POWERTECH URANIUM CORP.
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010 and 2009

(Stated in United States Dollars)

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Independent Auditor's Report

To the shareholders of
Powertech Uranium Corp.

We have audited the accompanying consolidated financial statements of Powertech Uranium Corp. which comprises the balance sheet as at December 31, 2010 and 2009, and the statements of operations and deficit, comprehensive loss, accumulated comprehensive loss and cash flows for the year ended December 31, 2010 and the nine month period ended December 31, 2009, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Powertech Uranium Corp. as at December 31, 2010 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1- Nature of Operation and Going Concern in the consolidated financial statements which indicates that the entity has a deficit of $32,741,737 for the year ended December 31, 2010 and, as of that date, the entity's current liabilities exceeded its current assets by $22,189,904. These conditions, along with other matters as set forth in Note 1- Nature of Operation and Going Concern, indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern.

Chartered Accountants

(signed) "**BDO CANADA LLP**"

Vancouver, Canada
March 24, 2011

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
December 31, 2010 and 2009
(Stated in United States Dollars)

ASSETS	2010	2009
Current		
Cash and cash equivalents	$ 1,857,358	$ 3,581,859
Receivable	18,515	35,979
Deposits	29,648	19,648
Prepaid expenses – Note 6	155,845	193,447
	2,061,366	3,830,933
Restricted cash – Note 3	285,428	557,882
Mineral properties – Note 3 and Schedule 1	45,435,120	40,186,113
Building and equipment – Note 4	321,731	426,028
	$ 48,103,645	$ 45,000,956
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 329,334	$ 576,303
Current portion of long-term debt – Notes 8 and 14	23,921,936	290,000
	24,251,270	866,303
Long-term debt		
Agreements payable – Notes 3 and 8	811,645	659,811
Loan facility payable – Note 8	–	5,894,432
Convertible note payable – Notes 8 and 14	–	7,052,160
	25,062,915	14,472,706
SHAREHOLDERS' EQUITY		
Share capital – Note 5	50,831,518	50,831,518
Contributed surplus – Note 5	6,806,299	6,726,716
Equity portion of convertible debt – Note 8	2,363,211	2,363,211
Equity portion of loan facility – Note 8	785,541	785,541
Accumulated other comprehensive loss	(5,004,102)	(5,004,102)
Deficit	(32,741,737)	(25,174,634)
	23,040,730	30,528,250
	$ 48,103,645	$ 45,000,956

Nature of Operations and Going Concern – Note 1
Commitments and Contingencies – Notes 3 and 9
Subsequent Event – Note 14

APPROVED BY THE DIRECTORS:

"Richard F. Clement, Jr." Director
Richard F. Clement, Jr.

"Thomas Doyle" Director
Thomas Doyle

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
for the twelve-months ended December 31, 2010 and nine-months ended December 31, 2009
(Stated in United States Dollars)

	2010	2009
General and administrative expenses		
Accretion – Note 8	$ 1,766,790	$ 664,390
Amortization and depreciation	150,955	118,986
Audit and accounting fees	85,520	79,082
Community and media relations	107,046	152,978
Director fees – Note 6	34,944	24,425
Filing fees	21,776	13,388
Foreign exchange loss	759,562	503,980
Insurance	89,842	82,122
Investor relations and promotion	96,237	85,477
Legal fees	143,763	152,498
Management and consulting fees – Note 6	554,571	429,166
Office and miscellaneous	479,446	391,009
Transfer agent fees	9,892	9,706
Travel and accommodation	230,157	236,563
Wages and benefits	1,121,555	891,968
Loss before other	5,652,056	3,835,738
Other		
Write-down of mineral properties – Note 3	402,852	–
Interest income	(33,841)	(8,430)
Interest expense on long-term debt – Note 8	1,546,036	561,217
Net loss for the period	7,567,103	4,388,525
Deficit, beginning of the period	25,174,634	20,786,109
Deficit, end of the period	$ 32,741,737	$ 25,174,634
Basic and diluted loss per share	$ 0.14	$ 0.08
Weighted average number of shares outstanding	55,429,022	55,429,022

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
AND ACCUMULATED OTHER COMPREHENSIVE LOSS
for the twelve-months ended December 31, 2010 and the nine-months ended December 31, 2009
(Stated in United States Dollars)

	2010	2009
Statements of Comprehensive Loss		
Net and Comprehensive loss for the period	$ 7,567,103	$ 4,388,525
Statements of Accumulated Other Comprehensive Loss		
Balance, beginning and end of period	$ 5,004,102	$ 5,004,102

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the twelve-months ended December 31, 2010 and the nine-months ended December 31, 2009
(Stated in United States Dollars)

	2010	2009
Operating Activities		
Net loss for the period	$ (7,567,103)	$ (4,388,525)
Items not affecting cash:		
Accretion	1,766,790	664,390
Depreciation and amortization	150,955	118,986
Write-down of mineral properties	402,852	–
Interest accrual	1,546,036	561,217
Unrealized foreign exchange loss	806,525	424,106
	(2,893,945)	(2,619,826)
Net change in non-cash working capital balances:		
Receivables	18,156	28,770
Deposits	(9,710)	5,000
Prepaid expenses	39,967	(74,318)
Accounts payable and accrued liabilities	(177,621)	(285,194)
Cash used in operations	(3,023,153)	(2,945,568)
Investing Activities		
Restricted cash	272,454	9,690
Mineral property interests	(5,644,564)	(5,939,117)
Building and equipment	(46,658)	(88,171)
Cash used in investing activities	(5,418,768)	(6,017,598)
Financing Activities		
Long-term debt issuances	6,700,038	6,268,084
Long-term debt repayment	(90,000)	(280,000)
Cash provided by financing activities	6,610,038	5,988,084
Foreign exchange gain on cash	107,382	832,380
Decrease in cash during the period	(1,724,501)	(2,142,702)
Cash and cash equivalents, beginning of the period	3,581,859	5,724,561
Cash and cash equivalents, end of the period	$ 1,857,358	$ 3,581,859
Cash and cash equivalents consists of:		
Cash	$ 7,630	$ 3,581,859
Cash equivalents	1,849,728	-
	$ 1,857,358	$ 3,581,859
Supplementary disclosure of cash flow information		
Interest paid – Note 8	$ –	$ 57,642
Taxes paid	$ –	$ –
Non-cash Transactions – Notes 3 and 7		

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.

Schedule 1

(An Exploration Stage Company)

CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES

for the twelve-months ended December 31, 2010 and the nine-months ended December 31, 2009

(Stated in United States Dollars)

	South Dakota	Wyoming	Colorado	Other	Total
Balance, March 31, 2009	$19,431,879	$3,078,580	$11,943,067	$134,289	$34,587,815
Acquisition – Note 3	–	–	1,732,000	–	1,732,000
Land services	18,098	855	58,892	–	77,845
Legal fees	98,983	–	260,000	–	358,983
Claims maintenance	77,978	165,030	–	–	243,008
Lease payments	158,482	69,345	101,884	–	329,711
Drilling/ Engineering	238,138	–	565,082	–	803,220
Exploration	3,061	2,278	3,111	–	8,450
Feasibility study	47,844	–	68,599	–	116,443
Permitting	418,442	–	295,183	–	713,625
Wages/consulting – Note 6	638,885	–	576,128	–	1,215,013
Balance, December 31, 2009	21,131,790	3,316,088	15,603,946	134,289	40,186,113
Acquisition – Note 3	–	–	375,000	–	375,000
Land services	36,180	–	36,070	–	72,250
Legal fees	302,828	–	233,101	–	535,929
Claims maintenance	63,062	117,070	–	–	180,132
Lease payments	532,612	73,749	122,264	–	728,625
Drilling/ Engineering	38,268	–	129,250	–	167,518
Feasibility study	160,263	–	160,441	–	320,704
Permitting	1,317,733	–	427,685	–	1,745,418
Write-down – Note 3	(36,847)	(231,716)	–	(134,289)	(402,852)
Wages/consulting – Note 6	872,565	–	653,718	–	1,526,283
Balance, December 31, 2010	$24,418,454	$3,275,191	$17,741,475	$ –	$ 45,435,120

SEE ACCOMPANYING NOTES

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, and Colorado, USA.

The Company is in the process of evaluating 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 amounts shown for mineral properties are 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.

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At December 31, 2010, the Company had not yet achieved profitable operations, had a deficit of $32,741,737 and negative working capital of $22,189,904. The Company will incur future losses which casts doubt as to the Company's ability to continue as a going concern which is dependent upon its ability to raise the necessary funds and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. As of December 31, 2010, the Company required additional funding in order to fund operations and meet its liabilities as they come due. During March 2011, the Company was able to raise additional equity funds and restructure its December 31, 2010 debt obligations. As a result of these transactions, the Company raised gross proceeds of approximately $23 million. Net proceeds from the equity funds after commissions, agent expenses and debt payment was approximately $8.7 million The Company was able to retire approximately net $17.5 million due to its debt restructure. See Note 14 for further discussion.

Note 2 Significant Accounting Policies

The consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles. References to "CAD$" refer to Canadian currency and "$" to United States currency. The consolidated financial statements have in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Use of Estimates

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

Significant estimates used in the preparation of the Company's consolidated financial statements include, but are not limited to impairment of mineral properties, building and equipment,

Note 2 Significant Accounting Policies – (cont'd)

Use of Estimates – (cont'd)

determination of fair values of financial instruments, the fair value for stock-based compensation, the provision for income taxes and composition of income tax assets and liabilities, the anticipated costs of reclamation and closure cost obligations and the market interest rates used in fair valuing the liability component of the long-term debt.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Powertech (USA) Inc., a South Dakota corporation. All significant inter-company balances and transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits and guaranteed investment certificates. These investments are easily convertible to known amounts of cash and have maturities of 12 months or less when purchased. Cash and cash equivalents are classified as held for trading and carried at fair value.

Restricted Cash

Restricted cash consists of deposits held for collateral pursuant to irrevocable letters of credit and/or bonds provided to State authorities in connection with mineral property activities as well as the balance of $26,400 in restricted funds that is used to secure corporate credit card.

Mineral Properties

The Company capitalizes the costs of acquiring, maintaining its interest, exploring and developing mineral properties. The accumulated costs including applicable exploration expenses relative to non-productive mineral properties that the Company abandons interest in are written off. Otherwise, the accumulated costs will be depleted over the estimated useful lives of the producing mineral properties on a method relating recoverable reserves to production.

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.

Building and Equipment

Equipment is recorded at cost. Amortization is provided using the double declining balance method at 40% per annum over a five year useful life for computer, field and office equipment and vehicles. Buildings are recorded at cost. Amortization is recorded using the straight-line method over a 40 year useful life.

Impairment of Long-lived Assets

Long-lived assets and intangibles held and used by the Company are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an

Note 2 Significant Accounting Policies – (cont'd)

Impairment of Long-lived Assets – (cont'd)
asset that the Company expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition are estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized and is measured as the excess of the carrying value of the asset over its fair value. During 2010, the Company chose not to continue its annual claims maintenance fees for certain claims as those claims are not deemed valuable at this time to the Company's projects. As a result, the Company wrote-off all historical charges associated with these claims. In accordance with Canadian GAAP, the Company has also taken impairment charges related to its prospects that have not had any activities which would advance the prospect to the next stage of development as of December 31, 2010. Total impairment charges as of December 31, 2010 are approximately $403,000. There were no such impairment charges during the fiscal period ended December 31, 2009.

Asset Retirement Obligations

The fair value of obligations associated with the retirement of tangible long-lived assets is recorded in the period it is incurred, with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in Depreciation and Amortization expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and depreciation of the related asset. Generally, the timing of these accruals coincides with the earlier of the completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts. The Company has determined that there are no asset retirement obligations at December 31, 2010 and 2009.

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.

Stock-Based Compensation

The fair value of all stock-based compensation awards granted is expensed with a corresponding increase to contributed surplus. Compensation expense for employees is generally amortized using the straight-line method over the period from the grant date to the date the options vest. Compensation expense for non-employees is recognized immediately for past services and pro-rata for future services over the service provision period. Compensation for non-employees is re-measured at each balance sheet date until the earlier of the vesting date or the date of completion of the service.

Upon exercise of the awards, the related amount of stock based compensation previously expensed is transferred from contributed surplus and together with consideration received, is recorded as share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option valuation models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate. See Note 5 for discussion of the Company's stock option plan.

Note 2 Significant Accounting Policies – (cont'd)

Basic and Diluted Loss Per Share – (cont'd)

Basic loss per share is computed by dividing the 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. Common equivalent shares (consisting of shares issuable on the exercise of share purchase options and on conversion of debts (Note 5 and 8) totalling 34,850,204 (2009: 39,515,014) were excluded in the computation of diluted loss per share because the effect was anti-dilutive.

Foreign Currency Translation

The Company's functional currency is US dollars. Monetary items denominated in a currency other than US dollars are translated into United States dollars 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 the translations are included in operations.

Effective April 1, 2009, the Company changed its functional currency from CAD to USD. The change in functional currency from CAD to USD, resulted from increased business activities and monetary transactions conducted in USD as the Company has moved into the evaluation stage. As a result of adopting this change prospectively, there is no impact to the results of previously reported financial periods and the Accumulated Other Comprehensive Loss ("AOCL") balance will remain the same until the entities which gave rise to the AOCL balance are disposed of. The translated amounts for non-monetary items at the end of the prior period become the historical basis for those items in the period of the change and subsequent periods. In addition, unrealized gains and losses due to movements in exchange rates on balances held in foreign currencies are shown separately on the Consolidated Statement of Cash Flows.

Financial Instruments

Financial assets and financial liabilities, including derivatives, are measured at fair value on initial recognition and recorded on the balance sheet. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities.

Financial assets and liabilities held-for-trading are measured at fair value with changes in those fair values recognized in net income. Financial assets and financial liabilities considered held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method of amortization. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are measured at cost. Derivative instruments, including embedded derivatives, are measured at fair value. Changes in the fair values of derivative instruments are recognized in net income with the exception of derivatives designated as effective cash flow hedges. The Company has no such designated hedges. The disclosure of the Company financial instruments is further described in Note 12.

The Company has classified its cash and cash equivalents and restricted cash as held for trading and receivables are classified as loans and receivables. Accounts payable and accrued liabilities, current portion of long-term debt, agreements payable and loan facility payable are classified as other financial liabilities and convertible note payable is classified as held for trading, all of which are measured at amortized cost except the convertible note payable which is measured at fair value

Note 2 Significant Accounting Policies – (cont'd)

Comprehensive loss

Comprehensive loss comprises the Company's net loss and other comprehensive loss. Comprehensive loss is composed of historical currency translation adjustments on its change in reporting and functional currency from CAD to USD.

Recently Adopted Accounting Policies

i) The CICA issued EIC Abstract 173 – *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities* which provides guidance on evaluating credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this standard did not result in an impact to the Company's financial statements.
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Future Accounting Changes

i) In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over an expected five year transitional period. In February 2008, the AcSB confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. The Company will therefore adopt IFRS for its 2011 fiscal year.

Accordingly, the conversion to IFRS will be applicable to the Company's reporting no later than in the first quarter of 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency, certain contractual arrangements, debt covenants and capital requirements. The Company is currently evaluating the future impact of IFRS on its financial statements and will continue to invest in training and additional resources to ensure a successful conversion.

ii) Section 1582, Business Combinations, which replaces Section 1581, Business Combinations, establishes standards for the accounting for a business combination. It is the Canadian GAAP equivalent to International Financial Reporting Standard IFRS 3, Business Combinations.

Sections 1601 and 1602 together replace former Section 1600, *Consolidated Financial Statements*. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602, which converges with the requirements of International Accounting Standard 27 ("IAS 27"), *Consolidated and Separate Financial Statements*, establishes standards of accounting for a non-controlling interest resulting from a business acquisition, recognized as a distinct component of shareholders' equity. Net income or loss will present the allocation between the controlling and non-controlling interests.

For the Company, these three standards will become effective for business combinations for which the acquisition date is on or after January 1, 2011, and for interim and annual consolidated financial statements relating to the fiscal year starting January 1, 2011. As Section 1582 is applicable only to future business combinations, the Company does not expect these new standards to have a material impact on the Company's consolidated financial statements prior to such acquisitions.

Note 3 Mineral Properties

South Dakota, USA

Dewey Burdock Project – Custer and Fall River Counties

The Company's Dewey-Burdock Project is located in the Edgemont Uranium District. The Project is comprised of approximately 50 mining leases and approximately 370 mining claims covering approximately 15,200 surface acres and 17,900 net mineral acres.

By a purchase agreement dated March 31, 2006, the Company acquired a one-third mineral interest in a property in Custer County, South Dakota, in consideration for $950,000 to be paid $100,000 on closing and $10,000 per year for ten years until March 31, 2016. To date, $40,000 has been paid. The balance of the purchase price of $750,000 is payable contingent upon receipt of permits and authorizations necessary to commence mining on the property and therefore not recorded as a liability until the contingent events are satisfied. The $750,000 is to be paid in four equal instalments of $187,500 on each anniversary of the Company obtaining such permits. The purchase agreement is collateralized by a promissory note and a mortgage on the mineral interest. See Note 8.

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, for consideration of $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. To date, $60,000 has been paid. The balance of the purchase price of $1,300,000 is contingent upon receipt of permits and authorizations necessary to commence exploration and mining on the property and therefore not recorded as a liability until the contingent events are satisfied. 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 collateralized by a promissory note and a mortgage on the mineral interest. See Note 8.

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. On any property to be abandoned, 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. There are a total of 59 located claims (1,180 acres) in Fall River and Custer Counties South Dakota, of which 37 claims (740 acres) are either within or adjacent to the Company's Dewey Burdock project.

In January, 2009, the Company entered into a Mineral Deed and Assignment with Neutron Energy, Inc. ("Neutron"), whereby Neutron agreed to transfer and assign to the Company all of its right title and interest in certain real property in Custer and Fall River Counties, South Dakota, located within and adjacent to the Company's Dewey Burdock Project, in exchange for the acquisition of approximately 6,072 acres of the Company's non-core claims and leases in New Mexico, Wyoming and South Dakota. The acreage acquired from Neutron consists of approximately 1,620 acres of claims and leases within the Company's proposed permit area at Dewey-Burdock and an additional 4,380 acres of prospective claims and leases outside of the Company's initial proposed permit area but adjacent to the Dewey-Burdock Project. 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 the Company will be the operator.

As at December 31, 2010, restricted cash is $22,215 (2009: $21,960) on this property guaranteeing reclamation activities.

Note 3 Mineral Properties – (cont'd)

South Dakota, USA – (cont'd)

Plum Creek Prospect, Fall River County

As of December 31, 2009, the Company has staked 137 mining claims on approximately 2,700 acres of federal minerals along the southern flank of the Black Hills Uplift in central Fall River County, South Dakota. During 2010, the Company elected not to continue its annual maintenance payments on 79 claims. The remaining 58 claims cover approximately 1,000 acres. Although, the Company believes the remaining claims will lead to a viable project, as a result, of the dropped claims and the Company's focus on its two core projects, the Company wrote-down historical capitalized costs associated with Plum Creek in the amount of approximately $37,000 (2009:$Nil).

Colorado, USA

Centennial Project – Weld County

The Company's Centennial Project is located in western Weld County in northeastern Colorado. Since inception of the Centennial Project, the Company has purchased approximately 670 gross surface acres and 5,800 net mineral acres. In addition, the Company has entered into 15 mining leases covering approximately 1,700 net surface acres and 1,200 net mineral acres. As of December 31, 2010, the Company's mineral rights within the project area total 9,300 acres. Surface use agreements with private surface owners are continually being negotiated. To date, the Company has obtained 7,260 acres of surface use or purchase agreements over its mineral rights. These transactions were completed as follows:

a) By a purchase agreement dated September 27, 2006, the Company purchased 5,760 net mineral acres from Anadarko Land Corp for $3,000,000. As consideration for the rights, the Company made a cash payment of $1,000,000 and agreed to pay $2,000,000 in eight instalments of $250,000 per annum. During September 2010, the Company renegotiated its annual payment of $250,000 to $50,000 due September 2010 and increased the 2011 and 2012 annual payments by $100,000 each. To date $800,000 has been paid. (See Note 8) An additional lump sum payment of $1,500,000 is due upon receipt of all regulatory permits and licenses allowing production of uranium from the property. In addition, any remaining instalment payments are due in full upon receipt of all regulatory permits and licences. The Company has also agreed to a minimum annual work commitment of $200,000 per annum until uranium is produced from the property. The property is subject to a royalty of 5% to 6% of production.

b) During the fiscal year ended March 31, 2007, the Company also acquired 320 surface acreage through direct acquisitions of land as part of the Company's overall program to secure surface rights on the prospects. The total consideration for the land purchases was $850,000 and is included as capitalized costs in mineral property interests.

c) During the fiscal year ended March 31, 2008, the Company acquired 350 acres of surface rights through six acquisitions of land as part of the Company's overall program to secure surface rights on the prospects. The total consideration for the transaction was $1,294,899 and is included as capitalized costs in mineral property interests.

d) During June 2009, the Company entered into two option agreements for the purchase of an aggregate of 3,585 acres of land, together with the associated water, mineral and lease interests, within the Centennial Project in Weld County, Colorado, for $11,450,000. The optioned properties are adjacent to the existing northern portion of the Company's Centennial Project. The properties help to consolidate the Company's land position within the planned project boundary and add additional uranium mineral resources to the project.

Note 3 Mineral Properties – (cont'd)

Colorado, USA – (cont'd)

Centennial Project – Weld County – (cont'd)

For the exclusive rights of these options, the Company paid $197,000 during the three month period ended June 30, 2009. The Company may at its option pay the remaining balance over a 12 and 24 month period. During July 2009, the Company made its July 2009 option payment in the amount of $1,530,000. During June 2010, the Company made its June 2010 option payment in the amount of $375,000. The remaining option payment, if elected, is due in June 2011.

Any option payment made is non-refundable to the Company in the event the Company does not elect to exercise its option to complete the purchase. However, if the Company elects to exercise its option to complete the purchase, the option payments will be applied against the purchase price and the remaining balance shall be paid at closing.

e) Through the period ended December 31, 2010, the Company entered into 15 mining leases covering approximately 1,700 net surface acres and 1,200 net mineral acres.

As of December 31, 2009, the Company posted cash security of $492,800 (included in restricted cash) with the Colorado Division of Reclamation, Mining and Safety, "DRMS", to secure performance of the Company's reclamation obligations. Due to the satisfactory completion of certain reclamation activities, this cash security was reduced by $273,000. The remaining balance at December 31, 2010 of $219,800 is included in restricted cash.

Wyoming, USA

Aladdin Prospect – Crook County

The Company acquired the Aladdin prospect through 33 leases or options to lease and through staking 65 mining claims. This prospect is 60 miles north of the Company's Dewey Terrace prospect, discussed below, and consists of approximately 17,800 mineral acres and 18,400 surface acres of mining leases along the northwest flank of the Black Hills Uplift.

The Company received an exploration permit from the Wyoming Department of Environmental Quality ("DEQ"). As at December 31, 2010 and 2009, restricted cash is $10,000 on this property for reclamation activities associated with this permit.

In December 2008, the Company acquired approximately and seven Wyoming State mining leases (5,626 acres) in Crook County, Wyoming from Bayswater, which are included in the above referenced amount. These properties are adjacent to and surrounding the Company's current land position in this prospect area. These properties are either adjoining, on trend, or complementary to the Company's Aladdin prospect.

Dewey Terrace Prospect – Weston and Niobrara Counties

The Dewey Terrace Prospect is located in Weston and Niobrara Counties, Wyoming on the western continuation of mineralized trends from the Dewey Burdock Project in South Dakota. Powertech acquired this prospect through 16 leases and options to lease and staking 765 mining claims, totalling approximately 18,400 acres. During 2010, the Company elected not to continue its annual maintenance payments on 165 claims and 4 leases or options to lease. As a result, the Company wrote-down all historical charges associated with those claims in the amount of approximately $113,000 (2009:$Nil). The remaining 600 claims and leases or options to lease cover approximately 16,440 acres.

Note 3 Mineral Properties – (cont'd)

Wyoming, USA – (cont'd)

Dewey Terrace Prospect – Weston and Niobrara Counties – (cont'd)

In connection with the exploration and drilling program, the Company posted cash security in the amount of $17,400 with the State of Wyoming to secure performance of the Company's reclamation obligations. During the period ended December 31, 2009, certain reclamation activities were performed on the property which resulted in releasing $15,400 of the posted cash security. This remaining amount of $2,000 is included in restricted cash at December 31, 2010 and 2009.

In December 2008, the Company acquired approximately 320 mining claims (approximately 6,400 acres) and four Wyoming State mining leases (2,560 acres) from Bayswater, which are included in the above referenced amount. These properties are adjacent to the Company's current land position in this prospect area. These properties are either adjoining, on trend, or complementary to the Company's Dewey Terrace prospect.

Colony Prospect – Crook County

The Colony Prospect is located on the northwest flank of the Black Hills Uplift approximately 10 miles north of the Aladdin Prospect. The Company acquired the Colony prospect through the staking of 190 mining claims through December 31, 2009. During 2010, the Company elected not to continue its annual maintenance payments on 172 claims. As a result, the Company wrote-down all historical charges associated with those claims in the amount of approximately $117,800 (2009:$Nil).

Powder River Basin Prospect – Campbell County

Through December 31, 2010, the Company acquired the Powder River Basin prospect through staking 155 mining claims.

Texas, USA

Foster's Ranch Prospect – Duval County

The Company has chosen to abandon this prospect as costs associated with development are too high. As a result, the Company has written-off all capitalized costs associated with this prospect as of December 31, 2010 in the amount of approximately $134,000 (2009: $Nil).

Note 4 Building and Equipment

	At December 31, 2010			At December 31, 2009		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Building	$ 92,628	$ 4,402	$ 88,226	$ 92,628	$ 2,087	$ 90,541
Computer equipment	240,664	162,143	78,521	239,045	108,467	130,578
Field equipment	278,265	170,121	108,144	235,136	111,201	123,935
Office equipment	72,887	52,149	20,738	70,977	38,047	32,930
Vehicles	169,718	143,616	26,102	169,718	121,674	48,044
	$ 854,162	$ 532,431	$ 321,731	$ 807,504	$ 381,476	$ 426,028

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:

	Number	Amount	Contributed Surplus
Balance, March 31, 2009	55,429,020	$ 50,831,518	$ 6,581,296
Share adjustment	2	–	–
Stock based compensation	–	–	145,420
Balance, December 31, 2009	55,429,022	$ 50,831,518	$ 6,726,716
Stock based compensation	–	–	79,583
Balance, December 31, 2010	55,429,022	$ 50,831,518	$ 6,806,299

Share Capital Discussion:

There were no share capital transactions for the periods ended December 31, 2010 and 2009. See Note 14 for subsequent information.

Share Purchase Warrants:

At December 31, 2010, there were Nil share purchase warrants outstanding. Share purchase warrants entitled the holders thereof to purchase one common share for each warrant. Changes in share purchase warrants for the twelve months ended December 31, 2010 are as follows:

Expiration Date	Exercise Price (CAD)	Outstanding at December 31, 2009	Issued during the period	Expired during the period	Outstanding at December 31, 2010
June 4, 2010	$2.00	6,000,000	–	6,000,000	–
Totals		6,000,000	–	6,000,000	–

At December 31, 2009, there were 6,000,000 share purchase warrants outstanding. Share purchase warrants entitled the holders thereof to purchase one common share for each warrant. At December 31, 2009, the weighted average life was 6 months and the weighted average exercise price was CAD$2.00. Changes in share purchase warrants for the nine-month period ended December 31, 2009 were as follows:

Expiration Date	Exercise Price (CAD)	Outstanding at March 31, 2009	Issued during the period	Exercised/Expired during the period	Outstanding at December 31, 2009
June 4, 2009	$2.00	6,000,000	–	(6,000,000)	–
June 4, 2010	$2.00	6,000,000	–	–	6,000,000
Totals		12,000,000	–	(6,000,000)	6,000,000

See Note 14 for subsequent information.

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

Convertible Debenture:

As of December 31, 2010, the Company had a 7% secured convertible debenture in the principal amount of CAD$9,000,000 outstanding, that was issued to Synatom pursuant to a private placement in February 2009. The principal of the debenture and accrued interest thereon was convertible into common shares of the Company at a conversion price of CAD$0.50 per common share. Assuming full conversion of the debenture, Synatom would have acquired 18,000,000 common shares upon conversion of the CAD$9,000,000 principal, and 2,450,204 common shares upon conversion of the possible CAD$1,225,102 accrued interest thereon, for a total of 20,450,204 common shares of the Company. See Note 14 for restructure of the convertible debenture.

Loan Facility:

As of December 31, 2010, the Company had drawn down CAD$13,800,000 of the principal amount of the Loan Facility. The principal amount of the second tranche, being CAD$3,450,000, was convertible into common shares of the Company at a conversion price of CAD$0.50 per common share. Assuming full conversion of the CAD$3,450,000 principal of the second tranche of the Loan Facility, Synatom would have acquired 6,900,000 common shares of the Company. The terms of the Loan Facility are discussed in Note 8. See Note 14 for restructure of the Loan Facility.

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 under the Plan to a fixed number of 9,885,804 common shares which is equal to 20% of the issued and outstanding common shares at the date of Plan adoption. 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. All options are granted at exercise prices which are at or above the traded share price on grant date.

At December 31, 2010, there were 7,500,000 options outstanding entitling the holders thereof to purchase one common share for each option held. Share options are as follows:

Expiration Date	Exercise Price (CAD)	Outstanding at December 31, 2009	Granted during period	Exercised during period	Forfeited during period	Outstanding at December 31, 2010
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
February 15, 2012	$3.00	400,000	–	–	–	400,000
May 14, 2012	$3.20	125,000	–	–	–	125,000
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		7,500,000	–	–	–	7,500,000

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

Stock Option Plan – (cont'd)

As of December 31, 2010, 7,450,000 options have vested and are exercisable. The weighted average life of the stock options outstanding is 1.29 years. The weighted average exercise price of the stock options outstanding is CAD$1.38.

At December 31, 2009, there were 7,500,000 options outstanding entitling the holders thereof to purchase one common share for each option held. Changes in share options are as follows:

Expiration Date	Exercise Price (CAD)	Outstanding at March 31, 2009	Granted during period	Exercised during period	Forfeited during period	Outstanding at December 31, 2009
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
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
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		7,600,000	–	–	(100,000)	7,500,000

As of December 31, 2009, 7,303,125 options have vested and are exercisable. The weighted average life of the stock options outstanding is 2.54 years. The weighted average exercise price of the stock options outstanding is CAD$1.38.

Stock-based Compensation:

During the twelve-month period ended December 31, 2010 stock-based compensation was $79,583 (nine-month period ended December 31, 2009: $145,420) of which $Nil (nine-month period ended December 31, 2009: $Nil) was included in wages and benefits and $79,583 (nine-month period ended December 31, 2009: $145,420) was included in mineral property costs under wages/consulting.

No options were granted during the periods ended December 31, 2010 and 2009.

Note 6 Related Party Transactions

In addition to the financing arrangements with Synatom, as discussed in Notes 5, 8 and 14, the Company entered into the following transactions with directors and officers of the Company or with companies with directors and officers in common:

	Periods Ended December 31, 2010	Periods Ended December 31, 2009
Director fees	$ 34,944	$ 24,425
Management and consulting fees	379,827	312,896
	$ 414,771	$ 337,321

Note 6 Related Party Transactions – (cont'd)

These related party transactions are measured by the exchange value, which represents the amount of consideration established and agreed to by the transacting parties.

As of December 31, 2010, the Company had prepaid $32,001 of management and consulting fees related to January 2011 services. As of December 31, 2009, the Company had prepaid $31,289 of management and consulting fees related to January 2010 services. At December 31, 2010 and 2009, the amount of prepaid expenses capitalized to resource properties was $10,000.

As of December 31, 2010, the Company had an accrued liability of $4,500 (2009: $Nil) to one of its directors for services rendered but not yet paid.

As of December 31, 2010, the Company had advanced $Nil (2009 - $40,000) for travel to one of the directors of the Company.

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 are excluded from the statements of cash flows:

(a) Included in mineral properties cost is stock-based compensation valued at $79,583 (period ended December 31, 2009: $145,420) relating to employees who were directly involved with the mineral properties.

(b) Included in accounts payable and accrued liabilities is approximately $72,000 (period ended December 31, 2009: $486,000) relating to mineral properties.

Note 8 Long-term Debt

Agreements payable		**December 31, 2010**		**December 31, 2009**
Agreement payable of $100,000, payable in annual instalments of $10,000 of which $40,000 (2009: $30,000) has been paid. As of December 31, 2010, the balance owed is $60,000. The loan does not bear interest and is secured by a first mortgage on a mineral property interest (Note 3). In the event of default the lender has the option to obtain the mineral property interest for $1.	$	60,000	$	70,000
Agreement payable of $300,000, payable in annual instalments of $30,000 of which $60,000 (2009: $30,000) has been paid. As of December 31, 2010, the balance owed is $240,000. The loan does not bear interest and is secured by a first mortgage on a mineral property interest (Note 3). In the event of default the lender has the option to obtain the mineral property interest for $1. In accordance with the accounting policy for financial instruments, the fair value on inception, using a market interest rate of 15% was determined to be $150,563. The difference of $149,437 will be accreted over the remaining life until maturity using amortized cost method. During the twelve-month period ended December 31, 2010, $4,490 (nine-month period ended December 31, 2009: $2,600) of accretion has been charged to mineral properties and credited to agreements payable.		100,256		125,766
Agreement payable of $2,000,000, payable in annual instalments of $250,000 of which $800,000 (2009: $750,000) has been paid. During September 2010, instalment payments were renegotiated to the following terms: 2010: $50,000; 2011 and 2012: $350,000 and 2013 and 2014: $250,000. As of December 31, 2010, the balance owed is $1,200,000. The loan does not bear interest and is secured by a first mortgage on a mineral property interest (Note 3). In the event of default the lender has the option to obtain the mineral property interest for $1. In accordance with the accounting policy for financial instruments, the Company calculates the fair value at each fiscal year end. The fair value of future payments, using a market interest rate of 9.25% was determined to be $1,012,275 as compared to an outstanding balance of $1,250,000 as of December 31, 2009. The difference of $237,725 is accreted over the remaining life until maturity using amortized cost method. The change in the fair value calculation and accretion amortization resulted in a charge to the statement of operations and a credit to agreements payable of $337,344. During the nine-month period ended December 31, 2009, $42,499 of accretion has been charged to statement of operations and credited to agreements payable.		1,041,389		754,045
		1,201,645		949,811
Less: Current portion:		390,000		290,000
	$	811,645	$	659,811

Note 8 Long-term Debt – (cont'd)

Convertible debenture payable		**December 31, 2010**		**December 31, 2009**
Convertible debenture of $7,547,400 (CAD$9,000,000) bearing interest at the rate of 7% per annum, compounded annually, due February 11, 2011 and secured by a floating charge over all of the Company's acquired property and assets. The Debenture may be converted 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 the lender 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.				
The Conversion Price and the number of Common Shares issuable upon conversion of the Debenture are subject to 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. The Company has also agreed not to take certain corporate actions without the consent of the lender 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.				
In accordance with the accounting policy for financial instruments, the convertible debenture was bifurcated into equity and liability components using the relative fair measure method. The equity component was determined using the Black Scholes method with the following assumptions: 90.95% volatility, 0% dividend yield, 1.50% risk-free interest rate and an expected life of three years. The liability component was determined using an implied market interest rate of 15%.				
As of December 31, 2010, $10,264,496 (CAD$10,263,469) of principal and interest is outstanding and payable.	$	9,040,020	$	7,052,160
Less current portion:		9,040,020		–
	$	–	$	7,052,160

During the year ended December 31, 2010, accretion of $911,034 (2009: $582,145) and accrued interest of $688,480 (nine-month period ended December 31, 2009: $477,005) has been charged to statement of operations and credited to convertible debt. The amount allocated to the equity components is $2,363,211 and the resulting discount to the debt is being accreted over the remaining life until maturity using the amortized cost method. See Note 14 for subsequent information.

Note 8 Long-term Debt – (cont'd)

Loan Facility		**December 31, 2010**		**December 31, 2009**
During August 2009, the Company obtained a Bridge Loan in the amount of $3,215,745 (CAD$3,450,000) (the "Bridge Loan") that bore an interest at the rate of 9% per annum, compounded annually, and had a maturity date of the earlier of: (i) November 4, 2009; (ii) the time of initial drawdown, if any, under the Loan Facility (see below); or (iii) the date on which the Company terminates the Loan Facility.				
Shortly after the Bridge Loan the Company entered into a loan facility (the "Loan Facility") for $12,700,000 (CAD$13,800,000). The Company utilized the net proceeds of the Bridge Loan and the Loan Facility for working capital and to advance its mineral properties towards production.				
During October 2009, concurrent with the entering into of the Loan Facility, the Company drew down the first $3,339,600 (CAD$3,450,000) tranche and used the proceeds to repay the Bridge Loan. In addition, the Company paid interest charges of $57,642 (CAD$59,548). The second tranche was drawn during December 2009 and the third and fourth tranches were drawn during the year ended December 31, 2010.				
The Loan Facility is divided into four equal tranches of CAD$3,450,000 each. Only the principal amount of the second tranche may be convertible into common shares of the Company at a conversion price of CAD$0.50 per common share and are subject to anti-dilution adjustments. In accordance with the accounting policy for financial instruments, the loan facility was bifurcated into equity and liability components using the relative fair measure method. The equity component was determined using the Black Scholes method with the following assumptions: 102.60% volatility, 0% dividend yield, 0.88% risk-free interest rate and an expected life of 18 months. The liability component was determined using an implied market interest rate of 8.3%.				
The maturity date for the funds drawn down under each tranche is 18 months from the actual drawdown date of such tranche. On each tranche maturity date, the Company will repay the applicable principal amount of the tranche amount borrowed, together with all accrued and unpaid interest thereon.				
The first and second tranches bear interest at the rate of 7% per annum, and each of the third and fourth tranches bear interest at the rate of 9% per annum, with interest for each tranche compounding annually and accruing from the date of drawdown and payable at the respective tranche maturity date.				
As of December 31, 2010, $14,753,587 (CAD$14,752,112) of principal and interest was outstanding and payable.	$	14,491,916	$	5,894,432
Less Current portion:		14,491,916		–
	$	–	$	5,894,432

Note 8 Long-term Debt – (cont'd)

All legal fees associated with the Bridge loan and Loan Facility were expensed as incurred. The Company did not incur any agent fees during the transaction.

As of December 31, 2010, $857,556 (nine-month period ended December 31, 2009: $84,177) of accrued interest and $513,922 (nine-month period ended December 31, 2009: $37,158) of accretion has been charged to statement of operations and credited to loan facility. The amount allocated to the equity components is $785,541 and the resulting discount to the debt is being accreted over the remaining life until maturity using amortized cost method.

The Loan Facility is secured by existing security over certain company assets granted by the Company and its wholly-owned subsidiaries to Synatom, by certain amendments to certain other mortgages and deeds of trust and through certain additional guarantees in favour of Synatom.

The Company has also agreed not to take certain corporate actions without the consent of Synatom until the maturity of the Loan Facility. See Note 14 for subsequent information.

As of December 31, 2010 principle and interest payments due are as follows:

	2011	2012-2014	2015-2016	Thereafter	Total
Agreements payable	$ 390,000	$ 970,000	$ 80,000	$ 60,000	$ 1,500,000
Loan Facility	14,753,587	–	–	–	14,753,587
Convertible debt	10,264,496	–	–	–	10,264,496
	$ 25,408,083	$ 970,000	$ 80,000	$ 60,000	$ 26,518,083

Note 9 Commitments and Contingencies

Mineral Property Interests – Land and Mineral Lease Commitments

Dewey-Burdock Project - The Company leases both surface and minerals within the Dewey-Burdock Project area in South Dakota. In general, the mineral owners will be paid a 5% overriding royalty. 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. Generally, royalty payments to the surface owners will be reduced by the amount of rentals previously paid. The basic terms of the leases 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. The majority of 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 average annual payments under the agreements are approximately $320,000. As further disclosed in Note 3 an additional $2,050,000 is payable upon receipt of certain permits and authorizations.

Aladdin Prospect - The Company maintains lease agreements with mineral owners in its Aladdin Prospect in Wyoming. The Company granted the mineral owners a six 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 basic terms of the leases are five-year initial terms and are renewable one time at the five-year mark from original signing. Additional bonuses are paid to the landowners at the time of renewal. Most of the leases are in force through 2017 without production. In the case of production, all leases will be held as long as minerals are produced. The average annual payments under the agreements are approximately $122,000.

Note 9 Commitments and Contingencies – (cont'd)

Mineral Property Interests – Land and Mineral Lease Commitments – (cont'd)

Dewey-Terrace Prospect - The Company maintains lease agreements with mineral owners in its Dewey-Terrace Prospect in Wyoming. The Company granted the mineral owners a five to six 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, land 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 basic terms of the leases are five-year initial terms and are renewable one time at the five-year mark from original signing. Additional bonuses are paid to the landowners at the time of renewal. Most of the leases are in force through 2018 without production. In the case of production, all leases will be held as long as minerals are produced. The average annual payments under the agreements are approximately $33,000.

Centennial Project – The Company maintains lease agreements with mineral owners in its Centennial Project area in Colorado. The Company granted the mineral owners a five percent, escalating, 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. Generally, royalty payments to the surface owners will be reduced by the amount of rentals previously paid. The leases have an initial term of five years and are renewable upon payment of the annual rental fee. The average annual payments under the agreements are approximately $58,000. As further disclosed in Note 3 an additional $1,500,000 is due upon receipt of certain permits and licenses.

Claims Maintenance – The Company has secured approximately 1,300 mining claims within its various prospects. Annual maintenance costs of the mining claims are approximately $180,000.

See Note 3 for discussion of commitments related to mineral properties.

See Note 8 for discussion of long-term debt commitments related to mineral properties.

Management Services Agreements and Employment Agreements

The Company renewed four management services agreements and nine employment agreements during the period ended December 31, 2010. The agreements require the Company to pay fees totalling $155,000 per month. The agreements automatically renew annually for an additional year unless terminated by the Company at least 90 days prior to each agreement's anniversary. See Note 14 for subsequent information.

Office Leases

a) During March 2009, the Company entered into a twenty-seven month lease agreement for office space in Vancouver, British Columbia. Annual lease payments due are approximately $57,000 (CAD$60,000) through April 2011. During November 2010, the Company entered into a three-year lease agreement for office space in Vancouver, British Columbia. Annual lease payments due beginning in May 2011 will be approximately $35,400 (CAD$35,435).

b) During October 2010, the Company entered into a month-to-month lease agreement for office space in Albuquerque, New Mexico. Annual lease payments due are approximately $19,200.

Note 9 Commitments and Contingencies – (cont'd)

Office Leases – (cont'd)

c) During February 2010, the Company extended its lease agreement for office space in Hot Springs, South Dakota, to January 2011. The Company continues to maintain this space while the terms of the new lease agreement are being negotiated. Anticipated annual lease payments are approximately $13,700.

d) During February 2010, the Company entered into a one-year lease agreement for office space in Wellington, Colorado, which expires January 2011. The Company continues to maintain this space while the terms of the new lease agreement are being negotiated. Annual lease payments are approximately $21,600.

e) During November 2007, the Company entered into a five-year lease agreement for office space in Greenwood Village, Colorado. Annual lease payments are approximately $100,400.

Legal Matters

The Company is subject from time to time to legal proceedings and claims, either asserted or unasserted, that arise in the ordinary course of business. While the outcome of these proceedings and claims cannot be predicted with certainty, the Company's management does not believe that the outcome of any of these legal matters will have a material adverse affect on its consolidated financial position, results of operations or cash flows.

Note 10 Income Taxes

A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2010	2009
Statutory tax rates	28.50%	30.00%
Loss before income taxes	$ 7,567,103	$ 4,388,525
Expected income tax recovery	2,156,600	1,316,600
Increase (decrease) in income tax recovery resulting from:		
Foreign income taxed at other than Canadian statutory rates	202,100	105,300
Non-deductible permanent differences	(523,600)	(259,000)
Foreign exchange loss on revaluation	–	28,500
Effect of reduction in Canadian statutory rates	(78,200)	(61,200)
Change in the valuation allowance	(1,756,900)	(1,130,200)
Income tax recovery	$ –	$ –

Note 10 Income Taxes- (cont'd)

The significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	2010	2009
Future income tax assets (liabilities)		
Non-capital and net operating losses carried forward	$ 14,544,000	$ 10,946,000
Share issue costs	10,000	13,000
Unrealized foreign exchange	(7,000)	–
Capital assets	59,000	59,000
Mineral properties and deferred exploration	(9,192,000)	(7,361,000)
	5,414,000	3,657,000
Less: valuation allowance	(5,414,000)	(3,657,000)
	$ –	$ –

The Company recorded a valuation allowance against its net future income tax assets based on the extent to which it is more likely-than-not that sufficient taxable income will not be realized during the carry forward periods to utilize all the future tax assets.

At December 31, 2010, the Company and its subsidiary have accumulated non-capital losses $43.5 million which may be carried forward to reduce future year's taxable income. These losses, the potential tax benefit of which has not been recognized in these financial statements, expire as follows:

	Canada	United States of America	Total
2015	$ 230,800	$ –	$ 230,800
2026	209,400	–	209,400
2027	579,100	2,066,400	2,645,500
2028	686,700	10,118,100	10,804,800
2029- March	1,103,600	9,134,900	10,238,500
2029 - December	1,715,900	7,298,800	9,014,700
2030-December	2,397,900	7,963,800	10,361,300
	$ 6,923,400	$ 36,582,000	$ 43,505,400

Note 11 Capital Management

The capital structure of the Company consists of shareholders' equity, debt and cash and cash equivalents as noted below:

	December 31, 2010	December 31, 2009
Components of Capital:		
Shareholders' equity	$ 23,040,730	$ 30,528,250
Debt (current and long-term) [1]	24,733,581	13,896,403
Less:		
Cash and cash equivalents	(1,857,358)	(3,581,859)
	$ 45,916,953	$ 40,842,794

[1]This amount represents book value after accounting adjustments as discussed in Note 8. Actual cash owed is $26,518,083 and $17,346,671 as of December 31, 2010 and 2009, respectively.

Note 11 Capital Management – (cont'd)

The Company's objectives when managing capital are:

- to manage capital in a manner which balances the interest of equity and debt holders;
- to manage capital in a manner that will maintain compliance with its financial covenants; and
- to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development.

The Company has the ability to adjust its capital structure by issuing new equity or debt, selling assets to reduce debt or balance equity and making adjustments to its capital expenditure program subject to restrictions imposed by Synatom.

Note 12 Financial Instruments

Fair Value of Financial Instruments

The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862 "*Financial Instruments –Disclosures*" requires disclosure of a three-level hierarchy for fair value measurements based upon transparency of inputs to the valuation of financial instruments carried on the balance sheet at fair value. The fair value hierarchy of financial instruments measured at fair value on the balance sheet date is as follows:

As at December 31, 2010

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 1,857,358	$ –	$ –	$ 1,857,358
Restricted cash	285,428	–	–	285,428
	$ 2,142,786	$ –	$ –	$ 2,142,786

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial risk management

In the normal course of operations, the Company is exposed to various risks such as foreign exchange, interest rate, credit, and liquidity risk. To manage these risks, management determines what activities must be undertaken to minimize potential exposure to risks. The objectives of the Company to managing risk are as follows:

- maintaining sound financial condition;
- financing operations; and
- ensuring liquidity to all operations.

In order to satisfy these objectives, the Company has adopted the following policies:

- prepare budget documents at prevailing market rates to ensure clear, corporate alignment to performance management and achievement of targets; and
- recognize and observe the extent of operating risk within the business;

Note 12 Financial Instruments

Financial risk management – (cont'd)

There have been no changes in risks that have arisen or how the Company manages those risks from the prior period.

(i) Foreign exchange risk

The foreign exchange risk relates to the risk that the value of financial commitments and recognized assets or liabilities will fluctuate due to changes in currency rates other than the US dollar. The most significant impact of foreign exchange is on the Company's net loss and other comprehensive income due to the translation of balances denominated in a currency other than the US dollar using the temporal method. The Company is also exposed to foreign exchange risk arising from:

- cash balances held in CAD currencies;
- borrowings denominated in CAD currencies; and
- firm commitments payments settled in CAD currencies or with prices dependent on CAD currencies.

The Company does not hedge its exposure to foreign currency exchange risk.

The Company is exposed to foreign currency risk in respect of trade payables of $57,309 and debt obligations of $25,108,083.

There are no significant non-financial assets and liabilities that have foreign currency risk exposure.

As at December 31, 2010, with other variables unchanged, a $0.01 strengthening (weakening) of the United States dollar against the Canadian dollar would increase (decrease) our net loss by $265,000.

(ii) Credit Risk

Credit risk is primarily associated with trade receivables, HST recoverable and to a lesser extent, cash equivalents. The Company closely monitors its financial assets and does not have any significant concentration of credit risk. The Company does not sell a product and therefore does not have credit risks. Cash and cash equivalents are held through large international financial institutions. Cash and cash equivalents are comprised of financial instruments issued by Canadian banks and companies with high investment-grade ratings. These investments mature within 90 days of the balance sheet date. The Company is not exposed to significant credit risk as the GST recoverable is due from government agencies. The Company's maximum exposure to credit risk at the balance sheet date is as follows:

	December 31, 2010	**December 31, 2009**
Cash and cash equivalents	$ 1,857,358	$ 3,581,859
Receivables	18,515	35,979
	$ 1,875,873	$ 3,617,838

iii) Liquidity risk

The Company has a cash forecast and budgeting process in place to assist with the determination of funds required to support the Company's operating requirements on an ongoing basis and its expansion plans. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 11. The following table summarizes the contractual maturities of the Company's significant financial liabilities and capital commitments, including contractual obligations:

Note 12 Financial Instruments – (cont'd)

Contractual Obligations	Payments Due by Period				
	Less than 1 year	1 to 3 years	4 to 5 years	Thereafter	Total
Lease obligations	$ 414,749	$ 1,286,049	$ 970,815	$ 42,320	$ 2,713,933
Accounts payable and accrued liabilities	329,334	–	–	–	329,334
Purchase option	6,535,000	2,813,000	–	–	9,348,000
Agreements payable	390,000	970,000	80,000	60,000	1,500,000
Loan facility	14,753,587	–	–	–	14,753,587
Convertible debt	10,264,496	–	–	–	10,264,496
	$ 32,687,166	$ 5,069,049	$ 1,050,815	$ 102,320	$ 38,909,350

The convertible debenture and the second tranche of the loan facility were restructured during March 2011, see Note 14 for further discussion.

iv) Interest rate risk

The Company is exposed to interest rate risk on its outstanding short-term investments. The Company is not exposed to interest rate risk on its outstanding borrowings. The only outstanding interest-bearing borrowings as at December 31, 2010 are the convertible debenture and the loan facility, which have a fixed interest rate.

Note 13 Comparative Figures

Certain comparative figures as at and for the nine-month period ended December 31, 2009 have been reclassified in order to comply with the financial statement presentation adopted for the current period.

Note 14 Subsequent Event

On March 15, 2011, the Company completed a public offering of 47,872,340 units (the "Units") at a price of CAD$0.47 per Unit to raise gross proceeds of $23,105,250 (CAD$22,500,000) pursuant to a short form prospectus dated March 2, 2011 (the "Offering"). It also closed its refinancing transaction (the "Refinancing Transaction") with Synatom, which was approved by Powertech's shareholders at a special meeting held on March 14, 2011. The closings of each of the Offering and the Refinancing Transaction were mutually conditional on the closing of the other.

Closing of Offering

On March 15, 2011, the Company closed the Offering, under which 47,872,340 Units were sold, with each Unit consisting of one common share of the Company (each, a "Share") and one half of one common share purchase warrant. Each whole warrant (a "Warrant") will entitle the holder to purchase one Share at an exercise price of CAD$0.60 for two years following the closing of the Offering, provided that, if at any time after the date that is six months and one day following the closing of the Offering, the daily volume-weighted average price of the Shares on the TSX, or on any other stock exchange on which such Shares may be principally traded at the time, is equal to or greater than CAD$1.20 per Share for a period of 20 consecutive trading days, the Company may, within five days of such event, accelerate the expiry date of the Warrants by giving notice to the holders thereof. In such case, the Warrants will expire on the 30th day after the date on which such notice is given by the Company.

A syndicate of agents led by Salman Partners Inc. and including Dundee Securities Ltd. (collectively, the "Agent") were engaged in respect of the Offering. The Agent received a commission equal to 6.5% of the gross proceeds of the Offering. The commission was expensed at the closing of the Offering. As additional consideration, the Agent was issued 3,111,702 agent's warrants (each an "Agent Warrant"). Each Agent Warrant entitles the holder to acquire one Share

Note 14 Subsequent Event – (cont'd)

for a period of two years from the closing of the Offering at a price of CAD$0.47 per Share.

As a result of the completion of the Offering, there are 103,301,362 Shares issued and outstanding. Net proceeds from the Offering after commissions, agent expenses and payment to Synatom, discussed below, was $8,694,249 (CAD$8,466,500).

Closing of Refinancing Transaction

On March 15, 2011, the Company also closed the Refinancing Transaction which restructured Powertech's repayment obligations on approximately $25,018,083 (CAD$25,015,581) of debt owed to Synatom. In connection with the closing of the Refinancing Transaction (the "Closing"), the following events occurred:

1) Powertech paid $12,836,250 (CAD$12,500,000) to Synatom;

2) Powertech issued an unsecured non-interest bearing promissory note in the principal amount of $7,701,750 (CAD$7,500,000) (the "Note") to Synatom, which is repayable in cash or Shares at Powertech's election and is due on the earlier of: (i) six months after the last permit is obtained for the Company's Dewey-Burdock project; and (ii) two years from the Closing. At the election of Powertech, the Note may also be prepaid in advance in cash at anytime, provided that such prepayment is for an amount not less than CAD$250,000, or, after an initial period of 18 months, the Note may be repaid by the issuance of Shares to Synatom at a price per Share equal to the greater of CAD$0.60 per Share or a 15% discount to the 20-day volume-weighted average price of the Shares on the TSX (or such other stock exchange on which the Shares may be listed at such time) at the time of payment. Powertech USA has guaranteed Powertech's obligation to repay the Note;

3) Powertech, Powertech (USA) Inc. ("Powertech USA"), Indian Springs Land and Cattle Co., LLC ("Indian Springs") and Synatom entered into a termination, voting and lock-up agreement (the "Termination Agreement") pursuant to which all prior loans, agreements, rights and obligations among and between the parties (the "Prior Agreements") were terminated, including: (i) the CAD$9 million convertible debenture of Powertech in favour of Synatom (plus accrued interest thereon); (ii) the CAD$13.8 million loan facility between Powertech and Synatom (plus accrued interest thereon); and (iii) the rights and obligations under the prior private placement agreements among the parties (including, without limitation, the anti-dilution rights, pre-emptive rights, governance and other representation rights, registration rights, right to purchase uranium and non-compete agreements by management shareholders). Under the terms of the Termination Agreement, Synatom irrevocably and unconditionally released and discharged all security interests it had in and to or affecting any of the shares, undertaking, property and assets of Powertech, Powertech USA or Indian Springs, and all original share certificates, promissory notes, debentures and other collateral or property in the possession of Synatom were delivered to the Company; and

4) Powertech, Synatom, Wallace Mays, the Wallace Mays 2006 Family Trust No. 1, Richard F. Clement Jr., the Clement Family Limited Partnership, Thomas A. Doyle and Greg Burnett entered into a termination agreement whereby a shareholders agreement dated June 2, 2008 among those parties was terminated.

Under the terms of the Termination Agreement, Synatom will retain its 10.89 million Shares but has agreed that it will not sell such Shares until the earlier of: (i) eighteen months from the Closing; (ii) the date upon which a Change of Control (as defined in the Termination Agreement) occurs; and (iii) the date upon which an Event of Default (as defined in the Termination Agreement) occurs (the "Lock-up Period") without the approval of Powertech. Synatom has also agreed to vote in favour of management's proposed slate of directors at any meeting of shareholders of Powertech held during the Lock-Up Period. As a result of the completion of the Offering and the Refinancing Transaction, Note 14 Subsequent Event – (cont'd)

Synatom holds 10.5% of the issued and outstanding Shares, on an undiluted basis, based on 103,301,362 Shares issued and outstanding. If Powertech elects to convert the principal of the Note into Shares, Synatom will hold 20.2% of the issued and outstanding Shares based on 115,801,362 Shares outstanding upon conversion of the Note.

Management Contracts

On March 25, 2011, the Company provided written notice to each of the four consultants under the management services agreements that it does not wish to renew any of such agreements. As a result, three management services agreements and one employment agreement will expire as of April 30, 2011. New agreements are currently being negotiated.