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Canadian Mining Corporation Files Suit Against State of Colorado

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On Monday, November 1, 2010, Powertech Uranium Corp., a Canadian uranium prospecting company, filed a lawsuit against the Colorado Mined Land Reclamation Board and Mike King, Executive Director of the Colorado Department of Natural Resources. The lawsuit, filed through its South Dakota subsidiary Powertech (USA) Inc., claims that recently adopted rules and regulations implementing House Bill 08-1161 and Senate Bill 08-228 are arbitrary, capricious, and exceed Colorado statutory authority. The action was filed in Denver State District Court.

The lawsuit challenges a list of specific rules, each designed to ensure ground water protection as well as require public and local government involvement in the mine permit process. The rules were crafted over a two-year process and were supported by a diverse range of groups, including C.A.R.D., Environment Colorado and other conservation groups state-wide, Denver Water, along with multiple local governments and affected communities.

Long-time Powertech mine opponent and Weld County land owner Robin Davis, whose ranch is adjacent to the proposed mine site, had this to say after learning of the lawsuit, "Powertech has told us from the very beginning they could and would restore our water. Now that we have regulations in place that will hold them accountable to their word, they sue the State of Colorado for protecting its resources. It's insulting. If it can't fulfill its promises of protecting our precious water supplies, Powertech should abandon this risky project."

This is second time in recent weeks the uranium mining industry has sued state mine regulators to weaken ground water protections. On September 24, 2010, Cotter Corporation sued the Mined Land Reclamation Board in an attempt to fight clean up orders at its Schwartzwalder Mine, which drains into Denver Water supplies on Ralston Creek near Golden. "The uranium mining industry in

Colorado is wrong to keep fighting water quality protections and better public involvement. The people of Colorado have a right to be heard and will not accept mining projects that cannot protect the water," said Jeff Parsons, Senior Attorney with the Western Mining Action Project, who represented local communities in the rulemaking process. "Frankly, we expect better from the Colorado mining industry, both because of the real threats they can pose and their repeated promises about protecting water and communities."

Powertech's lawsuit contrasts with recent public statements about the new rules made by President and Chief Executive Officer Richard Clement. As recently as October 27, 2010 in an interview with Dan MacArthur of the North Forty News, Clement stated about the rules, "We can live with them." In the same interview, Clement responded, "They are not fatal to the project" when asked about an earlier comment made in an August 6, 2010 written submission to the Mined Land Reclamation Board. At that time, Powertech claimed a requirement to collect baseline water quality data before commencing prospecting "would be fatal to any serious potential in situ recovery project."

Powertech's lawsuit comes on the heels of a recent announcement by major shareholder and investor Synatom that the Belgian firm is exploring options for selling its stake in Powertech. Synatom owns 19.6% of Powertech and has loaned roughly \$25 million to the company. On October 25, Powertech announced the resignation of two Synatom officials from Powertech's board of directors.

Adding to the uncertainty for Powertech is the August 2010 release of a Preliminary Economic Assessment on the Centennial Project. CARD believes various sections of this report reveal serious technical issues such as low hydraulic conductivity/transmissivity, insufficient hydraulic head, vertical communication between aquifers, and the fact that much of the uranium mineralization resides above the water table.

C.A.R.D. is a diverse group of citizens concerned about the health, environmental, and economic impacts of uranium mining related activity. The organization's goal is to protect Northern Colorado's valuable resources, especially our water, for future generations.