options granted under the Plan during the three months ended June 30, 2008 vested immediately while the stock options granted during the three months ended September 30, 2008 are subject to a vesting period.

Stock-based Compensation:

During the three months ended December 31, 2008 stock-based compensation was \$55,340 (2007: \$214,616) of which \$16,873 (2007: \$214,616) was included in general and administrative expenses and \$38,467 (2007: \$nil) was included in mineral property costs.

During the nine months ended December 31, 2008 stock-based compensation was \$1,437,106 (2007: \$551,303) of which \$901,409 (2007: \$355,672) was included in general and administrative expenses and \$535,697 (2007: \$195,631) was included in mineral property costs.

Note 5 Share Capital and Contributed Surplus – (cont'd)

Stock-based Compensation– (cont'd)

The fair value of each option granted by the Company was estimated on the date of grant using the Black-Scholes option valuation model with the following assumptions:

<u>Grant Date</u>	<u>Exercise Price</u>	<u>Number</u>	<u>Fair Value</u>	<u>Dividend Yield</u>	<u>Expected Volatility</u>	<u>Risk-free Interest Rate</u>	<u>Expected Life (Yrs)</u>
August 11, 2008	CAD\$1.50	125,000	CAD\$0.45	–	67%	3.27%	5

Note 6 Related Party Transactions

During the three and nine months ended December 31, 2008 and 2007, the Company incurred the following transactions with directors and officers of the Company or with companies with directors and officers in common:

	<u>Three Months Ended December 31,</u>		<u>Nine Months Ended December 31,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Director Fees	\$ 7,469	Restated – Note 2 \$ 9,527	\$ 24,748	Restated – Note 2 \$ 21,656
Management and Consulting Fees	120,806	133,736	386,240	412,932
Mineral Property Interests				
Stock-Based Compensation	16,734	–	364,896	–
Wages and Benefits	245,696	208,337	586,537	293,785
Stock based compensation	16,873	210,532	823,731	361,117
Wages and Benefits	124,590	68,119	223,220	137,385
Other	<u>2,790</u>	<u>–</u>	<u>2,790</u>	<u>–</u>
	\$ 534,958	\$ 630,251	\$ 2,412,162	\$ 1,226,875

These charges were measured by the exchange amount which is the amount agreed on by the transacting parties.

At December 31, 2008, accounts payable and accrued liabilities include \$27,486 (March 31, 2008: \$33,950) due to directors and officers of the Company or companies with directors in common for unpaid fees and expenses owed.

Note 7 Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. There were no transactions excluded from the statement of cash flows for the three and nine months ended December 31, 2008 or the three months ended December 31, 2007. The following transaction was excluded from the statements of cash flows for the nine months ended December 31, 2007:

140,022 common shares valued at CAD\$2.86 per share in connection with the acquisition of a historical geological database during the six month period.

The value of the shares issued was determined by their market value when issued.

Note 8 Long-term Debt

	<u>December 31,</u> <u>2008</u>	<u>March 31,</u> <u>2008</u>
Agreements payable		
Dewey-Burdock Project	\$ 380,000	\$ 80,000
Centennial Project	<u>912,580</u>	<u>1,750,000</u>
	1,292,580	1,830,000
Change in accounting policy	–	(629,060)
Less: current portion	<u>(290,000)</u>	<u>(260,000)</u>
	1,002,580	940,940
Accretion expense	<u>36,141</u>	<u>41,640</u>
	1,038,721	982,580
Loan payable		
Bridge Loan (CAD\$2,500,000) ¹	<u>2,045,750</u>	–
	<u>\$ 3,084,471</u>	<u>\$ 982,580</u>

Annual payments are as follows:

2009	\$ 10,000
2010	2,335,750
2011-2015	290,000
2016	40,000
2017-2019	<u>30,000</u>
	<u>\$ 3,925,750</u>

1. On December 22, 2008 the Company entered into a Loan Agreement, pursuant to which Synatom has provided the Company with a bridge loan in the amount of CAD\$2,500,000 (the "Bridge Loan"). The Company has also entered into a Private Placement Agreement (the "Private Placement Agreement") with Powertech (USA) Inc. and Synatom pursuant to which Synatom has agreed to make a strategic investment of CAD\$9,000,000 by way of the purchase of a convertible debenture, subject to necessary shareholder approval at a meeting of shareholders called for that purpose. The Company intends to use the proceeds for working capital and to advance its mineral properties towards production.

The Bridge Loan bears interest at the rate of 7% per annum, has a maturity date of the earlier of: (i) January 31, 2010, and (ii) the date on which the Company completes a debt or equity financing of not less than CAD\$5,000,000, and is secured by a floating charge over all of the Company's and its subsidiaries' present and after acquired property and assets.

Under the terms of the Private Placement Agreement, at closing, the Company will issue a convertible debenture to Synatom in the principal amount of CAD\$9,000,000 (the "Debenture"). It is a condition of closing of the Debenture that the Bridge Loan is repaid.

The Debenture would bear interest at the rate of 7% per annum, to be compounded annually and will have a maturity date of December 19, 2011. The Debenture will be convertible into the Company's common shares (the "Common Shares") at a fixed conversion price of CAD\$0.50 per Common Share (the "Conversion Price") in certain circumstances. The principal amount of the Debenture, plus accrued and unpaid interest thereon, may be converted (1) by the Company in the event that the Company has obtained all of the permits required to construct and operate either the Centennial or the Dewey-Burdock project; or (2) by Synatom at any time, provided that each conversion shall be a minimum of CAD\$100,000 of the principal amount of the Debenture, until (a)

repayment in full by the Company of any outstanding principal and interest outstanding on the Debenture, or (b) conversion upon the request of the Company pursuant to (a) above.

Repayment of the Debenture will be secured by all of the security granted by the Company and its subsidiaries in connection with the Bridge Loan. The closing of the Debenture transaction is subject to shareholder approval and other customary closing conditions.

The Conversion Price and the number of Common Shares issuable upon conversion of the Debenture are subject to customary anti-dilution adjustments in the event of a subdivision, consolidation or reclassification of the Common Shares or the issuance of Common Shares to shareholders as a stock dividend.

In the event that the Debenture is approved by the Company's shareholders, the Company has also agreed not to take certain corporate actions without the consent of Synatom until the earlier of: (i) the conversion of the entire Debenture into Common Shares in accordance with the terms and conditions of the Debenture; and (ii) the Maturity Date. These negative covenants are in addition to, and not in substitution of, the negative covenants of the Company agreed to in connection with the private placement in June 2008.

The Company will be seeking shareholder approval at a special meeting (the "Special Meeting") of shareholders of the Company to be held on February 5, 2009, for a special resolution (the "Special Resolution") approving the issuance, effectiveness, terms and conditions and conversion of the Debenture.

Each of Wallace M. Mays, the Wallace M. Mays 2006 Family Trust No. 1, Richard F. Clement, Jr., the Clement Family Limited Partnership, Thomas A. Doyle and Greg Burnett, which collectively own or exercise direction or control over an aggregate of approximately 22.9% of the outstanding Common Shares (calculated on a non-diluted basis), have entered into a Voting Agreement with Synatom, dated December 19, 2008, whereby they have each agreed to vote their Common Shares in favour of the Special Resolution. As required by the rules and policies of the TSX and Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"), Synatom will not be voting any of the Common Shares that it owns at the Special Meeting.

Further details of the private placement and the aforementioned agreements are contained in the management information circular mailed to shareholders of the Company on January 9, 2009 in connection with the Special Meeting. As required by MI 61-101, the Company engaged a valuator to prepare a formal valuation of the Common Shares, the detail of which is contained in the management information circular.

Note 9 Commitments and Contingencies

The Company was named in a wrongful dismissal claim related to the termination of a former president of the Company in 2004 prior to the sale of the Company's former business. Since such a claim was considered possible at the time of the sale of the business, the former controlling shareholder of the Company and purchaser of the business, agreed to indemnify the Company for any damages or costs incurred in connection with any such claim. Pursuant to the indemnity agreement, the former controlling shareholder has assumed the defence of the claim on behalf of the Company.

Note 10 Comparative Figures

Certain comparative figures as at and for the year ended March 31, 2008 and for the three and nine months ended December 31, 2007 have been reclassified in order to conform with the financial statement presentation adopted for the current year.

Note 11 Subsequent Events

During January 2009, the Company entered into an Agreement ("Agreement") with Neutron Energy Inc. ("Neutron") to exchange some of the Company's noncore properties in New Mexico, Wyoming, and South Dakota for acreage located within and adjacent to the Company's Dewey-Burdock project in South Dakota.

The acreage to be acquired from Neutron by Powertech consists of approximately 1,620 acres of claims and leases within the Company's proposed permit area and an additional 4,380 acres of prospective claims and leases outside of Powertech's initial proposed permit area but adjacent to the Dewey-Burdock project. This acreage has historical drilling and adds future development potential to the project.

Initial reviews of the historical exploration data owned by Powertech and Neutron indicate that approximately 800,000 pounds of U3O8 resources at a 0.5 GT cutoff may be attributed to the Neutron properties that are within Powertech's proposed permit area. The uranium resources are categorized as "historical estimates" and have not been reviewed or verified under National Instrument 43-101. However, the Company believes that the properties have the potential to add significant future development opportunities to the Dewey-Burdock Project. The historical exploration data was developed by the Tennessee Valley Authority (TVA) which conducted a broad exploration program in the area and retained property in the area through 1984, at which time they relinquished holdings due to their exit from the uranium exploration business.

The terms of the Agreement provide for the retention of a 30% net proceeds interest by Neutron from future production on the acquired acreage and Powertech will be the operator. As additional consideration, Powertech has agreed to transfer to Neutron approximately 360 acres of claims and leases, along with associated historical drilling data, in South Dakota. This acreage is located several miles away from Powertech's Dewey-Burdock project area and is surrounded by properties staked by Neutron. Powertech will also transfer approximately 4,056 acres of claims in the Ambrosia Lake District of New Mexico and approximately 1,656 acres of claims and leases in the Shirley Basin of Wyoming. Each of these properties will add prospective value to Neutron's portfolio of properties in areas where Neutron has significant interests. For Powertech, while each block of claims to be transferred is prospective, the Company has no historical data and further advancement would require significant expenditure for exploration drilling.