



POWERTECH URANIUM CORP.
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and March 31, 2009

(Stated in United States Dollars)



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AUDITORS' REPORT

To the Shareholders,
Powertech Uranium Corp.
(An Exploration Stage Company)

We have audited the consolidated balance sheets of Powertech Uranium Corp. (An Exploration Stage Company) as at December 31, 2009 and March 31, 2009 and the consolidated statements of operations and deficit, comprehensive loss, accumulated other comprehensive loss and cash flows for the nine month period ended December 31, 2009 and the twelve month period ended March 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and March 31, 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) "BDO Canada LLP"

Chartered Accountants

Vancouver, Canada
February 24, 2010

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

	<u>ASSETS</u>	<u>December 31</u>	<u>March 31</u>
Current		Note 2	Note 2
Cash and cash equivalents		\$ 3,581,859	\$ 5,724,561
Receivable		35,979	61,314
Deposits		19,648	24,659
Prepaid expenses – Note 6		<u>193,447</u>	<u>112,904</u>
		3,830,933	5,923,438
Restricted cash – Note 3		557,882	567,842
Mineral properties – Note 3 and Schedule 1		40,186,113	34,587,815
Building and equipment – Note 4		<u>426,028</u>	<u>456,844</u>
		<u>\$45,000,956</u>	<u>\$41,535,939</u>
	<u>LIABILITIES</u>		
Current			
Accounts payable and accrued liabilities		\$ 576,303	\$ 1,325,271
Current portion of long-term debt – Note 8		<u>290,000</u>	<u>290,000</u>
		866,303	1,615,271
Long-term debt			
Agreements payable – Notes 3 and 8		659,811	895,286
Loan facility payable – Note 8		5,894,432	–
Convertible note payable – Note 8		<u>7,052,160</u>	<u>5,039,568</u>
		<u>14,472,706</u>	<u>7,550,125</u>
	<u>SHAREHOLDERS' EQUITY</u>		
Share capital – Note 5		50,831,518	50,831,518
Contributed surplus – Note 5		6,726,716	6,581,296
Equity portion of convertible debt – Note 8		2,363,211	2,363,211
Equity portion of loan facility – Note 8		785,541	–
Accumulated other comprehensive loss		(5,004,102)	(5,004,102)
Deficit		<u>(25,174,634)</u>	<u>(20,786,109)</u>
		<u>30,528,250</u>	<u>33,985,814</u>
		<u>\$ 45,000,956</u>	<u>\$ 41,535,939</u>

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

APPROVED BY THE DIRECTORS:

“Richard F. Clement, Jr.” Director
Richard F. Clement, Jr.

“Thomas Doyle” Director
Thomas Doyle

SEE ACCOMPANYING NOTES

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

	<u>December 31</u>	<u>March 31</u>
	Note 2	Note 2
General and administrative expenses		
Accretion – Note 8	\$ 664,390	\$ 145,238
Amortization and depreciation	118,986	213,464
Audit and accounting fees	79,082	76,476
Community and media relations	152,978	320,955
Director fees – Note 6	24,425	31,716
Filing fees	13,388	75,069
Foreign exchange loss (gain)	503,980	(434,316)
Insurance	82,122	98,202
Investor relations and promotion	85,477	207,340
Legal fees	152,498	325,806
Management and consulting fees – Note 6	429,166	517,062
Office and miscellaneous	391,009	499,459
Transfer agent fees	9,706	13,466
Travel and accommodation	236,563	333,801
Wages and benefits – Notes 5 and 6	<u>891,968</u>	<u>1,889,476</u>
Loss before other	3,835,738	4,313,214
Other		
Interest income	(8,430)	(73,591)
Interest expense on long-term debt	<u>561,217</u>	<u>97,029</u>
Net loss for the period	4,388,525	4,336,652
Deficit, beginning of the period	<u>20,786,109</u>	<u>16,449,457</u>
Deficit, end of the period	<u>\$ 25,174,634</u>	<u>\$ 20,786,109</u>
Basic and diluted loss per share	<u>\$ 0.08</u>	<u>\$ 0.09</u>
Weighted average number of shares outstanding	<u>55,429,022</u>	<u>50,838,022</u>

SEE ACCOMPANYING NOTES

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

	<u>December 31</u> Note 2	<u>March 31</u> Note 2
<u>Statements of Comprehensive Loss</u>		
Net loss for the period	\$ 4,388,525	\$ 4,336,652
Other comprehensive loss		
Foreign exchange adjustment on change in reporting currency (Note 2)	—	7,787,989
Comprehensive loss	<u>\$ 4,388,525</u>	<u>\$ 12,124,641</u>
 <u>Statements of Accumulated Other Comprehensive Loss</u>		
Balance, beginning of period	\$ 5,004,102	\$ (2,783,887)
Other comprehensive loss	—	7,787,989
Balance, end of period	<u>\$ 5,004,102</u>	<u>\$ 5,004,102</u>

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

(Stated in United States Dollars)

	<u>December 31</u> Note 2	<u>March 31</u> Note 2
Operating Activities		
Net loss for the period	\$ (4,388,525)	\$ (4,336,652)
Items not affecting cash:		
Accretion	664,390	145,238
Depreciation and amortization	118,986	213,464
Unrealized foreign exchange loss	424,106	(434,316)
Stock based compensation	<u>—</u>	<u>917,920</u>
	(3,181,043)	(3,494,346)
Net change in non-cash working capital balances:		
Receivables	28,770	(46,985)
Deposits	5,000	67,765
Prepaid expenses	(74,318)	(68,085)
Accounts payable and accrued liabilities	<u>(285,194)</u>	<u>343,813</u>
Cash used in operations	<u>(3,506,785)</u>	<u>(3,197,838)</u>
Investing Activities		
Restricted cash	9,690	99,732
Mineral property interests	(5,939,117)	(8,279,020)
Building and equipment	<u>(88,171)</u>	<u>(305,346)</u>
Cash used in investing activities	<u>(6,017,598)</u>	<u>(8,484,634)</u>
Financing Activities		
Long-term debt issuances	6,268,084	7,649,207
Long-term debt repayment	(280,000)	(260,000)
Long-term debt interest accrual	561,217	60,493
Issuance of common shares, net of issuance costs	<u>—</u>	<u>8,980,200</u>
Cash provided by financing activities	<u>6,549,301</u>	<u>16,429,900</u>
Foreign exchange (loss) gain on cash	832,380	(1,032,022)
Increase (decrease) in cash during the period	(2,142,702)	3,715,406
Cash and cash equivalents, beginning of the period	<u>5,724,561</u>	<u>2,009,155</u>
Cash and cash equivalents, end of the period	<u>\$ 3,581,859</u>	<u>\$ 5,724,561</u>
Cash and cash equivalents consists of:		
Cash	\$ 3,581,859	\$ 120,053
Term deposits	<u>—</u>	<u>5,604,508</u>
	<u>\$ 3,581,859</u>	<u>\$ 5,724,561</u>
Supplementary disclosure of cash flow information		
Interest paid – Note 8	\$ 57,642	\$ 23,651
Taxes paid	\$ —	\$ —
Non-cash Transactions – Notes 3 and 7		

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.

(An Exploration Stage Company)

CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES

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

(Stated in United States Dollars)

	<u>South Dakota</u>	<u>Wyoming</u>	<u>Colorado</u>	<u>New Mexico</u>	<u>Other</u>	<u>Total</u>
Balance,						
March 31, 2008	\$ 17,655,069	\$ 3,565,192	\$ 10,792,674	\$ 254,782	\$ 230,398	\$ 32,498,115
Acquisition costs	485,039	979,293	-	-	99,832	1,564,164
Property Transfer	317,902	(83,209)	-	(234,693)	-	-
Land services	20,447	-	89,696	-	-	110,143
Legal fees	161,551	-	331,807	-	-	493,358
Claims maintenance	45,849	130,116	-	-	20,561	196,526
Lease payments	158,817	102,337	162,184	-	2,138	425,476
Drilling/ Engineering	707,862	-	607,861	-	-	1,315,723
Exploration	1,893	7,418	-	-	-	9,311
Geological Services	20,359	-	38,333	-	-	58,692
Permitting	2,484,006	3,648	1,661,978	-	-	4,149,632
Wages/consulting	1,288,947	-	838,478	-	-	2,127,425
Currency translation	<u>(3,986,922)</u>	<u>(1,626,215)</u>	<u>(2,579,944)</u>	<u>(20,089)</u>	<u>(147,580)</u>	<u>(8,360,750)</u>
Balance,						
March 31, 2009	19,360,819	3,078,580	11,943,067	-	205,349	34,587,815
Acquisition – Note 3	-	-	1,732,000	-	-	1,732,000
Land services	18,098	855	58,892	-	-	77,845
Legal fees	98,983	-	260,000	-	-	358,983
Claims maintenance	77,978	165,030	-	-	-	243,008
Lease payments	158,482	69,345	101,884	-	-	329,711
Drilling/ Engineering	238,138	-	565,082	-	-	803,220
Exploration	3,061	2,278	3,111	-	-	8,450
Feasibility study	47,844	-	68,599	-	-	116,443
Permitting	418,442	-	295,183	-	-	713,625
Wages/consulting – Note 6	<u>638,885</u>	<u>-</u>	<u>576,128</u>	<u>-</u>	<u>-</u>	<u>1,215,013</u>
Balance, December 31, 2009	<u>\$ 21,060,730</u>	<u>\$ 3,316,088</u>	<u>\$ 15,603,946</u>	<u>\$ -</u>	<u>\$ 205,349</u>	<u>\$ 40,186,113</u>

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and March 31, 2009
(Stated in United States Dollars)

Note 1 Nature of Operations and Going Concern

The Company was incorporated in British Columbia on February 10, 1984. The Company's shares are publicly traded on the Toronto Stock Exchange ("TSX") and the Frankfurt Stock Exchange. The Company's business is the exploration and development of uranium properties located in South Dakota, Wyoming, and Colorado, USA.

The Company is in the process of evaluating its properties and has not yet determined whether these properties contain reserves that are economically recoverable. The success of the Company and the recoverability of the amounts shown for mineral properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development of the reserves, and upon future profitable production or proceeds from disposition of the properties. The Company's success is subject to a number of risks including environmental risks, contractual risks, legal and political risks, fluctuations in the price of minerals and other factors beyond the Company's control.

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At December 31, 2009, the Company had not yet achieved profitable operations, had a deficit of \$25,174,634 and working capital of \$2,964,630 which may not be sufficient to sustain operations over the foreseeable future and expects to incur further losses in the development of its business, all of which casts doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to develop its mineral properties and maintain future profitable operations and to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Note 2 Significant Accounting Policies

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

Use of Estimates

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

Significant estimates used in the preparation of the Company's consolidated financial statements include, but are not limited to impairment of mineral properties, building and equipment, determination of fair values of financial instruments, the fair value for stock-based compensation, the provision for income taxes and composition of income tax assets and liabilities, the expected economic lives of and the estimated future operating results and net cash flows from mining properties, the anticipated costs of reclamation and closure cost obligations and the market interest rates used in fair valuing the liability component of the long-term debt.

Note 2 Significant Accounting Policies – (cont'd)

Principles of Consolidation

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

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits, bankers' acceptances with major Canadian banks, guaranteed investment certificates, certificates of deposits and money market accounts. These investments are easily convertible to cash and have maturities of 12 months or less when purchased. Cash and cash equivalents are classified as held for trading and carried at fair value.

Restricted Cash

Restricted cash consists of deposits held for collateral pursuant to irrevocable letters of credit and/or bonds provided to State authorities in connection with mineral property activities as well as the balance of \$26,109 in restricted funds that is used to secure corporate credit card.

Mineral Properties

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

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

Building and Equipment

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

Impairment of Long-lived Assets

Long-lived assets and intangibles held and used by the Company are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that the Company expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition are estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized and is measured as the excess of the carrying value of the asset over its fair value. Management believes there has been no impairment of the Company's long-lived assets as of December 31, 2009 and March 31, 2009.

Note 2 Significant Accounting Policies – (cont'd)

Asset Retirement Obligations

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

Income Taxes

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

Stock-Based Compensation

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

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

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

Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Common equivalent shares (consisting of shares issuable on the exercise of share purchase options and warrants and on conversion of debts (Note 5 and 8) totaling 38,400,000 (March 31, 2009: 37,600,000) were excluded in the computation of diluted loss per share because the effect was anti-dilutive.

Note 2 Significant Accounting Policies – (cont'd)

Measurement and Reporting Currency

On April 1, 2008, the Company changed its reporting currency from Canadian dollars (CAD) to United States dollars (USD) as this currency is more appropriate for the Company's investors and other users of the financial statements. In making this change, the Company followed recommendations of the Emerging Issues Committee ("EIC") of the Canadian Institute of Chartered Accountants ("CICA"), set out in EIC-130, "Translation Method When The Reporting Currency Differs From The Measurement Currency or There is a Change in The Reporting Currency".

The March 31, 2009 consolidated financial statements and all prior periods have been translated from Canadian dollars into United States dollars using the current rate method, based on EIC-130 recommendations. Using this method, all consolidated assets and liabilities have been translated using the exchange rate at the balance sheet dates, while shareholders' equity has been translated using the historical rates of exchange in effect on the dates of the corresponding transactions. Consolidated Statements of Operations and Deficit have been translated using the prevailing average exchange rate for the period, except for equity transactions which have been translated using the historical rates of exchange in effect at the dates of the corresponding transactions. The resulting net exchange rate differences due to this translation over the period of \$5,004,102 loss is included in shareholders' equity as accumulated other comprehensive loss ("AOCL").

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

Foreign Currency Translation

The Company's functional currency is US dollars. Monetary items denominated in a currency other than US dollar are translated into United States dollars using the temporal method under which monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date, and income and non-monetary balances are translated at the exchange rate in effect at the times of the underlying transactions. Gains or losses arising from the translations are included in operations.

Financial Instruments

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

Financial assets and liabilities held-for-trading are measured at fair value with changes in those fair values recognized in net income. Financial assets and financial liabilities considered held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method of amortization. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are measured at cost. Derivative instruments, including embedded derivatives, are measured at fair value. Changes in the fair values of derivative instruments are recognized in net

Note 2 Significant Accounting Policies – (cont'd)

Financial Instruments – (cont'd)

income with the exception of derivatives designated as effective cash flow hedges. The Company has no such designated hedges. The disclosure of the Company financial instruments is further described in Note 12.

Comprehensive loss

Comprehensive loss comprises the Company's net loss and other comprehensive loss. Comprehensive loss for the year ended March 31, 2009 includes currency translation adjustments on its change in reporting and functional currency from CAD to USD.

Recently Adopted Accounting Policies

- i) In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets, other than the initial recognition of goodwill or intangible assets acquired in a business combination. Concurrent with the introduction of this standard, the CICA withdrew EIC-27, "Revenues and Expenses During the Pre-operating Period". As a result of the withdrawal of EIC-27, companies will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations. The changes are effective for interim and annual financial statements beginning January 1, 2009. The adoption of this standard effective April 1, 2009, did not result in an impact to the Company's financial statements.
- ii) In 2009, the CICA amended section 3862, "Amendment to Financial Instruments – Disclosures" to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:
 - Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
 - Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
 - Level 3 – Inputs that are not based on observable market dataThe adoption of this standard resulted in additional disclosure in Note 12.

Future Accounting Changes

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

Accordingly, the conversion to IFRS will be applicable to the Company's reporting no later than in the first quarter of 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency, certain contractual arrangements, debt covenants and capital requirements. The Company is currently evaluating the future impact of IFRS on its financial statements and will continue to invest in training and additional resources to ensure a successful conversion. While the Company is evaluating the impact of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Note 2 Significant Accounting Policies – (cont'd)

Future Accounting Changes – (cont'd).

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

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

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

Note 3 Mineral Properties

South Dakota, USA

Dewey Burdock Project – Custer and Fall River Counties

The Company’s Dewey-Burdock Project is located in the Edgemont Uranium District. The Project is comprised of approximately 50 mining leases and approximately 370 mining claims covering approximately 15,800 surface acres and 18,820 net mineral acres.

By a purchase agreement dated March 31, 2006, the Company acquired a one-third mineral interest in a property in Custer County, South Dakota, in consideration for \$950,000 to be paid \$100,000 on closing and \$10,000 per year for ten years until March 31, 2016. To date, \$30,000 has been paid. The balance of the purchase price of \$750,000 is payable contingent upon receipt of permits and authorizations necessary to commence mining on the property and therefore not recorded as a liability until the contingent events are satisfied. The \$750,000 is to be paid in four equal installments of \$187,500 on each anniversary of the Company obtaining such permits. The purchase agreement is collateralized by a promissory note and a mortgage on the mineral interest. See Note 8.

The Company has received an exploration permit from the South Dakota Department of Environmental and Natural Resources but requires additional permits and authorization prior to commencing and mining on the property. In addition, the Company had established a \$500,000 standby letter of credit facility with Wells Fargo Bank (“Wells Fargo”). Wells Fargo issued

Note 3 Mineral Properties – (cont'd)

South Dakota, USA – (cont'd)

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

irrevocable letters of credit to collateralize the Company's reclamation obligations associated with its drilling programs. Wells Fargo has issued the first letter of credit under the facility to the South Dakota Department of Environment and Natural Resources in the amount of \$213,400 in connection with the exploration permit. This letter of credit was secured by a certificate of deposit in the amount of \$235,000 which was included in restricted cash. During the year ended March 31, 2009, certain reclamation activities were performed on the property which resulted in releasing \$213,400 from restricted cash. As at December 31, 2009, restricted cash is \$21,960 (March 31, 2009: \$21,600) on this property.

During May 2008, the Company entered into a Purchase Agreement to acquire a two-thirds mineral interest in a property in Custer County, South Dakota, for consideration of \$1,900,000 to be paid \$300,000, on closing less \$151,470 for amounts already paid under a mining lease, and \$30,000 per year for ten years until May 2018. To date, \$30,000 has been paid. The balance of the purchase price of \$1,300,000 is contingent upon receipt of permits and authorizations necessary to commence exploration and mining on the property and therefore not recorded as a liability until the contingent events are satisfied. The \$1,300,000 is to be paid in four equal installments of \$325,000 on each anniversary of the Company obtaining such permits. The purchase agreement is collateralized by a promissory note and a mortgage on the mineral interest. See Note 8.

During December 2008, the Company acquired additional lands in South Dakota and Wyoming from Bayswater Uranium Corporation ("Bayswater"). The land package consists of 381 mining claims and 8,186 acres of Wyoming State mining leases for a total 15,806 acres. The Company paid \$50,000 at closing and has committed to Bayswater to maintain all properties for a full year. On any property to be abandoned, the Company will give Bayswater a 90-day notice in accordance with its right to reacquire the property. Bayswater will retain a Yellowcake Royalty on all properties ranging from 1-5%, depending on underlying royalty agreements inherited, to a maximum of 7% burden to the Company.

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

Plum Creek Prospect, Fall River County

The Company has staked 137 mining claims on approximately 2,700 acres of federal minerals along the southern flank of the Black Hills Uplift in central Fall River County, South Dakota.

Colorado, USA

Centennial Project – Weld County

The Company's Centennial Project is located in western Weld County in northeastern Colorado. Since inception of the Centennial Project, the Company has purchased approximately 670 gross surface acres and 5,800 net mineral acres. In addition, the Company has entered into 15 mining leases covering approximately 1,700 net surface acres and 1,200 net mineral acres. As of December 31, 2009, the Company's mineral rights within the project area total 9,300 acres. Surface use agreements with private surface owners are continually being negotiated. To date, the Company has obtained 7,260 acres of surface use or purchase agreements over its mineral rights. These transactions were completed as follows:

Note 3 Mineral Properties – (cont'd)

Colorado, USA – (cont'd)

Centennial Project – Weld County – (cont'd)

- a) By a purchase agreement dated September 27, 2006, the Company purchased 5,760 net mineral acres from Anadarko Land Corp for \$3,000,000. As consideration for the rights, the Company made a cash payment of \$1,000,000 and agreed to pay \$2,000,000 in eight installments of \$250,000 per annum (See Note 8). An additional lump sum payment of \$1,500,000 is due upon receipt of all regulatory permits and licenses allowing production of uranium from the property. In addition, any remaining instalment payments are due in full upon receipt of all regulatory permits and licences. The Company has also agreed to a minimum annual work commitment of \$200,000 per annum until uranium is produced from the property. The property is subject to a royalty of 5% to 6% of production.
- b) During the year ended March 31, 2007, the Company also acquired surface acreage through direct acquisitions of land as part of the Company's overall program to secure surface rights on the prospects. The total consideration for the land purchases was \$850,000 and is included as capitalized costs in mineral property interests.
- c) During the year ended March 31, 2008, the Company acquired 350 acres of surface rights through six acquisitions of land as part of the Company's overall program to secure surface rights on the prospects. The total consideration for the transaction was \$1,294,899 and is included as capitalized costs in mineral property interests.
- d) During June 2009, the Company entered into two option agreements for the purchase of an aggregate of 3,585 acres of land, together with the associated water, mineral and lease interests, within the Centennial Project in Weld County, Colorado, for \$11,450,000. The optioned properties are adjacent to the existing northern portion of the Company's Centennial Project. The properties help to consolidate the Company's land position within the planned project boundary and add additional uranium mineral resources to the project.

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

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

- e) Through the period ended December 31, 2009, the Company entered into 15 mining leases covering 1,720 net surface acres and 1,250 net mineral acres.

The Company posted cash security of \$492,800 with the Colorado Division of Reclamation, Mining and Safety, "DRMS", to secure performance of the Company's reclamation obligations. This amount is included in restricted cash at December 31, 2009 and March 31, 2009.

Wyoming, USA

The Company's Wyoming prospects are comprised of approximately 50 mining leases or options to lease covering approximately 31,000 net surface acres and 22,000 net mineral acres. In addition, the Company has staked approximately 1,200 mining claims in Wyoming covering approximately 21,000 acres. The Company obtained the prospects as follows:

Note 3 Mineral Properties – (cont'd)

Wyoming, USA – (cont'd)

Aladdin Prospect – Crook County

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

The Company received an exploration permit from the Wyoming Department of Environmental Quality ("DEQ"). In connection with the Company's Aladdin Prospect drilling and exploration programs, the Company, through its wholly owned subsidiary, Powertech (USA) Inc., established a \$500,000 standby letter of credit facility with Wells Fargo. Wells Fargo issued an Irrevocable Letter of Credit under the facility to the Wyoming Department of Environmental Quality for \$140,010 in connection with the exploration permit. The Irrevocable Letter of Credit is secured with a Wells Fargo Certificate of Deposit for \$155,000, which was included in restricted cash. During the year ended March 31, 2009, certain reclamation activities were performed on the property which resulted in releasing the \$145,000 from restricted cash. As at December 31 and March 31, 2009, restricted cash is \$10,000 on this property. The entire facility is guaranteed by the Company.

In December 2008, the Company acquired a land package, as described in more details above in the South Dakota mineral property section, consisting of seven Wyoming State mining leases in Crook County, Wyoming totalling 5,626 acres, which are included in the above referenced amount.

Dewey Terrace Prospect – Weston and Niobrara Counties

The Dewey Terrace Prospect is located in Weston and Niobrara Counties, Wyoming on the western continuation of mineralized trends from the Dewey Burdock Project in South Dakota. Powertech acquired this prospect through 16 leases and options to lease and staking 765 mining claims, totaling approximately 18,400 acres.

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

During the period ended March 31, 2009, the Company acquired approximately 320 mining claims (approximately 6,400 acres) and four Wyoming State mining leases (2,560 acres) from Bayswater, which are included in the above referenced amount. These properties are adjacent to the Company's current land position in this prospect area. These properties are either adjoining, on trend, or complementary to the Company's Dewey Terrace prospect.

Colony Prospect – Crook County

The Colony Prospect is located on the northwest flank of the Black Hills Uplift approximately 10 miles north of the Aladdin Prospect. The Company acquired the Colony prospect through the staking of 190 mining claims.

Note 3 Mineral Properties – (cont'd)

Wyoming, USA – (cont'd)

Powder River Basin Prospect – Campbell County

The Company acquired the Powder River Basin prospect through staking 155 mining claims.

Shirley Basin Prospect – Carbon County

In connection with the Neutron property exchange discussed below, during January 2009, the Company disposed of its interest in Shirley Basin, which was comprised of 1,656 acres of claims and leases.

Property transfer

During January 2009, the Company entered into an Agreement ("Agreement") with Neutron Energy Inc. ("Neutron") to exchange some of the Company's properties located in New Mexico, Wyoming, and South Dakota for acreage located within and adjacent to the Company's Dewey-Burdock project in South Dakota.

The acreage acquired from Neutron consists of approximately 1,620 acres of claims and leases within Powertech's proposed permit area and an additional 4,380 acres of prospective claims and leases outside of Powertech'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 Powertech will be the operator. As additional consideration, Powertech transferred to Neutron approximately 360 acres of claims and leases, along with associated historical drilling data, in South Dakota. This acreage is located several miles away from Powertech's Dewey-Burdock project area and is surrounded by properties staked by Neutron. Powertech will also transfer approximately 4,056 acres of claims in the Ambrosia Lake District of New Mexico and approximately 1,656 acres of claims and leases in the Shirley Basin of Wyoming. The Company assessed the transfer of properties as a non-monetary transaction measured at the carrying amount of these mineral properties given up. There was no additional monetary consideration received or given up.

Note 4 Building and Equipment

	<u>At December 31, 2009</u>			<u>At March 31, 2009</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Building	\$ 92,628	\$ 2,087	\$ 90,541	\$ 102,773	\$ 1,706	\$ 101,067
Computer equipment	239,045	108,467	130,578	195,302	79,853	115,449
Field equipment	235,136	111,201	123,935	238,364	72,108	166,256
Office equipment	70,977	38,047	32,930	72,379	21,287	51,092
Vehicles	169,718	121,674	48,044	189,303	113,583	75,720
Currency translation – Note 2	–	–	–	(78,787)	(26,047)	(52,740)
	<u>\$ 807,504</u>	<u>\$ 381,476</u>	<u>\$ 426,028</u>	<u>\$ 719,334</u>	<u>\$ 262,490</u>	<u>\$ 456,844</u>

Note 5 Share Capital and Contributed Surplus

Authorized:

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

Common shares issued:

	<u>Number</u>	<u>Amount</u>	<u>Contributed Surplus</u>
Balance, March 31, 2008	49,429,020	\$ 41,851,318	\$ 5,061,463
Issued for cash:			
- pursuant to private placement agreement (a)	6,000,000	8,980,200	–
Stock-based compensation	–	–	1,519,833
Balance, March 31, 2009	<u>55,429,020</u>	<u>50,831,518</u>	<u>6,581,296</u>
Share adjustment	2	–	–
Stock based compensation	–	–	145,420
Balance, December 31, 2009	<u>55,429,022</u>	<u>\$ 50,831,518</u>	<u>\$ 6,726,716</u>

Share Capital Discussion:

There were no share capital transactions for the nine-month period ended December 31, 2009.

For the twelve-month period ended March 31, 2009

a) On June 4, 2008, the Company issued pursuant to a private placement agreement (the “Agreement”) with Société Belge des Combustibles Nucléaires - Synatom S.A. (“Synatom”) 6,000,000 units at a price of CAD\$1.50 per unit, for aggregate proceeds of CAD\$9,000,000 (\$8,980,200). Each unit consists of one common share and two share purchase warrants, with each warrant exercisable at an exercise price of CAD\$2.00 per share. The warrants, which are subject to certain anti-dilution provisions, were issued in two series as follows:

- the first series of 6,000,000 warrants may be exercised at any time until the earlier of: (i) 10 days following the day that the Company files certain specified permit applications for both the Centennial and the Dewey-Burdock projects of the Company (with a minimum duration of 6 months); and (ii) 12 months following the closing of the private placement (this series expired on June 4, 2009 unexercised); and
- the second series of 6,000,000 warrants may be exercised at any time until the earlier of: (i) 10 days following the day that the Company has obtained the permits required to

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

Share Capital Discussion – (cont'd)

a) – (cont'd)

construct and operate either the Centennial or the Dewey- Burdock project; and (ii) 24 months following the closing of the private placement.

The Company granted Synatom certain anti-dilution and pre-emptive rights that apply so long as Synatom continues to own no less than 15% of the outstanding shares (calculated on a non-diluted basis). In connection therewith, Synatom will, subject to any regulatory and applicable shareholder approval requirements, be entitled to: (i) maintain its rateable ownership of the shares, if the Company proposes to issue any further Shares or any securities convertible into shares; and (ii) increase its ownership to 33.34% of the outstanding shares (calculated on a fully diluted basis) if, after the exercise of all of the warrants, Synatom owns less than 33.34% of the outstanding Shares (calculated on a fully diluted basis).

Management of the Company has entered into a Shareholders Agreement with the Company and Synatom regarding, among other things, mutual rights of first refusal on the sales of shares, subject to certain exceptions, and certain anti-dilution rights in favour of Synatom. Management of the Company have also agreed to remain in their current positions for a period of five years and to not-compete for a period of one year after they cease providing services to the Company.

On December 22, 2008, the Company entered into a Loan Agreement, pursuant to which Synatom has provided the Company with a bridge loan in the amount of CAD\$2,500,000 (the "Bridge Loan"). The Company has also entered into a Private Placement Agreement (the "Private Placement Agreement") with Powertech (USA) Inc. and Synatom pursuant to which Synatom has agreed to make a strategic investment of CAD\$9,000,000 by way of the purchase of a convertible debenture, subject to necessary shareholder approval at a meeting of shareholders called for that purpose. The Company intends to use the proceeds for working capital and to advance its mineral properties towards production.

The Bridge Loan bore interest at the rate of 7% per annum, had a maturity date of the earlier of: (i) January 31, 2010, and (ii) the date on which the Company completes a debt or equity financing of not less than CAD\$5,000,000, and was secured by a floating charge over all of the Company's and its subsidiaries' present and after acquired property and assets.

Under the terms of the Private Placement Agreement, at closing, the Company issued a convertible debenture to Synatom in the principal amount of CAD\$9,000,000 (the "Debenture"). All proceeds from the above private placements were allocated to share capital with no amounts allocated to the attached warrants. It was a condition of closing of the Debenture that the Bridge Loan was repaid.

Terms of the Debenture are discussed in Note 8.

Escrow:

On August 23, 2007, the Company's shareholders approved the issuance of 1,700,000 common shares to certain officers of the Company for services rendered in connection with performance achievements.

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

Escrow – (cont'd)

The following is a summary of the Company's escrow transactions during the periods ended December 31, 2009 and March 31, 2009:

<u>Balance at</u> <u>March 31,</u> <u>2008</u>	<u>Released</u> <u>during</u> <u>the period</u>	<u>Balance at</u> <u>March 31,</u> <u>2009</u>	<u>Released</u> <u>during</u> <u>the period</u>	<u>Balance at</u> <u>December 31,</u> <u>2009</u>
<u>1,275,000</u>	<u>(850,000)</u>	<u>425,000</u>	<u>(425,000)</u>	<u>=</u>

Share Purchase Warrants:

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

<u>Expiration</u> <u>Date</u>	<u>Exercise</u> <u>Price (CAD)</u>	<u>Outstanding</u> <u>at March 31,</u> <u>2009</u>	<u>Issued</u> <u>during</u> <u>the period</u>	<u>Exercised/Expire</u> <u>d</u> <u>during</u> <u>the period</u>	<u>Outstanding at</u> <u>December 31,</u> <u>2009</u>
June 4, 2009 (a)	\$2.00	6,000,000	–	(6,000,000)	–
June 4, 2010 (a)	<u>\$2.00</u>	<u>6,000,000</u>	<u>–</u>	<u>–</u>	<u>6,000,000</u>
Totals		<u>12,000,000</u>	<u>–</u>	<u>(6,000,000)</u>	<u>6,000,000</u>

At March 31, 2009, there were 6,000,000 share purchase warrants outstanding. Share purchase warrants entitled the holders thereof to purchase one common share for each warrant. At March 31, 2009, the weighted average life was 8.25 months and the weighted average exercise price was CAD\$2.00. Changes in share purchase warrants for the year ended March 31, 2009 are as follows:

<u>Expiration</u> <u>Date</u>	<u>Exercise</u> <u>Price (CAD)</u>	<u>Outstanding</u> <u>at March 31,</u> <u>2008</u>	<u>Issued</u> <u>during</u> <u>the period</u>	<u>Exercised/Expire</u> <u>d</u> <u>during</u> <u>the period</u>	<u>Outstanding at</u> <u>March 31,</u> <u>2009</u>
June 4, 2009 (a)	\$2.00	–	6,000,000	–	6,000,000
June 4, 2010 (a)	<u>\$2.00</u>	<u>–</u>	<u>6,000,000</u>	<u>–</u>	<u>6,000,000</u>
Totals		<u>–</u>	<u>12,000,000</u>	<u>–</u>	<u>12,000,000</u>

Loan Facility:

As of December 31, 2009, the Company had drawn down CAD\$6,900,000 of the principal amount of CAD\$13,800,000 of the Loan Facility. The principal amount of the second tranche, being CAD\$3,450,000, is convertible into common shares of the Company at a conversion price of CAD\$0.50 per common share. Assuming full conversion of the CAD\$3,450,000 principal of the second tranche of the Loan Facility, Synatom will acquire 6,900,000 common shares of the Company. The terms of the Loan Facility are discussed in Note 8.

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

Stock Option Plan:

The Company has a Stock Option Plan (“the Plan”) under which it is authorized to grant share purchase options to directors, officers, consultants or employees of the Company. The Company is permitted to grant options under the Plan to a fixed number of 9,885,804 common shares which is equal to 20% of the issued and outstanding common shares at the date of Plan adoption. The exercise price of options granted under the Plan may not be less than the fair market value of the Company’s common shares at the date the options are granted. Options granted under the Plan have a maximum life of five years. The Board of Directors specifies a vesting period on a grant-by-grant basis. All options are granted at exercise prices which are at or above the traded share price on grant date.

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

<u>Expiration Date</u>	<u>Exercise Price (CAD)</u>	<u>Outstanding at March 31, 2009</u>	<u>Granted during period</u>	<u>Exercised during period</u>	<u>Forfeited during period</u>	<u>Outstanding at December 31, 2009</u>
May 11, 2011	\$1.00	3,025,000	–	–	–	3,025,000
July 19, 2011	\$1.30	200,000	–	–	–	200,000
August 1, 2011	\$1.30	100,000	–	–	–	100,000
October 5, 2011	\$1.80	100,000	–	–	(100,000)	–
February 15, 2012	\$3.00	400,000	–	–	–	400,000
May 14, 2012	\$3.20	125,000	–	–	–	125,000
August 30, 2012	\$1.50	900,000	–	–	–	900,000
September 4, 2012	\$1.60	150,000	–	–	–	150,000
October 31, 2012	\$2.15	75,000	–	–	–	75,000
January 14, 2013	\$1.50	400,000	–	–	–	400,000
February 7, 2013	\$1.00	400,000	–	–	–	400,000
June 18, 2013	\$1.50	1,600,000	–	–	–	1,600,000
August 11, 2013	\$1.50	125,000	–	–	–	125,000
Totals		<u>7,600,000</u>	<u>–</u>	<u>–</u>	<u>(100,000)</u>	<u>7,500,000</u>

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

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

Stock Option Plan – (cont'd)

At March 31, 2009, there were 7,600,000 options outstanding entitling the holders thereof to purchase one common share for each option held. Changes in share options are as follows:

<u>Expiration Date</u>	<u>Exercise Price (CAD)</u>	<u>Outstanding at March 31, 2008</u>	<u>Granted during period</u>	<u>Exercised during period</u>	<u>Forfeited during period</u>	<u>Outstanding at March 31, 2009</u>
May 11, 2011	\$1.00	3,025,000	–	–	–	3,025,000
July 19, 2011	\$1.30	200,000	–	–	–	200,000
August 1, 2011	\$1.30	100,000	–	–	–	100,000
August 9, 2011	\$1.30	200,000	–	–	(200,000)	–
October 5, 2011	\$1.80	100,000	–	–	–	100,000
February 15, 2012	\$3.00	400,000	–	–	–	400,000
May 14, 2012	\$3.20	125,000	–	–	–	125,000
June 15, 2012	\$2.60	100,000	–	–	(100,000)	–
August 30, 2012	\$1.50	900,000	–	–	–	900,000
September 4, 2012	\$1.60	150,000	–	–	–	150,000
October 31, 2012	\$2.15	75,000	–	–	–	75,000
January 14, 2013	\$1.50	400,000	–	–	–	400,000
February 7, 2013	\$1.00	400,000	–	–	–	400,000
June 18, 2013	\$1.50	–	1,600,000	–	–	1,600,000
August 11, 2013	\$1.50	–	125,000	–	–	125,000
Totals		<u>6,175,000</u>	<u>1,725,000</u>	<u>–</u>	<u>(300,000)</u>	<u>7,600,000</u>

As of March 31, 2009, 7,116,250 options had vested and were exercisable. The weighted average life of the stock options outstanding was 3.30 years. The weighted average exercise price of the stock options outstanding was CAD\$1.39.

Vesting period is determined by the Board of Directors at the time of the grant. Stock options granted under the Plan during June 2008 vested immediately while the stock options granted during August 2008 were subject to a vesting period.

Stock-based Compensation:

During the nine-month period ended December 31, 2009 stock-based compensation was \$145,420 (twelve-month period ended March 31, 2009: \$1,519,833) of which \$Nil (twelve-month period ended March 31, 2009: \$917,920) was included in wages and benefits and \$145,420 (twelve-month period ended March 31, 2009: \$601,913) was included in mineral property costs under wages/consulting.

No options were granted during the nine-month period ended December 31, 2009.

The fair value of each option granted by the Company was estimated on the date of grant using the Black-Scholes option valuation model with the following assumptions:

Granted during the year ended March 31, 2009

<u>Grant Date</u>	<u>Exercise Price CAD</u>	<u>Number</u>	<u>Fair Value CAD</u>	<u>Dividend Yield</u>	<u>Expected Volatility y</u>	<u>Risk-free Interest Rate</u>	<u>Expected Life (Yrs)</u>
June 18, 2008	\$1.50	1,600,000	\$0.60	–	65%	3.57%	5
August 11, 2008	\$1.50	125,000	\$0.45	–	67%	3.27%	5
Weighted averages	\$1.50		\$0.59				

Note 6 Related Party Transactions

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

	Periods Ended	
	<u>December 31, 2009</u>	<u>March 31, 2009</u>
Director fees	\$ 24,425	\$ 31,716
Management and consulting fees	312,896	357,364
	<u>\$ 337,321</u>	<u>\$ 389,080</u>

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

Not included in the directors fees and management and consulting fees was stock based compensation expense \$ Nil (March 31, 2009: \$501,630).

As of December 31, 2009, the Company had prepaid \$31,289 of management and consulting fees related to January 2010 services. At December 31, 2009, the amount of prepaid expenses capitalized to resource properties was \$10,000 (March 31, 2009: Nil).

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

Note 7 Non-cash Transactions

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

- (a) The property transfer, discussed in Note 3, was excluded from the statements of cash flows for the year ended March 31, 2009:
- (b) Included in mineral properties cost is stock-based compensation valued at \$145,420 (year ended March 31, 2009: \$604,140) relating to employees who were directly involved with the mineral properties.
- (c) Included in accounts payable and accrued liabilities is approximately \$486,000 (year ended March 31, 2009: \$1,032,000) relating to mineral properties.

Note 8 Long-term Debt

Agreements payable

Agreement payable of \$100,000, payable in annual installments of \$10,000 of which \$30,000 (March 31, 2009: \$30,000) has been paid. The loan does not bear interest and is secured by a first mortgage on a mineral property interest (Note 3). In the event of default the lender has the option to obtain the mineral property interest for \$1.

	<u>December 31, 2009</u>		<u>March 31, 2009</u>
\$	70,000	\$	70,000

Agreement payable of \$300,000, payable in annual installments of \$30,000 of which \$30,000 has been paid. The loan does not bear interest and is secured by a first mortgage on a mineral property interest (Note 3). In the event of default the lender has the option to obtain the mineral property interest for \$1. In accordance with the accounting policy for financial instruments, the fair value on inception, using a market interest rate of 15% was determined to be \$150,563. The difference of \$149,437 will be accreted over the remaining life until maturity using amortized cost method. During the nine-month period ended December 31, 2009, \$2,600 (twelve-month period ended March 31, 2009: \$2,603) of accretion has been charged to mineral properties and credited to agreements payable.

	125,766		153,166
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Agreement payable of \$2,000,000, payable in annual installments of \$250,000 of which \$750,000 (March 31, 2009: \$500,000) has been paid. The loan does not bear interest and is secured by a first mortgage on a mineral property interest (Note 3). In the event of default the lender has the option to obtain the mineral property interest for \$1. In accordance with the accounting policy for financial instruments, the fair value on inception, using a market interest rate of 9.25% was determined to be \$1,370,940. The difference of \$629,060 is accreted over the remaining life until maturity using amortized cost method. During the nine-month period ended December 31, 2009, \$42,499 (twelve-month period ended March 31, 2009: \$48,965) of accretion has been charged to statement of operations and credited to agreements payable.

	754,045		962,120
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	<u>949,811</u>		<u>1,185,286</u>
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Less: Current portion:

	<u>290,000</u>		<u>290,000</u>
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\$	<u><u>659,811</u></u>	\$	<u><u>895,286</u></u>
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Note 8 Long-term Debt – (cont'd)

Convertible debenture payable

**December
31, 2009**

**March
31, 2009**

Convertible debenture of \$7,547,400 (CAD\$9,000,000) bearing interest at the rate of 7% per annum, compounded annually, due December 19, 2011 and secured by a floating charge over all of the Company's acquired property and assets. The Debenture may be converted into the Company's common shares (the "Common Shares") at a fixed conversion price of CAD\$0.50 per Common Share (the "Conversion Price") in certain circumstances. The principal amount of the Debenture, plus accrued and unpaid interest thereon, may be converted (1) by the Company in the event that the Company has obtained all of the permits required to construct and operate either the Centennial or the Dewey-Burdock project; or (2) by the lender at any time, provided that each conversion shall be a minimum of CAD\$100,000 of the principal amount of the Debenture, until (a) repayment in full by the Company of any outstanding principal and interest outstanding on the Debenture, or (b) conversion upon the request of the Company pursuant to (a) above.

The Conversion Price and the number of Common Shares issuable upon conversion of the Debenture are subject to anti-dilution adjustments in the event of a subdivision, consolidation or reclassification of the Common Shares or the issuance of Common Shares to shareholders as a stock dividend. The Company has also agreed not to take certain corporate actions without the consent of the lender until the earlier of: (i) the conversion of the entire Debenture into Common Shares in accordance with the terms and conditions of the Debenture; and (ii) the Maturity Date.

In accordance with the accounting policy for financial instruments, the convertible debenture was bifurcated into equity and liability components using the relative fair measure method. The equity component was determined using the Black Scholes method with the following assumptions: 90.95% volatility, 0% dividend yield, 1.50% risk-free interest rate and an expected life of three years. The liability component was determined using an implied market interest rate of 15%.

As of December 31, 2010, \$9,110,216 (CAD\$9,557,507) of principal and interest is outstanding and payable.

\$	7,052,160	\$	5,039,568
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All legal fees associated with the convertible debenture were expensed as incurred. The Company did not incur any agent fees during the transaction.

During the period ended December 31, 2009, accretion of \$582,145 (March 31, 2009: \$87,822) and accrued interest of \$477,005 (March 31, 2009: \$60,493) has been charged to statement of operations and credited to convertible debt. The amount allocated to the equity components is \$2,363,211 and the resulting discount to the debt is being accreted over the remaining life until maturity using the amortized cost method.

Note 8 Long-term Debt – (cont'd)

Loan Facility	December 31, 2009	March 31, 2009
	<hr/>	<hr/>
<p>During August 2009, the Company obtained a Bridge Loan in the amount of \$3,215,745 (CAD\$3,450,000) (the “Bridge Loan”) that bore an interest at the rate of 9% per annum, compounded annually, and had a maturity date of the earlier of: (i) November 4, 2009; (ii) the time of initial drawdown, if any, under the Loan Facility (see below); or (iii) the date on which the Company terminates the Loan Facility.</p>		
<p>Shortly after 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 intends to use the net proceeds of the Bridge Loan and the Loan Facility for working capital and to advance its mineral properties towards production.</p>		
<p>During October 2009, concurrent with the entering into of the Loan Facility, the Company drew down the first \$3,339,600 (CAD\$3,450,000) tranche and used the proceeds to repay the Bridge Loan. In addition, the Company paid interest charges of \$57,642 (CAD\$59,548).</p>		
<p>The Loan Facility is divided into four equal tranches of CAD\$3,450,000 each. Only the principal amount of the second tranche may be convertible into common shares of the Company at a conversion price of CAD\$0.50 per common share and are subject to anti-dilution adjustments. In accordance with the accounting policy for financial instruments, the convertible debenture was bifurcated into equity and liability components using the relative fair measure method. The equity component was determined using the Black Scholes method with the following assumptions: 102.60% volatility, 0% dividend yield, 0.88% risk-free interest rate and an expected life of 18 months. The liability component was determined using an implied market interest rate of 8.3%.</p>		
<p>The maturity date for the funds drawn down under each tranche is 18 months from the actual drawdown date of such tranche. On each tranche maturity date, the Company will repay the applicable principal amount of the tranche amount borrowed, together with all accrued and unpaid interest thereon.</p>		
<p>The first and second tranches bear interest at the rate of 7% per annum, and each of the third and fourth tranches will bear interest at the rate of 9% per annum, with interest for each tranche compounding annually and accruing from the date of drawdown and payable at the respective tranche maturity date.</p>		
<p>As of December 31, 2009, \$6,646,455 (CAD\$6,972,781) of principal and interest was outstanding and payable.</p>	\$ 5,894,432	\$ —
	<hr/>	<hr/>

Note 8 Long-term Debt – (cont'd)

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

As of December 31, 2009, \$84,177 of accrued interest and \$37,158 of accretion has been charged to statement of operations and credited to loan facility. The amount allocated to the equity components is \$785,541 and the resulting discount to the debt is being accreted over the remaining life until maturity using amortized cost method.

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

The Company has also agreed not to take certain corporate actions without the consent of Synatom until the maturity of the Loan Facility.

Disinterested shareholder approval was obtained at a special meeting of the Company's shareholders held on September 24, 2009, for the resolution approving the entering into of the Loan Facility by the Company.

As of December 31, 2009 principle and interest payments due are as follows:

	<u>2010</u>	<u>2011-2013</u>	<u>2014-2015</u>	<u>Thereafter</u>	<u>Total</u>
Agreements payable	\$ 290,000	\$ 870,000	\$ 330,000	\$ 100,000	\$ 1,590,000
Loan facility	–	6,646,455	–	–	6,646,455
Convertible debt	–	9,110,216	–	–	9,110,216
	<u>\$ 290,000</u>	<u>\$ 16,626,671</u>	<u>\$ 330,000</u>	<u>\$ 100,000</u>	<u>\$ 17,346,671</u>

Note 9 Commitments and Contingencies

Mineral Property Interests – Land and Mineral Lease Commitments

Dewey-Burdock Project - The Company leases both surface and minerals within the Dewey-Burdock Project area in South Dakota. In general, the mineral owners will be paid a 5% overriding royalty. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, surface owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. Generally, royalty payments to the surface owners will be reduced by the amount of rentals previously paid. The basic terms of the leases are five-year initial terms and are renewable two times at the five-year mark and ten years from original signing. Additional bonuses are paid to the landowners at the time of renewal. The majority of the leases are in force through 2020 without production. In the case of production, all leases will be held as long as minerals are produced. The average annual payments under the agreements are approximately \$238,000. As further disclosed in Note 3 an additional \$2,050,000 is payable upon receipt of certain permits and authorizations.

Note 9 Commitments and Contingencies – (cont'd)

Aladdin Prospect - The Company maintains lease agreements with mineral owners in its Aladdin Prospect in Wyoming. The Company granted the mineral owners a six percent overriding royalty payment out of sales of the product. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, surface owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. The basic terms of the leases are five-year initial terms and are renewable one time at the five-year mark from original signing. Additional bonuses are paid to the landowners at the time of renewal. Most of the leases are in force through 2017 without production. In the case of production, all leases will be held as long as minerals are produced. The average annual payments under the agreements are approximately \$55,000.

Dewey-Terrace Prospect - The Company maintains lease agreements with mineral owners in its Dewey-Terrace Prospect in Wyoming. The Company granted the mineral owners a five to six percent overriding royalty payment out of sales of the product. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, land owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. The basic terms of the leases are five-year initial terms and are renewable one time at the five-year mark from original signing. Additional bonuses are paid to the landowners at the time of renewal. Most of the leases are in force through 2018 without production. In the case of production, all leases will be held as long as minerals are produced. The average annual payments under the agreements are approximately \$26,000.

Centennial Project – The Company maintains lease agreements with mineral owners in its Centennial Project area in Colorado. The Company granted the mineral owners a five percent, escalating, overriding royalty payment out of sales of the product. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, surface owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. Generally, royalty payments to the surface owners will be reduced by the amount of rentals previously paid. The leases have an initial term of five years and are renewable upon payment of the annual rental fee. The average annual payments under the agreements are approximately \$96,000. As further disclosed in Note 3 an additional \$1,500,000 is due upon receipt of certain permits and licenses.

Claims Maintenance – The Company has secured approximately 1,700 mining claims within its various prospects. Annual maintenance costs of the mining claims are approximately \$238,700.

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

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

Management Services Agreements and Employment Agreements

The Company renewed four management services agreements and nine employment agreements during the period ended December 31, 2009. The agreements require the Company to pay fees totalling \$153,600 per month. The agreements automatically renew annually for an additional year unless terminated by the Company at least 90 days prior to each agreement's anniversary.

Office Leases

- a) During March 2009, the Company entered into a twenty-seven month lease agreement for office space in Vancouver, British Columbia. Annual lease payments due are approximately \$57,000 (CAD\$60,000).

Note 9 Commitments and Contingencies – (cont'd)

Office Leases – (cont'd)

- b) During December 2009, the Company extended its three-year lease agreement for office space in Albuquerque, New Mexico, to April 2010. Annual lease payments due are approximately \$19,200.
- c) During November 2006, the Company entered into a three-year lease agreement for office space in Hot Springs, South Dakota, the term of which expired November 2009. The Company continues to maintain this space while the terms of the new lease agreement are being negotiated. Anticipated annual lease payments are approximately \$12,900.
- d) During November 2008, the Company entered into a one-year lease agreement for office space in Wellington, Colorado, which expires January 2010. The Company renewed this lease in February 2010 for one year. Annual lease payments are approximately \$21,600.
- e) During November 2007, the Company entered into a five-year lease agreement for office space in Greenwood Village, Colorado. Annual lease payments are approximately \$98,500.

Legal Matters

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

Note 10 Income Taxes

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

	<u>December 31,</u> <u>2009</u>	<u>March 31,</u> <u>2009</u>
Statutory tax rates	30.00%	30.63%
Loss before income taxes	\$ 4,388,525	\$ 4,336,652
Expected income tax recovery	1,316,600	1,328,300
Increase (decrease) in income tax recovery resulting from:		
Foreign income taxed at other than Canadian statutory rates	105,300	122,500
Non-deductible permanent differences	(259,000)	(314,200)
Foreign exchange loss on revaluation	28,500	8,300
Effect of reduction in Canadian statutory rates	(61,200)	(66,900)
Change in the valuation allowance	<u>(1,130,200)</u>	<u>(1,078,000)</u>
Income tax recovery	\$ <u> –</u>	\$ <u> –</u>

Note 10 Income Taxes- (cont'd)

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

	<u>December 31,</u> <u>2009</u>	<u>March 31,</u> <u>2009</u>
Future income tax assets (liabilities)		
Non-capital and net operating losses carried forward	\$ 10,946,000	\$ 8,024,000
Share issue costs	13,000	23,000
Capital assets	59,000	18,000
Mineral properties and deferred exploration	(7,361,000)	(5,472,000)
	<u>3,657,000</u>	<u>2,593,000</u>
Less: valuation allowance	<u>(3,657,000)</u>	<u>(2,593,000)</u>
	<u>\$ _____ =</u>	<u>\$ _____ =</u>

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

At December 31, 2009, the Company and its subsidiary have accumulated non-capital losses \$32.4 million which may be carried forward to reduce future year's taxable income. These losses, the potential tax benefit of which has not been recognized in these financial statements, expire as follows:

	<u>Canada</u>	<u>United States</u> <u>of America</u>	<u>Total</u>
2015	\$ 220,000	\$ –	\$ 220,000
2026	199,600	–	199,600
2027	552,000	2,066,400	2,618,400
2028	654,600	10,118,100	10,772,700
2029- March	1,051,900	9,134,900	10,186,800
2029 - December	<u>1,272,600</u>	<u>7,094,700</u>	<u>8,367,300</u>
	<u>\$ 3,850,100</u>	<u>\$ 28,414,100</u>	<u>\$ 32,364,800</u>

Note 11 Capital Management

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

	<u>December 31,</u> <u>2009</u>	<u>March 31,</u> <u>2009</u>
Components of Capital:		
Shareholders' equity	\$ 30,528,250	\$ 33,985,814
Long-term debt	13,606,403	5,934,854
Less:		
Cash and cash equivalents	<u>(3,581,859)</u>	<u>(5,724,561)</u>
	<u>\$ 40,552,794</u>	<u>\$ 34,196,107</u>

The Company's objectives when managing capital are:

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

Note 11 Capital Management – (cont'd)

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

There have been no changes to the Company's capital structure, objectives, policies and processes over the prior year.

Note 12 Financial Instruments

Fair Value of Financial Instruments

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

As at December 31, 2009

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 3,518,859	\$ –	\$ –	\$ 3,518,859
Restricted cash	<u>557,882</u>	<u>–</u>	<u>–</u>	<u>557,882</u>
	<u>\$ 4,076,741</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 4,076,741</u>

The three levels are defined as follows:

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

Financial risk management

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

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

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

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

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

Note 12 Financial Instruments

(i) Foreign exchange risk

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

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

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

The Company is exposed to foreign currency risk in respect of trade payables of \$nil and debt obligations of \$15,756,671.

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

As at December 31, 2009, with other variables unchanged, a \$0.01 strengthening (weakening) of the United States dollar against the Canadian dollar would increase (decrease) our net loss by \$128,000.

(ii) Credit Risk

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

	<u>December 31,</u> <u>2009</u>	<u>March 31,</u> <u>2009</u>
Cash and cash equivalents	\$ 3,581,859	\$ 5,724,561
Receivables	<u>35,979</u>	<u>61,314</u>
	<u>\$ 3,617,838</u>	<u>\$ 5,785,875</u>

iii) Liquidity risk

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

Note 12 Financial Instruments – (cont'd)

	<u>Less than 1 year</u>	<u>1 to 3 years</u>	<u>4 to 5 years</u>	<u>Thereafter</u>	<u>Total</u>
Lease obligations	\$ 796,562	\$ 877,371	\$ 241,462	\$ 45,627	\$ 1,961,022
Accounts payable and accrued liabilities	576,303	–	–	–	576,303
Purchase option	375,000	9,348,000	–	–	9,723,000
Agreements payable	290,000	870,000	330,000	100,000	1,590,000
Loan facility	–	6,646,455	–	–	6,646,455
Convertible debt	–	9,110,216	–	–	9,110,216
	<u>\$ 2,037,865</u>	<u>\$ 26,852,042</u>	<u>\$ 571,462</u>	<u>\$ 145,627</u>	<u>\$ 29,606,996</u>

The convertible debenture and the second tranche of the loan facility is convertible in cash or shares, and may not result in a cash outflow.

iv) Interest rate risk

The Company is exposed to interest rate risk on its outstanding short-term investments. The Company is not exposed to interest rate risk on its outstanding borrowings. The only outstanding interest-bearing borrowings as at December 31, 2009 are the convertible debenture and the loan facility, which have a fixed interest rate.

Note 13 Comparative Figures

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



POWERTECH URANIUM CORP.
(An Exploration Stage Company)
MANAGEMENT DISCUSSION AND ANALYSIS
(February 24, 2010)

GENERAL

The following discussion of performance, financial condition and future prospects should be read in conjunction with the consolidated financial statements of Powertech Uranium Corp. (the "Company" or "Powertech") and notes thereto for the period ended December 31, 2009. In the third quarter of 2009, the Company determined to change its fiscal year end as of April 1, 2009 from March 31 to December 31. As a result, this Management's Discussion and Analysis ("MD&A") includes information for the nine-month transition year ended December 31, 2009, with comparative information to the twelve-month fiscal years ended March 31, 2009 and 2008.

Additional information is available on SEDAR at www.sedar.com. All dollar amounts are stated in United States' dollars unless noted. References to "CAD\$" refer to Canadian currency and "\$" to United States currency.

DISCLAIMER FOR FORWARD LOOKING INFORMATION

Certain statements in this MD&A 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 the Company will obtain from them. These forward-looking statements reflect management's current views, and are based on certain assumptions, and speak only as of February 24, 2010. 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 the Company's 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) the risk that nuclear energy will not be accepted by the public as a safe and viable means of generating electricity; (2) a renewed downturn in general economic conditions in the United States, Europe and internationally; (3) a decrease in the demand for uranium and uranium related products; (4) a decrease in the actual price of uranium; (5) discrepancies between actual and estimated mineral resources and mineral reserves; (6) changes to the cost of commencing production and the time when production commences, and actual ongoing costs; (7) the occurrence of risks associated with the development and commencement of mining operations; (8) unforeseen or changed regulatory restrictions, requirements and limitations, including environmental regulatory restrictions and liability and permitting restrictions; (9) the failure to obtain governmental approvals and fulfill contractual commitments, and the need to obtain new or amended licenses and permits; (10) unforeseen changes in the costs of material inputs, including fuel, steel and other construction materials; (11) the loss of key employees; (12) the loss of, or defective title to, exploration and mining claims, rights, leases or licenses; (13) the number of competitors; (14) political and economic conditions in uranium producing and consuming countries; (15) failure to obtain additional capital at all or on commercially reasonable terms; (16) other factors beyond the Company's control; and (17) those factors described in the section entitled "Risk Factors and Uncertainties" in this MD&A.

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
MANAGEMENT DISCUSSION AND ANALYSIS
(February 24, 2010)

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 MD&A.

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 disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

OVERALL PERFORMANCE

Nature of Business

The Company is a Toronto Stock Exchange ("TSX") (symbol "PWE") and a Frankfurt Stock Exchange (symbol "P8A") listed mineral exploration/development company which, through its wholly-owned subsidiary Powertech (USA), Inc. ("Powertech USA"), is focused on the exploration and development of uranium properties in the United States. 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.

The Company's operations offices for its uranium projects are located in Wellington, Colorado and Edgemont, South Dakota. The Company also maintains exploration offices in Albuquerque, New Mexico and Hot Springs, South Dakota, with an administration office in Vancouver, British Columbia and headquarters in Greenwood Village, Colorado.

Resource Property Interests

South Dakota, USA

Dewey-Burdock Project – Custer and Fall River Counties

The Company's Dewey-Burdock Project is located in the Edgemont Uranium District. The Project is comprised of approximately 50 mining leases and approximately 370 mining claims covering approximately 15,800 surface acres and 18,820 net mineral acres.

The Dewey-Burdock Project contains National Instrument 43-101 ("NI 43-101") compliant inferred uranium resources of 10.8 million pounds, contained in 2,992,836 tons, with an average grade of 0.182% uranium oxide ("U₃O₈.8"). On June 22, 2009, the Company published an updated NI 43-101 Technical Report (the "Dewey-Burdock Report") with respect to the Dewey-Burdock Project, entitled "Updated Technical Report on the Dewey-Burdock Uranium Project, Custer and Fall River Counties, South Dakota", on SEDAR at www.sedar.com. The Dewey-Burdock Report fully describes the drilling programs and exploration work, including permitting activities that have been undertaken on the Dewey-Burdock Project up to the date of the report.

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
MANAGEMENT DISCUSSION AND ANALYSIS
(February 24, 2010)

The Company has finished data collection with respect to the Dewey-Burdock Project to allow it to proceed with permitting applications. The following major milestones have been completed at the Dewey-Burdock Project through February 24, 2010:

- During October 2009, the Nuclear Regulatory Commission (the “NRC”) notified the Company that it had accepted the in situ leach recovery license application, the Technical Evaluation Report (the “TER”) and the Environmental Report (“ER”) as complete and was proceeding with its technical and environmental review. Subsequently, on January 5, 2010, the NRC published its “Notice of Opportunity to Request a Hearing” and “Order Imposing Procedures for Access to Sensitive Unclassified Non-safeguards Information (SUNSI).” On January 20, 2010, the NRC published in the Federal Register its “Notice of Intent to Develop a Supplemental Environmental Impact Statement (SEIS).”
- The Special, Exceptional, Critical or Unique Lands Designation Permit application was approved by the South Dakota Department of Environment and Natural Resources (the “SD DENR”) at a hearing before the Board of Minerals and Environment during February 2009.
- The Underground Injection Control (“UIC”) Class III permit application was submitted to the U.S. Environmental Protection Agency (“EPA”) Region 8 in December 2008. The EPA accepted the application as complete during February 2009 and it is under review.
- During April 2009, the Company submitted the Class III UIC permit application to the SD DENR, which is currently under review.
- During October 2009, the Company submitted the required Plan of Operation to the U.S. Department of Interior’s Bureau of Land Management (the “BLM”) and it is under review.

Colorado, USA

Centennial Project – Weld County Colorado

The Company’s Centennial Project is located in western Weld County in northeastern Colorado. Since inception of the Centennial Project, the Company has purchased approximately 670 gross surface acres and 5,800 net mineral acres. In addition, the Company has entered into 15 mining leases covering approximately 1,700 net surface acres and 1,200 net mineral acres. As of December 31, 2009, the Company’s mineral rights within the project area total 9,300 acres. Surface use agreements with private surface owners are continually being negotiated. To date, the Company has obtained 7,260 acres of surface use or purchase agreements over its mineral rights. In addition to increasing the Company’s overall resource base for the project, the valuable addition of surface rights provides the Company access to its existing privately owned minerals, and enables it to complete mine planning and associated operational facility design.

As reported in the Company’s “Updated Technical Report on the Centennial Uranium Project, Weld County, Colorado” dated June 15, 2009, filed on SEDAR at www.sedar.com on June 23, 2009. Powertech increased the total project inferred resources at Centennial, using a 0.2 GT cut-off, to 11,465,500 pounds of U3O8. Historic drilling within the option lands described above, conducted by Mobil Oil in the late 1970’s, delineated an additional uranium resource, at a 0.20 GT cut-off, of 1,356,700 pounds of U3O8 contained in 921,760 tons averaging 0.074% U3O8. James Bonner, Vice-President, Exploration of the Company and a qualified person (as such term is defined in NI 43-101, has reviewed the results of this historic drilling and determined that these resources meet the classification of “inferred resources” as defined in the CIM Standards on Mineral Resources and Reserves.

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, in Weld County, Colorado. 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 added additional inferred uranium mineral resources to the project. For further discussion see the Company’s press release entitled “Powertech Options Additional Property at Centennial”, filed on SEDAR on July 8, 2009 and available at www.sedar.com.

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Through February 24, 2010, approximately 80% of the tasks required to develop the Environmental Report (the “ER”) are complete for the Centennial Project. Draft reports and numerous maps and figures have been provided by independent contractors and are under internal review. Several sections of the ER are in draft form:

1. Aquifer pumping tests
2. Baseline Radiation
3. Regional Surface Water Hydrology
4. Air Quality Assurance Report
5. Alternative Mining Methods
6. Geology and Seismology

At the request of the CDRMS, the Company prepared and submitted to CDRMS an updated Site Characterization Plan during April 2009. In addition, the CDRMS and Attorney General’s office are in the process of drafting rules for in situ leach mining under the legislation passed in 2008. Stakeholder meetings regarding the draft rules commenced in June 2009 and were completed in December 2009. The final version of the draft rules will be provided to the public for comment and to the Colorado Board of Mined Land Reclamation (“CBMLR”) for final approval and promulgation. The CBMLR will begin its hearing process March 30, 2010. The Company is working closely with the Colorado Mining Association in preparation for commenting on the ongoing rulemaking process.

The CDRMS rulemaking process has resulted in a revision in the schedule for filing all permit applications for the Centennial Project. The Company is scheduled to submit the necessary permit applications for ISR operations to the United States Environmental Protection Agency, the Colorado Department of Public Health and Environment, Colorado Department of Natural Resources and Weld County upon completion of the rulemaking process.

Wyoming, USA

The Company’s Wyoming prospects are comprised of approximately 50 mining leases or options to lease covering approximately 31,000 net surface acres and 22,000 net mineral acres. In addition, the Company has staked approximately 1,200 mining claims in Wyoming covering approximately 21,000 acres. The Company obtained the prospects as follows:

Aladdin Exploration Prospect – Crook County

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

The Company currently does not have any ongoing exploration activity at this prospect as it has prioritized its resources to the permitting activities at Dewey-Burdock and Centennial Projects. While the Company continues to maintain the prospect in expectation of future development, there are no additional exploration activities or expenditures planned with respect to this property for the 2010 fiscal year.

Dewey Terrace Prospect – Weston and Niobrara Counties

The Dewey Terrace Prospect is located in Weston and Niobrara Counties, Wyoming, on the western continuation of mineralized trends from the Dewey Burdock Project in South Dakota. Powertech acquired this prospect through 16 leases and options to lease and staking approximately 765 mining claims, totaling approximately 18,400 acres.

The Company currently does not have any ongoing exploration activity at this prospect as it has prioritized its resources to the permitting activities at Dewey-Burdock and Centennial Projects. While the Company continues to maintain the prospect in expectation of future development, there are no additional exploration activities or expenditures planned with respect to this property for the 2010 fiscal year.

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Colony Prospect – Crook County

The Colony Prospect is located on the northwest flank of the Black Hills Uplift approximately 10 miles north of the Aladdin Prospect. The Company acquired the Colony prospect through the staking of 190 mining claims.

The Company currently does not have any ongoing exploration activity at this prospect as it has prioritized its resources to the permitting activities at Dewey-Burdock and Centennial Projects. While the Company continues to maintain the prospect in expectation of future development, there are no additional exploration activities or expenditures planned with respect to this property for the 2010 fiscal year.

Powder River Basin Prospect – Campbell County

Powder River Basin prospect consists of 155 mining claims. The Company currently does not have any ongoing exploration activity at this prospect as it has prioritized its resources to the permitting activities at Dewey-Burdock and Centennial Projects. While the Company continues to maintain the prospect in expectation of future development, there are no additional exploration activities or expenditures planned with respect to this property for the 2010 fiscal year.

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Resource Property Interests – Capitalized Costs

Costs reflected in resource property interests for the nine-month period ended December 31, 2009 and the twelve-month period ended March 31, 2009 are detailed below:

	<u>South Dakota</u>	<u>Wyoming</u>	<u>Colorado</u>	<u>New Mexico</u>	<u>Other</u>	<u>Total</u>
Balance, March 31, 2008	\$ 17,655,069	\$3,565,192	\$10,792,674	\$ 254,782	\$ 230,398	\$ 32,498,115
Acquisition costs	485,039	979,293	–	–	99,832	1,564,164
Property Transfer	317,902	(83,209)	–	(234,693)	–	–
Land services	20,447	–	89,696	–	–	110,143
Legal fees	161,551	–	331,807	–	–	493,358
Claims maintenance	45,849	130,116	–	–	20,561	196,526
Lease payments	158,817	102,337	162,184	–	2,138	425,476
Drilling/ Engineering Exploration	707,862	–	607,861	–	–	1,315,723
	1,893	7,418	–	–	–	9,311
Geological Services	20,359	–	38,333	–	–	58,692
Permitting	2,484,006	3,648	1,661,978	–	–	4,149,632
Wages/consulting	1,288,947	–	838,478	–	–	2,127,425
Currency translation	<u>(3,986,922)</u>	<u>(1,626,215)</u>	<u>(2,579,944)</u>	<u>(20,089)</u>	<u>(147,580)</u>	<u>(8,360,750)</u>
Balance, March 31, 2009	19,360,819	3,078,580	11,943,067	–	205,349	34,587,815
Acquisition	–	–	1,732,000	–	–	1,732,000
Land services	18,098	855	58,892	–	–	77,845
Legal fees	98,983	–	260,000	–	–	358,983
Claims maintenance	77,978	165,030	–	–	–	243,008
Lease payments	158,482	69,345	101,884	–	–	329,711
Drilling/ Engineering	238,138	–	565,082	–	–	803,220
Exploration	3,061	2,278	3,111	–	–	8,450
Feasibility study	47,844	–	68,599	–	–	116,443
Permitting	418,442	–	295,183	–	–	713,625
Wages/consulting	<u>638,885</u>	<u>–</u>	<u>576,128</u>	<u>–</u>	<u>–</u>	<u>1,215,013</u>
Balance, December 31, 2009	<u>\$21,060,730</u>	<u>\$3,316,088</u>	<u>\$15,603,946</u>	<u>\$ –</u>	<u>\$ 205,349</u>	<u>\$ 40,186,113</u>

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SELECTED ANNUAL INFORMATION

The following table summarizes selected consolidated financial information for the Company's three most recently completed financial years. In the third quarter of 2009, the Company determined to change the fiscal year end as of April 1, 2009 from March 31 to December 31. As a result, the MD&A includes information for the nine-month transition year ended December 31, 2009, with comparative information to the twelve-month fiscal years ended March 31, 2009 and 2008. All amounts shown are stated in United States dollars, the Company's functional and reporting currency, in accordance with Canadian generally accepted accounting principles.

	<u>December 31,</u> <u>2009</u>	<u>2009</u>	<u>March 31,</u> <u>2008</u>
Statement of Operations			
Interest income	\$ 8,430	\$ 73,591	\$ 394,771
Interest expense	561,217	97,029	-
Loss from continuing operations	4,388,525	4,336,652	3,433,794
Loss from continuing operations, per share	0.08	0.09	0.07
Net loss	4,388,525	4,336,652	3,433,794
Net loss per basic and diluted share	0.08	0.09	0.07
Balance Sheet			
Cash and cash equivalents	3,581,859	5,724,561	2,009,155
Total assets	45,000,956	41,535,939	35,895,998
Long-term debt	13,606,403	5,934,854	983,818

RESULTS OF OPERATIONS

During the period ended December 31, 2009, the Company continued to focus on expanding and advancing its resource property interests through property acquisitions and exploration/development.

Net loss for the nine-month period ended December 31, 2009 approximated net loss for the twelve-month period ended March 31, 2009, being \$4,388,525 and \$4,336,652, respectively. The majority of general and administrative expenses were lower period-to-period primarily due to the shorter period ended December 31, 2009 as a result of the change in fiscal year end. General and administrative expenses were \$3,835,738 for the nine-month period ended December 31, 2009 as compared to \$4,313,214 for the fiscal year ended March 31, 2009. Other items not adhering to this are discussed below.

The decrease in interest income from \$73,591 in the year ended March 31, 2009 to \$8,430 in the nine-month period ended December 31, 2009 was due to a decrease in cash balances during the majority of the current period and lower interest rates compared to the prior fiscal year. Interest expense significantly increased from \$97,029 in the year ended March 31, 2009 to \$561,217 in the nine-month period ended December 31, 2009, due to the issuance of convertible debt and the entering into of a \$12,700,000 (CAD\$13,800,000) loan facility with Société Belge des Combustibles Nucléaires Synatom SA ("Synatom"). See "Financing, Liquidity and Capital Resources" for a discussion of these transactions.

Accretion expense increased significantly period-to-period, from \$145,238 to \$664,390, due to amortization with respect to the convertible debt, issuance and the entering into of the loan facility with Synatom, and agreements payable associated with the Company's mineral properties. See "Financing, Liquidity and Capital Resources" and Note 8 to the Company's annual financial statements as filed on February 24, 2010 for a discussion of these transactions.

During the nine-month period ended December 31, 2009, the Company incurred a foreign exchange loss of \$503,980 compared to a foreign exchange gain of \$434,316 during the twelve-month fiscal year ended March 31, 2009 due to the strengthening of the US dollar compared to the Canadian dollar. This rate fluctuation caused the loss during the period ended December 31, 2009 primarily due to the Company's long-term debt balances which are held in Canadian dollars.

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Legal fees decreased from \$325,806 in the fiscal year ended March 31, 2009 to \$152,498 for the nine-month period ended December 31, 2009. Legal fees were higher in the fiscal year ended March 31, 2009 as a result of the Company's financing transactions with Synatom completed during that period. See "Financing, Liquidity and Capital Resources" for a discussion of these transactions.

Filing fees decreased from \$75,069 in the fiscal year ended March 31, 2009 to \$13,388 during the nine-month period ended December 31, 2009 due to listing fees for the financing transactions that occurred during the period ended March 31, 2009.

Investor relations and promotion decreased from \$207,340 in the fiscal year ended March 31, 2009 to \$85,477 in the nine-month period ended December 31, 2009, as a result of the Company's efforts to bring such activities in-house rather than continuing to engage external consultants.

Wages and benefits decreased for the period ended December 31, 2009 to \$891,967, from \$1,889,476 in the period ended March 31, 2009, primarily due to a decrease in stock-based compensation. See the section entitled "Share Capital" below.

The Company's operating expenses and capitalized costs are directly related to resource property exploration and development and the Company's general and administrative costs are related to the maintenance of its public listing and development of its resource property interests.

SUMMARY OF QUARTERLY RESULTS

The following tables provide selected financial information for the most recent eight quarters.

	Quarter Ended			
	<u>December</u>	<u>September</u>	<u>June</u>	<u>March</u>
	<u>31, 2009</u>	<u>30, 2009</u>	<u>30, 2009</u>	<u>31, 2009</u>
Interest Income	\$ 2,800	\$ 878	\$ 4,752	\$ 6,072
Interest Expense	229,056	192,375	139,786	97,029
Expenses	1,301,000	2,046,243	488,495	813,978
Net Loss	1,527,256	2,237,740	623,529	904,935
Net loss per share, basic and diluted	0.03	0.04	0.01	0.02

	Quarter Ended			
	<u>December</u>	<u>September</u>	<u>June</u>	<u>March</u>
	<u>31, 2008</u>	<u>30, 2008</u>	<u>30, 2008</u>	<u>31, 2008</u>
Interest Income	\$ 17,096	\$ 28,968	\$ 21,454	\$ 47,275
Interest Expense	-	-	-	-
Expenses	903,466	1,008,261	1,587,508	1,008,715
Net Loss	886,370	979,293	1,566,054	961,440
Net loss per share, basic and diluted	0.02	0.02	0.03	0.02

During the three months ended December 31, 2009, the Company continued to focus on development of its mineral property interests. Net loss during the three months ended December 31, 2009 increased to \$1,527,256 from \$886,370 in the three months ended December 31, 2008. This is primarily due an overall increase in general and administrative expenses and interest expense, as discussed below.

Interest expense increased from \$Nil to \$229,056 due to the issuance of convertible debt and the entering into the loan facility with Synatom. See "Financing, Liquidity and Capital Resources" for a discussion of these transactions.

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Accretion expense was significantly greater than the prior period as a result of the convertible debt issuance and the entering into of the loan facility with Synatom, and the purchase of additional mineral interests as discussed in Note 8 to the Company's annual financial statements, which are filed as of the date of this MD&A and are available on SEDAR at www.sedar.com.

Audit and accounting fees were greater in the current period due to the change in the Company's fiscal year end.

Legal fees associated with financing transactions were incurred during the three-month period ended December 31, 2008. These same charges were not incurred during the three-month period ended December 31, 2009.

Office and miscellaneous expenses were greater in the three-month period ended December 31, 2009 as compared to the same period in 2008 as the Company continues to build its infrastructure rather than relying on external consulting services.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2009, the Company had cash and cash equivalents of \$3,581,859 and net working capital of \$2,964,630.

During August 2009, the Company entered into a bridge loan agreement with Synatom, pursuant to which Synatom provided the Company with a bridge loan in the amount of \$3,215,745 (CAD\$3,450,000) (the "Bridge Loan"). In October 2009, the Company and Powertech USA entered into a loan facility with Synatom (the "Loan Facility") for the aggregate principal amount of \$12,700,000 (CAD\$13,800,000). The Loan Facility is comprised of four equal tranches of CAD\$3,450,000 each. Concurrently with the entering into of the Loan Facility, the Company drew down the first tranche of the Loan Facility and used the proceeds from such draw down to repay the Bridge Loan. In December 2009, the Company drew down the second tranche of the Loan Facility. The Company intends to use the net proceeds of the Loan Facility for working capital and to advance its mineral properties towards production. For more information regarding the terms of the Bridge Loan and the Loan Facility, see the Material Change Reports filed by the Company on SEDAR on August 12, 2009, October 19, 2009 and December 3, 2009, respectively, at www.sedar.com.

For more information regarding the terms of the Bridge Loan and the Loan Facility with Synatom see the Material Change Report filed by the Company on SEDAR on August 12, 2009, at www.sedar.com.

The Company is in the permitting stage on two of its projects, Dewey-Burdock and Centennial, and continues to be largely reliant on obtaining equity financing in order to continue its permitting and other exploration and development activities. As of December 31, 2009, the Company had net working capital of \$2,964,630. The Company has an active development program in place which cannot be fully funded with its existing working capital reserves and the proceeds of the existing financing transactions, discussed above. The Company is continually evaluating additional financing opportunities to meet its operational needs. Notwithstanding previous success in acquiring financing on acceptable terms, there is no guarantee that the Company will be able to obtain funding or on what terms any such capital may be available to the Company.

In the longer term, the Company's ability to continue as a going concern is dependent upon its ability to generate profitable operations and to obtain the financing necessary to meet its obligations and pay its liabilities arising from normal business operations when they come due.

Cash used in operations for the period ended December 31, 2009 of \$3,506,785 was slightly greater than cash used in operations for the period ended March 31, 2009 of \$3,197,838, primarily due to an increase in net loss for the period, after adjustment for non-cash items and a decrease in accounts payable. Cash outflows for investing activities decreased for the period ended December 31, 2009 to \$6,017,598 from \$8,484,634 for the period ended March 31, 2009 due to decreased spending on consulting activities associated with mineral properties and on buildings and equipment. Financing activities such as private placements, debt issuances and the exercise of warrants, raised \$6,549,301 and \$16,429,900 for the periods ended December 31, 2009 and March 31, 2009, respectively.

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CONTRACTUAL COMMITMENTS

Mineral Property Interests – Land and Mineral Lease Commitments

Dewey-Burdock Project - The Company leases both surface and minerals within the Dewey-Burdock Project area in South Dakota. In general, the mineral owners will be paid a 5% overriding royalty. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, surface owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. Generally, royalty payments to the surface owners will be reduced by the amount of rentals previously paid. The basic terms of the leases are five-year initial terms and are renewable two times at the five-year mark and ten years from original signing. Additional bonuses are paid to the landowners at the time of renewal. The majority of the leases are in force through 2020 without production. In the case of production, all leases will be held as long as minerals are produced. The average annual payments under the agreements are approximately \$238,000. As further disclosed in Note 3 to the Company's annual financial statements an additional \$2,050,000 is payable upon receipt of certain permits and authorizations.

Aladdin Prospect - The Company maintains lease agreements with mineral owners in its Aladdin Prospect in Wyoming. The Company granted the mineral owners a six percent overriding royalty payment out of sales of the product. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, surface owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. The basic terms of the leases are five-year initial terms and are renewable one time at the five-year mark from original signing. Additional bonuses are paid to the landowners at the time of renewal. Most of the leases are in force through 2017 without production. In the case of production, all leases will be held as long as minerals are produced. The average annual payments under the agreements are approximately \$55,000.

Dewey-Terrace Prospect - The Company maintains lease agreements with mineral owners in its Dewey-Terrace Prospect in Wyoming. The Company granted the mineral owners a five to six percent overriding royalty payment out of sales of the product. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, land owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. The basic terms of the leases are five-year initial terms and are renewable one time at the five-year mark from original signing. Additional bonuses are paid to the landowners at the time of renewal. Most of the leases are in force through 2018 without production. In the case of production, all leases will be held as long as minerals are produced. The average annual payments under the agreements are approximately \$26,000.

Centennial Project – The Company maintains lease agreements with mineral owners in its Centennial Project area in Colorado. The Company granted the mineral owners a five percent, escalating, overriding royalty payment out of sales of the product. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, surface owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. Generally, royalty payments to the surface owners will be reduced by the amount of rentals previously paid. The leases have an initial term of five years and are renewable upon payment of the annual rental fee. The average annual payments under the agreements are approximately \$96,000. As further disclosed in Note 3 to the Company's annual financial statements an additional \$1,500,000 is due upon receipt of certain permits and licenses.

Claims Maintenance – The Company has secured approximately 1,700 mining claims within its various prospects. Annual maintenance costs of the mining claims total approximately \$238,700.

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Long-term Debt Obligations

The following table summarizes the contractual maturities of the Company's significant financial liabilities and capital commitments, including contractual obligations:

	<u>Less than 1 year</u>	<u>1 to 3 years</u>	<u>4 to 5 years</u>	<u>Thereafter</u>	<u>Total</u>
Lease obligations	\$ 796,562	\$ 877,371	\$ 241,462	\$ 45,627	\$ 1,961,022
Accounts payable and accrued liabilities	576,303	-	-	-	576,303
Purchase option ¹	375,000	9,348,000	-	-	9,723,000
Agreements payable ²	290,000	870,000	330,000	100,000	1,590,000
Loan facility ³	-	6,646,455	-	-	6,646,455
Convertible debt ⁴	-	9,110,216	-	-	9,110,216
	<u>\$ 2,037,865</u>	<u>\$ 26,852,042</u>	<u>\$ 571,462</u>	<u>\$ 145,627</u>	<u>\$ 29,606,996</u>

¹See Resource Property Interests, Colorado, USA discussion above and Note 2 of the Company's annual financial statements as filed as of the date of this MD&A.

² See Resource Property Interests discussion above and Note 8 of the Company's annual financial statements as filed as of the date of this MD&A.

³As the second tranche of the loan facility is convertible into shares it may not result in a cash outflow. See Note 8 of the Company's annual financial statements as filed as of the date of this MD&A.

⁴As the convertible debenture is convertible into shares it may not result in a cash outflow. See Note 8 of the Company's annual financial statements as filed on as of the date of this MD&A.

Management Services Contracts and Employment Contracts

The Company renewed four management services agreements and nine employment agreements during the year ended December 31, 2009. The agreements require the Company to pay fees totaling \$153,600 per month. The agreements automatically renew annually for an additional year unless terminated by the Company at least 90 days prior to each agreement's anniversary.

For information regarding the Company's share purchase options to key service providers and employees under the Company's Stock Option Plan, see the "Share Capital: Stock Option Plan" discussion below.

Office Leases

During March 2009, the Company entered into a twenty-seven month lease agreement for office space in Vancouver, British Columbia. Annual lease payments due are approximately \$57,000 (CAD\$60,000).

During December 2009, the Company extended its three-year lease agreement for office space in Albuquerque, New Mexico, to April 2010. Annual lease payments due are approximately \$19,200.

During November 2006, the Company entered into a three-year lease agreement for office space in Hot Springs, South Dakota, the term of which expired in November 2009. The Company continues to maintain this space while the terms of a new lease agreement are being negotiated. Anticipated annual lease payments are approximately \$12,900.

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During November 2008, the Company entered into a one-year lease agreement for office space in Wellington, Colorado, which expired January 2010. The Company renewed this lease in February 2010 for one year. Annual lease payments are approximately \$21,600.

During November 2007, the Company entered into a five-year lease agreement for office space in Greenwood Village, Colorado. Annual lease payments are approximately \$98,500.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off -balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

RELATED PARTY TRANSACTIONS

In addition to the financing arrangements with Synatom discussed under the heading “Financing, Liquidity and Capital Resources,” the Company entered into the following transactions with directors and officers of the Company or with companies with directors and officers in common:

	December 31, 2009	March 31, 2009
	(nine-month period)	(twelve-month period)
Director fees	\$ 24,425	\$ 31,716
Management and consulting fees	312,896	357,364
	\$ 337,321	\$ 389,080

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

Not included in the directors fees and management and consulting fees was stock based compensation expense \$Nil (March 31, 2009: \$501,630).

As of December 31, 2009, the Company had prepaid \$31,289 (March 31, 2009: Nil) of management and consulting fees related to January 2010 services. At December 31, 2009, the amount of prepaid expenses capitalized to resource properties was \$10,000 (March 31, 2009: Nil).

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

CHANGE IN ACCOUNTING POLICIES

Measurement and Reporting Currency

On April 1, 2008, the Company changed its reporting currency from Canadian dollars (CAD) to United States dollars (USD) as this currency is more appropriate for the Company’s investors and other users of the financial statements. In making this change, the Company followed recommendations of the Emerging Issues Committee (“EIC”) of the Canadian Institute of Chartered Accountants (“CICA”), set out in EIC-130, “Translation Method When The Reporting Currency Differs From The Measurement Currency or There is a Change in The Reporting Currency”.

The March 31, 2009 consolidated financial statements and all prior periods have been translated from Canadian dollars into United States dollars using the current rate method, based on EIC-130 recommendations. Using this method, all consolidated assets and liabilities have been translated using the exchange rate at the balance sheet dates, while shareholders’ equity has been translated using the historical rates of exchange in effect on the dates of the corresponding

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transactions. Consolidated Statements of Operations and Deficit have been translated using the prevailing average exchange rate for the period, except for equity transactions which have been translated using the historical rates of exchange in effect at the dates of the corresponding transactions. The resulting net exchange rate differences due to this translation over the period of \$5,004,102 loss is included in shareholders' equity as accumulated other comprehensive income ("AOCI").

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

CRITICAL ACCOUNTING ESTIMATES

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

Significant estimates used in the preparation of the Company's consolidated financial statements include, but are not limited to, impairment of mineral properties, building and equipment, determination of fair values of financial instruments, the fair value for stock-based compensation, the provision for income taxes and composition of income tax assets and liabilities, the expected economic lives of and the estimated future operating results and net cash flows from mining properties, the anticipated costs of reclamation and closure cost obligations and the market interest rates used in fair valuing the liability component of the long-term debt.

Mineral Properties

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

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

Building and Equipment

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

Stock-Based Compensation

The fair value of all stock-based compensation awards granted is expensed with a corresponding increase to contributed surplus. Compensation expense for employees is generally amortized using the straight-line method over the period from the grant date to the date the options vest. Compensation expense for non-employees is recognized immediately for past

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services and pro-rata for future services over the service provision period. Compensation for non-employees is re-measured at each balance sheet date until the earlier of the vesting date or the date of completion of the service.

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

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

Recently Adopted Accounting Policies

- i) In February 2008, CICA issued Section 3064, "Goodwill and Intangible Assets", which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets, other than the initial recognition of goodwill or intangible assets acquired in a business combination. Concurrent with the introduction of this standard, the CICA withdrew EIC-27, "Revenues and Expenses During the Pre-operating Period". As a result of the withdrawal of EIC-27, companies will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations. The changes are effective for interim and annual financial statements beginning January 1, 2009. The adoption of this standard effective April 1, 2009, did not result in an impact to the Company's financial statements.
- ii) In 2009, the CICA amended section 3862, "Amendment to Financial Instruments – Disclosures" to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:
 - Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
 - Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
 - Level 3 – Inputs that are not based on observable market dataThe adoption of this standard resulted in additional disclosure in the Company's annual financial statements, specifically Note 12 "Financial Instruments" as filed as of the date of this MD&A.

Future Accounting Changes

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

Accordingly, the conversion to IFRS will be applicable to the Company's reporting no later than in the first quarter of 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency, certain contractual arrangements, debt covenants and capital requirements. The Company is currently evaluating the future impact of IFRS on its financial statements, as discussed below. While the Company is evaluating the impact of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

In order to prepare for the conversion to IFRS, the Company has developed the following plan:

- a) Training: The Company has ongoing training for appropriate personnel on the IFRS standards.
- b) Initial assessment: The Company has begun its initial assessment on the impact of the IFRS conversion on its opening financial position. To date, two major differences have been identified, however, any changes to IFRS standards prior to adoption may impact this initial assessment. The Company does not anticipate any material

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changes to its information technology, internal controls over financial reporting or business activities, nor disclosure controls and procedures during the conversion to IFRS. The Company plans to continuously review its initial assessment and update as necessary.

- c) New accounting policies: Once the Company has completed its detailed review of the IFRS standards, it will choose the appropriate accounting policies and procedures and quantify any impact on its financial statements and disclosures. These impacts will be reviewed by the appropriate personal and then implemented. Once the new policies and procedures are complete, the Company will prepare and report its financial statements and corresponding note disclosures in accordance with IFRS.

Major identified differences regarding conversion to IFRS:

- a) Impairment of resource properties: The Company currently tests for impairment on its resource properties in accordance with GAAP. As a result, 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 and the assessment of future probability of profitable revenues from the property or from the sale of the property. Under IFRS, the Company must compare the carrying amount to the higher of the fair value, based on discounted cash flows, and the value in use. While this change in policy does not impact the opening financial position it is a significant change in policy that may have impact on future periods.
 - b) Functional currency: The Company changed its functional currency to the USD as of April 1, 2009 in accordance with GAAP. While the Company believes its functional currency will not change due to the conversion to IFRS, it is evaluating its ability to eliminate its accumulated other comprehensive loss balance under IFRS.
- ii) Section 1582, Business Combinations, which replaces Section 1581, Business Combinations, establishes standards for the accounting for a business combination. It is the Canadian GAAP equivalent to International Financial Reporting Standard IFRS 3, Business Combinations.

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

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

SHARE CAPITAL

Authorized:

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 that are issuable in a series.

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Common Shares Issued:

As of February 24, 2010, the Company had 55,429,022 issued and outstanding common shares. Changes in issued and outstanding common shares during the nine-month period ended December 31, 2009 were as follows:

	<u>Number</u>	<u>Amount</u>
Balance, March 31, 2009	55,429,020	\$ 50,831,518
Share adjustment	<u>2</u>	<u>-</u>
Balance, December 31, 2009	<u>55,429,022</u>	<u>\$ 50,831,518</u>

Escrow:

At December 31, 2009 and February 24, 2010, none of the Company's common shares were held in escrow.

As of March 31, 2009, 425,000 of 1,700,000 common shares issued to certain officers of the Company for services rendered in connection with performance achievements were held in escrow. These escrowed shares were released during the period in accordance with the escrow agreement.

The following is a summary of the Company's escrow transactions during the nine-month period ended December 31, 2009:

Balance at March 31, <u>2009</u>	Escrowed during <u>the period</u>	Released during <u>the period</u>	Cancelled during <u>the period</u>	Balance at December 31, <u>2009</u>
<u>425,000</u>	<u> -</u>	<u>(425,000)</u>	<u> -</u>	<u> -</u>

Share Purchase Warrants:

At December 31, 2009 and February 24, 2010, there were 6,000,000 share purchase warrants outstanding. Share purchase warrants entitle the holders thereof to purchase one common share of the Company for each warrant. Changes in the number of outstanding share purchase warrants during the nine-month period ended December 31, 2009 were as follows:

Expiration <u>Date</u>	Exercise <u>Price</u>	Outstanding at March 31, <u>2009</u>	Issued during <u>the period</u>	Expired unexercised during <u>the period</u>	Outstanding at December 31, <u>2009</u>
June 4, 2009	CAD\$2.00	6,000,000	-	6,000,000	-
June 4, 2010	<u>CAD\$2.00</u>	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>6,000,000</u>
Totals		<u>12,000,000</u>	<u> -</u>	<u>6,000,000</u>	<u>6,000,000</u>

At December 31, 2009, the weighted average life of each warrant was 6 months and the weighted average exercise price was CAD\$2.00.

Convertible Debenture:

As of December 31, 2009, the Company had a 7% secured convertible debenture in the principal amount of CAD\$9,000,000 outstanding, that was issued to Synatom pursuant to a private placement in February 2009. The principal of the debenture and accrued interest thereon is convertible into common shares of the Company at a conversion price of CAD\$0.50 per common share. Assuming full conversion of the debenture, Synatom will acquire 18,000,000 common

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shares upon conversion of the CAD\$9,000,000 principal, and 1,115,000 common shares upon conversion of the possible CAD\$557,500 accrued interest thereon, for a total of 19,115,000 common shares of the Company.

Loan Facility:

As of December 31, 2009, the Company had drawn down CAD\$6,900,000 of the principal amount of CAD\$13,800,000 of the Loan Facility. The principal amount of the second tranche, being CAD\$3,450,000, is convertible into common shares of the Company at a conversion price of CAD\$0.50 per common share. Assuming full conversion of the CAD\$3,450,000 principal of the second tranche of the Loan Facility, Synatom will acquire 6,900,000 common shares of the Company.

Stock Option Plan:

The Company has a Stock Option Plan (“the Plan”) under which it is authorized to grant share purchase options to directors, officers, consultants or employees of the Company. The Company is permitted to grant options under the Plan to a fixed number of 9,885,804 common shares which was equal to 20% of the issued and outstanding common shares at the date of Plan adoption. The exercise price of options granted under the Plan may not be less than the fair market value of the Company’s common shares of the Company at the date the options are granted. Options granted under the Plan have a maximum life of five years. The Board of Directors specifies a vesting period on a grant-by-grant basis. All options are granted at exercise prices which are at or above the traded share price on grant date.

At December 31, 2009 and February 24, 2010, respectively, there are 7,500,000 options outstanding entitling the holders thereof to purchase one common share of the Company for each option held as follows:

<u>Expiration Date</u>	<u>Exercise Price (CAD)</u>	<u>Outstanding at March 31, 2009</u>	<u>Granted during period</u>	<u>Exercised during period</u>	<u>Forfeited during period</u>	<u>Outstanding at December 31, 2009</u>
May 11, 2011	\$1.00	3,025,000	–	–	–	3,025,000
July 19, 2011	\$1.30	200,000	–	–	–	200,000
August 1, 2011	\$1.30	100,000	–	–	–	100,000
October 5, 2011	\$1.80	100,000	–	–	(100,000)	–
February 15, 2012	\$3.00	400,000	–	–	–	400,000
May 14, 2012	\$3.20	125,000	–	–	–	125,000
August 30, 2012	\$1.50	900,000	–	–	–	900,000
September 4, 2012	\$1.60	150,000	–	–	–	150,000
October 31, 2012	\$2.15	75,000	–	–	–	75,000
January 14, 2013	\$1.50	400,000	–	–	–	400,000
February 7, 2013	\$1.00	400,000	–	–	–	400,000
June 18, 2013	\$1.50	1,600,000	–	–	–	1,600,000
August 11, 2013	\$1.50	125,000	–	–	–	125,000
Totals		<u>7,600,000</u>	<u>–</u>	<u>–</u>	<u>(100,000)</u>	<u>7,500,000</u>

As of December 31, 2009 and February 24, 2010, 7,303,125 and 7,393,750 options have vested, respectively. The weighted average life of the stock options outstanding is 2.54 years. The weighted average exercise price of the stock options outstanding is CAD\$1.38.

FINANCIAL INSTRUMENTS

The carrying values of cash, and accounts payable and accrued liabilities approximate fair value because of the short-term maturity of those instruments. The current bank accounts and accounts payable are non-interest bearing. The majority of cash is held in short-term investments bearing interest of less than 2%. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The Company to date has not used any formal currency hedging contracts to manage currency risk.

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The financial statements were prepared by the Company's management in accordance with Generally Accepted Accounting Principles ("GAAP") in Canada. The Company's financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

Disclosure Controls And Procedures

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in provincial securities legislation. The Company evaluated its disclosure controls and procedures as defined under National Instrument 52-109 as of December 31, 2009. This evaluation was performed by the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") with the assistance of other employees to the extent necessary and appropriate. Based on this evaluation, the CEO and CFO concluded that the design and operation of the Company's disclosure controls and procedures were effective.

Internal Control Over Financial Reporting

The Company maintains internal control over financial reporting which has been designed to provide reasonable assurance of the reliability of external financial reporting in accordance with Canadian GAAP as required by National Instrument 52-109. The Company evaluated its internal control over financial reporting as of December 31, 2009. The evaluation was performed by the CEO and the CFO with the assistance of other employees to the extent necessary and appropriate. Based on this evaluation, the CEO and the CFO, concluded the Company's internal control over financial reporting was effective.

There were no changes in the Company's internal control over financial reporting that occurred since the beginning of the Company's year ended December 31, 2010 to the date of this document that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

RISKS AND UNCERTAINTIES

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.

The Worldwide Macroeconomic Downturn May Reduce the Company's Ability to Obtain Necessary Financing

Since 2008, there has been a downturn in general worldwide economic conditions due to many factors, including the effects of the subprime lending and general credit market crisis, 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 is subject to counterparty risk and liquidity risk. The company is exposed to various counterparty risks including, but not limited to: (i) through financial institutions that hold the Company's cash; (ii) through the Company's insurance providers; and (iii) through the Company's lenders. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in that it may be unable to obtain appropriate financing as required. These factors may impact the ability of the Company to obtain loans and other credit facilities on favourable terms or at all. If these increased levels of volatility and market turmoil continue, the Company's planned growth and the trading price of its Common Shares could be adversely affected.

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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.

Public Acceptance of Nuclear Energy Cannot Be Assured

Growth in the demand for uranium and in the nuclear power industry will depend upon continued and increased acceptance of nuclear technology by the public as a safe and viable means of generating electricity. 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. An accident or incident at a nuclear reactor anywhere in the world, or an accident or incident relating to the transportation or storage of new or spent nuclear fuel, could negatively impact the public's acceptance of nuclear power and the future prospects for nuclear power generation, which may have a material and adverse effect on 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.

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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.

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 price of uranium has fluctuated between approximately US\$7 per pound and approximately US\$138 per pound, however since 2007, the price of uranium has declined significantly, being US\$45 per pound as of January 29, 2010. 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.

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.

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; labor 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.

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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 technical reports 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 its 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

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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, labor 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

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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 Company’s common shares in the public markets, or the potential for such sales, could decrease the trading price of the Company’s common shares and could impair the Company’s ability to raise capital through future sales of the Company’s common shares. Substantially all of the Company’s 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.

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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

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exploration and development activity on United States federal lands, all of which could have a material and adverse affect 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 common shares of the Company, or the availability of such common shares for sale, could adversely affect the prevailing market prices for the Company's common shares. A decline in the market prices of the Company's common shares could impair its 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 its 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 its 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 of the Company for the foreseeable future. The Company's dividend policy will be reviewed from time to time by the Board.

OTHER INFORMATION

This MD&A of the financial position and results of operations of the Company for the nine-month period ended December 31, 2009, and as of February 24, 2010, should be read in conjunction with the audited consolidated financial statements of the Company for the nine-month period ending December 31, 2009. Additional information relating to the Company, including the Company's Annual Information Form, can be accessed at the Company's website at www.powertechuranium.com or through the Company's public filings on SEDAR at www.sedar.com.

This MD&A has been reviewed and approved by Mr. Richard F. Clement, Jr., President and CEO of Powertech, under whose direction the Company's operations are being carried out. Mr. Clement, P.G., MSc. is a Qualified Person as defined by NI 43-101.