POWERTECH URANIUM CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2006

(Stated in Canadian Dollars)

(Unaudited)

THE ACCOMPANYING INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED JUNE 30, 2006 AND 2005 HAVE NOT BEEN REVIEWED OR AUDITED BY THE CORPORATIONS AUDITORS

POWERTECH URANIUM CORP.
INTERIM CONSOLIDATED BALANCE SHEETS
June 30, 2006 and March 31, 2006
(Stated in Canadian Dollars)
(Unaudited)

ASSETS	June 30, 2006	March 31, 2006
Current		
Cash – Note 5	$ 11,594,850	$ 390,366
Amounts receivable	29,919	9,351
	11,624,769	399,717
Deferred mineral property acquisition costs	-	150,707
Resource property interests – Note 3	12,682,316	246,722
	$ 24,307,085	$ 797,146

LIABILITIES

Current		
Accounts payable and accrued liabilities – Note 5	$ 246,441	$ 164,148
Current portion of agreement payable – Note 3	11,201	11,680
	257,642	175,828
Agreement payable – Note 3	100,808	105,120
	358,450	280,948

SHAREHOLDERS' EQUITY

Share capital – Note 4	$ 33,273,993	$ 11,164,571
Share subscriptions	-	285,000
Contributed Surplus – Note 4	4,530,566	-
Deficit	(13,855,924)	(10,933,373)
	23,948,635	516,198
	$ 24,307,085	$ 797,146

APPROVED BY THE DIRECTORS:

"Thomas Doyle" Director
Thomas Doyle

"Richard Clement" Director
Richard Clement

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
for the three months ended June 30, 2006 and 2005
(Stated in Canadian Dollars)
(Unaudited)

	2006	2005
Revenues		
Interest	$ 36,632	$ -
Expenses		
Audit and accounting fees	18,219	2,500
Consulting fees – Note 5	67,364	-
Filing fees	44,806	2,650
Legal fees – Note 5	46,237	11,953
Office and miscellaneous – Note 5	9,840	195
Shareholder information	1,219	-
Stock-based compensation – Note 4 and 5	2,728,380	-
Transfer agent fees	6,921	1,123
Travel and promotion – Note 5	17,827	-
Wages and benefits – Note 5	18,370	-
	2,959,183	18,421
Net loss for the period	$ (2,922,551)	$ (18,421)
Basic and diluted loss per share	$ (0.11)	$ (0.00)
Weighted average number of shares outstanding	25,502,175	12,660,297

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
INTERIM CONSOLIDATED STATEMENTS OF DEFICIT
for the three months ended June 30, 2006 and 2005
(Stated in Canadian Dollars)
(Unaudited)

	2006	2005
Deficit, beginning of the period	$ (10,933,373)	$ (10,723,897)
Net loss for the period	(2,922,551)	(18,421)
Deficit, end of the period	$ (13,855,924)	$ (10,742,318)

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three months ended June 30, 2006 and 2005
(Stated in Canadian Dollars)
(Unaudited)

	2006	2005
Operating Activities		
Net loss for the period	$ (2,922,551)	$ (18,421)
Item not affecting cash:		
Stock based compensation – Note 4	2,728,380	-
	(194,171)	(18,421)
Changes in non-cash working capital balances related to operations:		
Amounts receivable	(20,568)	5,894
Prepaid expenses	-	750
Accounts payable and accrued liabilities	122,293	(5,647)
	(92,446)	(17,424)
Investing Activities		
Resource property interests – acquisition costs – Note 3	(236,041)	-
Capitalized exploration and development costs – Note 3	(185,850)	-
	(514,337)	-
Financing Activity		
Common shares issued – Note 4	11,718,821	7,500
Increase (decrease) in cash during the period	11,204,484	(9,924)
Cash, beginning of the period	390,366	85,889
Cash, end of the period	$ 11,594,850	$ 75,965

Non-cash Transactions – Note 6

SEE ACCOMPANYING NOTES

Note 1 Interim Reporting

The unaudited interim consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in Canada for interim financial information and follow the same accounting policies and methods of their application as the Company's most recent annual financial statements. These interim consolidated financial statements do not include all of the disclosure included in the annual financial statements and, accordingly, they should be read in conjunction with the annual financial statements for the year ended March 31, 2006. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The results of operations for the interim periods are not necessarily indicative of the results of operations for the entire year.

Note 2 Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Powertech (USA) Inc., a South Dakota USA corporation, which was incorporated by the Company on January 24, 2006. All significant inter-company balances and transactions have been eliminated upon consolidation.

Mineral Property Costs and Depletion

Property Acquisition Costs **-** Acquisitions of mineral properties are recorded at cost. Costs incurred prior to the completion of an acquisition are deferred as deferred mineral property acquisition costs. Producing resource properties are depleted over their estimated useful lives based upon a method relating recoverable resource reserves to production. Non-producing resource properties that the Company abandons interest in are written off in the year of abandonment.

Deferred Exploration Costs **-** The Company capitalizes all exploration expenses that result in the acquisition and retention of mineral properties or an interest therein. The accumulated costs including applicable exploration expenses relative to non-productive resource properties that the Company abandons interest in are written off. Otherwise, the exploration expenses are depleted over the estimated useful lives of the producing resource properties on a method relating recoverable reserves to production.

Note 2 Significant Accounting Policies – (cont'd)

Mineral Property Costs and Depletion – (cont'd)

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying values of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Write-downs due to impairment in value are charged to operations. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

Basic and Diluted Earnings Per Share

Basic earnings (loss) per share are computed by dividing the earnings (loss) for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully dilutive amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Financial Instruments

The carrying values of cash, accounts payable and accrued liabilities and current portion of agreement payable approximate fair value because of the short-term maturity of those instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The Company's mineral exploration activities are located in the United States of America and expenditures are in U.S. dollars. Consequently some assets and liabilities are exposed to foreign currency fluctuations. At June 30, 2006, US currency balances were comprised of cash of US$13,336, accounts payable of US$89,377, and an agreement payable totalling US$100,000.

Income Taxes

The Company accounts for income taxes by the asset and liability method. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes that are more likely than not to be realized.

(Stated in Canadian Dollars)

Note 2 Significant Accounting Policies - (cont'd)

Stock-Based Compensation

The Company has a stock option plan, which is described in Note 4.

Awards of stock options to employees and non-employees are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes option-pricing model. Under the fair value method, the amount to be recognized as expense is determined at the time the options are issued and is deferred and recognized in earnings over the vesting period of the options with a corresponding increase in contributed surplus.

Consideration paid by directors, officers and key employees and consultants on the exercise of stock options is credited to share capital together with the amount previously recognized in contributed surplus.

Foreign Currency Translation

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates prevailing at the balance sheet date and non-monetary items are translated at exchange rates prevailing when the assets were acquired or obligations incurred. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction date. Gains or losses arising from the translations are included in operations.

Note 3 Resource Property Interests

a) By a purchase and sale agreement dated February 20, 2006 and effective on closing May 11, 2006, the Company purchased all of the assets of Denver Uranium Company, LLC ("DU"), which includes the package of uranium property leases known as the Dewey-Burdock Property comprising approximately 11,000 acres of mineral and surface rights situated in Custer and Fall River counties, South Dakota, USA. Mineral property costs at June 30, 2006 are comprised of the following:

Acquisition costs at June 30, 2006		
– Issuance of common shares	$	8,000,000
– Debt settlement – issuance of common shares		1,065,600
– Deferred acquisition costs at March 31, 2006		150,707
– Current period capitalized acquisition costs		236,041
	$	9,452,348

The acquisition was accounted for by the purchase method of accounting.

(Stated in Canadian Dollars)

Note 3 Resource Property Interests – (cont'd)

b) By a letter agreement dated November 16, 2005 and effective on closing May 11, 2006, the Company acquired a 100% interest in 119 federal unpatented mineral claims consisting of approximately 2,300 acres situated in South Dakota, USA by the issuance of 1,000,000 common shares and 1,250,000 share purchase warrants. The agreement is subject to a production royalty ranging from 2% to 4%, dependent on the price of uranium.

Acquisition costs – Issuance of common shares	$	1,000,000
– Issuance of warrants		1,091,671
	$	2,091,671

c) By a purchase agreement dated March 31, 2006, the Company agreed to acquire an undivided one-third mineral interest in a uranium property in Custer County, South Dakota, USA, in consideration for US$950,000 to be paid as to US$100,000 (CDN$116,800) at closing (paid) and an additional US$10,000 per year for ten years until March 31, 2016. The balance of the purchase price of US$750,000 is contingent upon receipt of permits and authorizations necessary to commence exploration and mining on the property. The US$750,000 is to be paid in four equal instalments of $187,500 on each anniversary of the Company obtaining such permits. Consequently, mineral property costs at June 30, 2006 are comprised of the following:

Acquisition costs – agreement	$	224,020
– legal fees		14,839
– other costs		3,073
	$	241,932

The remaining US$850,000 is secured by a promissory note and a mortgage on the mineral interest. The Company's liability related to this agreement at June 30, 2006 is $112,009 (US$100,000) as follows:

Agreement payable	$	112,009
Less: current portion		(11,201)
	$	100,808

d) During the period ending June 30, 2006, the Company has capitalized, as exploration and development costs, the following amounts in Resource Property Interests:

Capitalized exploration and development costs	$	185,850
Non-cash stock-based compensation	$	710,515
	$	896,365

(Stated in Canadian Dollars)

Note 3 Resource Property Interests – (cont'd)

	Amount
Balance, March 31, 2006	$ -
Acquisitions:	
- Denver Uranium Company LLC mining leases	9,452,348
- South Dakota mineral claims	2,091,671
- Custer County, South Dakota mineral assets	241,932
Current exploration and development	185,850
Current non-cash stock based compensation	710,515
Incurred during the period	12,682,316
Balance, June 30, 2006	$ 12,682,316

Note 4 Share Capital

Authorized:

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

Escrow:

In addition to the 1,700,000 common shares held in escrow by the Company's transfer agent at March 31, 2006, an additional 9,315,000 common shares and 324,000 warrants at $0.30 per share were deposited into escrow that are subject to a three year time release pursuant to the policies of the TSX Venture Exchange (the "TSX Escrow"). These shares were issued to and previously held by incoming principals pursuant to the Company's change of business. During the quarter ending June 30, 2006, 1,035,000 common shares and 36,000 warrants at $0.30 per share were released from the TSX Escrow. Of the 1,035,000 common shares released, 200,000 are subject to an additional Performance Escrow Agreement whereby they will be released upon either the successful permitting of the Dewey Burdock property or the acquisition of a second uranium property of merit by the Company through the efforts of two current directors. Of the 9,315,000 common shares held in the TSX Escrow at June 30, 2006, 1,800,000 are also subject to the Performance Escrow Agreement.

The total number of common shares held in all escrows at June 30, 2006 is 11,215,000.

(Stated in Canadian Dollars)

Note 4 Share Capital (cont'd)

Issued:

		Number	Amount
Balance, March 31, 2006		14,926,487	$ 11,164,571
Issued for cash:			
- pursuant to private placement agreements (a)	- at $0.95	300,000	285,000
- pursuant to private placement agreements (b)	- at $1.00	12,000,000	11,718,822
- pursuant to private placement agreements – commission shares (b)	- at nil	649,752	-
Issued for debt:			
- in settlement of payments owed (c)	- at $1.00	40,000	40,000
- acquisition of Denver Uranium assets (d)	- at $0.48	2,220,000	1,065,600
Issued for assets:			
- Denver Uranium Company LLC assets (d)	- at $1.00	8,000,000	8,000,000
- acquisition of South Dakota mining claims (e)	- at $1.00	1,000,000	1,000,000
Balance, June 30, 2006		39,136,239	$ 33,273,993

Warrants:

At June 30, 2006, there is 8,684,876 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of Warrants	Exercise Price	Expiry Date
Outstanding at March 31, 2006:		
350,000	$0.80	March 14, 2007
100,000	$0.90	March 14, 2007
360,000	$0.30	April 14, 2007
810,000		
Newly issued during quarter ending June 30, 2006:		
300,000 (a)	$1.15	April 19, 2007
324,876 (b)	$1.30	May 11, 2007
6,000,000 (d)	$1.30	May 11, 2007
1,250,000 (e)	$1.00	May 11, 2007
7,874,876		

(Stated in Canadian Dollars)

Note 4 Share Capital (cont'd)

Warrants (cont'd)

	Number of Warrants
Total outstanding at June 30, 2006:	
	8,684,876

Of the total warrants outstanding at March 31 2006 and issued during the quarter ending June 30, 2006, nil were exercised during the quarter ending June 30, 2006.

Agent's Options:

	Number of Options	Exercise Price	Expiry Date
Newly issued during quarter ending June 30, 2006:			
	1,080,000 (b)	$1.20	May 11, 2007
Total outstanding at June 30, 2006:			
	1,080,000		

Of the total Agent's Options issued during the quarter ending June 30, 2006, nil were exercised.

Stock Option Plan

On June 30, 2006, at the Company's Annual and Special General Meeting, the Shareholders of the Company approved the Company's 2006 Stock Option Plan ("the Plan"). The Plan is a rolling stock option plan reserving for issuance upon the exercise of options granted to its directors, officers, employee and consultants pursuant to the Plan a maximum of 10% of the issued and outstanding Common Shares of the Company.

(Stated in Canadian Dollars)

Note 4 Share Capital (cont'd)

Stock Options (cont'd)

Number of Options	Exercise Price	Expiry Date
Newly issued during quarter ending June 30, 2006:		
3,025,000	$1.00	May 11, 2011
Total Outstanding at June 30, 2006:		
3,025,000		

Of the total Stock Options outstanding at March 31 2006 and issued during the quarter ending June 30, 2006, nil were exercised during the quarter ending June 30, 2006.

Stock Based Compensation

The Company has a stock option plan, which is described above in Stock Option Plan.

Awards of stock options to employees and non-employees are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes option-pricing model. Under the fair value method, that amount to be recognized as expense is determined at the time the options are issued and recognized in earnings over the vesting period of the options with a corresponding increase in contributed surplus. All options issued during the quarter ended June 30, 2006 were fully vested upon issuance date and thus, were recognized in full as expense in the current quarter.

Consideration paid by directors, officers and key employees and consultants on the exercise of stock options is credited to share capital together with the amount previously recognized in contributed surplus.

The total amount recognized in the current quarter ending June 30, 2006 as stock-based compensation is $3,438,895, of which $710,515 was capitalized in Resource Property Interests as exploration and development costs and $2,728,380 was expensed in the current period.

The fair value of each option granted by the Company during the period ended June 30, 2006 was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

(Stated in Canadian Dollars)

Note 4 Share Capital (cont'd)

Stock Based Compensation (cont'd)

Fair Value of options granted ($/share)	1.136
Risk-Free interest rate (%)	5.04
Expected life (years)	5
Expected volatility (%)	42
Expected dividend yield (%)	-

Contributed Surplus

	Amount
Balance at March 31, 2006	$ -
Stock based compensation	3,438,895
Warrants issued-acquisition of South Dakota mining claims (e)	1,091,671
Balance at June 30, 2006	$ 4,530,566

Share Capital Discussion

(a) On April 19, 2006, the Company closed its private placement of 300,000 units of its securities at a price of $0.95 per unit. Each unit of the private placement consists of one common share in the capital of the Company and one non-transferable share purchase warrant (the "Warrant"), each Warrant entitling the holder to acquire one additional common share of the Company at a price of $1.15 per share for one year. The units and the underlying shares are subject to a hold period and may not be traded until August 20, 2006.

(b) On May 11, 2006, the Company closed its brokered private placements for gross proceeds of $12,000,000. The Company issued 12,000,000 units at $1.00 per unit (a "Unit"). Each Unit consists of one common share in the capital of the Company and one-half of one share purchase warrant, with each whole warrant (a "Warrant"), entitling the holder to acquire one additional common share of the Company at a price of $1.30 per share for a period of one year from the date of closing. As consideration for acting as agent, the Company paid the Agent a commission of $190,248 in cash and 649,752 units on the same terms as the Units. In addition, the Company paid the Agent a corporate finance fee of $5,000 and issued 1,080,000 non-transferable compensation options (the "Agent's Options"), each Agent's Option entitles the Agent to acquire one additional common share of the Company at a price of $1.20 for a period of one year from the date of closing. All securities issued pursuant to the private placement are subject to a hold period expiring September 12, 2006.

(Stated in Canadian Dollars)

Note 4 Share Capital (cont'd)

Share Capital Discussion (b) – (cont'd)

Gross Proceeds	$ 12,000,000
Agent's Net Commissions	(190,248)
Corporate Finance Fee	(5,000)
Other Agent's Direct Costs	(31,750)
Net Proceeds	$ 11,773,002
Other costs capitalized (legal, filing fees)	(54,180)
Net Share Capital	$ 11,718,822

(c) On May 11, 2006, the Company issued 40,000 common shares in respect to directors' services included in accounts payable at March 31, 2006.

(d) On May 11, 2006, the Company closed its acquisition of all of the assets of Denver Uranium Company, LLC ("Denver Uranium"). In connection with the terms of the purchase agreement, the Company issued 8,000,000 common shares in the capital of the Company to the Vendors.

In conjunction with the closing of the purchase agreement, the Company also closed the Loan Conversion Agreement entered into to settle a US$800,000 loan obligation assumed by the Company from Denver Uranium together with interest and expenses due on the loan. The debt was settled through the issuance of a total of 2,220,000 common shares in the capital of the Company to the two lenders.

Both the 8,000,000 common shares issued for the purchase and the 2,220,000 common shares issued on the loan conversion are subject to the terms of escrow agreements that provide for periodic release over a three-year period in accordance with TSX Venture Exchange Policy 5.4. In addition to the escrow requirements, the shares are subject to a hold period that restricts them from trading until September 12, 2006.

(e) On May 11, 2006, the Company closed its acquisition of a 100% interest in 119 federal unpatented mineral claims consisting of approximately 2,300 acres situated in South Dakota, USA. In connection with the terms of the agreement, the Company issued 1,000,000 common shares in the capital of the Company and 1,250,000 share purchase warrants (the "Warrants"). The Warrants entitle the holder to acquire an additional common share in the capital of the Company at $1.00 per share until May 11, 2007.

(Stated in Canadian Dollars)

Note 4 Share Capital (cont'd)

Share Capital Discussion (e) – (cont'd)

All non-employee stock-based transactions through which the Company acquires goods or services in exchange for issuing equity instruments to a non-employee in amounts based on the price of the Company's stock are accounted for using the fair value based method of accounting.

The total amount recognized in the current quarter ending June 30, 2006 as acquisition costs in Resource Property Interests is $1,091,671 with a corresponding increase in contributed capital.

The fair value of each Warrant issued by the Company in connection with the above asset acquisition was estimated on the date of issuance using the Black-Scholes option-pricing model with the following assumptions:

Fair Value of warrants granted ($/share)	0.873
Risk-Free interest rate (%)	4.99
Expected life (years)	1
Expected volatility (%)	42
Expected dividend yield (%)	-

Note 5 Related Party Transactions

a) During the three months ended June 30, 2006 and 2005, the Company incurred the following transactions with directors of the Company or with companies with directors in common:

	2006	2005
Expenditures:		
Consulting fees	$ 78,582	$ -
Legal fees	36,513	8,505
Office and miscellaneous	5,380	-
Stock-based compensation	2,842,062	-
Travel and promotion	14,295	-
Wages and benefits	33,710	-
	$ 3,010,542	$ 8,505

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

(Stated in Canadian Dollars)

Note 5 Related Party Transactions (cont'd)

b) For the quarter ending June 30, 2006, transactions incurred with directors of the Company or with companies with directors in common were characterized as current expenses or capitalized as follows:

		---------------Capitalized---------------			
Description	Expensed	(1)	(2)	(3)	Total
Consulting fees	$ 67,364	$ 11,218	$ -	$ -	$ 78,582
Legal fees	7,988	6,525	22,000	-	36,513
Office and misc	5,380	-	-	-	5,380
Stock-based compensation	2,501,015	-	-	341,047	2,842,062
Travel and promotion	10,475	-	-	3,820	14,295
Wages and benefits	16,855	-	-	16,855	33,710
Totals	$ 2,609,077	$ 17,743	$ 22,000	$ 361,722	$ 3,010,542

(1) Brokered private placement – reduction in share capital.
(2) Acquisition of Denver Uranium Company LLC Assets – capitalized as Resource property interests.
(3) Current exploration and development – capitalized as Resource property interests.

c) At June 30, 2006 and March 31, 2006, cash included $52,835 and $267,479 respectively, held in trust by a director of the Company, in his capacity as legal counsel for the Company.

d) At June 30, 2006 and March 31, 2006, accounts payable and accrued liabilities include $84,122 and $10,560 respectively due to directors of the Company or with companies with directors in common.

Note 6 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.

During the three months ended June 30, 2006, the Company issued:

300,000 units at $0.95 per unit, each unit consisting of one common share and one share purchase warrant, of which $285,000 of the proceeds for this placement were received prior to March 31, 2006;

40,000 common shares at $1.00 per share to settle accounts payable outstanding at March 31, 2006 of $40,000;

Note 6 Non-cash Transactions (cont'd)

1,000,000 common shares at $1.00 per share and 1,250,000 warrants entitling the holder to acquire an additional common share in the capital of the Company at $1.00 per share in connection with the acquisition of 119 federal unpatented mineral claims consisting of approximately 2,300 acres situated in South Dakota, USA;

8,000,000 common shares at $1.00 per share in connection with the acquisition of mineral assets from Denver Uranium Company, LLC;

2,220,000 common shares at $0.48 pursuant to the Loan Conversion Agreement of the Denver Uranium Company, LLC asset acquisition;

649,752 units, consisting of one common share in the capital of the Company and one-half of one share purchase warrant, with each whole warrant (a "Warrant"), entitling the holder to acquire one additional common share of the Company at a price of $1.30 per share to the Agent in connection with the brokered private placement completed on May 11, 2006. In addition, the Company issued the Agent 1,080,000 non-transferable compensation options (the "Agent's Options").

These transactions were excluded from the statement of cash flows.

Note 7 Commitments

a) Management Services Contracts and Employment Contracts

By three management services agreements and three employment agreements all dated May 1, 2006 and one employment agreement dated August 1, 2006, the Company agreed to pay fees totalling US$73,750 per month for a period of one year.

b) Dewey Burdock Leases

The Company acquired leases from Denver Uranium Company, LLC with several levels of payments and obligations. In the portions of the project area where the Corporation seeks to develop the uranium, both surface and minerals are leased. Denver Uranium has granted the mineral owners a five percent overriding royalty payment out of sales of the product. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, surface owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. The royalty payments to the surface owners are reduced by the amount of rentals to be paid. The basic terms of the lease are five-year initial terms and are renewable two times at the five-year mark and ten years from original signing. Additional bonuses are paid to the landowners at the time of renewal. All leases were signed in 2005 and the leases are in force through 2020 without production. In the case of production, all leases will be held as long as minerals are produced. The annual rental payments to surface owners total US$138,000.

(Stated in Canadian Dollars)

Note 7 Commitments (cont'd)

c) Office Lease

Subsequent to June 30, 3006, the Company entered into a three year lease agreement for office space in Albuquerque, New Mexico, USA. Annual lease payments due over each of the next three years under the agreement total US$19,200. All other office space currently utilized by the Company is under month to month arrangements.

Note 8 Subsequent Events

Subsequent to June 30, 2006, the following events occurred:

a) Issuance of Stock Options

The Company issued the following stock options to key employees and consultants pursuant to the Company's 2006 Stock Option Plan.

Number of Options	Exercise Price	Expiry Date
200,000	$1.30	July 19, 2011
100,000	$1.30	August 1, 2011
200,000	$1.30	August 9, 2011
500,000		

b) Acquisition of Uranium Data Base

On August 9, 2006, the Company entered into an agreement to acquire a significant uranium data base from R.B. Smith & Associates, Inc. of Wimberley, Texas by way of issuance of 200,000 common shares of the Company at a deemed price of $1.30 per share and a payment of US$100,000.

e) Acquisition of PFN Logging Truck

In early July 2006, the Company entered into an Agreement to Build PFN Logging Truck for the amount of US$272,190 and paid a US$80,000 deposit with the balance of US$192,190 due net 30 days after project completion (upon calibration and readiness for field use). The well logging truck includes logging instruments and equipment required to log exploration wells.

In connection with the Agreement, the Company also acquired one dual wheel Ford F-450 series truck, which was completed and delivered on August 21, 2006 for the amount of US$37,589.

POWERTECH URANIUM CORP.
MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

The following discussion of performance, financial condition and future prospects should be read in conjunction with the consolidated financial statements of the Company and notes thereto for the quarter ended June 30, 2006. The date of this management discussion and analysis is August 29, 2006. Additional information is available on SEDAR at www.sedar.com.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements for Powertech Uranium Corp. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the financial statements. These financial statements are presented on the accrual basis of accounting. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented. Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

NATURE OF BUSINESS

Powertech Uranium Corp. (hereafter "the Company") is a Tier 2 TSX Venture Exchange (the "Exchange") listed mineral exploration / development company focused on the exploration and development of uranium properties in the United States.

Change of Name

On June 2, 2006, the Company announced a change of name from Powertech Industries Inc. to Powertech Uranium Corp. to better reflect the nature of the Company's ongoing business. There was no alteration to the Company's share capital in conjunction with the name change. The Company received all required regulatory approvals and the name change was effective at the commencement of trading on Monday, June 5, 2006.

Change in Directors and Officers

In connection with the Company's change of business on May 11, 2006, John Toljanich and David Van Dyke resigned their positions as officers and directors. Appointed in their place as Directors were Wallace Mays, Richard Clement and Thomas Doyle. Wallace Mays was appointed Chairman of the Board of the Company. Richard Clement was appointed President and Chief Executive Officer of the Company. Thomas Doyle was appointed Vice President – Finance of the Company. In addition, Greg Burnett was appointed Vice President – Administration and James Bonner was appointed Vice President - Exploration.

At the Company's Annual General Meeting held on June 30, 2006, the Shareholders of the Company elected Wallace Mays, Richard Clement, Thomas Doyle, Douglas Eacrett and Greg Burnett as Directors of the Company.

The Board of Directors, at its Board Meeting held in conjunction with the Annual General Meeting on June 30, 2006, re-appointed the following individuals to serve as officers of the Company:

Wallace Mays	Chairman of the Board
Richard Clement	President, Chief Executive Officer
Thomas Doyle	Chief Financial Officer, Vice President – Finance, Secretary
Greg Burnett	Vice President – Administration
James Bonner	Vice President - Exploration

Since the Company's change of business on May 11, 2006, the Company has also announced the following management position appointments:

Frank Lichnovsky	Chief Geologist
Richard Blubaugh	Vice President of Health, Safety and Environmental Resources

Mr. Mays is a chemical engineer who spent the early part of his career with Atlantic Richfield Co. where he was responsible for the design, construction, and operation of the first ISL uranium mine in the United States. From 1977 to present, Mr. Mays has been involved as a principal and/or senior executive in many uranium mining ventures in the United States and abroad, including Everest Minerals Corporation and Uranium Resources, Inc., a public company listed on the Exchange, and he has permitted, designed, constructed, and operated numerous ISL uranium mines across the south western United States. In 1996, he was awarded membership in the Uranium Hall of Fame.

Mr. Clement is a professional geologist who spent the early part of his career, from 1967 through 1983, with Mobil Oil Corp. in the United States and Australia where he was responsible for the operations management of Mobil Oil's uranium exploration programs throughout the United States, development of worldwide strategy for mineral exploration, and managing country operations as Vice President / Exploration Manager of Mobil Energy Minerals Australia Inc. From 1983 through 1999, Mr. Clement was employed by Uranium Resources, Inc., formed in 1977 which became a Canadian public company in 1988 specializing in the ISL development of uranium deposits. Mr. Clement served as a director and Senior Vice President - Exploration of Uranium Resources from 1983 to 1996 and subsequently as President of Uranium Resource's New Mexico subsidiary, Hydro Resources Inc. until 1999 where he oversaw the securing of all necessary mining permits for ISL development of Hydro Resource's uranium deposits.

Mr. Doyle has held a variety of senior positions across numerous aspects of the financial industry in Canada, the United States and internationally. Most recently from 2003 to June 2006, Mr. Doyle served as President and Chief Executive Officer of Arctos Petroleum Corp., a public junior oil and gas company, which resulted from the acquisition of Spearhead Resources by Camflo International Inc. Through these enterprises, Mr. Doyle developed extensive expertise in domestic and foreign financial markets, management, business plan development, and capital formation for a variety of industries, but primarily within the mineral resource and oil and gas industry.

Mr. Eacrett is currently a practicing corporate finance and securities lawyer and a chartered accountant registered with the Institute of Chartered Accountants in British Columbia. Mr. Eacrett obtained a Bachelor of Commerce degree from the University of British Columbia in 1972 and a Bachelor of Laws from the University of British Columbia in 1974. Mr. Eacrett has been a director and or officer of a number of public companies which have traded on the Exchange.

Mr. Burnett has 18 years of diversified business experience in corporate finance and administration. Since 1989, he has been President and principal shareholder of Carob Management Ltd., a private management consulting company based in Vancouver, British Columbia specializing in the provision of due diligence services, development of business plans, and structuring / financing / management of venture capital projects, primarily in the public market arena. Mr. Burnett presently serves on the board of directors and is a consultant to the following public companies: Garibaldi Resources Corp., a junior gold exploration company focusing on projects in Mexico, and Marifil Mines Limited, a junior metals exploration company focused in Argentina. Mr. Burnett is also a principal shareholder and consultant of Zena Capital Corp., a public industrial minerals company involved in the exploration, production, and sale of barite in British Columbia to the oil services industry. Mr. Burnett holds a Master of Business Administration degree (1986) and a Bachelor of Applied Sciences degree in Civil Engineering (1984) from the University of British Columbia.

Mr. Bonner comes to Powertech from Gordon Environmental, Inc. where he served as Senior Scientist on their consulting Engineering staff. His background includes many years in the uranium industry most recently as Exploration Manager for Union Pacific Railroad (UP) where he managed a large number of uranium projects during the height of uranium exploration and development. During the 1970's and 1980's, his achievements include a number of highly economic uranium discoveries and include his management of geotechnology for UP's Nine Mile uranium leach project. He has unique experience in the uranium business and has overseen projects in all the uranium target basins within the U.S. Mr. Bonner brings to Powertech his extensive knowledge of uranium deposits and will lead the company's exploration program to develop highly profitable in situ leach (ISL) deposits in the U.S. Mr. Bonner is a Professional Geologist in Wyoming and received his Bachelor's degree from the University of Wyoming.

Mr. Lichnovsky has been involved constantly in uranium exploration and development activities for over 40 years in both the United States and Australia. He has brought his expertise to many exploration projects, underground uranium mines, and in situ leach operations, and he was responsible for design and operation of numerous uranium in situ well fields. He has also supervised all phases of field activities, including drilling programs, design and installation of groundwater monitoring systems, and assessment of geologic parameters. Mr. Lichnovsky is a Registered Professional Geologist – Wyoming, 2002, and a Registered Professional Geoscientist – Texas, 2003 and received his BS/Geology/1967/Sedimentary Geology, at Sul Ross State University, Alpine, Texas.

Mr. Blubaugh brings to Powertech 20+ years of experience in Project and Program Management, primarily concerning Environmental, Health and Safety. This includes in-depth experience in permitting and environmental management, cooperating with state and federal agencies. Prior to joining Powertech, Mr. Blubaugh led his consulting company where he assisted industry participants by taking a leading role in permitting and interfacing with government agencies. Prior to the development of his consulting business, Mr. Blubaugh was Director of Business Development and Government affairs for Atlas Minerals, Inc. (formerly Atlas Corporation) and held the positions of Executive Vice President and a Member of the Board of Directors. Atlas Corporation was a publicly traded precious metals and uranium producer listed on the NYSE. Over his long tenure with Atlas Corporation, Mr. Blubaugh held various positions and most recently was Vice President of Environmental and Government Affairs. In this capacity, he oversaw all of the permitting and management activities in the environmental arena. This included oversight on the closure and remediation of the Atlas uranium mill site, as well as their asbestos mine and mill superfund site in California. As Powertech's Vice President of Health, Safety and Environmental Resources, Mr. Blubaugh will be in charge of all permitting activities for the Company's Dewey-Burdock uranium properties and will have permitting responsibility over all other areas of the Company's operations. Mr. Blubaugh holds a Masters of Arts in Public Administration, with an emphasis on environmental and public health, and a Bachelors of Science degree in Biology from the University of New Mexico.

Advisory Board

On August 2, 2006, the Company announced the establishment of an advisory board to provide strategic support to management in regards to the exploration and development of its uranium properties and the identification of new business opportunities. The Company has appointed Dr. Charles G. Groat and Anthony J. Thompson as the first two members of this board.

Dr. Groat currently is the director of the Center for International Energy and Environmental Policy at the University of Texas at Austin. The center supports research and informs governments and corporations on the formulation of policies and strategies on energy and environment. In addition, Dr. Groat leads the graduate program in energy and mineral resources within the Jackson School of Geosciences. Prior to adding this honor to his accomplishments, Dr. Groat was director of the U.S. Geological Survey from 1998 through 2005 and before that, he was executive director of the American Geological Institute. Throughout his career, Dr. Groat has combined geotechnical pursuits and public interests. He held top positions at the University of Texas as an associate professor and associate director and acting director of the Bureau of Economic Geology. He was director of the Louisiana Geologic survey and assistant to the Secretary of the Louisiana Department of Natural Resources. Dr. Groat received his Bachelor of Arts degree in Geology from the University of Rochester, a Master of Science in Geology from the University of Massachusetts, and a Ph.D. in Geology from the University of Texas at Austin.

Anthony J. Thompson has been practicing environmental and occupational health and safety law since the mid-1970's. His practice includes legislation, regulatory counseling and litigation involving development of and compliance with environmental and natural resources law and regulations, risk assessment and management, and occupational health and safety regulatory matters. As primary outside counsel to the American Mining Congress (AMC), now the National Mining Association (NMA), for radioactive waste issues, he has represented virtually the entire domestic uranium mining and milling industry either as counsel to AMC/NMA or as a counsel to individual licensees since the late 1970's. Thus, for over two decades, his practice has encompassed uranium recovery legislative, regulatory, licensing and litigation issues for both conventional and in situ leach (ISL) facilities, radiation health and safety issues, including radioactive waste disposal issues, Clean Air Act (CAA) and title (CERCLA) issues, issues related to releases of radionuclides, and constitutional issues related to federal preemption of Atomic Energy Act (AEA) materials. Mr. Thompson is the prime author of NMA's White Paper entitled "Recommendations for a Coordinated Approach to Regulating the Uranium Recovery Industry" and NMA's Fuel Cycle Facilities Forum's (FCFF) joint White Paper entitled "Direct Disposal of Non-11e.(2) Byproduct materials in uranium Mill Tailings Impoundments". Mr. Thompson received his B.A. degree in History from Princeton University and his law degree from the University of Virginia School of Law. He was a member of the National Risk Assessment and Management Commission, appointed by President Bush in 1992. He is currently a member of the American Nuclear Society, the American Bar Association, Society for Mining, Metallurgy, and Exploration, Inc., and numerous other associations.

Change of Business

On February 21, 2006, the Company entered into a binding Agreement of Purchase and Sale with Denver Uranium Company, LLC ("DU"). DU is a private Colorado corporation that was formed in 2005 to lease the key surface and mineral rights necessary to develop an advanced uranium deposit in South Dakota, USA known as Dewey Burdock. The Dewey Burdock deposit was originally discovered in the 1960s by Homestake and was explored by Silver King Mines, the exploration arm of Tennessee Valley Authority ("TVA") through to 1990 when TVA left the uranium business. Key surface and mineral rights have resided with the landowners since that time. Pursuant to the terms of the agreement, the Company agreed to purchase all of the assets of DU in exchange for the issuance of 8,000,000 common shares of the Company and the assumption of the liabilities of DU, including the bridge loan, but excluding liabilities related to tax and to DU's officers and members. The assets purchased from DU include leases of federal claims, private mineral rights covering 11,180 acres and private surface rights covering 11,520 acres located on the Dewey Burdock property. Coincidently with the closing of the Agreement of Purchase and Sale with DU, the Company settled the bridge loan pursuant to a Loan Conversion Agreement dated February 21, 2006 between the Company and the bridge lenders, and issued approximately 2,200,000 common shares in full settlement of this loan.

The above described transactions closed on May 11, 2006. At closing, DU instructed the Company to issue the 8,000,000 shares directly to its two members, Wallace Mays and Richard Clement. 2,000,000 of the 8,000,000 shares are subject to a Performance Escrow Agreement dated February 22, 2006 whereby they will be released from escrow upon either the successful permitting of the Dewey Burdock property or the acquisition of a second uranium property of merit by the Company through the efforts of Mr. Mays or Mr. Clement. The TSX Venture Exchange also imposed a three year time release escrow agreement over the 8,000,000 asset acquisition shares in accordance with their policies. The Company also issued 2,220,000 common shares to Thomas Doyle and Greg Burnett in full settlement of the bridge loan pursuant to the above-described Loan Conversion Agreement. Since Thomas Doyle and Greg Burnett are also incoming officers and directors of the Company, the shares were also subject to the TSX Venture Exchange's three-year time-release escrow agreement.

Further to its initiative to consolidate the Dewey Burdock uranium resource, Powertech also entered into a binding property purchase agreement with Energy Metals Corp. ("EMC") on November 18, 2005 whereby the Company acquired from EMC a 100% interest in 119 mineral claims covering approximately 2,300 acres in the Dewey Burdock area, subject to a production royalty based upon the price of uranium. Powertech issued one million shares and 1.25 million share purchase warrants as consideration for the mineral claims. The warrants entitle the holder to acquire one additional share of the Company at $1.00 per share. This Agreement also closed on May 11, 2006.

Concurrent with the closing of the DU Agreement of Purchase and Sale and the EMC Agreement, the Company completed a brokered private placement financing through Pacific International Securities Inc. of $12,000,000 to fund its new business initiatives, including the permitting and development of the Dewey Burdock property. The financing consisted of 12,000,000 units at $1.00 per unit, each unit consisting of one share and one share purchase warrant, each two warrants entitling the holder to purchase an additional share for one year at the price of $1.30 per share. The Company paid a 7% commission by way of $190,248 cash and the issuance of 649,752 units of the Company, the nature of the units as above described. The Company also issued 1,080,000 broker options to Pacific International Securities entitling the holder to purchase 1,080,000 shares of the Company at $1.20 per share for one year.

Also in conjunction with closing of the above transactions, Wallace Mays, Richard Clement Jr., Thomas Doyle, and Greg Burnett entered into Employment and Management Services Agreements with the Company. The Company's operations office for its uranium business is located in Centennial, Colorado, a suburb of Denver, Colorado. The Company also maintains an exploration office in Albuquerque, New Mexico and an administration office in Vancouver, British Columbia.

Effective on the open, May 15, 2006, the Company's shares were moved from the NEX board to Tier 2 of the TSX Venture Exchange, the Company having completed its change of business and having met all Tier 2 listing requirements. The trading symbol was changed from "PWE.H" to "PWE".

Dewey Burdock Property

Prior to entering into the above-described agreements to secure the Dewey Burdock property, R.B. Smith & Associates was engaged to prepare a National Instrument 43-101 independent geological report on the property. The report, dated December 15, 2005, verified an inferred uranium resource on the properties to be controlled by the Company of 7.6 million pounds contained in 1,800,000 tons of host rock averaging a grade of 0.21% uranium oxide. Subject to completion of an evaluation drilling program with a view to enhancing the quality of the resource such that it can be considered a measured resource for the purposes of a full feasibility study, the report concluded that sufficient uranium exists on the property to support a stand alone in-situ leach production facility, and sufficient to warrant the development expenditures set out in the report. Such facility is also dependent on a favorable economic feasibility study.

The report was filed on SEDAR on January 18, 2006 and is available for review at www.sedar.com.

Mining Claims

In addition to the Dewey Burdock South Dakota interests described above, the Company is investigating additional exploration opportunities in the Western United States.

SELECTED ANNUAL INFORMATION

(Note: on a consolidated basis for the periods ended March 31, 2006 and March 31, 2004)

Year Ended	March 31, 2006	March 31, 2005	March 31, 2004
Statement of Operations			
Sales	N/A	N/A	$ 2,875,907
Income (loss) from continuing operations	$ (209,746)	$ 9,516,675	$(102,517)
Loss from discontinued operations	Nil	(737,847)	(2,592,945)
Net earnings (loss) for the year	$ (209,746)	$ 8,778,828	$ (2,695,462)
Basic and diluted earnings (loss) per share	$ (0.02)	$ 0.72	$ (0.22)
Balance Sheet			
Total assets	$ 797,146	$ 98,320	$ 1,844,838
Due to controlling shareholder	N/A	N/A	$ 9,288,040
Long-term debt	$ 105,120	N/A	$ 43,500

RESULTS OF OPERATIONS

During the year ended March 31, 2005, the Company sold its patents and its wholly-owned subsidiary, Gasmaster to its former controlling shareholder Fama Holdings Ltd. in exchange for the indebtedness owed to Fama. This transaction resulted in a gain on disposal of Gasmaster of $9,454,564. Also, as a result of the disposal of the business carried on by Gasmaster, the Company wrote-off deferred development costs of $413,148 relating to the boiler technology.

The Company's financial statements for the year ended March 31, 2005 are presented on a non-consolidated basis and the Company's revenues were interest and royalties due from Gasmaster. These revenues were non-cash in nature and were written off in conjunction with the sale of Gasmaster. The Company showed net income of $8,778,828 for the year or $0.72 per share. This net income figure was non-cash in nature. It should be noted that the Company's cash flows used in operating activities were $100,577 during the period.

During the year ended March 31, 2006, the Company's activities were focused on the completion of its planned change of business to a mineral exploration/development company. To this end, the Company's activities included project due diligence, preparation of contracts, and filings with the objective of closing the transactions underlying its change of business. The Company's net loss during the year of $209,476 primarily consisted of directors' services, legal, accounting and audit, and travel expenses related to the above activities. The March 31, 2006 financial statements were presented on a consolidated basis as the Company formed a new wholly-owned subsidiary during the fourth quarter of the year named Powertech (USA) Inc. There was, however, no financial activity in the subsidiary during the quarter.

SUMMARY OF QUARTERLY RESULTS (Unaudited)

Selected financial information for the quarters ended June 30, 2006 (consolidated), March 31, 2006 (consolidated), December 31, 2005, September 30, 2005, June 30, 2005, March 31, 2005, and December 31, 2004 and September 30, 2004, (consolidated).

	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter
Three Months Ended	June 30, 2006	March 31, 2006	December 31, 2005	September 30, 2005
Sales	N/A	N/A	N/A	N/A
Cost of Goods Sold	N/A	N/A	N/A	N/A
Gross Margin	N/A	N/A	N/A	N/A
Gross Margin as a % of Sales	N/A	N/A	N/A	N/A
Interest Income	$ 36,632	N/A	N/A	N/A
Expenses	$ 2,959,183	$ 114,372	$54,336	$ 22,347
EBITDA	$ (2,922,183)	$ (114,372)	$(54,336)	$ (22,347)

	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter
Three Months Ended	June 30, 2005	March 31, 2005	December 31, 2004	September 30, 2004
Sales	N/A	N/A	$ N/A	$ 1,140,969
Cost of Goods Sold	N/A	N/A	N/A	701,841
Gross Margin	N/A	N/A	N/A	439,640
Gross Margin as a % of Sales	N/A	N/A	N/A	38.5%
Interest Income	N/A	N/A	N/A	N/A
Expenses	18,421	689,185	101,362	481,107
EBITDA	$ (18,421)	$ (689,185)	$ (101,362)	$ (41,467)

During the quarter ended June 30, 2006, the Company closed on the acquisition of the DU and EMC mineral assets and continued to focus development of these properties and consolidation of its land position in the area. In addition, the Company completed its brokered private placement financing through Pacific International Securities Inc. of $12,000,000 to fund its new business initiatives including the permitting and development of the Dewey Burdock property. The Company's operating expenses and capitalized costs are directly related to the asset acquisitions and private placements and the Company's general and administrative costs are related to the maintenance of its public listing and development of the DU and EMC mineral assets.

The Company incurred a non-cash Stock-Based Compensation charge of $3,438,895 in the quarter ended June 30, 2006 in relation to the issuance of 3,025,000 stock options under the Company's 2006 Stock Option Plan (the "Plan"). Awards of stock options to employees and non-employees are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes option-pricing model. Under the fair value method, the amount to be recognized as expense is determined at the time the options are issued and is deferred and recognized in earnings over the vesting period of the options with a corresponding increase in contributed surplus. All of the stock options issued under the Plan vested immediately, thus the fair value of the options is recognized in the current quarter. Of the total non-cash Stock-Based Compensation charge of $3,438,895, $710,515 was capitalized to Resource Property Interests.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2006, the Company had cash reserves of $11,594,851 and net working capital of $11,367,127. On April 19, the Company closed on a private placement of $285,000 of its securities consisting of 300,000 units at $0.95 per unit, each unit consisting of one common share and one warrant, each warrant entitling the holder to purchase an additional common share at a price of $1.15 for a period of one year following issuance of the warrants. The proceeds of the above described private placement were used to eliminate the Company's working capital deficiency, for general corporate purposes, and to advance the DU asset acquisition and related transactions to closing.

Concurrent with the closing of the DU Agreement of Purchase and Sale and related agreements, the Company completed a brokered private placement financing through Pacific International Securities Inc. of $12,000,000 to fund its new business initiatives including the permitting and development of the Dewey Burdock property. The financing consisted of 12,000,000 units at $1.00 per unit, each unit consisting of one share and one share purchase warrant, each two warrants entitling the holder to purchase an additional share for one year at the price of $1.30 per share. The Company paid a 7% commission by way of $190,248 cash and the issuance of 649,752 units of the Company, the nature of the units as above described. The Company also issued 1,080,000 broker options in connection with the financing entitling the holders to purchase 1,080,000 shares of the Company at $1.20 per share for one year.

With completion of the above private placement, the Company is in a strong cash position to go forward with its new business plan for the next year. In the longer term, the Company's ability to continue as a going concern is dependent upon its ability to generate profitable operations in the future from its new business initiatives or to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

CONTRACTUAL COMMITMENTS

By three management services agreements and three employment agreements all dated May 1, 2006 and one employment agreement dated August 1, 2006, the Company agreed to pay fees totaling US$73,750 per month for a period of one year. In addition, the Company granted 3,525,000 share purchase options to key service providers and employees exercisable at $1.00 per share with respect to 3,025,000 share purchase options and $1.30 per share with respect to 500,000 share purchase options.

The Company acquired leases from Denver Uranium Company, LLC with several levels of payments and obligations. In the portions of the project area where the Corporation seeks to develop the uranium, both surface and minerals are leased. Denver Uranium has granted the mineral owners a five percent overriding royalty payment out of sales of the product. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, surface owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. The royalty payments to the surface owners are reduced by the amount of rentals to be paid. The basic terms of the lease are five-year initial terms and are renewable two times at the five-year mark and ten years from original signing. Additional bonuses are paid to the landowners at the time of renewal. All leases were signed in 2005 and the leases are in force through 2020 without production. In the case of production, all leases will be held as long as minerals are produce. The annual rental payments to surface owners total US$138,000.

Subsequent to June 30, 3006, the Company entered into a three-year lease agreement for office space in Albuquerque, New Mexico USA. Annual lease payments due over each of the next three years under the agreement total US$19,200. All other office space currently utilized by the Company is under month-to-month arrangements.

OFF BALANCE SHEET ARRANGEMENTS

The company has no off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company was charged consulting fees of $78,582, legal fees of $36,513, office and miscellaneous expenses of $5,380, travel and promotion of $14,295 and wages and benefits of $33,710 by directors of the Company or with companies with directors in common. In addition, non-cash stock-based compensation to the directors of the Company totals $2,842,062. Detail by director is as follows:

	Directors					
Description	Wallace Mays	Richard Clement	Thomas Doyle	Greg Burnett	Douglas Eacrett	Total
Consulting Fees	$ 33,712	$ -	$ 22,435	$ 22,435	$ -	$ 78,582
Legal fees	-	-	-	-	36,513	36,513
Office and miscellaneous	5,380	-	-	-	-	5,380
Stock-based compensation	682,095	682,095	682,095	682,095	113,682	2,842,062
Travel and promotion	3,318	7,641	2,005	1,331	-	14,295
Wages and benefits	-	33,710	-	-	-	33,710
Totals	$ 724,505	$ 723,446	$ 706,535	$ 705,861	$ 150,195	$ 3,010,542

CHANGE IN ACCOUNTING POLICY

The company did not make any changes to its accounting policies during the period.

SHARE CAPITAL

Authorized:

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value that are issuable in a series.

Issued:

	Number	Amount
Balance, June 30, 2006	39,136,239	$ 33,273,993
Balance, August 29, 2006	39,336,239	$ 33,533,993

Escrow:

In addition to the 1,700,000 common shares held in escrow by the Company's transfer agent at March 31, 2006, an additional 9,315,000 common shares and 324,000 warrants at $0.30 per share were deposited into escrow that are subject to a three year time release pursuant to the policies of the TSX Venture Exchange (the "TSX Escrow"). These shares were issued to and previously held by incoming principals pursuant to the Company's change of business. During the quarter ending June 30, 2006, 1,035,000 common shares and 36,000 warrants at $0.30 per share were released from the TSX Escrow. Of the 1,035,000 common shares released, 200,000 are subject to an additional Performance Escrow Agreement whereby they will be released upon either the successful permitting of the Dewey Burdock property or the acquisition of a second uranium property of merit by the Company through the efforts of two current directors. Of the 9.315,000 common shares held in the TSX Escrow at June 30, 2006, 1,800,000 are also subject to the Performance Escrow Agreement.

The total number of common shares held in all escrows at June 30, 2006 is 11,215,000.

Warrants:

At June 30, 2006, there is 8,684,876 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant. During the quarter ending June 30, 2006, the Company issued the following warrants in connection with private placements and asset acquisitions:

	Number of Warrants	Exercise Price	Expiry Date
Newly issued during quarter ending June 30, 2006:			
	300,000	$1.15	April 19, 2007
	324,876	$1.30	May 11, 2007
	6,000,000	$1.30	May 11, 2007
	1,250,000	$1.00	May 11, 2007
	7,874,876		

Agent's Options:

At June 30, 2006, there is 1,080,000 Agent's options outstanding entitling the holders thereof the right to purchase one common share for each option. During the quarter ending June 30, 2006, the Company issued the following Agent's options with its brokered private placement:

	Number of Options	Exercise Price	Expiry Date
Newly issued during quarter ending June 30, 2006:			
	1,080,000	$1.20	May 11, 2007

Stock Option Plan

On June 30, 2006, at the Company's Annual and Special General Meeting, the Shareholders of the Company approved the Company's 2006 Stock Option Plan ("the Plan"). The Plan is a rolling stock option plan reserving for issuance upon the exercise of options granted to its directors, officers, employee and consultants pursuant to the Plan a maximum of 10% of the issued and outstanding Common Shares of the Company.

	Number of Options	Exercise Price	Expiry Date
Newly issued during quarter ending June 30, 2006:			
	3,025,000	$1.00	May 11, 2011

Subsequent to June 30, 2006, the Company granted an additional 500,000 stock options under the Plan to key consultants and employees at an exercise price of $1.30 per share expiring on various dates in 2011. As of August 29, 2006, the total stock options outstanding under the Plan total 3,525,000.

FINANCIAL INSTRUMENTS

The carrying values of cash, and accounts payable and accrued liabilities approximate fair value because of the short-term maturity of those instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

INVESTOR RELATIONS ACTIVITIES

There were no Investor Relations Activities during the period.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Statements contained in this document, which are not historical facts, are forward looking statements that involve risk, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Although the company believes that the assumptions intrinsic in forward looking statements are reasonable, we recommend that one should not rely heavily on these statements. The company disclaims any intention or obligation to update or revise any forward-looking statements whether because of new information, future events or otherwise.