



**POWERTECH URANIUM CORP.**  
(An Exploration Stage Company)

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2010

March 31, 2011

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## ANNUAL INFORMATION FORM

### ITEM 1. EXPLANATORY NOTES AND CAUTIONARY STATEMENTS

#### 1.1 Explanatory Notes

In this Annual Information Form (“AIF”), references to the “Company” or “Powertech” mean Powertech Uranium Corp. and include its subsidiaries, Powertech (USA), Inc. and Indian Springs Land and Cattle Co., LLC, unless the context otherwise requires.

All information contained in this AIF is as of December 31, 2010, unless otherwise indicated. The Company uses the US dollar as its reporting currency. This AIF contains reference to both US dollars and Canadian dollars. All currency amounts are in United States dollars, unless otherwise indicated. References to “CAD\$” refer to Canadian currency and “\$” to United States currency.

#### 1.2 About Forward-Looking Information

Certain statements in this AIF and the documents incorporated herein by reference are forward-looking statements. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Often, but not always, forward looking statements can be identified by the use of words such as “plans”, “expects”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative and grammatical variations) of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management’s current views and are based on certain assumptions and speak only as of March 31, 2011. These assumptions, which include, management’s current expectations, estimates and assumptions about certain projects and the markets the Company operates in, the global economic environment, interest rates, exchange rates and its ability to manage its assets and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause its actual results to differ materially from those expressed or implied by the forward looking statements, including, but not limited to: (1) that the recent events in Japan may affect public acceptance of nuclear energy and the Company’s permitting timelines; (2) a decrease in the market price of uranium; (3) a decrease in the demand for uranium and uranium related products; (4) discrepancies between actual and estimated mineral resources and mineral reserves; (5) changes to the cost of commencing production and the time when production commences, and actual ongoing costs; (6) the occurrence of risks associated with the development and commencement of mining operations; (7) unforeseen or changed regulatory restrictions, requirements and limitations, including environmental regulatory restrictions and liability and permitting restrictions; (8) the failure to obtain governmental approvals and fulfil contractual commitments, and the need to obtain new or amended licenses and permits; (9) unforeseen changes in the costs of material inputs, including fuel, steel and other construction materials; (10) the loss of key employees; (11) the loss of, or defective title to, exploration and mining claims, rights, leases or licenses; (12) the number of competitors; (13) political and economic conditions in uranium producing and consuming countries; (14) failure to obtain additional capital at all or on commercially reasonable terms; and (15) other factors beyond the Company’s control; and (16) those factors described in the section entitled “Description of the Business – Risk Factors” in this AIF.

Undue reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company’s control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the Company’s actual results of operations, financial condition and liquidity, and the development of the industry in which it operates, may differ materially from statements made in or incorporated by reference in this AIF.

Although the Company has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking statements are based upon the beliefs, estimates and opinions of the Company's management at the time they are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or circumstances should change. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made and the Company does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

### **1.3 Mineral Reporting Standards**

The disclosure in this AIF in respect of the Company's mineral resources is based on technical reports prepared on the Company's principal projects as set out under the heading "Description of the Business". Such information has been prepared in accordance with the Canadian requirements under National Instrument 43-101 *Standards of Disclosure for Mineral Projects promulgated by the Canadian Securities Administrators* ("NI 43-101") and has been reviewed by a qualified person, as such term is defined in NI 43-101. The mineral resources described in this document are current to the dates on which they were estimated.

Unless otherwise noted, the estimated mineral resources for the Company's various mineral projects, as disclosed in this AIF, have been calculated in accordance with the definitions and guidelines for the reporting of exploration information, mineral resources and mineral reserves determined by the Canadian Institute of Mining, Metallurgy & Petroleum ("CIM") *Standards on Mineral Resources and Reserves Definitions and Guidelines* adopted under NI 43-101 (the "CIM Standards"). Pursuant to NI 43-101, a qualified person's classification of a mineral deposit as a mineral resource or mineral reserve must follow the *CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines* adopted by the CIM on November 23, 2003, as amended. The following definitions are reproduced from those guidelines.

The term "mineral resource" means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal and industrial minerals in or on the Earth's crust in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories.

The term "inferred mineral resource" means that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

The term "indicated mineral resource" means that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

The term "measured mineral resource" means that part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration,

sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

The term “mineral reserve” means the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined. Mineral reserves are sub-divided in order of increasing confidence into probable and proven categories.

The term “probable mineral reserve” means the economically mineable part of an indicated mineral resource and, in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

The term “proven mineral reserve” means the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

#### **1.4 Documents Incorporated by Reference**

Information about our mineral projects contained herein summarizes the information in the following preliminary economic assessment reports with respect to the Company’s Dewey-Burdock and Centennial projects, entitled “Preliminary Assessment on the Dewey-Burdock Uranium Project, Custer and Fall River Counties, South Dakota”, dated July 6, 2010 and as updated on February 7, 2011 (the “Dewey Burdock PEA”), and “Preliminary Assessment on the Centennial Uranium Project, Weld County, Colorado”, dated August 13, 2010 and as updated on February 7, 2011 (the “Centennial PEA” and, together with the Dewey-Burdock PEA, the “PEAs”). The PEAs were prepared by Allan V. Moran, R.G., CPG, and Frank A. Daviess, MAusIMM, of SRK Consulting (U.S.), Inc. (“SRK”), each of whom is an independent “qualified person” as such term is defined in NI 43-101, as the primary authors. SRK received technical assistance from Lyntek Incorporated (“Lyntek”) and Mr. Jerry Bush for each of the PEAs. The PEAs are incorporated by reference into this AIF. Complete versions of the PEAs are available on SEDAR at [www.sedar.com](http://www.sedar.com).

The audited consolidated financial statements of the Company for the year ended December 31, 2010 include its consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of operations and deficit, comprehensive loss, cash flows and schedule of mineral properties of the Company for the year ended December 31, 2010 and the nine month period ended December 31, 2009, together with the notes thereon. They have been filed with Canadian securities regulatory authorities on SEDAR (available at [www.sedar.com](http://www.sedar.com)), and are incorporated by reference into this AIF. Also incorporated by reference into this AIF is the Company’s Management’s Discussion and Analysis (“MD&A”) dated March 28, 2011, which has also been filed with Canadian securities regulatory authorities on SEDAR (available at [www.sedar.com](http://www.sedar.com)). All financial information in this AIF is prepared in accordance with Canadian generally accepted accounting principles (“GAAP”).

## **ITEM 2. CORPORATE STRUCTURE**

### **2.1 Name, Address and Incorporation**

Powertech Uranium Corp. was incorporated by registration of its Memorandum and Articles pursuant to the provisions of the *Company Act* (British Columbia) on February 10, 1984 as “Ararat Oil & Minerals Inc.”, with an authorized capital of 20,000,000 shares without par value.

On March 19, 1985, the Company altered its Memorandum to change its name to “International Powertech Systems Inc.” and to increase its authorized capital to 10,000,000 Class “A” Common Shares without par value and 10,000,000 Class “B” Preferred Shares without par value. At this time, the Company adopted new articles which

were approved by a special resolution of the Company's shareholders at the annual general meeting held on January 31, 1985.

On October 20, 1987, the Company altered its Memorandum to increase its authorized capital to 20,000,000 Class "A" Common Shares without par value and 10,000,000 Class "B" Preferred Shares without par value.

On March 2, 1992, the Company altered its Memorandum to change its name to "Powertech Industries Inc." and to increase its authorized capital to 20,000,000 Class "A" Common Shares without par value and 10,000,000 Class "B" Preferred Shares without par value.

On March 2, 1992, the Company's issued and outstanding shares were consolidated on a five to one basis.

On May 1, 2000, the Company altered its Memorandum to increase its authorized capital to 100,000,000 Class "A" Common Shares without par value and 50,000,000 Class "B" Preferred Shares without par value.

On November 25, 2004, the Company transitioned from the *Company Act* (British Columbia) to the *Business Corporations Act* (British Columbia). At that time the Company filed its Notice of Articles, which effectively replaced its Memorandum, and adopted new Articles.

On June 5, 2006, the Company changed its name from "Powertech Industries Inc." to "Powertech Uranium Corp."

On April 30, 2007, the Company amended its Notice of Articles to increase its authorized capital to an unlimited number of Class "A" Common Shares (each, a "Common Share") without par value and an unlimited number of Class "B" Preferred Shares without par value.

On August 15, 2007, the Company received a court order allowing it to retroactively date the amendments to its Notice of Articles made on April 30, 2007 to November 25, 2004.

The Common Shares are publicly traded on the Toronto Stock Exchange (the "TSX") under the symbol "PWE" and the Frankfurt Stock Exchange under the symbol "P8A". Powertech's registered office is located at Suite 800 – 885 West Georgia Street, Vancouver, British Columbia V6C 3H1. The Company's corporate head office is located at 5575 DTC Parkway, Suite 140, Greenwood Village, Colorado, USA 80111.

## **2.2 Intercorporate Relationships**

Powertech has two wholly-owned subsidiaries, its direct subsidiary, Powertech (USA), Inc. ("Powertech USA"), which was incorporated in South Dakota, USA, and its indirect subsidiary, Indian Springs Land and Cattle Co., LLC ("Indian Springs"), a limited liability corporation organized under the laws of Colorado, whose shares are wholly owned by Powertech USA.

## **ITEM 3. GENERAL DEVELOPMENT OF THE BUSINESS**

Powertech's principal assets are comprised of mineral properties in Colorado, South Dakota, and Wyoming. The properties have been acquired through purchase agreements, lease agreements or staking claims.

### **3.1 Three Year History**

The Company is in the business of exploration for, and development of, uranium properties located in the United States. The Company's primary projects are its Dewey-Burdock Project, located in Custer and Fall River Counties, South Dakota, and its Centennial Project, located in Weld County, Colorado. The Company initially acquired an interest in the Dewey-Burdock Project in May, 2006 from Denver Uranium Company, LLC. The acquired interest consisted of leases of federal claims, private mineral rights covering 11,180 acres and private surface rights covering 11,520 acres. The Company also acquired a 100% interest in 119 mineral claims covering approximately

2,300 acres in the Dewey-Burdock area, subject to a production royalty based upon the price of uranium, from Energy Metals Corp. in May, 2006.

On June 3, 2008, the Company entered into a Private Placement Agreement (the "First Private Placement Agreement") with Powertech USA and Société Belge de Combustibles Nucléaires Synatom SA ("Synatom"), pursuant to which the Company issued to Synatom 6,000,000 units at a price of CAD\$1.50 per unit for aggregate proceeds of \$8,980,200 (CAD\$9,000,000) (the "First Private Placement"). Each unit consisted of one Common Share and two share purchase warrants with each warrant entitling the holder to purchase an additional Common Share at the exercise price, subject to adjustment, of CAD\$2.00 per share, all of which expired unexercised. In connection with the First Private Placement, the Company also granted Synatom certain governance rights and agreed to certain positive and negative covenants with respect to the operation of the Company's business. Synatom's rights under the First Private Placement agreement terminated on March 15, 2011 in connection with the Refinancing Transaction (as defined and described below).

On December 10, 2008, the Company entered into an Assignment and Purchase Agreement with Bayswater Uranium Corporation ("Bayswater") whereby Bayswater assigned and transferred to the Company all of its right, title and interest in certain mineral lands and a surface access agreement to the Company and also sold certain properties to the Company, consisting of an aggregate of 381 mining claims and 8,186 acres of Wyoming State mining leases, for a total of 15,806 acres of property in South Dakota and Wyoming in exchange for the payment by the Company to Bayswater of \$50,000. Pursuant to the terms of the agreement, the Company agreed to maintain all properties for one year from the date of the agreement. The Company has the right, in its sole discretion, to remove or surrender up to 25% of the acquired properties in each year, upon giving Bayswater 90-days notice in accordance with Bayswater's right to reacquire such properties in such circumstances. Bayswater will retain a yellowcake royalty on all properties ranging from 1% to 5%, depending on the terms of underlying royalty agreements inherited by the Company.

On December 19, 2008, the Company entered into a second Private Placement Agreement with Powertech USA and Synatom (the "Second Private Placement Agreement"), whereby the Company agreed to issue a debenture in the principal amount of \$7,547,400 (CAD\$9,000,000) to Synatom (the "Second Private Placement"). The debenture bore interest at the rate of 7% per annum, compounded annually and had a maturity date of three years from the date of issuance, absent earlier maturity pursuant to the terms of the debenture. Both the principal of the debenture and the accrued interest thereon were to be convertible into Common Shares at a fixed conversion price of CAD\$0.50 per share. The debenture was issued to Synatom on February 11, 2009. The debenture was retired on March 15, 2011, in connection with the Refinancing Transaction, as discussed below.

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.

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. For the exclusive rights to these options, the Company paid \$197,000 during the three month period ended June 30, 2009. During July 2009, the Company made an option payment in the amount of \$1,530,000. During June 2010, the Company made an option payment in the amount of \$375,000. The remaining option payment, if the Company elects to make it, 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.

During August 2009, the Company obtained a bridge loan in the amount of \$3,215,745 (CAD\$3,450,000) (the "Bridge Loan") from Synatom that bore 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 (as defined below); or (iii) the date on which the Company were to terminate the Loan Facility. Shortly after obtaining the Bridge Loan, the Company entered into a loan facility with Synatom (the "Loan Facility") for \$12,700,000 (CAD\$13,800,000). The Company utilized the net proceeds of the Loan Facility to repay the Bridge Loan, for working capital and to advance its mineral properties towards production. The Loan Facility was divided into four equal tranches of CAD\$3,450,000 each. Only the principal amount of the second tranche could be convertible into Common Shares at a conversion price of CAD\$0.50 per share, subject to anti-dilution adjustments.

The first and second tranches bore interest at the rate of 7% per annum, and each of the third and fourth tranches bore 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, the Company had drawn down all four tranches. The Loan Facility was retired on March 15, 2011 as part of the Restructuring Transaction, as discussed below.

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"), as discussed below. It also closed a refinancing transaction (the "Refinancing Transaction") with Synatom, Powertech USA and Indian Springs, as discussed below, which was approved by Powertech's shareholders at a special meeting held on March 14, 2011. The closing of each of the Offering and the Refinancing Transaction were mutually conditional on the closing of the other.

### **Closing of the 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 and one half of one common share purchase warrant. Each whole warrant (a "Warrant") will entitle the holder to purchase one Common 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 Common Shares on the TSX, or on any other stock exchange on which the Common 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. This commission was expensed at the time of the closing. 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 Common Share 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 Common Shares issued and outstanding. Net proceeds from the Offering after commissions, Agent expenses and payment to Synatom in connection with the Refinancing Transaction, 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 million 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\$7.5 million) (the “Note”) to Synatom, which is repayable in cash or Common 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 Common 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 Common Shares on the TSX (or such other stock exchange on which the Common 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, 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 Debenture; (ii) the Loan Facility; and (iii) the rights and obligations under the First Private Placement Agreement and the Second Private Placement Agreement (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.

#### **ITEM 4. DESCRIPTION OF THE BUSINESS**

##### **4.1 General**

The Company is engaged, through its subsidiary, Powertech USA, in the acquisition, exploration and development of uranium properties. The Company’s principal projects are the Dewey-Burdock Project and the Centennial Project, which it has identified as being material. The Company’s other projects include the Plum Creek Prospect, the Aladdin Prospect, Dewey Terrace Prospect, the Colony Prospect and the Powder River Basin Prospect.

During the year ended December 31, 2010, Powertech continued to focus on the exploration and development of its uranium projects, with its strategic objectives being to progress its development projects to commercial production and to maximize shareholder returns through capital appreciation.

##### *Industry Trends*

The recent earthquake and tsunami in Japan, with the resultant damaging effect on that country’s nuclear reactors, may affect the Company’s expected permitting timeline and business plan. These events negatively affected public opinion regarding nuclear energy as a safe and viable source of power. A number of heads of government and their legislative bodies have announced reviews and/or delays of plans to develop new nuclear power facilities. In the United States, the Chairman of the Nuclear Regulatory Commission (“NRC”) has publicly stated that a more stringent review of design risks will be undertaken for both existing facilities and future applications for new nuclear power facilities. The additional scrutiny by the NRC could affect all parts of the organization including the licensing of new uranium production facilities. Other relevant regulatory bodies could also react to these recent events resulting in additional delays or barriers in permitting and licensing new uranium production operations.

Since the occurrence of these events, the Company and other companies engaged in uranium exploration and development have experienced a reduction in the trading prices of their shares on applicable stock exchanges. Given the short time that has elapsed between the events in Japan and the date of this AIF, the remaining uncertainty as to the ultimate outcome, and the current volatility of public markets and public opinion, it is too soon for the Company to determine the long-term impact such events will have on the Company's financial condition, results of operations and permitting plans, particularly as pertains to the Company's Dewey-Burdock Project, which is at an advanced stage in the permitting process. It is possible that it will take several fiscal quarters before the long-term effects of the events in Japan on the Company can be determined.

#### *The Market for Uranium*

Uranium is supplied from primary production (the mining of uranium ores) and secondary sources, including the inventories held by producers and utilities, government inventories, uranium recycled from government stockpiles and the recycling of highly enriched uranium from Russia. The primary uranium production industry is international in scope, with a small number of companies operating in relatively few countries.

The principal commercial use for uranium is as a fuel for nuclear power plants. Demand for uranium is linked to the level of electricity generated by nuclear power plants. According to the Nuclear Energy Institute ("NEI"), as of January 2011 there were 104 nuclear power plants in 31 states operating 24/7 to produce more than 20% of the United States electricity. The U.S Department of Energy projects that U.S electricity demands will rise 24% by 2035. Even with conservation and efficiency measure, the U.S. will need hundreds of new power plants from a diverse portfolio of fuel sources to supply electricity for a high standard of living and to promote domestic economic growth. Maintaining nuclear energy's current 20% share of generation would require building about one reactor per year starting in 2016 or 20 to 25 new units by 2035. On a global basis, according to NEI, as of January 2011, 29 countries worldwide operate 442 nuclear reactors for electricity generation and 65 new nuclear plants are under construction in 15 countries. These plants are currently supplying approximately 14% of the world's electricity requirements in 2009.

Each year since 1985, the consumption of uranium has exceeded primary production by a substantial margin. To date, the supply gap has been accommodated by sales from existing inventories of uranium, stockpiles of highly enriched uranium and recycling programs. The shortfall between anticipated world uranium requirements and production is increasing, however, as existing inventories and other sources of secondary supply are depleted.

Utilities secure a substantial proportion of their uranium requirements by entering into medium and long term contracts with producers. Contract prices are established by a number of methods, including base price levels adjusted by inflation indices, reference prices and annual price negotiations. Contracts may contain floor prices, ceiling prices and other negotiated provisions which affect the price paid.

#### *Environmental Protection*

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations govern exploration, development, tenure, production, taxes, labour standards, occupational health, waste disposal, protection and remediation of the environment, reclamation, mine safety, toxic substances and other matters. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the general handling, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

#### *Foreign Operations*

The Company's principal assets are located outside of Canada, in the United States of America.

## *Employees*

The Company has 21 direct employees and 4 contract employees.

## *Competitive Conditions*

The uranium exploration and mining business is highly competitive. There are numerous mining and exploration companies in Canada and the United States, both big and small. All of these mining companies are seeking properties of merit. The market for identifying and acquiring suitable claims with uranium mineral deposits is highly competitive. The Company expects to face competitors and potential competitors with substantially greater financial, marketing and human resources than the Company. The Company's competitive position depends on its ability to successfully and economically explore, acquire and develop new and existing mineral properties. In addition, the Company's competitive position within the uranium mineral industry may be affected by many factors including the recent trend toward consolidation among competitors, economies of scale in the acquisition and development of mineral properties which accrue to some of the Company's competitors and higher development costs. Increased competition could cause a reduction in the Company's ability to locate suitable mineral properties which could have a material adverse effect on the Company's financial results.

While the Company may compete with other exploration companies in their effort to locate and license mineral resource properties, it does not compete with them for the removal or sale of mineral products from their properties if it should eventually discover the presence of them in quantities sufficient to make production economically feasible. Readily available markets exist world-wide for the sale of mineral products. Therefore, it will likely be able to sell any mineral products that it is able to identify and produce. The Company's ability to be competitive in the market over the long term is dependent upon the quality and amount of ore discovered, cost of production, the acquisition and retention of qualified employees and proximity to the market. Due to the large number of companies and variables involved in the mining industry, it is not possible to pinpoint the Company's direct competition.

## **4.2 Risk Factors**

The Company's operations and financial performance are subject to the normal risks of mining and are subject to various factors which are beyond the control of the Company. Certain of these risk factors are described below. The risks described below are not the only ones facing the Company. Additional risks not currently known to the Company, or that it currently considers immaterial, may also adversely impact the Company's business, operations, financial results or prospects, should any such other events occur.

### *Recent Events In Japan May Affect Public Acceptance of Nuclear Energy and the Company's Permitting Timelines*

Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks that could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. In recent years, the nuclear industry had seen increased capacity at existing nuclear plants, extensions of plant licenses and new plant planning and construction. Public opinion in many countries had moved in favour of nuclear power, and recent increases in oil prices had made nuclear energy the lowest cost energy option in some countries. The recent natural disasters in Japan, with the resultant effect of same on certain of the country's nuclear reactors, has caused concern internationally as to the safety of nuclear energy as a viable source of power.

Further, a number of heads of government and their legislative bodies have announced reviews and/or delays of plans to develop new nuclear power facilities. In the United States, the Chairman of the NRC has publicly stated that a more stringent review of design risks will be undertaken for both existing facilities and future applications for new nuclear power facilities. The additional scrutiny by the NRC could affect all parts of the organization including the licensing of new uranium production facilities. Other relevant regulatory bodies could also react to these recent events, resulting in additional delays or barriers in permitting and licensing new uranium production operations. Given the short time that has elapsed between the events in Japan and the date of this MD&A, the remaining uncertainty as to the ultimate outcome, and the current volatility of public markets and public opinion, it is too soon

for the Company to determine the long-term impact such events will have on the Company's financial condition, results of operations and permitting plans, particularly as pertains to the Company's Dewey-Burdock Project, which is at an advanced stage in the permitting process. It is possible that it will take several fiscal quarters before the long-term effects of the events in Japan on the Company can be determined, however such events may result in the Company's business, financial condition or results of operations being negatively affected.

*The Company's Financial Condition and Results of Operations May Be Adversely Affected by Changes in the Market Price of Uranium*

The majority of the Company's potential revenues are anticipated to be derived from the sale of uranium products. The Company's financial condition, results of operations, earnings and operating cash flow will be closely related and sensitive to fluctuations in the long- and short-term market price of uranium. Historically, these prices have fluctuated widely. Between 1970 and 2010, the spot price of uranium has fluctuated between approximately US\$7 per pound and approximately US\$138 per pound. The current spot price of uranium is approximately US\$62 per pound and the most recently reported long-term contract price is approximately US\$70 per pound. The price of uranium has been and will continue to be affected by numerous factors beyond the Company's control. Such factors include, among others: demand for nuclear power; political and economic conditions in uranium producing and consuming countries; reprocessing of used reactor fuel and the re-enrichment of depleted uranium tails; sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants; and production levels and costs of production. Recent events in Japan may result in downward pressure on the spot price of uranium. Many uranium exploration and development companies have experienced a reduction in the trading value of their shares. It is too early to evaluate the long term effects of the events in Japan on the Company and the uranium industry generally.

If, after the commencement of uranium production, the price of uranium falls below the cost of production at the Company's planned mines, it may not be economically feasible to continue production at such sites. This would materially and adversely affect production, profitability and the Company's financial position. A continued decline in the market price of uranium may also require a write-down of the Company's mineral reserves and resources which would have a material and adverse affect on its financial condition, results of operations and profitability. Should any significant write-down in reserves and resources be required, material write-downs of the Company's investment in the affected mining properties and increased amortization, reclamation and closure charges may be required.

*Nuclear Energy Competes With Other Viable Energy Sources*

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydro-electricity may result in lower demand for uranium concentrates and uranium conversion services, which in turn may result in lower market prices for uranium, which would materially and adversely affect the Company's business, financial condition and results of operations.

*The Company Will Require Significant Amounts of Additional Capital in the Future*

The Company has limited financial resources. The Company will continue to make substantial capital expenditures related to exploration, development and production. In particular the Company will have further capital requirements as it expands its present exploration activities at its uranium projects or if it takes advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it.

Volatile demand for uranium and the volatile price of uranium or the incurrence of unanticipated major liabilities or expenses may make it difficult or impossible for the Company to obtain debt financing or equity financing on commercially acceptable terms or at all. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its uranium projects with the possible loss of the rights to such properties. If the exploration or development of any mine is delayed, such delay would have a material and adverse effect on the Company's business, financial condition and results of operation.

### *The Company Faces Competition from Other Mining Companies for the Acquisition of New Properties*

There is a limited supply of desirable mineral lands available for acquisition, claim staking or leasing in the areas where the Company is currently active. Many participants are engaged in the mining business, including large, established mining companies with substantial technical and financial capabilities and long earnings records and which have access to more capital, in some cases have state support, have access to more efficient technology, and have access to reserves of uranium that are cheaper to extract and process. The Company may be at a competitive disadvantage in acquiring mining properties as many of its competitors have greater financial resources and larger technical staffs. Accordingly, there can be no assurance that the Company will be able to compete successfully with its industry competitors.

### *Sale of Uranium is Restricted by International Trade Regulations*

The supply of uranium is, to some extent, impeded by a number of international trade agreements and policies. These agreements and any similar future agreements, governmental policies or trade restrictions are beyond the control of the Company and may affect the supply of uranium available in the United States and Europe, which are the largest markets for uranium in the world. If the Company is unable to supply uranium to important markets in the United States or Europe, its business, financial condition and results of operations may be materially and adversely affected.

### *Deregulation of the Electrical Utility Industry May Affect the Demand for Uranium*

The Company's future prospects are tied directly to the electrical utility industry worldwide. Deregulation of the utility industry, particularly in the United States and Europe, is expected to impact the market for nuclear and other fuels for years to come, and may result in the premature shutdown of some nuclear reactors. Experience to date with deregulation indicates that utilities are improving the performance of their reactors, achieving record capacity factors. There can be no assurance that this trend will continue.

### *Possible Loss of Interests in Exploration Properties*

If the Company fails to make any property payments or expenditures required to maintain its properties in good standing in a timely fashion, the Company may lose some or all of its interest in those properties. This is particularly significant with respect to its two key projects, Dewey Burdock and Centennial. A loss of an interest in either of these properties could have a material adverse effect on the Company's reported indicated and inferred resources. In order to maintain a portion of its interest in the Centennial Project, the Company is required to make significant option payments in June 2011. The Company did not allocate any proceeds from its recent financing to making such payments. If such payments are not made, the Company may lose a portion of its interest in the Centennial Project that would result in a reduction of its reported indicated and inferred resources at Centennial of approximately 14%.

### *The Company's Operations are Subject to Operational Risks and Hazards Inherent in the Mining Industry*

The Company's business is subject to a number of inherent risks and hazards, including environmental pollution, accidents or spills; industrial and transportation accidents, which may involve radioactive or hazardous materials; labour disputes; power disruptions, catastrophic accidents; failure of plant and equipment to function correctly, the inability to obtain suitable or adequate equipment, fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, earthquakes, pit wall failures, ground movements, tailings, pipeline and dam failures and cave-ins; and encountering unusual or unexpected geological conditions and technical failure of mining methods. The Company may also contract for the transport of its uranium and uranium products to refining, conversion and enrichment facilities in North America, which will expose the Company to risks inherent in transportation including loss or damage of transportation equipment and spills of cargo.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's uranium properties, personal injury or death, environmental damage, delays in the Company's exploration or development activities, costs, monetary losses and potential legal liability and adverse governmental

action, all of which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

*Mineral Resource Estimates are Only Estimates and May Not Reflect the Actual Deposits or the Economic Viability of Uranium Extraction*

Resource figures included for uranium are estimates only and no assurances can be given that the estimated levels of uranium will actually be produced or that the Company will receive the uranium price assumed in determining its resources. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling and exploration results and industry practices. Estimates made at any given time may significantly change when new information becomes available or when parameters that were used for such estimates change. While the Company believes that the resource estimates included herein and in its PEAs are well established and reflect management's best estimates, by their nature resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. Furthermore, market price fluctuations in uranium, as well as increased capital or production costs or reduced recovery rates, may render ore resources containing lower grades of mineralization uneconomic and may ultimately result in a restatement of resources. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. The evaluation of resources is always influenced by economic and technological factors, which may change over time.

*A Renewed Macroeconomic Downturn May Reduce the Company's Ability to Obtain Necessary Financing*

In 2008 began a downturn in general worldwide economic conditions due to many factors, including the effects of the subprime lending and general credit market crises, volatile but generally declining energy costs, slower economic activity, decreased consumer confidence and commodity prices, reduced corporate profits and capital spending, adverse business conditions, increased unemployment and liquidity concerns. As such, the Company was subject to certain counterparty risks and liquidity risks relating to the Company's ability to obtain loans and other credit facilities on favourable terms or at all. Although the worst of this downturn appears to have passed, a renewed global economic downturn could expose the Company to similar risks. If these levels of volatility and market turmoil again increase, the Company's planned growth and the trading price of the Common Shares could be adversely affected.

*Exploration, Development and Operating Risk*

The exploration for and development of uranium properties involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical, drilling and other related costs which appear to be rising; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

*Currency*

Exchange rate fluctuations may affect the costs that the Company incurs in its exploration activities. Uranium is generally sold in United States dollars. Since the Company principally raises funds in Canadian dollars, but the Company's costs are incurred in United States dollars, the appreciation of the United States dollar against the Canadian dollar can increase the cost of uranium and other mineral exploration and production in Canadian dollar terms.

*Environmental Risks and Hazards*

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the general handling, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. Reclamation costs are uncertain and planned expenditures estimated by management may differ from the actual expenditures required.

*The Company's Activities are Subject to Extensive Legislation in respect of Environment, Health and Safety*

The Company's activities are subject to extensive federal, provincial, state and local laws and regulations governing environmental protection and employee health and safety. In addition, the uranium industry is subject not only to the worker health and safety and environmental risks associated with all mining businesses, but also to additional risks uniquely associated with uranium mining and milling. The Company is required to obtain governmental permits and provide associated financial assurance to carry on certain activities. The Company is also subject to various reclamation and other bonding requirements under federal, provincial, state or local air, water quality and mine reclamation rules and permits. Although the Company makes provision for reclamation costs, where appropriate, there is no assurance that these provisions will be adequate to discharge its obligations for these costs. Environmental and employee health and safety laws and regulations have tended to become more stringent over time. Any changes in such laws or in the environmental conditions at the Company's properties could have a material adverse effect on the Company's financial condition, cash flow or results of operations.

Failure to comply with applicable environmental and health and safety laws may result in injunctions, damages, suspension or revocation of licenses or permits and the imposition of penalties. There can be no assurance that the Company has been or will be at all times in complete compliance with such laws, regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not adversely affect the Company's business, results of operations, financial condition or prospects.

*Government Regulation*

The Company's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Company believes its exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Many of the mineral rights and interests of the Company are subject to government approvals, licenses and permits. Such approvals, licenses and permits are subject to various federal, state and local statutory requirements. No assurance can be given that the Company will be successful in obtaining or maintaining any or all of the various approvals, licenses and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions hereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations or applicable laws or regulations.

Amendments to current laws and regulation governing operations or more stringent implementation thereof could have a substantial impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Specific to the Company's Centennial Project, originating from opposition to the Project by numerous interested parties in Colorado, a new bill was recently signed (House Bill 1161) creating a specialized regulatory regime for in-situ uranium recovery in the State of Colorado. This new law could, upon implementation, establish standards for in-situ recovery mining and restoration that may ultimately affect the profitability of the Centennial Project.

#### *Public Involvement in the Permitting Process*

The process of obtaining radioactive materials licenses ("RML") from the US Nuclear Regulatory Commission and those required in the states that the Company is operating in allow for public participation. If a third party chooses to object to the issuance of any RML or permit required by the Company, significant delays may occur before the Company is able to secure an RML or permit. Generally, the public objections can be overcome with the passage of time and through the procedures set forth in the applicable permitting legislation. However, the regulatory agencies must also allow and fully consider public comment according to such procedures and there can be no assurance that the Company will be successful in obtaining any RML or permit.

#### *Political Risk*

The Company's future prospects may be affected by political decisions about the uranium market. There can be no assurance that the United States or other government or quasi-governmental authority will not enact legislation or other rules restricting uranium extraction and processing activities, or restricting to whom the Company can sell uranium. In addition the price of uranium may be affected by decisions of national governments to decommission nuclear weapons, thereby increasing the supply of uranium.

#### *The Company has no History of Mineral Production or Mining Operations*

The Company has never had uranium producing properties. There is no assurance that commercial quantities of uranium will be discovered at its properties or other future properties nor is there any assurance that the Company's exploration program thereon will yield positive results. Even if commercial quantities of uranium are discovered, there can be no assurance that any property of the Company will ever be brought to a stage where uranium resources can profitably be produced therefrom. Factors which may limit the ability of the Company to produce uranium resources from its properties include, but are not limited to, the spot price of uranium, availability of additional capital and financing and the nature of any mineral deposits.

The Company does not have a history of mining operations and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

#### *Future Sales of Common Shares by Existing Shareholders*

Sales of a large number of the Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of the Common Shares. Substantially all of the Common Shares can be resold without material restriction in Canada.

#### *No Assurance of Titles or Borders*

The acquisition of the right to exploit mineral properties is a very detailed and time consuming process. There can be no guarantee that the Company will be able to acquire title to surface and mineral rights in the future. Titles to the Company's current and/or future surface or mineral properties may be challenged or impugned and title insurance is generally not available. The Company's surface or mineral properties may be subject to prior unregistered agreements, transfers or claims and title may be affected by, among other things, undetected defects.

Such third party claims could have a material adverse impact on the Company's operations. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

#### *Availability of Qualified Personnel*

The mining industry generally is experiencing a significant shortage of qualified personnel particularly in the availability of professionals such as mining engineers, metallurgists and geologists. There is also a shortage of staff and skilled workers and, as a result, training to fill the positions may be necessary in order to achieve the Company's planned production activities. The uranium industry is further impacted based on the need for professionals and skilled workers because the downturn of the uranium market in the 1980's resulted in a loss of skills and considerably fewer people entering the market in this area of mineral industry. The current demand for people has also resulted in a significant escalation of salaries and wages.

#### *Need for Additional Mineral Reserves and Delineation of Mineral Reserves*

Because mines have limited lives based on proven and probable mineral reserves, the Company will be required to continually replace and expand its mineral reserves if, and when its mines produce uranium. The Company's ability to maintain or increase its annual production of uranium in the future will be dependent in significant part on its ability to bring new mines into production and to expand mineral reserves at existing mines.

The Company may be unable to acquire rights to explore additional attractive mining properties on acceptable terms due to competition for mineral acquisition opportunities with larger, better established mining companies with greater financial and technical resources. There can be no assurance that the Company will be able to bring any of its properties into production or achieve mineral reserves on its properties.

#### *The Company's Insurance Coverage Does Not Cover All of its Potential Losses, Liabilities and Damage Related to its Business, and Certain Risks are Uninsured or Uninsurable*

While the Company may obtain insurance against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance, or in excess of insurance coverage, or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and potentially its financial condition and results of operations.

No assurance can be given that the Company's insurance will be available at economically feasible premiums or at all, or that it will provide sufficient coverage for losses related to these or other risks and hazards.

#### *Proposed Amendments to the United States General Mining Law of 1872 May Have an Adverse Effect on the Company's Business*

Some of the Company's mineral properties comprise unpatented mining claims in the United States. There is a risk that a portion of the Company's unpatented mining claims could be determined to be invalid, in which case the Company could lose the right to mine mineral reserves contained within those mining claims. Unpatented mining claims are created and maintained in accordance with the General Mining Law of 1872. Unpatented mining claims are unique to United States property interests, and are generally considered to be subject to greater title risk than other real property interests due to the validity of unpatented mining claims often being uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations under the General Mining Law of 1872. Unpatented mining claims are always subject to possible challenges of third parties or contests by the federal government. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law.

In recent years, the United States Congress has considered a number of proposed amendments to the General Mining Law of 1872. If adopted, such legislation, among other things, could impose royalties on mineral production from unpatented mining claims located on United States federal lands, result in the denial of permits to mine after

the expenditure of significant funds for exploration and development, reduce estimates of mineral reserves and reduce the amount of future exploration and development activity on United States federal lands, all of which could have a material and adverse effect on the Company's cash flow, results of operations and financial condition.

#### *Shareholders' Interest in the Company May Be Diluted in the Future*

The Company may require additional funds to fund the Company's exploration and development Programs and potential acquisitions. If the Company raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of shareholders.

#### *The Company May Issue Additional Common Shares in the Future to Raise Capital or on the Exercise of Outstanding Stock Options and Warrants*

Sales of substantial amounts of the Common Shares, or the availability of the Common Shares for sale, could adversely affect the prevailing market prices for the Common Shares. A decline in the market prices of the Common Shares could impair the Company's ability to raise additional capital through the sale of new Common Shares should the Company desire to do so.

#### *The Market Price for Common Shares Cannot be Assured*

Securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Company's profitability and reputation.

#### *The Company has Never Paid Dividends and May Not do so in the Foreseeable Future*

The Company has never paid cash dividends on the Common Shares. Currently, the Company intends to retain its future earnings, if any, to fund the development and growth of its business, and does not anticipate paying any cash dividends on the Common Shares in the near future. As a result, shareholders of the Company will have to rely on capital appreciation, if any, to earn a return on their investment in Common Shares for the foreseeable future. The Company's dividend policy will be reviewed from time to time by the Board.

### **4.3 Companies with Mineral Projects**

The information in this section has been reproduced from the summaries of the Dewey-Burdock PEA and the Centennial PEA. The PEAs were prepared by SRK, with the assistance of Lyntek and Jerry Bush, who are all independent qualified persons as defined under NI 43-101. The mineral resource estimates contained in the PEAs are based on Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves ("CIM Definition Standards").

The PEAs have been specifically incorporated by reference into this AIF. For a complete description of assumptions, qualifications and procedures associated with the information in the PEAs, reference should be made to the full text of the PEAs, which are available for review on SEDAR at [www.sedar.com](http://www.sedar.com). There have been no material changes with respect to either of our Dewey Burdock or Centennial Projects since the filing of the respective PEAs.

#### Dewey-Burdock Project – Custer and Fall River Counties, South Dakota

The Company engaged Allan V. Moran, R.G., CPG, and Frank A. Daviess, MAusIMM, of SRK, who are both qualified persons independent from Powertech under NI 43-101, to prepare the Dewey-Burdock PEA. SRK received technical assistance from Lyntek and Mr. Jerry Bush, P.G. SRK and Lyntek are based in Lakewood, Colorado and are well known as providers of a full range of engineering and construction services for the global uranium sector. The purpose of the Dewey-Burdock PEA is to provide an independent analysis of the potential economic viability of the mineral resources of the Dewey-Burdock Project. The engineering staff of Powertech assembled an extensive amount of information as part of the Company's production planning for the Dewey-Burdock Project. This data was used by SRK and Lyntek as the basis of the Dewey-Burdock PEA.

#### *Property Description and Location*

The Dewey-Burdock project is located in southwest South Dakota and forms part of the northwestern extension of the Edgemont Uranium Mining District, a former open-pit uranium producing district on the southwest flank of the Black Hills. The project area has been extensively explored by drilling prior to acquisition by Powertech. The project is located in Townships 6 and 7 South Range 1 East of the Black Hills Prime Meridian, Custer and Fall River counties. The nearest population center to the Dewey-Burdock Project is Edgemont, South Dakota (population 900) located on US Highway 18, 14 miles east from the Wyoming-South Dakota state line.

#### *Ownership*

Powertech controls approximately 18,820 acres of mineral rights and 16,206 acres of surface rights in the project area. Powertech acquired leases from the various landowners with several levels of payments and obligations. In the portions of the project area where Powertech seeks to develop an ISR uranium operation, both surface and minerals are leased. Powertech granted the mineral owners a 5% overriding royalty payment out of sales of the product. The surface owners will be paid a 2% overriding royalty. In addition, surface owners are paid an annual rental to cover the cost of surface use and damage. The payments of royalty to the surface owners are reduced by the amount of bonuses and rentals to be paid. The basic terms of the leases are a five-year initial term and are renewable two times for five years each extension. In the case of production, all leases will be held as long as minerals are produced.

In December 2008, Powertech purchased a large block of properties in South Dakota and Wyoming from Bayswater Uranium Corporation (Bayswater). There were 37 mining claims (740 acres) located adjacent to Powertech properties within the Dewey-Burdock Project. Bayswater (and others) retained a Yellowcake Royalty of 5% on these properties.

#### *Summary*

The Dewey-Burdock Project is an advanced-stage uranium exploration project located in South Dakota, controlled 100% by Powertech. Powertech conducted confirmatory drilling to verify the results of extensive historic drilling, established current Indicated and Inferred classified resources, and conducted hydrogeologic tests to evaluate the project as an in situ leach and recovery (ISR) mining and uranium production operation. Powertech, conceptually designed well fields and a uranium recovery processing facility, and developed cost estimates for a proposed ISR operation that would be similar to existing uranium ISR operations currently in production nearby in Nebraska and Wyoming. Lyntek Inc. reviewed and confirmed the designs and cost estimates as part of preparing this report.

SRK reviewed and compiled all project information into this Preliminary Assessment NI 43-101 technical report document.

The Dewey-Burdock uranium mineralization is comprised of "roll-front" type uranium mineralization hosted in several sandstone stratigraphic horizons that are hydrogeologically isolated and therefore amenable to ISR technology. The deposits, in the Dewey and adjacent Burdock areas contain Indicated resources totaling 1.56 million tons @ 0.214% eU<sub>3</sub>O<sub>8</sub> for 6.68 million contained pounds U<sub>3</sub>O<sub>8</sub>, and an additional Inferred resource of 1.26 million tons @ 0.179% eU<sub>3</sub>O<sub>8</sub> for 4.53 million contained pounds U<sub>3</sub>O<sub>8</sub>.

The proposed ISR project envisions a 1.0 million pound per year U<sub>3</sub>O<sub>8</sub> yellowcake production rate, and a 75% ultimate recovery; generating a nine year mine life. The base case project economics for this Preliminary

Assessment at a long-term uranium price of USD65/lb U<sub>3</sub>O<sub>8</sub> are positive, and indicate a pre-tax NPV of \$55.4million at an 8% discount rate, with an IRR of 27%. Phase I capital costs are estimated at \$65million and cash operating costs of \$34.90/lb U<sub>3</sub>O<sub>8</sub>. The Dewey uranium ISR project is sufficiently attractive from a technical and economic perspective that it justifies pursuit by Powertech toward completion of project permitting and project development. Using data from TradeTech's "Long Term Uranium Price Indicator" as published in <http://www.uranium.info>, a three year trailing average of monthly long term prices from the period April 2007 to March 2010 was calculated to be \$77.81. For the same period, the "TradeTech Uranium (Weekly) Spot Price indicator" was calculated to be approximately \$65.89. A sales price of \$65.00 was used in the base case economic analysis, being significantly below the three year average long term price but nearly at the three year average spot price.

### *Geology and Mineralization*

Uranium deposits in the Dewey-Burdock Project are sandstone, roll-front type. This type of deposit is usually "C"-shaped in cross section, with the down gradient center of the "C" having the greatest thickness and highest tenor. These "roll fronts" are typically a few tens of feet wide and often can be thousands of feet long. Uranium minerals are deposited at the interface of oxidizing solutions and reducing solutions. As the uranium minerals precipitate, they coat sand grains and partially fill the interstices between grains. Thickness of the deposits is generally a factor of the thickness of the sandstone host unit. Mineralization may be 10 to 15ft thick within the roll front while being inches to feet thick in the trailing tail portions. Deposit configuration determines the geometry of the well field and is a major economic factor in ISR mining.

The tectono-stratigraphic setting for roll-front uranium ores is in arkosic and fluvial sandstone formations deposited in sedimentary basins. Host rocks are continental fluvial and near-shore sandstone. The principal ages of the host rocks at Dewey-Burdock are Early Cretaceous (144–97 Ma); the uranium host units are the marginal marine Lakota and Fall River sandstone units within the Inyan Kara Group of earliest Cretaceous Age.

Ore mineralogy consists of uraninite, pitchblende, coffinite, with associated vanadium in some deposits. Typical alteration in the roll-front sandstone deposit includes oxidation of iron minerals up-dip from the front and reduction of iron minerals down-dip along advancing redox interface boundaries.

The primary ore control of uranium mineralization in the Dewey-Burdock Project is the presence of permeable sandstone within a major sand channel system that is also a groundwater aquifer. The source rock for uranium that infiltrated the aquifer is considered the uranium-rich tuffaceous ash White River formation, which was originally deposited unconformably on top of the subcropping sandstone units of the Lakota and Fall River formations. The source of reductant that effected a precipitation of the uranium is postulated to be carbon and carbon trash that occurs in varying quantities throughout the Inyan Kara group sedimentary rocks, and/or hydrocarbons, which are also regionally present in these formations.

### *Exploration*

In 2007 and 2008, Powertech conducted confirmatory exploration drilling, including 155 holes. In addition, Powertech installed water wells for water quality testing and for aquifer testing. This work confirmed and replicated the historic drill data and provided some in-fill definition of uranium roll-fronts. In addition, the hydrogeologic investigations defined the premining water quality and determined the capacity for the uranium-bearing aquifers to allow for circulation of ISR recovery fluid, and confinement of the fluids to the aquifer.

Powertech used the verified historic drill data, and its own confirmatory drilling results to estimate in situ uranium resources for the Dewey Burdock Project. Powertech resources were estimated by an independent consultant, Jerry Bush, and audited by SRK. The Powertech reported resources are shown in the Table ES-1 below:

**Table ES-1: 2010 Dewey-Burdock Resources – 0.50 GT Cut-off (Bush 2010)**

| Classification      | Tons      | Average Grade                         | Pounds (U <sub>3</sub> O <sub>8</sub> ) |
|---------------------|-----------|---------------------------------------|---|
| Indicated Resources | 1,561,560 | 0.214 % U <sub>3</sub> O <sub>8</sub> | 6,684,285                               |
| Inferred Resources  | 1,259,438 | 0.179 % U <sub>3</sub> O <sub>8</sub> | 4,525,500                               |

Mineral resources that are not mineral reserves do not have demonstrated economic viability. This preliminary assessment is preliminary in nature. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized.

#### *Proposed Development and Operations*

The Dewey-Burdock mineralization is located at depths of 500 to 800ft below surface at Dewey and 300 to 550ft below surface at Burdock, as several stacked horizons, which are sinuous and narrow but extend over several miles along trend of mineralization. The deposits are planned for ISR mining by development of individual well fields for each mineralized horizon. A well field will be developed as a series of injection and recovery wells, with a pattern to fit the mineralized horizon, typically a five spot well pattern on 70 to 100ft drillhole spacing.

The Dewey-Burdock project has two distinct locations, Dewey, and Burdock, which conceptually will be ISR-mined simultaneously. The Burdock site is planned for a central uranium recovery and processing plant with Dewey being the location of a satellite plant. Loaded uranium-bearing resin will be trucked from the Dewey satellite Ion-Exchange (IX) facility to the Burdock central processing plant. Confined groundwater aquifers containing the uranium are locally artesian to the surface or near surface. This characteristic is highly favorable for ISR and will aid in the dissolution of oxygen in the lixiviant that is used in the recovery process.

Total recovery of uranium from the mineral deposits is projected at 75%. This value is an estimate based on similar existing operations in Powertech's experience profile. Leaching studies have been conducted on the mineralization in a lab setting to support this estimate of recovery. Therefore, the overall potential yellowcake production is estimated to be 8.41 million pounds U<sub>3</sub>O<sub>8</sub>. Considering the well field development and production schedule, the life of mine, at a production rate of 1,000,000 pounds per year U<sub>3</sub>O<sub>8</sub> is nine years.

The Dewey-Burdock area is well supported by nearby towns and services. Major power lines are located across the project and can be accessed for electrical service for the mining operation. A major rail line (Burlington Northern-Santa Fe) cuts diagonally across the project area. A major railroad siding occurs at Edgemont and will assist in shipment of materials and equipment for development of the producing facilities.

#### *Preliminary Economic Assessment*

Powertech technical and management staff have prior experience with ISR uranium mine development and operations. Therefore, Powertech has developed much of the preliminary well field design and cost estimates in-house, with vendor quotes as support in many instances. Lyntek Inc. provided independent preliminary engineering design support for the surface uranium recovery and processing facilities, and is a major contributor to the estimate of project costs for Dewey-Burdock.

SRK completed a preliminary economic analysis for the Project. The base case economic analysis results indicate a pre-tax NPV of USD55.4 million at an 8% discount rate with an IRR of 27% (Table ES-2). Payback will be in the first quarter of production, Year 4.

The SRK Life of Mine plan and economics are based on the following:

- CIM-compliant Mineral Resources;
- A mine life of nine years;
- A cash operating cost of \$34.90/lb- U<sub>3</sub>O<sub>8</sub>;
- Capital costs of Phase I capital costs of \$65million; and

- No provision for salvage value is assumed in the analysis.

This Preliminary Assessment has been conducted as a study of the potential ISR mineability of the Project, utilizing industry standard criteria for Scoping Level studies, which is normally at  $\pm 35$  to 40% on costing estimates. In many cases, the cost estimates provided by Powertech are defined to a prefeasibility level, with vendor quote backup; as a result, contingency costs for the base case are set at 20%. This report includes the economic basis for the preliminary assessment and any qualifications and/or assumptions of the responsible qualified persons.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. This preliminary assessment is preliminary in nature. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized.

### *Conclusions and Recommendations*

SRK concludes the Dewey-Burdock Project is a sufficiently drill-defined sandstone-hosted roll front uranium deposit that contains approximately 6.7 Mlbs  $U_3O_8$  as Indicated mineral resource and 4.5 Mlbs  $U_3O_8$  as Inferred mineral resource, such that continued work is justified by Powertech towards the goal of ISR uranium recovery and production. Historic and current drilling information support the resource estimation defining several stacked horizons of uranium mineralization at the Dewey and Burdock areas. All basic information necessary to evaluate the conceptual development of the resources by ISR methods has been addressed at a scoping level study to determine the project's potential economic viability.

Powertech's plan is to fully permit to operation and upon receiving all permits to proceed to delineate the initial well fields, conduct baseline and hydrogeologic studies of the initial well fields, and construct the processing facilities. Upon review of the detailed site specific well field data, including additional baseline, resource definition, and hydrogeologic data, Powertech plans to design, construct, and operate their well fields. SRK recommends that Powertech continue the ongoing process of project permitting toward eventual project development and well field construction.

Powertech will permit for full production and will obtain the information to satisfy the prefeasibility study, which is ISR recovery information and operation cost details, during the initial mine start-up phase – during the processing of the first set of ISR wellfield cells that are brought on-line. To achieve initial well field construction, Powertech will require capital expenditures of \$65 million over a 1 year period (initial project capital), as a recommended Phase I program and budget.

Powertech will determine whether or not it will file a pre-feasibility report prior to commencing capital construction for production, with the understanding that the parameters of actual ISR recovery and wellfield production costs are the only items lacking to achieve a pre-feasibility level understanding and a statement of reserves for Dewey-Burdock.

SRK concurs with Powertech's approach to proceed from preliminary economic assessment to a production decision, with the caveat that the reader understand the risks of investing large initial capital for a production scale recovery plant. This is a business decision and risk that Powertech is willing to accept based on prior ISR production history on similar deposits elsewhere in the U.S.

### Centennial Project – Weld County, Colorado

The Company engaged Allan V. Moran, R.G., CPG, and Frank A. Daviess, MAusIMM, of SRK, who are both qualified persons independent from Powertech under NI 43-101, to prepare the Centennial PEA. SRK received technical assistance from Lyntek and Mr. Cary Voss, P.G. SRK and Lyntek are based in Lakewood, Colorado and are well known as providers of a full range of engineering and construction services for the global uranium sector. The purpose of the Centennial PEA is to provide an independent analysis of the potential economic viability of the mineral resources of the Centennial Project. The engineering staff of Powertech assembled an extensive amount of

information as part of the Company's production planning for the Centennial Project. This data was used by SRK and Lyntek as the basis of the Centennial PEA.

### *Property Description and Location*

The Centennial Project is located in west central Weld County, in north central Colorado; about 13 miles south of the Colorado-Wyoming state line. Property access includes major U.S. Highways and numerous state and county roads that follow land subdivision lines. Interstate Highway 25 between Denver, Colorado and Cheyenne, Wyoming is approximately 4 miles west of the project. The project lies within portions of Townships 8, 9 and 10 North, Range 67 West, approximately 14 miles northeast of the city of Fort Collins and 16 miles northwest of Greeley.

### *Ownership*

Originally, the Centennial Project consisted of private mineral rights totaling 6,880 acres. This total included 5,760 acres (nine sections) of mineral rights purchased by Powertech from Anadarko. The Anadarko mineral rights were originally part of the Union Pacific Railroad land grant, which was comprised of alternate sections (checkerboard pattern) for 20 miles on both sides of the railroad right-of-way. Anadarko retained mineral rights pertaining to oil and gas and leasable minerals.

Powertech's land position has steadily increased. In July 2009, Powertech 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. Powertech entered into an option agreement with M.J. Diehl & Sons, Inc. and Howard Diehl and Donna Diehl (collectively, Diehl) to purchase approximately 2,160 acres of land. Pursuant to the option agreement, the Company has 24 months to exercise the option. During the term of the option, the Company is permitted to access the property for the purposes of pumping, testing, monitoring and sampling water. An option agreement was also established with Thomas Varra and Dianna Varra (collectively, Varra) for the purchase of approximately 1,425 acres of land. The option agreement is for a term of 12 months but can be extended for two 12-month periods. Powertech's gross mineral rights in the area include 9,615 acres, while its surface use acreage increased to 7,262 acres. The addition of the surface use acreage provides Powertech access to its privately owned minerals, as well as enabling it to conduct drilling, pump testing, mine planning, and support operational facility design.

### *Summary*

The Centennial Project is an advanced-stage uranium exploration project located in northern Colorado, controlled 100% by Powertech. Powertech conducted confirmatory drilling to verify the results of extensive historical drilling, established current Indicated and Inferred classified resources, and conducted hydrogeologic tests to evaluate the project as an in situ recovery (ISR) mining and uranium production operation. Powertech conceptually designed well fields and a uranium recovery processing facility, and developed cost estimates for a proposed ISR operation that would be similar to existing uranium ISR operations currently in production in Nebraska and Wyoming. Lyntek, Inc. (Lyntek) reviewed and confirmed these designs and cost estimates in the preparation of this report.

SRK reviewed and compiled all project information into this Preliminary Assessment NI 43-101 technical report document.

The uranium mineralization of the Centennial Project is comprised of "roll-front" type uranium mineralization hosted in sandstone stratigraphic horizons of the Fox Hills Sandstone that is amenable to ISR technology. Several deposits are located along the reduction-oxidation boundary that trends generally north-south. The combined Centennial deposits contain Indicated resources totaling 6.87 million tons @ 0.09% eU<sub>3</sub>O<sub>8</sub> for 10.4 million contained pounds U<sub>3</sub>O<sub>8</sub>, and an additional Inferred resource of 1.36 million tons @ 0.09% eU<sub>3</sub>O<sub>8</sub> for 2.3 million contained pounds U<sub>3</sub>O<sub>8</sub>, at a 0.2GT (grade-thickness product) cut-off.

The proposed ISR project envisions a 700,000 pound per year U<sub>3</sub>O<sub>8</sub> production rate and a 75% ultimate recovery; generating a 14 year mine life. The base case economic analysis results indicate a pre-tax Net Present Value (NPV) of \$51.8million at an 8% discount rate with an Internal Rate of Return (IRR) of 18%. Phase I (initial) capital costs are estimated at \$71.1million and Life of Mine operating unit costs of \$34.95/lb U<sub>3</sub>O<sub>8</sub>. The Centennial Uranium

ISR project is sufficiently attractive from a technical and economic perspective that it justifies further work by Powertech toward completion of project permitting, and further definition of hydrogeological characteristics that would allow for ISR production parameters. Using data from TradeTech’s “Long Term Uranium Price Indicator” as published on <http://www.uranium.info>, a three year trailing average of monthly long term prices from the period June 2007 to May 2010 was calculated to be \$76.14. For the same period, the “TradeTech Uranium (Weekly) Spot Price indicator” was calculated to be approximately \$61.68. A sales price of \$65.00 was used in the base case economic analysis, being significantly below the three year average long term price but nearly at the three year average spot price.

*Geology and Mineralization*

The uranium deposits in the Centennial Project are classic roll front type deposits occurring in subsurface sandstones deposited in shallow marine regressive and transgressive sequences within the Fox Hills Sandstone of late-Cretaceous age. The uranium roll fronts in the Centennial area are associated with oxidation/reduction interfaces and are known to cover a linear distance of at least 30 miles, extending throughout an area of more than 50 square miles. Maps prepared by a prior property owner, Rocky Mountain Energy Company (RME) from 1978 until 1984, indicate the regional oxidation occurs in three separate sands within the Fox Hills Sandstone and that potentially economic concentrations of uranium occur in seven distinct deposits within the Project along the oxidation/reduction boundary. Historical exploration drilling by RME defined the deposits that comprise the Centennial Project, and Powertech performed confirmatory drilling to verify the mineralization.

*Exploration*

Historical exploration by RME provides Powertech with a project database including data from 3,500 drillholes. The exploration drillhole data obtained consists of the original electric down hole probe log of each hole. Samples of the cuttings from each hole were collected at 5-foot intervals and the geologic description of the cuttings was recorded on lithologic logs by the project geologist. Numerous cores were taken and chemically assayed from the mineralized zones to substantiate the radiometric values determined by the electric log. RME also logged nearly 800 holes with Princeton Gamma Tech (PGT) instrumentation that conducted spectrometric down hole measurements of protactinium. Protactinium is an early radiometric decay product of uranium and historically it was determined that the presence of protactinium, due to its short half-life, can be directly related to the quantity of uranium present within the subsurface. RME drilled another 12 holes to depths of 250-400 feet on the northern portion of the project that were also probed using a PGT down hole tool. These data are also included with the Powertech database received from Anadarko. Numerous historical reports define uranium “reserves” (resources by current standards).

From August 2007 to October 2007 and from August 2008 to September 2008, Powertech completed three drilling programs, totaling 41 drillholes and 14,931 feet of drilling on the Centennial Project. The depths of these holes ranged from 103 to 900 feet-below-surface. Geological and geophysical information was collected from all drillholes. There were 18 holes completed as water wells, 15 as rotary drillholes, and 8 as core holes.

During 2009, Powertech drilled 16 water wells and 2 additional core holes on the project for a total of 8,677 feet of drilling. These water wells are for the purpose of conducting an aquifer test to investigate the characteristics of the aquifer and the quality of groundwater in the vicinity of Powertech’s initial ISR well field. As of the effective date of this report, the aquifer test has not yet been conducted.

Powertech used the historical data and Powertech drilling data to estimate resources for the Centennial Project compliant with CIM definitions sufficient for NI 43-101 reporting. Powertech first reported resources for the Centennial Project in March 2007, with a second revision in June 2009. The most recent revision of the resources was completed in an updated 43-101 technical report dated February 25, 2010 and stated in this report. The Powertech resource estimate was completed by an independent consultant, Cary Voss, and audited by SRK. The resources reported by Powertech are shown in the Table ES.1 below:

**Table ES.1: 2010 Centennial Resources – 0.20 GT Cut-off (Voss 2010)**

| Classification | Tons | Average Grade (eU <sub>3</sub> O <sub>8</sub> ) | Pounds (U <sub>3</sub> O <sub>8</sub> ) |
|----------------|------|---|---|
|----------------|------|---|---|

|                     |           |       |            |
|---------------------|-----------|-------|------------|
| Indicated Resources | 6,873,199 | 0.09% | 10,371,571 |
| Inferred Resources  | 1,364,703 | 0.09% | 2,325,514  |

Mineral resources that are not mineral reserves do not have demonstrated economic viability. This preliminary assessment is preliminary in nature. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized.

#### *Proposed Development and Operations*

The Centennial mineralization is located at depths of 100 to 700 feet below surface, as primarily three separate mineralized horizons, which are sinuous and narrow but extend for several miles along trend. The deposits are planned for ISR mining by development of individual well fields for each mineralized horizon. A well field will be developed as a series of injection and recovery wells, with a pattern to fit the mineralized horizon, typically a five-spot well pattern on 70 to 100 foot (ft) drillhole spacing depending on local hydrogeologic character.

The Centennial Project has two sections, the Northern project area and the Southern project area, both of which will be developed for ISR mining. The Northern deposits are located below the water table in the host formations with conditions favorable for ISR methods. Much of the mineralization in the Southern project area lies at or just above the water table, which will require a localized enhancement of the water table with a well field encircling freshwater injection fence to facilitate ISR mining methods.

A Central Processing Plant (CPP) will be constructed in the Northern project area, and a satellite facility (SF) in the Southern project area. The SF will only contain ion exchange vessels for resin loading, and the loaded resin will be hauled by truck to the CPP. The central uranium recovery and processing plant is planned to produce uranium as “yellowcake”.

Total recovery of uranium from the mineral deposits is projected at 75%. This value is an estimate based on similar existing operations in Powertech’s experience profile. Leaching studies were conducted in a lab setting to support this estimate of recovery. Therefore, the overall potential yellowcake production is estimated to be 9.52 million pounds U<sub>3</sub>O<sub>8</sub>. Considering the well field development and production schedule, the life of mine, at a production rate of 700,000 pounds per year U<sub>3</sub>O<sub>8</sub> is 14 years.

The Centennial area is well positioned for technical and support services from nearby towns and infrastructure. Major highways and a railroad line are located a few miles west of the property, and a power sub-station of the Colorado power grid is located a few miles east of the project at the community of Nunn.

#### *Preliminary Assessment*

Powertech technical and management staff have prior experience with ISR uranium mine development and operations. Therefore, Powertech developed much of the preliminary well field design and cost estimates in-house, with vendor quotes as support in many instances. Lyntek provided independent preliminary engineering design support for the surface uranium recovery and processing facilities, and is a major contributor to the estimate of project costs for Centennial.

SRK completed a preliminary economic analysis for the Project. The base case economic analysis results indicate a pre-tax NPV of USD 51.8million at an 8% discount rate with an IRR of 18%. The economics are based on a \$65/lb U<sub>3</sub>O<sub>8</sub> long-term uranium price and a design production rate of 700,000lbs U<sub>3</sub>O<sub>8</sub>/yr. Total capital costs are estimated at \$129.3million comprised of initial capital costs of \$71.1million, and ongoing capital costs over the life of mine of \$58.2 million.

This Preliminary Assessment presents a study of the potential ISR minability of the project, utilizing industry standard criteria for Scoping Level studies, which is normally at ±35 to 40% on costing estimates. In many cases, the cost estimates provided by Powertech are defined to a prefeasibility level, with vendor quote backup; as a result,

contingency costs for the base case are set at 20%. This report includes the economic basis for the preliminary assessment and any qualifications and/or assumptions of the responsible qualified persons.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. This preliminary assessment is preliminary in nature. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized.

### *Conclusions and Recommendations*

SRK concludes the Centennial Project is a sufficiently drill-defined sandstone-hosted roll front uranium deposit to support the approximately 12.7 million pounds of in-situ uranium resource stated by Powertech and confirmed by SRK. Historical and current drilling information support the resource estimation defining several deposits of uranium mineralization on private surface and mineral lands at the Centennial Project. Continued work is justified by Powertech towards the goal of defining the potential ISR uranium recovery and production operation. Most of the basic information necessary to evaluate the conceptual development of the resources by ISR methods has been addressed at a scoping study level to assess the project's potential economic viability. SRK recommends that Powertech's 2010 aquifer testing program be completed, and the data be evaluated to better define the hydrogeologic characteristics, to progress the evaluation of the Centennial Project for ISR development.

Powertech's plan is to fully permit the Centennial Project for operations and upon receiving all permits to proceed, delineate the initial well fields, conduct detailed hydrogeologic studies of the initial well fields and aquifer enhancement in the Southern project area, and construct the processing facilities. Upon review of the detailed site-specific well field data, including additional resource definition and hydrogeologic data, Powertech plans to design, construct, and operate their well fields. SRK recommends that Powertech continue the ongoing process of project permitting and hydrogeologic data collection, advancing towards project development and production. Powertech will permit for full production and will obtain the information to satisfy the prefeasibility study, which is ISR recovery information and operation cost details, during the initial mine start-up phase – during the processing of the first set of ISR well field cells that are brought on-line. To achieve initial well field construction, Powertech will require capital expenditures of \$71.1 million over a 1-year period (initial project capital), as a recommended Phase I program and budget.

Powertech will determine whether or not it will file a pre-feasibility report prior to commencing capital construction for production, with the understanding that the parameters of actual ISR recovery and well field production costs are the only items lacking to achieve a pre-feasibility level understanding and a statement of reserves for Centennial.

SRK concurs with Powertech's approach to proceed from preliminary economic assessment to a production decision, with the caveat that the reader understands the risks of investing large initial capital for a production scale recovery plant. This is a business decision and risk that Powertech is willing to accept based on prior ISR production history on similar deposits elsewhere in the U.S.

### **Other Properties**

The Company also holds interests in the properties described below, which are not material to the Company. The Company currently does not have any ongoing exploration activity at the prospects discussed below as it has prioritized its resources to the permitting activities at Dewey-Burdock and Centennial Projects. While the Company continues to maintain the prospects in expectation of future development, there are no additional exploration activities or expenditures planned with respect to these properties for the 2011 fiscal year.

#### **Aladdin Prospect – Crook County, Wyoming**

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 in a historic uranium exploration/mining area along the northwest flank of the Black Hills Uplift. In this area, uranium mineralization has been

encountered in the same sandstones that contain uranium deposits in Powertech's Dewey-Burdock Project and Dewey-Terrace Prospect along the southern flank of the Black Hills Uplift in South Dakota and Wyoming respectively.

#### Dewey Terrace Prospect – Weston and Niobrara Counties, Wyoming

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 approximately 765 mining claims, totalling approximately 18,400 acres. During 2010, the Company elected not to continue its annual maintenance payments on 151 claims and 4 leases or options to lease. The remaining 600 claims and leases or options to lease cover approximately 16,440 acres.

#### Colony Prospect – Cook County, Wyoming

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. During 2010, the Company elected not to continue its annual maintenance payments on 172 claims.

#### Powder River Basin Prospect – Campbell County, Wyoming

As of December 31, 2010, the Power River Basin prospect consisted of 155 mining claims. During January 2011, the Company staked an additional 90 claims in this area.

### **ITEM 5. DIVIDENDS**

#### **5.1 Dividends**

The Company has not paid any dividends since its incorporation. Any determination to pay any future dividends will remain at the discretion of the Board and will be made based on the Company's financial condition and other factors deemed relevant by the Board. There are no restrictions on the ability of the Company to pay dividends except as set out under its governing statute.

### **ITEM 6. DESCRIPTION OF SHARE CAPITAL**

#### **6.1 Common Shares**

The Company is authorized to issue an unlimited number of Common Shares without par value and an unlimited number of preferred shares without par value. As of March 31, 2011, 103,301,362 Common Shares were issued and outstanding. No preferred shares have been issued.

The holders of the Common Shares are entitled to one vote for each Common Share held on all matters to be voted on by such holders and are entitled to receive, pro rata, such dividends as may be declared by the board of directors of the Company (the "Board") out of funds legally available therefore and to receive, pro rata, the remaining property of the Company on a liquidation, dissolution or winding-up of the Company.

### **ITEM 7. MARKET FOR SECURITIES**

#### **7.1 Trading Price and Volume**

Powertech's Common Shares are listed and posted for trading on the TSX under the symbol "PWE". The table below sets forth the high and low closing prices and the volumes for the Common Shares traded through the TSX on a monthly basis for the year ended December 31, 2010, as stated in Canadian dollars.

|                | <b>High</b> | <b>Low</b> | <b>Volume</b> |
|----------------|-------------|------------|---------------|
| January 2010   | \$0.47      | \$0.33     | 3,831,700     |
| February 2010  | \$0.36      | \$0.32     | 572,000       |
| March 2010     | \$0.36      | \$0.28     | 1,248,100     |
| April 2010     | \$0.30      | \$0.27     | 1,530,900     |
| May 2010       | \$0.26      | \$0.19     | 1,337,000     |
| June 2010      | \$0.20      | \$0.17     | 712,100       |
| July 2010      | \$0.25      | \$0.15     | 706,000       |
| August 2010    | \$0.25      | \$0.20     | 598,600       |
| September 2010 | \$0.24      | \$0.19     | 934,100       |
| October 2010   | \$0.36      | \$0.22     | 2,916,000     |
| November 2010  | \$0.43      | \$0.36     | 2,292,900     |
| December 2010  | \$0.40      | \$0.27     | 1,887,400     |

**ITEM 8. ESCROW SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER**

**8.1 Escrowed Securities and Securities Subject to Contractual Restriction on Transfer**

17,596,400 of the Common Shares held by directors and officers of the Company were subject to restrictions on transfer in 2010 pursuant to the terms of a shareholders' agreement among such shareholders, the Company and Synatom. This agreement, and the attendant restrictions on transfer thereunder, were terminated on March 15, 2011 in connection with the Refinancing Transaction. As of the date of this AIF, none of the Company's securities are held in escrow or subject to contractual restrictions on transfer.

**ITEM 9. DIRECTORS AND OFFICERS**

**9.1 Name, Occupation and Security Holding**

At present, the directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting, or until their successors are duly elected or appointed in accordance with the Company's Articles or until such director's earlier death, resignation or removal. The Company's current Board consists of Wallace M. Mays, Richard F. Clement, Jr., Thomas A. Doyle, Douglas E. Eacrett, Greg Burnett and Malcolm F. Clay.

The following table sets forth, for each of the directors and executive officers of the Company, the individual's name, municipality of residence, position held with the Company, principal occupation and, in the case of the directors, the period during which the individual has served as a director of the Company.

| <b>Name<br/>Province/State<br/>Country of Residence<br/>and Position(s)<br/>with the Company<sup>(1)</sup></b> | <b>Principal Occupation<br/>Business or Employment<br/>for Last Five Years<sup>(1)</sup></b>   | <b>Periods<br/>during which<br/>Nominee has<br/>Served<br/>as a Director</b> | <b>Number of<br/>Common<br/>Shares<br/>Owned<sup>(1)</sup></b> |
|--|--|--|--|
| Wallace M. Mays<br>Colorado, USA<br><br>Chief Operating Officer,<br>Director and Chairman of<br>the Board      | Mr. Mays has been a director of the Company since May 11, 2006 and was appointed Chief Operating Officer on February 21, 2008. Mr. Mays is a chemical engineer who spent the early part of his career with Atlantic Richfield Co., where he was responsible for the design, construction, and operation of the first ISL (in-situ leaching) uranium mine in the United States. From 1977 to February 1, 2008, Mr. Mays was involved as a principal | May 11, 2006<br>to present   | 4,180,000 <sup>(2)</sup>                                       |

| Name<br>Province/State<br>Country of Residence<br>and Position(s)<br>with the Company <sup>(1)</sup>  | Principal Occupation<br>Business or Employment<br>for Last Five Years <sup>(1)</sup>  | Periods<br>during which<br>Nominee has<br>Served<br>as a Director | Number of<br>Common<br>Shares<br>Owned <sup>(1)</sup> |
|---|---|---|---|
| Disclosure Committee<br>Member  | and/or senior executive in many uranium mining ventures in the United States and abroad, including Everest Minerals Corporation and Uranium Resources, Inc., a public company, and he has permitted, designed, constructed, and operated numerous ISL uranium mines across the south western United States. In 1996, he was awarded membership in the Uranium Hall of Fame.   |   |   |
| Richard F. Clement, Jr.<br>New Mexico, USA<br><br>President, Chief Executive<br>Officer and Director<br><br>Compensation Committee<br>Member and Disclosure<br>Committee Member | Since May 11, 2006, Mr. Clement has been the President, Chief Executive Officer and a director of the Company. Mr. Clement is a professional geologist who spent the early part of his career, from 1967 through 1983, with Mobil Oil Corp. in the United States and Australia where he was responsible for the operations management of Mobil Oil's uranium exploration programs throughout the United States, development of world-wide strategy for mineral exploration, and managing country operations as Vice President / Exploration Manager of Mobil Energy Minerals Australia Inc. From 1983 through 1999, Mr. Clement was employed by Uranium Resources, Inc., formed in 1977, which became a Canadian public company in 1988, specializing in the ISL development of uranium deposits. Mr. Clement served as a director and Senior Vice President - Exploration of Uranium Resources from 1983 to 1996 and subsequently as President of Uranium Resource's New Mexico subsidiary, Hydro Resources Inc. until 1999, where he oversaw the securing of all necessary mining permits for ISL development of Hydro Resource's uranium deposits. From 1999 until joining the Company, Mr. Clement provided various consulting services to the uranium and petroleum industries through privately held companies controlled by Mr. Clement. | May 11, 2006<br>to present  | 3,528,000 <sup>(3)</sup>                              |
| Thomas A. Doyle<br>British Columbia, Canada<br><br>Chief Financial Officer,<br>Treasurer, Vice President<br>– Finance and Director<br><br>Disclosure Committee<br>Member        | Mr. Doyle was appointed Chief Financial Officer, Vice President – Finance, Secretary and a director of the Company on May 11, 2006. Effective July 15, 2008, he resigned from the position of Secretary and accepted the position of Treasurer. He is also currently the President, Chief Executive Officer and a director of Wolverine Minerals Corp., a junior mining company listed on the TSX Venture Exchange. He was formerly the President, Chief Executive Officer, and a director of Ridgemont Capital Corp., a capital pool company, until November 2010. Until June 2006, Mr. Doyle was the President and Chief Executive Officer of Arctos Petroleum Corp., a public junior oil and gas company, which resulted from the acquisition of Spearhead Resources by Camflo International Inc. Mr. Doyle joined Camflo International Inc. as President and Chief Executive Officer in June 2003. Prior to this, Mr. Doyle held a variety of senior positions in numerous areas of the financial industry in Canada, the United States and internationally. Through these enterprises, Mr. Doyle developed extensive expertise in domestic and foreign financial markets, management, business plan development, and capital formation for a variety of industries, but primarily within the mineral resource and oil and gas industries.  | May 11, 2006<br>to present  | 2,813,400 <sup>(4)</sup>                              |

| Name<br>Province/State<br>Country of Residence<br>and Position(s)<br>with the Company <sup>(1)</sup>  | Principal Occupation<br>Business or Employment<br>for Last Five Years <sup>(1)</sup>  | Periods<br>during which<br>Nominee has<br>Served<br>as a Director | Number of<br>Common<br>Shares<br>Owned <sup>(1)</sup> |
|---|---|---|---|
| Douglas E. Eacrett<br>British Columbia, Canada<br><br>Director<br><br>Audit Committee Member<br>and Compensation<br>Committee Member  | Mr. Eacrett is currently a practicing corporate finance and securities lawyer and a chartered accountant registered with the Institute of Chartered Accountants in British Columbia. Mr. Eacrett has been a director and or officer of a number of public companies in the past five years, all of which have traded on the TSX Venture Exchange. Mr. Eacrett is currently a director of Regent Ventures Ltd., which position he has held since May 2002, a director of Everett Resources Ltd., which position he has held since January 2007, and the Secretary of Clear Frame Solutions Corp., which position he has held since April 6, 2005.  | February 27,<br>2005 to present                                   | 175,000 <sup>(5)</sup>                                |
| Greg Burnett<br>British Columbia, Canada<br><br>Vice President –<br>Administration, Secretary<br>and Director<br><br>Disclosure Committee<br>Member and Audit<br>Committee Member | Mr. Burnett has been the Vice President – Administration of the Company since May 11, 2006. He became a director on June 30, 2006 and was appointed the Company’s Secretary on July 15, 2008. Mr. Burnett has more than 20 years of diversified business experience in corporate finance and administration. Since 1989, he has been President and principal shareholder of Carob Management Ltd., a private management consulting company based in Vancouver, British Columbia, specializing in the provision of due diligence services, development of business plans, and structuring / financing / management of venture capital projects, primarily in the public market arena. Mr. Burnett presently serves on the board of directors and is a consultant to the following public companies: Garibaldi Resources Corp., a junior gold exploration company focusing on projects in Mexico; Wolverine Minerals Corp., a junior mineral exploration company; and Marifil Mines Limited, a junior metals exploration company focused in Argentina. Mr. Burnett holds a Master of Business Administration degree (1986) and a Bachelor of Applied Sciences degree in Civil Engineering (1984) from the University of British Columbia. | June 30, 2006<br>to present                                       | 2,185,000 <sup>(6)</sup>                              |
| Malcolm F. Clay<br>British Columbia, Canada<br><br>Director<br><br>Chairman of the Audit<br>Committee and<br>Compensation Committee<br>Member                                     | Mr. Clay was appointed to the Company’s board of directors on January 14, 2008. He was a partner of KPMG, Chartered Accountants, for 27 years. As a public accountant, he served as lead audit or concurring partner for public companies listed on AMEX, NYSE and the Canadian stock exchanges. Mr. Clay was Partner in Charge of the Vancouver Audit Practice of KPMG for 10 years. In 1997, he was elected non-executive chairman of KPMG Canada. Mr. Clay retired from his career at KPMG in 2002 and since then, has served as a consultant and advisor to numerous public and private companies. Mr. Clay currently serves on the board of directors and as Chairman of the Audit Committee for Versatile Systems Inc., Zongshen Pem Power Systems Inc. and Minco Gold Corporation.   | January 14,<br>2008 to present                                    | 40,000 <sup>(7)</sup>                                 |

(1) Information has been furnished by the directors individually.

(2) 2,112,000 of these Common Shares are held by the Wallace M. Mays 2006 Family Trust No. 1. This number does not include stock options to acquire an aggregate of 1,000,000 Common Shares (600,000 exercisable at CAD\$1.00 per Common Share until May 11, 2011 and 400,000 exercisable at CAD\$1.50 per Common Share until June 18, 2013).

(3) These Common Shares are held by the Clement Family Limited Partnership. This number does not include stock options to acquire an aggregate of 1,000,000 Common Shares (600,000 exercisable at CAD\$1.00 per Common Share until May 11, 2011 and 400,000 exercisable at CAD\$1.50 per Common Share until June 18, 2013).

- (4) This number does not include stock options to acquire an aggregate of 1,000,000 Common Shares (600,000 exercisable at CAD\$1.00 per Common Share until May 11, 2011 and 400,000 exercisable at CAD\$1.50 per Common Share until June 18, 2013).
- (5) This number does not include stock options to acquire an aggregate of 150,000 Common Shares (100,000 exercisable at CAD\$1.00 per Common Share until May 11, 2011 and 50,000 exercisable at CAD\$1.50 per Common Share until June 18, 2013).
- (6) This number does not include stock options to acquire an aggregate of 1,000,000 Common Shares (600,000 exercisable at CAD\$1.00 per Common Share until May 11, 2011 and 400,000 exercisable at CAD\$1.50 per Common Share until June 18, 2013).
- (7) This number does not include stock options to acquire an aggregate of 200,000 Common Shares exercisable at CAD\$1.50 per share until January 14, 2013.

### *Advisory Board*

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

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

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

### **Audit Committee Disclosure**

National Instrument 52-110 of the Canadian Securities Administrators ("NI 52-110") requires the Company to disclose annually in its AIF certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

### *The Audit Committee Charter*

The following Audit Committee Charter was adopted by the Board:

#### *Mandate*

The primary function of the audit committee (the “Committee”) is to assist the Company’s board of directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements;
- review and appraise the performance of the Company’s external auditors; and
- provide an open avenue of communication among the Company’s auditors, financial and senior management and the board of directors.

#### *Composition*

The Committee shall be comprised of a minimum three directors as determined by the board of directors. All of the members of the Committee shall be free from any relationship that, in the opinion of the board of directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

All members of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company’s Audit Committee Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements.

The members of the Committee shall be elected by the board of directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full board of directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

#### *Meetings*

The Committee shall meet a least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

#### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports Review
  - (a) review and update this Audit Committee Charter annually; and

- (b) review the Company's financial statements, MD&A and any annual and interim earnings press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

## 2. External Auditors

- (a) review annually, the performance of the external auditors who shall be ultimately accountable to the Company's board of directors and the Committee as representatives of the shareholders of the Company;
- (b) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1;
- (c) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
- (d) take, or recommend that the Company's full board of directors take appropriate action to oversee the independence of the external auditors, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (e) recommend to the Company's board of directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;
- (f) recommend to the Company's board of directors the compensation to be paid to the external auditors;
- (g) at each meeting, consult with the external auditors about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;
- (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;
- (i) review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements; and
- (j) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided,
  - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services, and
  - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the board of directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

3. Financial Reporting Processes

- (a) in consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external;
- (b) consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- (c) consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management;
- (d) review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments;
- (e) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- (f) review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;
- (g) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- (h) review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
- (i) review certification process;
- (j) establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- (k) establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

4. Other

- (a) review any related-party transactions;
- (b) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- (c) to set and pay compensation for any independent counsel and other advisors employed by the Committee.

*Composition of the Audit Committee*

The Company's Audit Committee is comprised of three directors, Douglas E. Eacrett, Greg Burnett and Malcolm Clay. As defined in NI 52-110, Douglas E. Eacrett and Malcolm Clay are "independent". All of the Audit Committee members are "financially literate", as defined in NI 52-110.

### *Relevant Education and Experience*

Mr. Eacrett is currently a practicing corporate finance and securities lawyer and a chartered accountant registered with the Institute of Chartered Accountants in British Columbia. Mr. Eacrett has been a director and or officer of a number of public companies in the past five years, all of which have traded on the TSX Venture Exchange.

Mr. Burnett has been the Vice President – Administration of the Company since May 11, 2006. He became a director on June 30, 2006 and was appointed the Company’s Secretary on July 15, 2008. Mr. Burnett has more than 20 years of diversified business experience in corporate finance and administration

Mr. Clay was a partner of KPMG, Chartered Accountants, for 27 years. As a public accountant, he served as lead audit or concurring partner for public companies listed on AMEX, NYSE and the Canadian stock exchanges. Mr. Clay was Partner in Charge of the Vancouver Audit Practice of KPMG for 10 years. In 1997, he was elected non-executive chairman of KPMG Canada.

### *Reliance on Certain Exemptions*

Since the commencement of the Company’s most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4, 3.2, 3.3(2), 3.4, 3.5, 3.6, 3.8 or Part 8 of NI 52-110.

### *Audit Committee Oversight*

Since the commencement of the Company’s most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

### *Pre-Approval Policies and Procedures*

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter of the Company. Please refer to Section 2(j) under the heading entitled “*Responsibilities and Duties*” under the section entitled “*Audit Committee Disclosure*” to review the terms of the Audit Committee Charter.

### *External Auditor Service Fees*

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Non-Audit fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

| <b>Financial Year Ended</b> | <b>Audit Fees</b> | <b>Non-Audit Fees</b> | <b>Tax Fees</b> | <b>All Other Fees</b> |
|-----------------------------|-------------------|-----------------------|-----------------|-----------------------|
| December 31, 2010           | \$59,040          | \$22,100              | \$4,380         | Nil                   |
| December 31, 2009           | \$55,125          | \$21,775              | \$2,180         | Nil                   |

### **Disclosure Committee**

On July 24, 2007, the Company adopted a Disclosure, Confidentiality and Insider Trading Policy. In accordance with this Policy, a Disclosure Committee was created to implement the terms of the Policy.

## *Mandate*

The Disclosure Committee will have the responsibility to:

- evaluate the necessity of making public disclosures;
- review and approve, before they are generally disclosed, each document to assess the quality of the disclosures made in the document including, but not limited to, whether the document is accurate and complete in all material respects;
- review and approve the guidelines and procedures to be distributed to appropriate management and other Company personnel designed to gather the information required to be disclosed in core documents;
- establish timelines for the preparation of core documents, which timelines will include critical dates and deadlines during the disclosure process relating to: (i) the preparation of drafts, (ii) the circulation of drafts to appropriate Company personnel, the Company's independent auditors and the Audit Committee of the board of directors of the Company (the "Board"), (iii) the receipt of comments, and (iv) the review of the comments by the Disclosure Committee. Such timetables will allow for circulation of draft Core Documents to the Chief Executive Officer, the Chief Financial Officer, the Audit Committee of the Board and the Board sufficiently in advance of the applicable filing deadline in order to enable such persons to review carefully the filing and discuss any questions and comments related thereto;
- make determinations about whether:
  - any information is Material Information,
  - a Material Change has occurred,
  - selective disclosure has been or might be made, or
  - a Misrepresentation has been made;
- oversee the design and implementation of this Policy and the Company's "Disclosure Controls and Procedures", which are defined as controls and procedures that are designed to ensure that information required to be disclosed by the Company in its Core Documents is recorded, processed, summarized and reported within the specified time periods;
- periodically evaluate the effectiveness of the Company's Disclosure Controls and Procedures, particularly prior to the filing of each Core Document, and assist the Chief Executive Officer and the Chief Financial Officer with their evaluation of the effectiveness of such Disclosure Controls and Procedures. The Disclosure Committee's evaluation will include an assessment of the adequacy of the controls and procedures in place to ensure that material information required to be disclosed in the Core Documents is being recorded, processed, summarized and reported;
- make recommendations to the Chief Executive Officer and the Chief Financial Officer with respect to the disclosures to be contained in the Core Documents to be filed by the Company;
- in its discretion, conduct interim evaluations of the Company's Disclosure Controls and Procedures in the event of significant changes in securities regulatory requirements, Canadian GAAP, legal or other regulatory policies, or stock exchange requirements, or if it otherwise considers such evaluations appropriate;
- educate the Directors, Officers, Employees and Contractors about the matters contemplated by this Policy;

- monitor the effectiveness of, and compliance with, this Policy and report to the Audit Committee of the Board on the operation of this Policy, or to the Chief Executive Officer and the Chief Financial Officer in the case of the effectiveness of the Disclosure Controls and Procedures and the Disclosure Committee's assessment of the quality of the disclosures made in Documents, and recommend any necessary changes to this Policy;
- annually review and re-assess the adequacy of this Policy and, if necessary, recommend any proposed changes to the Chief Executive Officer and the Chief Financial Officer for approval such that the Policy complies with changing requirements and best practices;
- accumulate information which may be required to be reported upon or disclosed and communicated to the executive officers of the Company to allow the Company to meet its disclosure obligations on a timely basis; and
- report to the Chief Executive Officer and the Chief Financial Officer prior to such officers executing their certifications related to the Core Documents setting out the evaluation, findings and conclusions of the Disclosure Committee regarding the effectiveness of the Disclosure Controls and Procedures and the Disclosure Committee's assessment of the quality of the disclosures made in the Core Documents.

### *Composition*

Various representatives of the Company, as may be designated by the Chief Executive Officer and the Chief Financial Officer, from time to time, will be responsible for the implementation of this Policy. Currently, the Disclosure Committee is composed of Greg Burnett, Tom Doyle, Wallace Mays and Richard Clement.

## **9.2 Corporate Cease Trade Orders**

Other than as set out below, to the best of management's knowledge, no director or executive officer of the Company is or has been within 10 years before the date of this AIF, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company that: (i) while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied that person or company access to any exemption under securities legislation for a period of more than 30 consecutive days, or (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity of director, CEO or CFO.

On or about May 24, 2000, Golden Maritime Resources Ltd. was the subject of a cease trade order issued by the Ontario Securities Commission with a view to allowing the company an additional two months to secure a financing and file the company's December 31, 1999 audited financial statements. The company failed to secure the financing and on July 24, 2000, Golden Maritime Resources Ltd. was subject to, and continues to be subject to, a cease trade order for failing to file financial statements. Douglas Eacrett was a director of the company from January 1996 to December 2003. On November 3, 2005, ClearFrame Solution Corp. was made the subject of a cease trade order for failing to file financial statements. Douglas Eacrett is the Secretary of that company.

Greg Burnett was a director of Arctos Petroleum Corp. and Orko Gold Corp. when these companies were subject to cease trade orders for failing to file certain financial information in a timely manner. All cease trade orders were revoked upon filing the required financial information.

Tom Doyle was a director of Arctos Petroleum Corp. when this company was subject to a cease trade order for failing to file certain financial information in a timely manner. This cease trade order was revoked upon filing the required financial information.

### **9.3 Bankruptcies**

Other than as set out below, to the best of management's knowledge, no director, executive officer or shareholder holding a sufficient number of shares to materially affect control of the Company: (i) is or has been within the 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

In the year subsequent to Greg Burnett resigning as a director of Commercial Consolidators Corp. and Prefco Enterprises Inc., both companies were subject to bankruptcy and receivership proceedings.

### **9.4 Conflicts of Interest**

In the event conflicts arise at a meeting of the Board, a director who has such a conflict will declare the conflict and abstain from voting. In appropriate cases, the Company will establish a special committee of independent non-executive directors (drawn from the majority of its members who must at all times be "independent" within the meaning of NI 52-110) to review a matter in which one or more directors or management may have a conflict.

To the best of the Company's knowledge there are no known existing or potential conflicts of interest between the Company and any director or officer of the Company, except that certain of the directors of the Company serve as directors and officers of other public companies and it is therefore possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of such other companies. Where such conflicts arise, they will be addressed as indicated above.

## **ITEM 10. LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

### **10.1 Legal Proceedings**

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.

## **ITEM 11. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

### **11.1 Interest of Management and Others in Material Transactions**

At the time that the Company entered into the First Private Placement Agreement with Synatom, Synatom owned 4,890,000 Common Shares. At the time that the Company entered into the Second Private Placement Agreement, the Bridge Loan and Loan Facility with Synatom, Synatom owned 10,890,000 Common Shares. In addition, on March 15, 2011, the Company completed the Refinancing Transaction with Synatom. For details on these transactions and Synatom's interest with respect to those transactions, see the section entitled "General Development of the Business – Three Year History".

## **ITEM 12. TRANSFER AGENTS AND REGISTRARS**

### **12.1 Transfer Agents and Registrars**

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada in Vancouver, British Columbia. The register of transfers of our Common Shares is located at Computershare's office in Vancouver, British Columbia.

## **ITEM 13. MATERIAL CONTRACTS**

### **13.1 Material Contracts**

There are no other contracts, other than those disclosed in this AIF and those entered into in the ordinary course of the Company's business, that are material to the Company and which were entered into in the most recently completed fiscal year or which were entered into before the most recently completed fiscal year but are still in effect as of the date of this AIF.

1. Management Services Contract, dated May 1, 2006, between the Company and Tom Doyle. Effective April 30, 2011, this contract terminates while new terms are being negotiated.
2. Management Services Contract, dated May 1, 2006, between the Company and Carob Management Ltd. (Greg Burnett). Effective April 30, 2011, this contract terminates while new terms are being negotiated.
3. Management Services Contract, dated May 1, 2006, between the Company and Richard F. Clement, Jr. Effective April 30, 2011, this contract terminates while new terms are being negotiated.
4. Management Services Contract, dated May 1, 2006, between the Company and WM Mining Company LLC (Wallace Mays). Effective April 30, 2011, this contract terminates while new terms are being negotiated.
5. Personal Guarantee of Wallace Mays to Powertech USA, dated December 1, 2008, to guarantee the provision of services by WM Mining LLC pursuant to the Management Services Contract, dated May 1, 2006, between the Company and WM Mining Company LLC.
6. Purchase Agreement, dated May 29, 2008, between Powertech USA and Elston Bros. Realty Co., LLC.
7. Assignment and Purchase Agreement, dated December 10, 2008, between Bayswater Uranium Corporation and the Company.
8. Quitclaim Deed and Assignment dated January 12, 2009, between Neutron Energy, Inc. and Powertech USA.
9. Quit Claim Deed and Assignment Agreement, dated January 12, 2009, between Powertech USA and Neutron Energy Inc.
10. Refinancing Agreement among Powertech, Powertech USA, Indian Springs and Synatom dated February 4, 2011.
11. Termination, Voting and Lock-Up Agreement among Powertech, Powertech USA, Indian Springs and Synatom dated March 15, 2011.

12. Termination Agreement among Powertech, Synatom, the Wallace M. Mays 2006 Family Trust No. 1, Richard F. Clement, Jr., the Clement Family Limited Partnership, Thomas A. Doyle and Greg Burnett dated March 15, 2011.
13. Unsecured, Non-Interest Bearing Promissory Note dated March 15, 2011 issued by Powertech in favour of Synatom.
14. Guaranty Agreement of Powertech USA in favour of Synatom dated March 15, 2011.

On March 25, 2011, the Company provided written notice to each of Carob Management Ltd., WM Mining Company LLC, Thomas A. Doyle and Richard F. Clement, Jr. under the management services contracts set out in numbers 1 to 4 above, that it does not wish to renew any of such agreements. As a result, all four management services agreements will expire as of April 30, 2011 while new terms for such agreements are being negotiated.

#### **ITEM 14. EXPERTS**

##### **14.1 Names of Experts**

The PEAs which are incorporated by reference into this AIF were prepared by SRK, and endorsed by qualified persons, Allan V. Moran, R.G., CPG and Frank A. Daviess, MAus IMM of SRK and John I. Kyle, P.E. of Lyntek. Jerry D. Bush, a Certified Professional Geologist (Wyoming PG No. 630), and an independent qualified person as contemplated by NI 43-101, assisted with the preparation of the PEAs. To the best of the Company's knowledge, none of the foregoing experts held any registered or beneficial interest, direct or indirect, in any securities or other property of the Company or any of its associates or affiliates and no securities or other property of the Company or any of its associates or affiliates were subsequently received or are to be received by such experts.

#### **ITEM 15. ADDITIONAL INFORMATION**

##### **15.1 Additional Information**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans will be contained in the management information circular to be prepared in connection with the Company's 2011 annual meeting of shareholders which is currently scheduled for May 31, 2011. When completed, the management information circular will be available on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Company's financial statements and MD&A for the financial period ended December 31, 2010, which are incorporated by reference herein.