



POWERTECH URANIUM CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

(Stated in Canadian Dollars)

(Unaudited)

THE ACCOMPANYING INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2006 AND 2005 HAVE NOT BEEN REVIEWED OR AUDITED BY THE CORPORATIONS AUDITORS

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

<u>ASSETS</u>	December 31, <u>2006</u>	March 31, <u>2006</u>
Current		
Cash and short term investments	\$ 8,772,398	\$ 390,366
Restricted cash – Note 3	20,305	-
Amounts receivables	14,119	9,351
Prepaid expenses and deposits	<u>185,835</u>	<u>-</u>
	8,992,657	399,717
Deferred mineral property acquisition costs	-	150,707
Resource property interests – Note 3	19,177,550	246,722
Equipment	<u>96,581</u>	<u>-</u>
	<u>\$ 28,266,788</u>	<u>\$ 797,146</u>

LIABILITIES

Current		
Accounts payable and accrued liabilities – Note 5	\$ 136,915	\$ 164,148
Current portion of agreements payable – Notes 3(c), (g), (i)	<u>1,003,264</u>	<u>11,680</u>
	1,140,179	175,828
Agreements payable – Notes 3(c) and 3(g)	<u>2,146,176</u>	<u>105,120</u>
	<u>3,286,355</u>	<u>280,948</u>

SHAREHOLDERS' EQUITY

Share capital – Note 4	34,756,241	11,164,571
Share subscriptions	-	285,000
Contributed Surplus – Note 4	4,959,907	-
Deficit	<u>(14,735,715)</u>	<u>(10,933,373)</u>
	<u>24,980,433</u>	<u>516,198</u>
	<u>\$ 28,266,788</u>	<u>\$ 797,146</u>

APPROVED BY THE DIRECTORS:

“Thomas Doyle” Director
Thomas Doyle

“Richard Clement” Director
Richard Clement

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
for the three and nine months ended December 31, 2006 and 2005
(Stated in Canadian Dollars)
(Unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues				
Interest	\$ 90,292	\$ -	\$ 203,440	\$ -
Expenses				
Audit and accounting fees	20,497	2,914	67,178	7,122
Consulting fees – Note 5	120,774	-	306,427	-
Depreciation	4,420	-	4,420	-
Director fees – Note 5	4,500	-	9,000	-
Filing fees	5,730	1,713	57,435	10,030
Foreign exchange	-	-	6,656	-
Legal fees – Note 5	24,033	4,887	111,046	25,966
Office and miscellaneous – Note 5	62,424	557	114,520	687
Shareholder information	11,297	-	12,984	-
Stock-based compensation – Note 4 and 5	83,858	-	2,948,249	-
Transfer agent fees	1,196	1,295	13,287	3,390
Travel and promotion – Note 5	165,096	1,931	200,002	6,870
Wages and benefits – Note 5	73,918	-	154,578	-
	<u>577,743</u>	<u>13,297</u>	<u>4,005,782</u>	<u>54,065</u>
Net loss for the period	<u>\$ (487,451)</u>	<u>\$ (13,297)</u>	<u>\$ (3,802,342)</u>	<u>\$ (54,065)</u>
Basic and diluted loss per share	<u>\$ (.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.12)</u>	<u>\$ (0.01)</u>
Weighted average number of shares outstanding	<u>35,737,479</u>	<u>12,766,487</u>	<u>32,354,472</u>	<u>12,722,511</u>

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
INTERIM CONSOLIDATED STATEMENTS OF DEFICIT
for the three and nine months ended December 31, 2006 and 2005
(Stated in Canadian Dollars)
(Unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Deficit, beginning of the period	\$ (14,248,264)	\$(10,764,665)	\$ (10,933,373)	\$ (10,723,897)
Net loss for the period	<u>(487,451)</u>	<u>(13,297)</u>	<u>(3,802,342)</u>	<u>(54,065)</u>
Deficit, end of the period	<u>\$ (14,735,715)</u>	<u>\$ (10,777,962)</u>	<u>\$ (14,735,715)</u>	<u>\$ (10,777,962)</u>

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three and nine months ended December 31, 2006 and 2005
(Stated in Canadian Dollars)
(Unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Operating Activities				
Net loss for the period	\$ (487,451)	\$ (22,347)	\$ (3,802,342)	\$ (40,768)
Items not affecting cash:				
Depreciation	4,420	-	4,420	-
Stock based compensation – Note 4	<u>83,858</u>	<u>-</u>	<u>2,948,249</u>	<u>-</u>
	(399,173)	(22,347)	(849,673)	(40,768)
Changes in non-cash working capital balances related to operations:				
Amounts receivable	10,865	(1,998)	(4,768)	3,896
Prepaid expenses and deposits	(35,391)	750	(185,835)	1,500
Accounts payable and accrued liabilities	<u>14,794</u>	<u>27,295</u>	<u>12,767</u>	<u>21,648</u>
	<u>(408,905)</u>	<u>3,700</u>	<u>(1,027,509)</u>	<u>(13,724)</u>
Investing Activities				
Capitalized exploration and development costs	(799,713)	-	(1,758,562)	-
Capitalized acquisition costs	-	(22,853)	(238,250)	(22,853)
Acquisition of mineral interests	(1,119,500)	-	(1,119,500)	-
Equipment	(52,136)	-	(101,001)	-
Foreign exchange – capitalized costs	<u>5,421</u>	<u>-</u>	<u>6,090</u>	<u>-</u>
	<u>(1,965,928)</u>	<u>(22,853)</u>	<u>(3,211,223)</u>	<u>(22,853)</u>
Financing Activities				
Issuance of common shares	922,248	9,000	12,641,069	9,000
Share subscriptions	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,500</u>
	<u>922,248</u>	<u>9,000</u>	<u>12,641,069</u>	<u>16,500</u>
Increase (decrease) in cash during the period	(1,452,585)	(10,153)	8,402,337	(20,077)
Cash, beginning of the period	<u>10,245,288</u>	<u>75,965</u>	<u>390,366</u>	<u>85,889</u>
Cash, end of the period	<u>\$ 8,792,703</u>	<u>\$ 65,812</u>	<u>\$ 8,792,703</u>	<u>\$ 65,812</u>
Non-cash Transactions – Note 6				

POWERTECH URANIUM CORP.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2006
(Stated in Canadian Dollars)
(Unaudited)

Note 1 Interim Reporting

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

Note 2 Significant Accounting Policies

Use of Estimates

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

Principles of Consolidation

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

Mineral Property Costs and Depletion

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

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

Note 2 Significant Accounting Policies (cont'd)

Mineral Property Costs and Depletion (cont'd)

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

Basic and Diluted Earnings Per Share

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

Financial Instruments

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

The Company's mineral exploration activities are located in the United States of America and expenditures are in U.S. dollars. Consequently some assets and liabilities are exposed to foreign currency fluctuations. At December 31, 2006, US currency balances were comprised of cash of US\$43,023, restricted cash of US\$17,400, accounts payable of US\$95,065, and agreements payable totalling US\$2,100,000.

Income Taxes

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

Note 2 Significant Accounting Policies (cont'd)

Stock-Based Compensation

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

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

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

Foreign Currency Translation

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

Note 3 Resource Property Interests

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

- a) By a purchase and sale agreement dated February 20, 2006 and effective on closing May 11, 2006, the Company purchased all of the assets of Denver Uranium Company, LLC (“DU”), which includes the package of uranium property leases known as the Dewey-Burdock Property comprising approximately 11,000 acres of mineral and surface rights situated in Custer and Fall River counties, South Dakota, USA. Mineral property acquisition costs at December 31, 2006 are comprised of the following:

Acquisition costs:		
– Issuance of common shares	\$	8,000,000
– Debt settlement – issuance of common shares		1,065,600
– Deferred acquisition costs at March 31, 2006		150,707
– Capitalized acquisition costs		<u>238,250</u>
	\$	<u>9,454,557</u>

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

Note 3 Resource Property Interests (cont'd)

Dewey Burdock Project – Custer and Fall River Counties, South Dakota (cont'd)

- b) By a letter agreement dated November 16, 2005 and effective on closing May 11, 2006, the Company acquired a 100% interest in 119 federal unpatented mineral claims consisting of approximately 2,300 acres situated in South Dakota, USA by the issuance of 1,000,000 common shares and 1,250,000 share purchase warrants. The agreement is subject to a production royalty ranging from 2% to 4%, dependent on the price of uranium. Consequently, mineral property acquisition costs at December 31, 2006 are comprised of the following:

Acquisition costs – Issuance of common shares	\$ 1,000,000
– Issuance of warrants	<u>1,091,671</u>
	<u>\$ 2,091,671</u>

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

Acquisition costs – agreement	\$ 233,280
– legal fees and other costs	<u>15,452</u>
	<u>\$ 248,732</u>

The remaining US\$850,000 is secured by a promissory note and a mortgage on the mineral interest. The Company's liability related to this agreement at December 31, 2006 is \$116,640 (US\$100,000) as follows:

Agreement payable	\$ 116,640
Less: current portion	<u>(11,664)</u>
	<u>\$ 104,976</u>

Note 3 Resource Property Interests (cont'd)

Dewey Terrace Project – Weston County, Wyoming

- d) During the three months ending September 30, 2006, the Company acquired 6,000 acres of mining claims in Weston County, Wyoming by way of staking, and has secured surface use agreements with the landowners. The Company has designated this area as the Dewey Terrace exploration property. The Dewey Terrace property is adjacent to the Company's Dewey Burdock uranium property located across the state line in South Dakota. The Company acquired the property, which covers several drill-indicated oxidation/reduction contacts with known uranium mineralization, as a result of historical maps acquired in the Dewey Burdock property acquisition. The costs associated with this acquisition, have been capitalized in the current quarter as exploration and development costs.
- e) In late September, 2006, the Company, through its wholly owned subsidiary Powertech (USA) Inc., received authorization to proceed with exploration and confirmation drilling on its Dewey Terrace Project. In mid-October, the Company began the drilling of 10 confirmatory test holes, through the use of third party contractors, which was completed in late December. In connection with the exploration and drilling program, the Company posted cash security in the amount of US\$17,400 with the State of Wyoming to secure performance of the Company's reclamation obligations.

Aladdin Project – Crook County, Wyoming

- f) During the quarter ending December 31, 2006, the Company, through its wholly owned subsidiary Powertech (USA) Inc. acquired 9,299 acres of privately-owned mining leases, 640 acres of state mineral rights and 710 acres of filed claim notices for a total land position of 10,649 acres. This property is 60 miles north of the Company's Dewey Terrace Project and is adjoining the Wyoming/South Dakota state Line. The Company has received an exploration permit from the Wyoming Department of Environmental Quality in October 2006 and made the decision to delay this program due to the pending acquisition of the Teton data base. The Company is currently evaluating this data base so that it may focus its exploration efforts on a go forward basis.

Centennial Project – Weld County, Colorado

- g) By a purchase agreement dated September 27, 2006, with closing on October 3, 2006, the Company purchased from Anadarko Land Corp., an affiliate of Anadarko Petroleum Corporation (Anadarko-NYSE-APC), approximately 5,760 acres of uranium mineral rights in Weld County, Colorado (the "Centennial Project"). The Centennial Project was discovered and evaluated by Rocky Mountain Energy Company (RME), a predecessor of Anadarko. This evaluation consisted of drilling, geologic interpretation, hydrology studies, assaying and mine planning.

Note 3 Resource Property Interests (cont'd)

Centennial Project – Weld County, Colorado (cont'd)

In ten years of exploration on the Centennial Project, formerly land granted to Union Pacific Railroad, RME completed over 3,000 drill holes, totalling approximately one million feet of drilling. This drilling outlined several uranium deposits, with total estimated uranium resources of 9,581,000 pounds U3O8. This estimate comes from several geological reports produced by RME between 1980 and 1984. These uranium deposits were discovered along 15 miles of oxidation/reduction boundaries (roll fronts) in two separate sands of the Fox Hill Formation. These deposits range in depth from 120 feet to 620 feet have an average grade of 0.07% U3O8.

A qualified person (as that term is defined in National Instrument 43-101) has not done sufficient work to classify the historical estimate on the Centennial Project as a current mineral resource or mineral reserve. Powertech is not treating the historical estimate as a current mineral resource or mineral reserve as defined in National Instrument 43-101 and the historical estimate should not be relied upon. Powertech has obtained the entire technical database related to the one million feet of drilling and has commenced a NI-43-101 compliant study on the Centennial Project.

As consideration of the purchase of the Anadarko uranium mineral rights, the Company will make an initial cash payment of US\$1,000,000, eight installment payments of US\$250,000 per annum, and a lump sum payment of US\$1,500,000 upon receipt of all regulatory permits and licenses allowing production of uranium from the Centennial Project (in addition, the remaining installment payments are accelerated upon receipt of all regulatory permits and licences allowing production of uranium from the Centennial Project). Powertech has also agreed to a minimum annual work commitment of US\$200,000 until uranium is produced from the Centennial Project and to pay a royalty of 5% to 6% of the value of the uranium and byproduct mined from the Centennial Project. Consequently, mineral property acquisition costs at December 31, 2006 are comprised of the following:

Acquisition costs – agreement	\$ <u>3,452,300</u>
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The Company's liability related to this agreement at December 31, 2006 is \$2,332,800 (US\$2,000,000) as follows:

Agreement payable	\$ 2,332,800
Less: current portion	<u>(291,600)</u>
	<u>\$ 2,041,200</u>

Note 3 Resource Property Interests (cont'd)

Data Acquisitions

- h) By a purchase agreement dated August 9, 2006 the Company agreed to acquire a database of geological consulting work relating to uranium properties in South Dakota and Wyoming, in consideration for US\$100,000 and the issuance of 200,000 common shares.

Acquisition costs - cash portion of consideration	\$ 112,690
- issuance of common shares	<u>260,000</u>
	<u>\$ 372,690</u>

- i) By a purchase agreement dated December 18, 2006, the Company agreed to acquire certain historical data covering the Company's Aladdin Project and Dewey Terrace Project, both in the state of Wyoming, which was compiled by Teton Exploration during the late 1970's and covers 12 Townships and consists of 589 blue line drill hole logs representing 220,000 feet logged, complete summary listings of holes, Teton "Drill Hole Record" sheets, base maps, cross sections, and Teton internal reports.. As consideration for the acquisition of this data base, the Company agreed to pay \$1,000,000, payable in cash or common shares, at the Company's option as follows:

- \$300,000 immediately (such payment satisfied by way of the issuance of 139,534 shares of capital stock in the Company).
- \$300,000 on or before March 1, 2007; and
- \$400,000 on or before July 1, 2007.

In consideration of the payments due on or before March 1, 2007 and July 1, 2007, the Company may issue common shares at a share price which is the greater of the five day volume weighted average price prior to the date on which the payment is made and \$1.83 per share.

Acquisition costs – issuance of common shares	\$ 300,000
– Agreement payable	<u>700,000</u>
	<u>\$ 1,000,000</u>

The Company's liability related to this agreement at December 31, 2006 is \$700,000 as follows:

Agreement payable – current portion	<u>\$ 700,000</u>
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Note 3 Resource Property Interests (cont'd)

Exploration and Development Costs

- j) During the 3 month period ending December 31, 2006, the Company has capitalized, as exploration and development costs, the following amounts in Resource Property Interests:

Acquisition Costs – Centennial Project	\$ 3,452,300
Acquisition Costs – Database	1,000,000
Land Services	116,427
Legal Services	19,327
Claims Payments	124,885
Land/Mineral Lease Payments	151,266
Exploratory Drilling Program	213,559
Employee/Consultant Costs	<u>174,249</u>
Total	<u>\$ 5,252,013</u>

As of December 31, 2006, the total costs reflected in Resource Property Interests are detailed below:

Project Name:	Dewey Burdock	Dewey Terrace	Aladdin	Centennial	Data Base	Other	Total
Acquisition Costs	\$11,794,960	\$ -	\$ -	\$3,452,300	\$1,372,690	\$ -	\$16,619,950
Land Services	15,991	50,010	59,768	65,674	-	101,965	293,408
Legal Services	24,608	-	4,794	-	-	5,145	34,547
Claims	21,508	118,596	67,150	-	-	89,163	296,417
Land/Mineral Leases	178,493	13,299	126,658	17,340	-	12,924	348,714
Drilling Program	-	213,559	-	-	-	-	213,559
Other Costs *	928,432	35,139	19,559	267,633	103,917	16,275	1,370,955
Total	\$12,963,992	\$430,603	\$ 277,929	\$3,802,947	\$1,476,607	\$225,472	\$19,177,550

*(includes stock-based compensation and employee/consultant costs capitalized in the total amount of \$919,987 and \$450,968, respectively.)

Note 4 Share Capital

Authorized:

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

Escrow:

In addition to the 1,700,000 common shares held in escrow by the Company's transfer agent at December 31, 2006, an additional 7,762,500 common shares and 270,000 warrants at \$0.30 per share were in escrow that are subject to a three year time release pursuant to the policies of the TSX Venture Exchange (the "TSX Escrow"). These shares were issued to and previously held by incoming principals pursuant to the Company's change of business. During the nine months ending December 31, 2006, 2,587,500 common shares and 90,000 warrants at \$0.30 per share were released from the TSX Escrow.

Certain of the TXS Escrow shares were subject to an additional Performance Escrow Agreement whereby they were released upon either the successful permitting of the Dewey Burdock property or the acquisition of a second uranium property of merit by the Company through the efforts of two current directors. Due to the successful acquisition of a second uranium property of merit by the Company through the efforts of two current directors, the Performance Escrow Agreement has been dissolved. The total number of common shares held in all escrows at December 31, 2006 is 9,462,500.

Issued:

	<u>Number</u>	<u>Amount</u>
Balance, March 31, 2006	14,926,487	\$ 11,164,571
Issued for cash:		
- pursuant to private placement agreements (a) - at \$0.95	300,000	285,000
- pursuant to private placement agreements (b) - at \$1.00	12,000,000	11,718,822
- pursuant to private placement agreements – Commission shares (b) - at nil	649,752	-
Issued for debt:		
- in settlement of payments owed (c) - at \$1.00	40,000	40,000
- acquisition of Denver Uranium assets (d) - at \$0.48	2,220,000	1,065,600
Issued for assets:		
- acquisition of Denver Uranium assets (d) - at \$1.00	8,000,000	8,000,000
- acquisition of South Dakota mining claims (e) - at \$1.00	1,000,000	1,000,000
- acquisition of uranium database (f) - at \$1.30	200,000	260,000
- acquisition of uranium database (g) - at \$2.15	139,534	300,000
Exercise of Options/Warrants:		
- \$1.15 warrants - at \$1.15	20,000	23,000
- \$1.20 agent's options (b) - at \$1.20	561,830	674,196
- \$1.30 private placement commission wts (b) - at \$1.30	15,617	20,302
- \$1.30 private placement wts (b) - at \$1.30	<u>157,500</u>	<u>204,750</u>
Balance, December 31, 2006	<u>40,230,720</u>	<u>\$ 34,756,241</u>

Note 4 Share Capital (cont'd)

Warrants:

At December 31, 2006, there are 8,491,759 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Expiration Date	Exercise Price	Outstanding at Sep 30, 2006	Issued during qtr Ending Dec 31, 2006	Exercised during qtr ending Dec 31, 2006	Outstanding at Dec 31, 2006
Mar 14, 2007	\$0.80	350,000	-	-	350,000
Mar 14, 2007	\$0.90	100,000	-	-	100,000
Apr 14, 2007	\$0.30	360,000	-	-	360,000
Apr 19, 2007	\$1.15	300,000	-	(20,000)	280,000
May 11, 2007	\$1.00	1,250,000	-	-	1,250,000
May 11, 2007 (a)	\$1.30	6,000,000	-	(157,500)	5,842,500
May 11, 2007 (a)	\$1.30	324,876	-	(15,617)	309,259
Totals		8,684,876	-	(193,117)	8,491,759

Agent's Options:

At December 31, 2006, there are 518,170 Agent's Options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Expiration Date	Exercise Price	Outstanding at Sep. 30, 2006	Issued during qtr Ending Dec. 31, 2006	Exercised during qtr ending Dec. 31, 2006	Outstanding at Dec. 31, 2006
May 11, 2007 (a)	\$1.20	1,080,000	-	(561,830)	518,170

Stock Option Plan:

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

At December 31, 2006, there are 3,625,000 Stock Options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Expiration Date	Exercise Price	Outstanding at Sep. 30, 2006	Issued during qtr Ending Dec. 31, 2006	Exercised during qtr ending Dec. 31, 2006	Outstanding at Dec. 31, 2006
May 11, 2011	\$1.00	3,025,000	-	-	3,025,000
Jul 19, 2011	\$1.30	200,000	-	-	200,000
Aug 1, 2011	\$1.30	100,000	-	-	100,000
Aug 9, 2011	\$1.30	200,000	-	-	200,000
Oct 5, 2011	\$1.80	-	100,000	-	100,000
Totals		3,525,000	100,000	-	3,625,000

Note 4 Share Capital (cont'd)

Stock Based Compensation

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

Awards of stock options to employees and non-employees are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes option-pricing model. Under the fair value method, that amount to be recognized as expense is determined at the time the options are issued and recognized in earnings over the vesting period of the options with a corresponding increase in contributed surplus. All options issued during the quarters ended September 30, 2006 and December 31, 2006 were fully vested upon issuance date and thus, were recognized in full as expense or capitalized costs in the current quarter.

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

The total amount recognized in the current quarter ending December 31, 2006 as stock-based compensation is \$83,858, which was expensed in the current period.

The fair value of each option granted by the Company during the period ended December 31, 2006 was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	<u>Aug 9, 2006</u>
Fair Value of options granted (\$/share)	\$0.84
Risk-Free interest rate (%)	4.55%
Expected life (years)	5
Expected volatility (%)	52.95%
Expected dividend yield (%)	-

Contributed Surplus:

	<u>Amount</u>
Balance at March 31, 2006	\$ -
Stock based compensation – period ending June 30, 2006	3,438,895
Stock based compensation – period ending September 30, 2006	345,483
Warrants issued-acquisition of South Dakota mining claims (e)	1,091,671
Stock based compensation – period ending December 31, 2006	<u>83,858</u>
Balance at December 31, 2006	<u>\$ 4,959,907</u>

Note 4 Share Capital (cont'd)

Share Capital Discussion

See Note 8(e) – Subsequent Events for Share Capital transactions subsequent to December 31, 2006.

- (a) On April 19, 2006, the Company closed its private placement of 300,000 units of its securities at a price of \$0.95 per unit. Each unit of the private placement consists of one common share in the capital of the Company and one non-transferable share purchase warrant (the “Warrant”), each Warrant entitling the holder to acquire one additional common share of the Company at a price of \$1.15 per share for one year. The units and the underlying shares are subject to a hold period and may not be traded until August 20, 2006.
- (b) On May 11, 2006, the Company closed its brokered private placements for gross proceeds of \$12,000,000. The Company issued 12,000,000 units at \$1.00 per unit (a “Unit”). Each Unit consists of one common share in the capital of the Company and one-half of one share purchase warrant, with each whole warrant (a “Warrant”), entitling the holder to acquire one additional common share of the Company at a price of \$1.30 per share for a period of one year from the date of closing. As consideration for acting as agent, the Company paid the Agent a commission of \$190,248 in cash and 649,752 units on the same terms as the Units. In addition, the Company paid the Agent a corporate finance fee of \$5,000 and issued 1,080,000 non-transferable compensation options (the “Agent’s Options”), each Agent’s Option entitles the Agent to acquire one additional common share of the Company at a price of \$1.20 for a period of one year from the date of closing. All securities issued pursuant to the private placement are subject to a hold period expiring September 12, 2006.

Gross Proceeds	\$ 12,000,000
Agent’s Net Commissions	(190,248)
Corporate Finance Fee	(5,000)
Other Agent’s Direct Costs	<u>(31,750)</u>
Net Proceeds	\$ 11,773,002
Other costs capitalized (legal, filing fees)	<u>(54,181)</u>
Net Share Capital	<u>\$ 11,718,821</u>

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

Note 4 Share Capital (cont'd)

Share Capital Discussion (cont'd)

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

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

Both the 8,000,000 common shares issued for the purchase and the 2,220,000 common shares issued on the loan conversion are subject to the terms of escrow agreements that provide for periodic release over a three-year period in accordance with TSX Venture Exchange Policy 5.4.

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

In connection with the issuance of the Warrants, all non-employee stock-based transactions through which the Company acquires goods or services in exchange for issuing equity instruments to a non-employee in amounts based on the price of the Company’s stock are accounted for using the fair value based method of accounting. The total amount recognized in the nine months ending December 31, 2006 as acquisition costs in Resource Property Interests is \$1,091,671 with a corresponding increase in contributed capital.

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

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

Note 4 Share Capital (cont'd)

Share Capital Discussion (cont'd)

(f) By a purchase agreement dated August 9, 2006, the Company acquired a database of geological consulting work relating to uranium properties in South Dakota and Wyoming, in consideration for US\$100,000 and the issuance of 200,000 common shares.

(g) By a purchase agreement dated December 18, 2006, the Company acquired certain historical data covering the Company's Aladdin Project and Dewey Terrace Project. As consideration for the acquisition of this data base, the Company agreed to pay \$1,000,000, payable in cash or common shares, at the Company's option as follows:

- \$300,000 immediately (such payment satisfied through the issuance of 139,534 shares of capital stock in the Company).
- \$300,000 on or before March 1, 2007; and
- \$400,000 on or before July 1, 2007.

In consideration of the payments due on or before March 1, 2007 and July 1, 2007, the Company may issue common shares at a share price which is the greater of the five day volume weighted average price prior to the date on which the payment is made and \$1.83 per share.

Note 5 Related Party Transactions

a) During the three and nine months ended December 31, 2006 and 2005, the Company incurred the following transactions with directors and officers of the Company or with companies with directors and officers in common:

	Three months ended December 31,		Nine months ended December 31,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Expenditures:				
Consulting fees	\$ 120,772	\$ -	\$ 317,644	\$ -
Deferred acquisition costs	-	23,539	-	35,939
Director fees	4,500	-	9,000	-
Employee expenses – capitalized exp & dev	18,518	-	42,749	-
Legal fees	-	3,019	36,513	20,650
Office and miscellaneous	-	-	5,804	-
Stock-based compensation	-	-	3,197,393	-
Travel and promotion	35,456	-	68,674	-
Wages and benefits	108,181	-	257,789	-
Totals	<u>\$ 287,427</u>	<u>\$ 26,558</u>	<u>\$ 3,935,566</u>	<u>\$ 56,589</u>

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

Note 5 Related Party Transactions (cont'd)

- b) For the three months ending December 31, 2006, transactions incurred with directors and officers of the Company or with companies with directors and officers in common were characterized as current expenses or capitalized as follows:

<u>Description</u>	(1)		<u>Total</u>
	<u>Expensed</u>	<u>Capitalized</u>	
Consulting fees	\$ 120,722	\$ -	\$ 120,722
Director fees	4,500	-	4,500
Employee expenses – capitalized exp & dev	-	18,518	18,518
Office and misc	-	-	-
Stock-based compensation	-	-	-
Travel and promotion	35,456	-	35,456
Wages and benefits	25,622	82,559	108,181
Totals	\$ 186,350	\$ 101,077	\$ 287,427

(1) Current exploration and development –
Resource Property Interests.

- c) For the nine months ending December 31, 2006, transactions incurred with directors and officers of the Company or with companies with directors in common were characterized as current expenses or capitalized as follows:

<u>Description</u>	<u>Expensed</u>	-----Capitalized-----			<u>Total</u>
		(1)	(2)	(3)	
Consulting fees	\$ 306,426	\$ 11,218	\$ -	\$ -	\$ 317,644
Director fees	9,000	-	-	-	9,000
Employee expenses – capitalized exp & dev	-	-	-	42,749	42,749
Legal fees	7,988	6,525	22,000	-	36,513
Office and misc	5,804	-	-	-	5,804
Stock-based compensation	2,564,998	-	-	632,395	3,197,393
Travel and promotion	58,112	-	-	10,562	68,674
Wages and benefits	67,704	-	-	190,085	257,789
Totals	\$ 3,020,032	\$ 17,743	\$ 22,000	\$ 875,791	\$ 3,935,566

(1) Brokered private placement – reduction in share capital.

(2) Acquisition of Denver Uranium Company LLC Assets – capitalized as Resource Property Interests.

(3) Current exploration and development – Resource Property Interests.

Note 5 Related Party Transactions (cont'd)

- d) At December 31, 2006 and March 31, 2006, accounts payable and accrued liabilities include \$35,387 and \$10,560 respectively due to directors and officers of the Company or with companies with directors in common.

Note 6 Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.

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

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

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

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

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

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

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

Note 6 Non-cash Transactions (cont'd)

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

200,000 common shares at \$1.30 per share in connection with the acquisition of a uranium data base of geological consulting work from R.B. Smith & Associates.

During the three months ended December 31, 2006, the Company issued:

139,534 common shares at \$2.15 per share in connection with the acquisition of certain historical data covering the Company's Aladdin Project and Dewey Terrace Project.

These transactions were excluded from the statement of cash flows.

Note 7 Commitments

a) Resource Property Interests – Land and Mineral Lease Commitments

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

Aladdin and Dewey Terrace Project - In addition, the Company has entered into option to lease agreements with respect to its Aladdin and Dewey Terrace Projects in Wyoming, all of which expire in mid to late 2007. If the Company elects to exercise its option to lease under the agreements, the total lease option payments are US\$150,000.

b) Management Services Contracts and Employment Contracts

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

Note 7 Commitments (cont'd)

c) Engagement of European Investor Relations Services

On October 5, 2006, the Company engaged Studer Consulting to provide investor relations services for the Company in Europe. In connection with the engagement, the Company has entered into a six month consulting agreement commencing October 5, 2006 whereby Studer Consulting will receive a total fee of Swiss Francs (CHF) 17,000, CHF 11,000 payable on execution and CHF 6,000 payable on January 1, 2007. Studer Consulting will also be reimbursed for certain expenses incurred in connection with providing such services. In addition, the Company has granted Marlies Studer, the principal of Studer Consulting, an option to purchase 100,000 common shares of the Company at an exercise price of \$1.80 per share. The options will have a five year term and will vest in accordance with the policies of the TSX Venture Exchange (the "Exchange").

c) Office Leases

During the quarter ending September 30, 2006, the Company entered into a three year lease agreement for office space in Albuquerque, New Mexico, USA. Annual lease payments due over each of the next three years under the agreement total US\$19,200.

During the quarter ending December 31, 2006, the Company entered into a three year lease agreement for office space in Hot Springs, South Dakota, USA. Annual lease payments due over each of the next three years under the agreement total US\$6,900.

All other office space currently utilized by the Company is under month to month arrangements.

Note 8 Subsequent Events

Subsequent to December 31, 2006, the following events occurred:

a) Acquisition of Crook County, Wyoming Uranium Mineral Leases – Aladdin Project

The Company, through its wholly owned subsidiary Powertech (USA) Inc., has acquired an additional 3,000 acres of privately-owned mining leases for a total land position of 13,590 acres in Crook County, Wyoming,

Note 8 Subsequent Events (cont'd)

b) Receipt of Exploration Permit for Dewey Burdock Project

In mid-January, 2007, The Company, through its wholly owned subsidiary Powertech (USA) Inc., received an exploration permit for its Dewey Burdock Project from the state of South Dakota Department of Environment and Natural Resources. This permit will enable the Company to conduct additional drilling of up to 155 holes and perform two 72 hour pump tests to determine the permeability and flow rates for the host formations. The objective of the drilling program is to confirm and potentially expand historic in-place resources. Included in this program will be the completion of six core holes to obtain samples on which metallurgical and leach testing will be performed.

c) Establishment of Letter of Credit Facility.

In connection with the Company's drilling and exploration programs, the Company, through its wholly owned subsidiary Powertech (USA) Inc., established a US\$500,000 standby letter of credit facility with Wells Fargo Bank, N.A. (the "Bank"). From time to time, as requested, the Bank will issue irrevocable letters of credit to secure the Company's reclamation obligations associated with its drilling programs. On February 21, 2007, the Bank issued its first Irrevocable Letter of Credit under the facility to the South Dakota Department of Environment and Natural Resources in the amount of US\$213,500 in connection with the Dewey Burdock exploratory drilling permit issued in mid-January 2007. The Irrevocable Letter of Credit is secured with a Bank Certificate of Deposit in the amount of US\$235,000 and the whole facility is guaranteed by the Company.

d) Issuance of Stock Options

On January 25, 2007 and February 15, 2007, the Company granted the following stock options to a key employee and a key consultant pursuant to the Company's 2006 Stock Option Plan.

<u>Number of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
100,000	\$2.80	January 25, 2012*
400,000	\$3.00	February 15, 2011

*The 100,000 stock options issued on January 25, 2007 shall vest 25,000 shares every 3 months over the next 12 months.

Note 8 Subsequent Events (cont'd)

e) Exercise of Warrants and Agent's Options

On January 31, 2007, 200,000 Warrants exercisable at \$1.00 were exercised. The total number of \$1.00 Warrants outstanding at February 19, 2007 is 1,050,000.

During January 2007 and February 2007, 489,765 Agent's Options exercisable at \$1.20 were exercised. The total number of Agent's Options outstanding at February 19, 2007 is 28,405.

During January 2007 and February 2007, 159,890 Private Placement Commission Warrants exercisable at \$1.30 were exercised. The total number of Private Placement Commission Warrants outstanding at February 19, 2007 is 149,369.

During January 2007 and February 2007, 1,522,500 Private Placement Warrants exercisable at \$1.30 were exercised. The total number of Private Placement Warrants outstanding at February 19, 2007 is 4,320,000.

The total number of common shares outstanding at February 19, 2007 is 42,602,875.