



POWERTECH URANIUM CORP.
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Stated in United States Dollars)

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
June 30, 2008 and March 31, 2008
(Stated in United States Dollars)

	<u>ASSETS</u>	<u>June 30,</u> <u>2008</u>	<u>March 31,</u> <u>2008</u>
Current			
Cash and cash equivalents		\$ 7,838,203	\$ 1,993,850
Restricted cash		802,818	802,818
GST receivable		13,641	22,996
Deposits		74,647	104,648
Prepaid expenses		<u>44,633</u>	<u>62,804</u>
		8,773,942	2,987,116
Mineral properties – Note 3		33,189,118	30,349,811
Building and Equipment – Note 4		<u>578,616</u>	<u>391,318</u>
		<u>\$ 42,541,676</u>	<u>\$ 33,728,245</u>
	<u>LIABILITIES</u>		
Current			
Accounts payable and accrued liabilities – Note 6		\$ 1,560,589	\$ 1,405,422
Current portion of agreements payable – Note 8		<u>290,000</u>	<u>260,000</u>
		1,850,589	1,665,422
Agreements payable – Notes 3 and 8		<u>1,264,056</u>	<u>982,580</u>
		<u>3,114,645</u>	<u>2,648,002</u>
	<u>SHAREHOLDERS' EQUITY</u>		
Share capital – Note 5		50,199,766	41,219,565
Contributed surplus – Note 5		6,147,480	5,061,463
Cumulative translation adjustment		2,759,985	2,605,125
Deficit		<u>(19,680,200)</u>	<u>(17,805,910)</u>
		<u>39,427,031</u>	<u>31,080,243</u>
		<u>\$ 42,541,676</u>	<u>\$ 33,728,245</u>

Commitments and Contingencies – Note 3 and 9
Subsequent Events – Notes 5 and 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 months ended June 30, 2008 and 2007
(Stated in United States Dollars)

	<u>2008</u>	<u>2007</u>
General and administrative expenses		
Accretion	\$ 11,476	\$ –
Amortization and depreciation	29,152	5,438
Audit and accounting fees	6,933	–
Community and media relations	37,992	–
Director fees – Note 6	8,839	5,005
Filing fees	1,123	6,319
Field operations	23,106	–
Foreign exchange loss	202,080	312,416
Insurance	24,653	25,400
Investor relations and promotion	62,949	72,056
Legal fees	97,608	64,925
Management and consulting fees – Note 6	128,369	134,636
Office and miscellaneous	180,161	78,236
Stock-based compensation – Notes 5 and 6	768,489	135,937
Transfer agent fees	3,068	5,506
Travel and accommodation	90,038	32,529
Wages and benefits – Note 6	<u>219,721</u>	<u>82,784</u>
Loss before other	1,895,757	961,187
Other		
Interest income	<u>(21,467)</u>	<u>(127,186)</u>
Net loss and comprehensive loss for the period	1,874,290	834,001
Deficit, beginning of the period	17,805,910	13,956,685
Deficit, end of the period	<u>\$ 19,680,200</u>	<u>\$ 14,790,686</u>
Basic and diluted loss per share	<u>\$ 0.04</u>	<u>\$ 0.02</u>
Weighted average number of shares outstanding	<u>51,143,306</u>	<u>46,321,252</u>

SEE ACCOMPANYING NOTES

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

	<u>2008</u>	<u>2007</u>
Operating Activities		
Net loss for the period	\$ (1,874,290)	\$ (834,001)
Items not affecting cash:		
Accretion	11,476	–
Amortization and depreciation	29,152	5,438
Foreign exchange	202,080	312,416
Stock based compensation	<u>768,489</u>	<u>135,937</u>
	(863,093)	(380,210)
Net change in non-cash working capital balances:		
Restricted cash	–	(336,000)
GST receivable	9,355	(4,185)
Deposits	30,001	–
Prepaid expenses	18,171	12,077
Accounts payable and accrued liabilities	<u>155,167</u>	<u>115,290</u>
Cash used in operations	<u>(650,399)</u>	<u>(593,028)</u>
Investing Activities		
Mineral property interests	(2,580,475)	(1,477,916)
Building and equipment	<u>(216,449)</u>	<u>(42,617)</u>
Cash used in investing activities	<u>(2,796,924)</u>	<u>(1,520,533)</u>
Financing Activities		
Agreements payable	311,476	–
Issuance of common shares	<u>8,980,200</u>	<u>4,794,726</u>
Cash provided by financing activities	<u>9,291,676</u>	<u>4,794,726</u>
Increase in cash during the period	5,844,353	2,681,165
Cash and cash equivalents, beginning of the period	<u>1,993,850</u>	<u>10,118,009</u>
Cash and cash equivalents, end of the period	<u>\$ 7,838,203</u>	<u>\$ 12,799,174</u>
Cash and cash equivalents consists of:		
Cash	\$ 104,682	\$ 1,086,968
Term deposits	<u>7,733,521</u>	<u>11,712,206</u>
	<u>\$ 7,838,203</u>	<u>\$ 12,799,174</u>

Non-cash Transactions – Note 7

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
June 30, 2008 and March 31, 2008
(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	456,521	-	-	-	-	456,521
Land services	8,177	-	20,550	-	-	28,727
Legal fees	21,835	-	164,223	-	-	186,058
Claims maintenance	6,967	-	-	-	-	6,967
Lease payments	17,600	44,568	3,800	-	760	66,728
Drilling/ Engineering	213,169	-	94,873	-	-	308,042
Permitting	655,942	-	465,935	-	-	1,121,877
Wages/Consulting	<u>394,676</u>	<u>-</u>	<u>269,711</u>	<u>-</u>	<u>-</u>	<u>664,387</u>
Balance, June 30, 2008	<u>\$ 18,138,094</u>	<u>\$ 3,389,751</u>	<u>\$ 11,211,580</u>	<u>\$ 234,693</u>	<u>\$ 215,000</u>	<u>\$ 33,189,118</u>

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2008

Note 1 Nature of Operations

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.

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 currency from the Canadian dollar to the United States dollar ("USD"). The change in functional currency to the USD resulted from an increase in the business activities conducted in USD. This change has been adopted prospectively.

As a result of the change, the Company's consolidated financial statements are reported and prepared in USD using the temporal method under which monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date, and income and non-monetary balances are translated at the exchange rate in effect at the times of the underlying transactions. Gains or losses arising from this translation are included in income and loss for the period.

Note 3 Mineral Properties

South Dakota, USA

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.

Note 4 Building and Equipment

	<u>At June 30, 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	\$ 1,068	\$ 101,705	\$ 102,773	\$ 856	\$ 101,917
Computer equipment	156,093	33,540	122,553	119,773	23,959	95,814
Field equipment	212,650	8,978	203,672	41,529	5,362	36,167
Office equipment	48,404	11,296	37,108	39,396	8,174	31,222
Vehicles	<u>189,303</u>	<u>75,725</u>	<u>113,578</u>	<u>189,303</u>	<u>63,105</u>	<u>126,198</u>
	<u>\$ 709,223</u>	<u>\$ 130,607</u>	<u>\$ 578,616</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	\$ 41,219,566	\$ 5,061,463
Issued for cash:			
- pursuant to private placement agreement (a)	6,000,000	8,980,200	–
Stock-based compensation	<u>–</u>	<u>–</u>	<u>1,086,017</u>
Balance, June 30, 2008	<u>55,429,020</u>	<u>\$ 50,199,766</u>	<u>\$ 6,147,480</u>

Share Capital Discussion:

a) 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

Note 5 Share Capital and Contributed Surplus

Share Capital Discussion – (cont'd)

(a) – (cont'd)

- 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)

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 June 30, 2008, there are 7,675,000 options outstanding entitling the holders thereof to purchase one common share for each option held as follows:

Expiration Date	Exercise Price (CAD)	Outstanding at March 31, 2008	Granted during period	Exercise d during period	Forfeited during period	Outstanding at June 30, 2008
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
Totals		6,175,000	1,600,000	–	(100,000)	7,675,000

As of June 30, 2008, 6,635,000 options have vested. The weighted average life of the stock options outstanding is 3.75 years.

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.

Stock-based Compensation:

During the three months ended June 30, 2008 stock-based compensation was \$1,086,017 (2007: \$343,106) of which \$768,489 (2007: \$135,937) was included in general and administrative expenses and \$317,528 (2007: \$207,169) was included in mineral property costs.

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:

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

Stock-based Compensation– (cont'd)

<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>
June 18, 2008	CAD\$1.50	1,600,000	CAD\$1.16	–	65%	3.57%	5

Note 6 Related Party Transactions

During the three months ended June 30, 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:

	June 30,	
	<u>2008</u>	<u>2007</u>
Director fees	\$ 8,839	\$ 5,005
Management and consulting fees	128,369	134,636
Mineral property interests		
Stock-based compensation	291,071	–
Wages and benefits	172,919	85,447
Stock-based compensation	753,416	–
Wages and benefits	26,815	24,266
Other	10,661	8,218
	<u>\$ 1,392,090</u>	<u>\$ 257,572</u>

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

At June 30, 2008, accounts payable and accrued liabilities include \$22,689 (2007: \$9,162) 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. The following transactions were excluded from the statements of cash flows:

For the three months ended June 30, 2008:

Approximately \$320,000 was excluded from mineral property interests as the amount relates to stock based compensation.

For the three months ended June 30, 2007:

Approximately \$210,000 was excluded from mineral property interests as the amount relates to stock based compensation.

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

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

Note 8 Agreements Payable

	<u>June 30,</u> <u>2008</u>	<u>March 31,</u> <u>2008</u>
Dewey-Burdock Project	\$ 380,000	\$ 80,000
Centennial Project	<u>1,162,580</u>	<u>1,750,000</u>
	1,542,580	1,830,000
Change in accounting policy	–	(629,060)
Less: current portion	<u>(290,000)</u>	<u>(260,000)</u>
	1,252,580	940,940
Accretion expense	<u>11,476</u>	<u>41,640</u>
	<u>\$ 1,264,056</u>	<u>\$ 982,580</u>

Annual payments due under the agreements payable are as follows:

2009 - 2015	\$ 290,000
2016 and 2017	40,000
2018	<u>30,000</u>
	<u>\$ 2,140,000</u>

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 months ended June 30, 2007 have been reclassified in order to comply with the financial statement presentation adopted for the current year.

Note 11 Subsequent Events

At June 30, 2008, 1,275,000 common shares were held in escrow ("Escrow Shares") subject to an escrow agreement. Subsequent to June 30, 2008, 425,000 Escrow Shares were released in accordance to the escrow agreement.

Subsequent to June 30, 2008, the Company granted 125,000 common share options to an employee at an exercise price of CAD\$1.50.