POWERTECH URANIUM CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

(Expressed in United States Dollars)

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Independent Auditor's Report

To the shareholders of
Powertech Uranium Corp.

We have audited the accompanying consolidated financial statements of Powertech Uranium Corp. which comprises the consolidated statement of financial position as at December 31, 2012 and 2011, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years ended December 31, 2012 and 2011 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Powertech Uranium Corp. as at December 31, 2012 and 2011 and its financial performance and its cash flows for the years ended December 31, 2012 and 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1- Nature of Operations and Going Concern in the consolidated financial statements which indicates that the entity has a deficit of $31,712,720 as at December 31, 2012 and, is expected to incur losses in the foreseeable future. These conditions, along with other matters as set forth in Note 1- Nature of Operation and Going Concern, indicate the existence of a material uncertainty that may cast doubt about the entity's ability to continue as a going concern.

(signed) BDO CANADA LLP

Chartered Accountants

Vancouver, Canada
February 28, 2013

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2012
(Expressed in United States Dollars)

	December 31, 2012	December 31, 2011 (Restated – Note 17)
ASSETS		
Current		
Cash and cash equivalents	$ 649,828	$ 4,057,505
Receivables	53,230	13,752
Deposits	21,204	23,047
Prepaid expenses	17,794	87,403
	742,056	4,181,707
Non-current		
Restricted cash	208,030	259,031
Mineral properties –Notes 5, 11 and Schedule 1	48,969,318	45,662,797
Building and equipment – Note 6	122,471	207,534
Total assets	$ 50,041,875	$ 50,311,069
LIABILITIES		
Current		
Accounts payable and accrued liabilities – Note 9	$ 654,358	$ 292,428
Warrant liability – Note 8	49,397	–
Current portion of agreements payable – Note 7	45,000	45,000
	748,755	337,428
Non-current		
Agreements payable – Note 7	1,070,926	1,012,796
Convertible promissory note payable – Notes 7 and 8	–	1,499,035
Deferred tax liability – Note 7	–	641,182
Total liabilities	1,819,681	3,490,441
SHAREHOLDERS' EQUITY		
Share capital – Note 8	72,291,985	69,685,693
Contributed surplus – Note 8	7,642,929	7,224,676
Deficit	(31,712,720)	(30,089,741)
	48,222,194	46,820,628
Total liabilities and shareholders' equity	$ 50,041,875	$ 50,311,069

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 STATEMENT COMPREHENSIVE INCOME/(LOSS)
for the year ended December 31, 2012
(Expressed in United States Dollars)

	2012	2011 (Restated – Note 17)
General and administrative expenses		
Audit and accounting fees	$ 91,432	$ 158,609
Community and media relations	7,302	22,605
Depreciation	56,591	113,076
Director fees – Note 9	61,429	61,992
Filing fees	32,104	120,781
Foreign exchange (gain)/ loss	(17,041)	457,680
Insurance	101,204	91,245
Investor relations and promotion	41,707	69,487
Legal fees	70,986	139,728
Management and consulting fees – Note 9	388,108	494,531
Office	355,371	422,521
Transfer agent fees	13,662	22,349
Travel and accommodation	103,489	275,241
Wages and benefits	836,945	1,090,174
Loss before other and income tax provision	(2,143,289)	(3,540,019)
Interest income	51,991	20,757
Interest expense on long-term debt – Note 7	–	(375,913)
Effective interest expense – Note 7	(103,130)	(1,610,196)
Gain on re-measurement of financial and derivative liability – Note 7	–	2,966,402
Gain on extinguishment of debt – Note 7	169,354	10,080,905
Gain on re-measurement of warrant liability - Note 8	–	2,264,362
Gain on sale of equipment – Note 6	214,527	–
Loss on sale of property – Note 5	(117,635)	–
Impairment charges – Note 5	(64,745)	(2,499,166)
	150,362	10,847,151
Net income/(loss) before income taxes	(1,992,927)	7,307,132
Deferred tax recovery/(expense) - Note 12	369,948	(638,804)
Net income/(loss) and comprehensive income/(loss) for the year	$ (1,622,979)	$ 6,668,328
Basic earnings/(loss) per common share – Note 13	$ (0.01)	$ 0.07
Diluted earnings/(loss) per common share – Note 13	$ (0.01)	$ 0.06
Basic weighted average number of shares outstanding – Note 13	106,682,510	93,595,737
Diluted weighted average number of shares outstanding – Note 13	106,682,510	106,095,737

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the year ended December 31, 2012
(Expressed in United States Dollars)

	Number of Common Shares	Share Capital (Restated – Note 17)	Contributed Surplus	Deficit (Restated – Note 17)	Total
Balance, December 31, 2010	55,429,022	$ 50,831,518	$ 6,855,957	$ (36,758,069)	$ 20,929,406
Share issuance (Note 8)	47,872,340	20,840,888	-	-	20,840,888
Share issue costs (Note 8)	-	(1,626,094)	-	-	(1,626,094)
Fair value of agent warrants	-	(360,619)	360,619	-	-
Stock-based compensation (Note 8)	-	-	8,100	-	8,100
Total comprehensive income for year	-	-	-	6,668,328	6,668,328
Balance, December 31, 2011	103,301,362	$ 69,685,693	$ 7,224,676	$ (30,089,741)	$ 46,820,628
Share issuance (Note 8)	22,500,000	2,335,058	-	-	2,335,058
Deferred tax recovery (Note 12)	-	271,234	-	-	271,234
Stock-based compensation (Note 8)	-	-	418,253	-	418,253
Total comprehensive loss for year	-	-	-	(1,622,979)	(1,622,979)
Balance, December 31, 2012	125,801,362	$ 72,291,985	$ 7,642,929	$ (31,712,720)	$ 48,222,194

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the year ended December 31, 2012
(Expressed in United States Dollars)

	2012	2011 (Restated – Note 17)
Cash flows from operating activities		
Net income/(loss) for the year	$ (1,622,979)	$ 6,668,328
Adjustments to reconcile loss to net cash used in operating activities:		
Effective interest expense	103,130	1,610,196
Depreciation	56,591	113,076
Deferred income tax expense (recovery)	(369,948)	638,804
Gain on sale of equipment	(214,527)	–
Loss on sale of property	117,635	–
Impairment charges	64,745	2,499,166
Stock-based compensation	249,146	–
Gain on re-measurement of financial and derivative liability	–	(5,230,764)
Gain on extinguishment of debt	(169,354)	(10,080,905)
Interest accrual	–	375,913
Unrealized foreign exchange (gain)/loss	(621,986)	193,893
	(2,407,547)	(3,212,293)
Net change in non-cash working capital items:		
Receivables	(39,118)	4,385
Deposits	1,958	6,557
Prepaid expenses	69,860	68,696
Accounts payable and accrued liabilities	712,470	47,580
Total cash outflows from operating activities	(1,662,377)	(3,085,075)
Cash flows from investing activities		
Restricted cash	51,000	26,397
Mineral property interests	(3,289,663)	(3,350,187)
Proceeds from sale of property	216,024	–
Proceeds from sale of equipment	243,000	–
Total cash outflows from investing activities	(2,779,639)	(3,323,790)
Cash flows from financing activities		
Long-term debt issuances	–	6,946,426
Long-term debt repayment	(45,000)	(19,711,039)
Issuance of common shares	1,000,200	23,105,250
Costs of issuance of common shares	–	(1,626,094)
Total cash inflows from financing activities	955,200	8,714,543
Foreign exchange (gain)/loss on cash	79,139	(105,531)
Total increase/(decrease) in cash during the year	(3,407,677)	2,200,147
Cash and cash equivalents, beginning of the year	4,057,505	1,857,358
Cash and cash equivalents, end of the year	$ 649,828	$ 4,057,505
Cash and cash equivalents consists of:		
Cash	$ 440,893	$ 156,844
Cash equivalents	208,935	3,900,661
Total cash and cash equivalents, end of year	$ 649,828	$ 4,057,505

Noncash Transactions – Note 10

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
for the year ended December 31, 2012
(Expressed in United States Dollars)

	South Dakota	Wyoming	Colorado	Total
Balance, December 31, 2010	$24,440,434	$3,274,191	$17,170,151	$ 44,884,776
Land services	21,000	21,000	21,000	63,000
Legal fees	239,271	–	(2,332)	236,939
Claims fees	54,960	161,401	–	216,361
Land/lease payments	141,889	76,947	37,116	255,952
Drilling/ Engineering	21,380	–	(1,043)	20,337
Permitting	1,285,087	–	–	1,285,087
Exploration	–	5,000	–	5,000
Impairment – Note 5	(57,600)	(138,125)	(2,303,441)	(2,499,166)
Wages/Consulting – Note 9	911,386	60,750	222,375	1,194,511
Balance, December 31, 2011	$ 27,057,807	$3,461,164	$15,143,826	$ 45,662,797
Land services	8,633	8,633	8,933	26,199
Legal fees	150,757	464	–	151,221
Claims fees	51,800	106,960	–	158,760
Land/lease payments	154,589	97,964	16,887	269,440
Drilling/ Engineering	67,642	–	2,987	70,629
Permitting	2,079,138	10,000	408	2,089,546
Impairment – Note 5	(12,320)	(52,425)	–	(64,745)
Sale of land – Note 5	–	–	(333,659)	(333,659)
Wages/Consulting – Note 9	839,495	99,635	–	939,130
Balance, December 31, 2012	$ 30,397,541	$3,752,594	$14,839,382	$ 48,969,318

SEE ACCOMPANYING NOTES

Note 1 Nature of Operations and Going Concern

The Company was incorporated in British Columbia on February 10, 1984. The Company's shares are publicly traded on the Toronto Stock Exchange ("TSX") and the Frankfurt Stock Exchange. The Company's business is the exploration and development of uranium properties located in South Dakota, Wyoming, and Colorado, USA. The address of the Company's corporate office and principle place of business is Suite 3023, 595 Burrard Street, Vancouver, BC, Canada.

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 annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 annual 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, 2012, the Company had not yet achieved profitable operations, had a deficit of $31,712,720 and working capital not including warrant liability of $42,698. The Company's focus is furthering its permitting applications at its Dewey-Burdock project. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Management anticipates the funds from the private placement as discussed in Note 18, will be sufficient to meet the Company's upcoming permitting efforts. The Company has had success in the past in equity raisings and will continue to assess all alternatives if additional funds are required.

Note 2 Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with IFRS as issued by the Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on February 26, 2012.

Note 3 Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments and the convertible note payable which are measured at fair value through profit and loss. The consolidated financial statements are presented in US dollars, which is also the Company's functional currency. References to "CAD$" refer to Canadian currency and "$" to United States currency.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Note 4 Significant Accounting Policies

Significant accounting judgments and estimates

The preparation of these consolidated financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these consolidated financial statements.

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

i) determination of categories of financial assets and financial liabilities involves assessments made by management;

ii) assessment of impairment, recoverability of the carrying value of the Company's exploration and evaluation assets; and

iii) assessment of contracts as derivative instruments and for embedded derivatives. In determining whether a contract represents a derivative or contains an embedded derivative, the most significant area where judgment has been applied pertains to the determination as to whether the contract can be settled net, one of the criteria in determining whether a contract for a non-financial asset is considered a derivative and accounted for as such. Judgment is also applied in determining whether an embedded derivative is closely related to the host contract, in which case bifurcation and separate accounting are not necessary.

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

i) Deferred income taxes - The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

ii) Convertible promissory note payable – The Company has designated the convertible promissory note as a financial liability. The initial fair value of the convertible promissory note was determined by fair valuing the instrument and the put option using assumptions and inputs in a valuation model. Assumptions underlying the valuations may require estimation of share price volatility, discount rates, interest rates, defaults and other variables.

Principles of Consolidation

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

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits and guaranteed investment certificates. These investments are easily convertible to known amounts of cash, are subject to insignificant risk of change in value, and have maturities of three months or less when purchased.

Note 4 Significant Accounting Policies – (cont'd)

Restricted Cash

Restricted cash consists of deposits held for collateral pursuant to bonds provided to State authorities in connection with mineral property activities.

Rehabilitation Provisions

The Company is subject to various government laws and regulations relating to environmental disturbances which are caused by exploration and evaluation activities. The Company records the present value for the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The Company has determined that there are no rehabilitation provisions at December 31, 2012 and 2011, as the Company has secured such estimated costs with the State agencies in which its activities are located.

Building and Equipment

On initial recognition, building and equipment ("B&E") are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability, as anticipated, is recognized within provisions.

B&E is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

When parts of an item of B&E have different useful lives, they are accounted for as separate items (major components) of B&E.

The cost of replacing part of an item of B&E is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of B&E are recognized in profit and loss as incurred.

Depreciation 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. Depreciation is recorded using the straight-line method over a 40 year useful life for buildings. Depreciation methods, useful lives, and residual values are reviewed at each financial year-end and adjusted as appropriate.

Mineral Properties

Pre-exploration costs are expensed in the period in which they occur.

Exploration and evaluation expenditures are capitalized in the period in which they occur once the legal right to explore a property has been acquired. This includes any acquisition costs associated with such property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, contractor payments, land payments, claims maintenance and certain employee costs. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

Note 4 Significant Accounting Policies – (cont'd)

Mineral Properties – (cont'd)
The Company may, at its discretion, enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transfee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Any such impairment charges will be written off to the consolidated statement of comprehensive income/(loss).

Once the technical feasibility and commercial viability of extracting the resource has been determined, the property will be considered a mine under development and will be classified as "mines under construction." Exploration and evaluation assets will also be tested for impairment at this point prior to transferring the assets to development properties.

Mineral exploration and evaluation expenditures are classified as intangible assets.

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. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company considers each project and/or prospect to be a cash-generating unit separate from the other projects and/or prospects.

Impairment charges are recorded in the statement of comprehensive income/(loss) in the period in which the evaluation was completed. See Note 5 for further discussion.

Income Taxes

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for certain temporary differences. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. Annually, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Note 4 Significant Accounting Policies – (cont'd)

Share-based payments

When equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in net income (loss) and financial position over the vesting period, described as the period during which all vesting conditions are to be satisfied. The compensation charges directly attributable to the development and progression of the mineral properties are capitalized.

When equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of common shares.

Amounts related to the issuance of common shares are recorded as a reduction of share capital. When the value of goods and services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted based on management's best estimate, for the effects of transferability, exercise restrictions and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, common shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where the grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

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 8 for discussion of the Company's stock option plan.

Basic and Diluted Income (Loss) Per Common Share

Basic income (loss) per common share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted income (loss) per common share reflect the potential dilution that could occur if potentially dilutive securities, such as convertible debt obligations, warrants, and stock options outstanding, were exercised or converted to common stock, only to the extent that they are not antidilutive.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial asset or financial liability. The Company's common shares, and share warrants that have no derivative elements are classified as equity instruments. Incremental costs directly attributable to the issue of new share or options are shown in equity as a deduction from the proceeds.

Note 4 Significant Accounting Policies – (cont'd)

Foreign Currency Translation

The Company's functional currency is the US dollar. At the transaction date, each asset, liability, revenue and expense dominated in a foreign currency is translated to US dollars by the use of the exchange rate in effect at that date. Monetary items are translated at a rate in effect at period end. Non-monetary assets and liabilities that are measured at historical cost are translated into US dollars by using the exchange rate in effect at the date of initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into US dollars by using the exchange rate at the date the value is determined and the related translation differences are recognized in the statement of comprehensive income/(loss).

Financial Instruments

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

Financial assets and liabilities at fair value through profit and loss are carried at fair value with changes in those fair values recognized in statement of comprehensive income/(loss). Financial assets and financial liabilities classified as held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method.

Available-for-sale financial assets are carried at fair value with changes in fair value recognized in other comprehensive income/(loss). Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are carried at cost. The Company does not currently have any available-for-sale financial assets or investments in equity instruments.

Derivative instruments, including embedded derivatives, are carried at fair value with any changes in the fair values of derivative instruments being recognized in profit and loss with the exception of derivatives designated as effective cash flow hedges. The Company has no such designated hedges. The disclosure of the Company's financial instruments is further described in Note 15.

Financial instruments carried at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents, receivables, deposits and restricted cash are classified as loans and receivables and are carried at amortized cost. Accounts payable and accrued liabilities, long-term debt, agreements payable, and convertible debt with conversion features presented as equity are classified as other financial liabilities and are carried at amortized cost. Convertible promissory notes with conversion features presented as liabilities, warrants that have an exercise price different than the functional currency are presented as liabilities and other embedded derivatives are classified as fair value through profit or loss and measured at fair value.

Note 4 Significant Accounting Policies – (cont'd)

Financial Instruments – (cont'd)

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Derivative Financial Instruments

The Company may issue compound financial instruments with embedded derivatives. An embedded derivative is separated from its host contract and accounted for as a derivative only when three criteria are satisfied:

- when the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the entire instrument is not measured at fair value with changes in fair value recognized in the statement of comprehensive loss.

The difference between the fair value of the total compound instrument and the fair value of the embedded derivative is assigned to the host contract. Subsequent to initial recognition, the host contract liability is measured at amortized cost using the effective interest method. The effective interest method calculates the amortized cost of a financial instrument and allocates interest income or accretion expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial liability on initial recognition. The Company has decided to measure the entire instrument at its fair value and accordingly has not bifurcated between the host contract and the embedded derivative.

The embedded derivative is fair valued each reporting period using an appropriate fair value valuation model with changes in the fair value being recognized immediately in net loss and comprehensive loss.

Future accounting changes

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2013 or later periods. None of these pronouncements are expected to have a significant effect on the consolidated financial statements, other than what is stated below.

- IFRS 9 "Financial Instruments": IFRS 9 is part of the IASB's wider project to replace IAS 39 "Financial Instruments: Recognition and Measurement." IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard on its financial position.

Note 4 Significant Accounting Policies – (cont'd)

Future accounting changes – (cont'd)

- IFRS 10 Consolidated Financial Statements: IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption of the standard for the accounting period beginning on January 1, 2013 is expected to have no impact on the Company's consolidated financial statements.
- IFRS 11 Joint Arrangements: IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. The adoption of the standard for the accounting period beginning on January 1, 2013 is expected to have no impact on the Company's consolidated financial statements.
- IFRS 12 Disclosure of Interests in Other Entities: IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The adoption of the standard for the accounting period beginning on January 1, 2013 is expected to have no impact on the Company's consolidated financial statements.
- IFRS 13 Fair Value Measurement: IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The adoption of the standard for the accounting period beginning on January 1, 2013 is expected to have no impact on the Company's consolidated financial statements.

Effective for annual periods beginning on or after January 1, 2014

- **IAS 32 Financial Instruments: Presentation:** The amendments to IAS 32 pertained to the application guidance on the offsetting of financial assets and financial liabilities, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realization and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. The Company is currently assessing the impact that the adoption of this standard may have on its consolidated financial statements.

Effective for annual periods beginning on or after January 1, 2015

- **IFRS 7, Financial Instruments Disclosures*:*** Amended standard IFRS 7 Financial Instruments: Disclosures outlines the disclosures required when initially applying IFRS 9 Financial Instruments.
- **IFRS 9, Financial Instruments*:*** The standard is the first step in the process to replace IAS 39, Financial instruments: recognition and measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39, Financial instruments: recognition and measurement, derecognition of financial assets and financial liabilities. This standard is not applicable until January 1, 2015 but is available for early adoption. The Company is currently assessing the impact that the adoption of IFRS 9 may have on its consolidated financial statements

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Note 5 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 14,500 surface acres and 17,800 net mineral acres.

As at December 31, 2012 and 2011, restricted cash was $22,215 on this property with respect to potential reclamation activities.

During the year ended December 31, 2011, the Company decided not to renew portions of certain lease agreements associated with its Dewey-Burdock Project. As a result, the Company wrote-down historical capitalized costs associated with those leases in the amount of $57,600. There were no such charges for the year ended December 31, 2012.

Colorado, USA

Centennial Project – Weld County

The Company's Centennial Project is located in western Weld County in northeastern Colorado. As of December 31, 2012, through property purchase and/or lease agreements, the Centennial Project is comprised of approximately 3,600 acres of surface rights and approximately 7,100 acres of mineral rights.

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. Through 2010, the Company made payments totalling $1,922,000. During June 2011, the Company did not exercise its option thus terminating the option agreements. As a result, the Company wrote-down all historical charges associated with the option agreements in the amount of approximately $2,300,000, as any option payment made was non-refundable to the Company in the event the Company did not elect to exercise its option to complete the purchase.

During 2012, the Company sold a portion of its land holdings within the Centennial Project area for gross proceeds of $216,024. As a result, the Company wrote-off its capitalized costs associated with this area in the amount of $333,659 and incurred a realized loss of $117,635.

As at December 31, 2012 and 2011, restricted cash was $168,808 and $219,808, respectively, on this property with respect to potential reclamation activities.

Wyoming, USA

Aladdin Project – Crook County

The Aladdin Project is comprised of approximately 25 leases or options to lease. This prospect is 80 miles north of the Company's Dewey Terrace prospect, discussed below, and consists of approximately 14,500 acres of surface rights and approximately 14,000 acres of mineral rights along the northwest flank of the Black Hills Uplift.

During the year ended December 31, 2012 and 2011, the Company decided not to renew portions of certain lease agreements and elected not to continue its annual maintenance payments on certain claims associated with its Aladdin Project. As a result, write-off of costs associated with those leases and claims in the amount of approximately $37,000 and $85,000, respectively.

Note 6 Building and Equipment

	Building	Computer equipment	Field equipment	Office equipment	Vehicles	Total
Cost						
Balance, December 31, 2010	$ 92,628	$ 240,664	$ 278,265	$ 72,887	$ 169,718	$ 854,162
Retirements	–	(7,630)	(160)	(1,907)	-	(9,697)
Balance, December 31, 2011	92,628	233,034	278,105	70,980	169,718	844,465
Assets sold	–	–	(150,182)	–	(139,213)	(289,395)
Balance, December 31, 2012	$ 92,628	$ 233,034	$ 127,923	$ 70,980	$ 30,505	$ 555,070
Accumulated Depreciation						
Balance, December 31, 2010	$ 4,402	$ 162,143	$ 170,121	$ 52,149	$ 143,616	$ 532,431
Retirements	–	(6,737)	(114)	(1,725)	-	(8,576)
Depreciation	2,315	36,908	45,683	9,813	18,357	113,076
Balance, December 31, 2011	6,717	192,314	215,690	60,237	161,973	$ 636,931
Assets sold	–	–	(127,920)	–	(133,003)	(260,923)
Depreciation	2,316	24,481	20,593	7,666	1,535	56,591
Balance, December 31, 2012	$ 9,033	$ 216,795	$ 108,363	$ 67,903	$ 30,505	$ 432,599
Carrying amount						
At December 31, 2011	$ 85,911	$ 40,720	$ 62,415	$ 10,743	$ 7,745	$ 207,534
At December 31, 2012	$ 83,595	$ 16,239	$ 19,560	$ 3,077	$ –	$ 122,471

During the year ended December 31, 2012, the Company sold its logging truck and related field equipment for proceeds of $243,000 which resulted in a gain on the sale of equipment of $214,527.

Note 7 Long-term Debt

	December 31, 2012	December 31, 2011
Agreements payable		
$100,000 payable [(a)]	$ 40,000	$ 50,000
$300,000 payable [(b)]	115,116	126,175
$2,000,000 payable [(c)]	960,810	881,621
	1,115,926	1,057,796
Convertible promissory note payable [(d)]	–	1,499,035
	1,115,926	2,556,831
Less current portion	45,000	45,000
	$ 1,070,926	$ 2,511,813

As of December 31, 2012, principle and interest payments due are as follows:

	2013	2014-2016	2017-2018	Thereafter	Total
Agreements payable	$ 45,000	$ 1,305,000	$ 60,000	$ nil	$ 1,410,000

[(a)] Agreement payable of $100,000, payable in annual instalments of $10,000 of which $60,000 (2011: $50,000) has been paid to date. As of December 31, 2012, the balance owed is $40,000. Expiry date of this agreement payable is during the fiscal year 2016.

Note 7 Long-term Debt – (cont'd)

The loan does not bear interest and is secured by a first mortgage on a mineral property interest. In the event of default the lender has the option to obtain the mineral property interest for $1.

(b) Agreement payable of $300,000, payable in annual instalments of $30,000 of which $120,000 (2011: $90,000) has been paid to date. As of December 31, 2012, the balance owed is $180,000. Expiry date of this agreement payable is during the fiscal year 2018. The loan does not bear interest and is secured by a first mortgage on a mineral property interest. 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 initial fair value was determined using a market interest rate applicable at that time. The difference between the fair value of $180,000 and the debt obligation of $300,000 is being accreted over the remaining life until maturity using amortized cost method.

During the year ended December 31, 2012, $18,941 (2011: $55,919) of imputed interest expense has been charged to the consolidated statement of comprehensive income/(loss) and credited to agreements payable.

(c) Agreement payable of $2,000,000, payable in annual instalments ranging from $5,000 to $395,000 of which $810,000 (2011: $805,000) has been paid to date. During September 2011, the annual instalment payments were renegotiated to the following terms: 2011 through 2013: $5,000 and 2014 through 2016: $395,000. As of December 31, 2012, the balance owing was $1,190,000. Expiry date of this agreement payable is during the fiscal year 2016. In accordance with the accounting for restructured debt, the September 2011 renegotiation of the instalment payments is considered an extinguishment of the original loan and issuance of a new loan. A market discount rate of 9.25% was used to fair value the present value of the future cash flows under the new loan. The fair value of the new loan compared to the fair value of the original loan amount outstanding resulted in gain on extinguishment of debt of $240,454.

The loan does not bear interest and is secured by a first mortgage on a mineral property interest. 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 initial fair value was determined using a market interest rate applicable at that time. The difference between the amortized cost of approximately $961,000 at December 31, 2012 and the debt obligation of approximately $1,190,000 is being accreted over the remaining life until maturity using effective interest rate method.

During the year ended December 31, 2012, $84,189 (2011: $85,688) of imputed interest expense has been charged to the consolidated statement of comprehensive income/(loss)and credited to agreements payable.

(d) During March 2011, the Company issued an unsecured non-interest bearing promissory note in the principal amount of $7,700,000 (CAD$7,500,000) (the "Note") to Société Belge de Combustibles Nucléaires Synatom SA ("Synatom") which is repayable in cash or common shares at the Company's election and is due on the earlier of: (i) six months after the last permit is obtained for the Company's Dewey-Burdock Project; and (ii) two years from the closing or March 15, 2013. At the election of the Company, the Note may also be prepaid in advance in cash at anytime, provided that such prepayment is for an amount not less than CAD$250,000, or, after an initial period of 18 months, the Note may be repaid by the issuance of common shares to Synatom at a price per common share equal to the greater of CAD$0.60 per common share or a 15% discount to the 20-day volume-weighted average price of the common shares on the TSX (or such other stock exchange on which the common shares may be listed at such time) at the time of payment. Assuming full conversion of the Note at the minimum conversion price of CAD$0.60, Synatom will acquire a maximum 12,500,000 common shares of the Company. The Company designated the convertible promissory note as a single instrument financial liability carried at fair value through profit and loss. The fair value of the convertible promissory note of $3,097,590 was determined by fair valuing the instrument and the put option using assumptions and

Note 7 Long-term Debt – (cont'd)

inputs in a valuation model. The difference between the face value of the instruments $7,700,000 (CAD$7,500,000) and the fair value was recorded to the $10,080,905 gain on extinguishment of debt.

The Company re-measured the fair value of the promissory note each reporting period resulting in a gain on the fair value of the promissory note liability of $2,966,402 for the year ended December 31, 2011.

During November 2012, the Company repaid the loan by issuing 12,500,000 common shares valued at $1,375,300 (CAD$ 1,375,000) which resulted in a gain on extinguishment of debt of $169,354.

The inputs used in a put option valuation model to fair value the financial liability are:

	Convertible Promissory Note	
	At Inception	November 6, 2012
Conversion price	$ 0.60	$ 0.60
Share price	$ 0.30	$ 0.11
Term	2 years	0.33 years
Volatility	90	63
Risk free rate	3%	3%
Dividend yield	nil	nil

Note 8 Share Capital and Contributed Surplus

Authorized

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

Common Shares Issued

	Number	Amount (Restated – Note 17)	Contributed Surplus [b]
Balance, December 31, 2010	55,429,022	$ 50,831,518	$ 6,855,957
Share issuance [a]	47,872,340	20,840,888	–
Share issue costs	–	(1,626,094)	–
Agent's warrants	–	(360,619)	360,619
Stock-based compensation	–	–	8,100
Balance, December 31, 2011	103,301,362	69,685,693	7,224,676
Stock-based compensation	–	–	418,253
Deferred tax recovery (Note 12)	–	271,234	–
Share issuance [c, d]	22,500,000	2,335,058	–
Balance, December 31, 2012	125,801,362	$ 72,291,985	$ 7,642,929

(a) On March 15, 2011, the Company completed a public offering of 47,872,340 units at a price of $0.48 (CAD$0.47) per unit to raise approximately gross proceeds of $23,100,000 (CAD$22,500,000) pursuant to a short form prospectus dated March 2, 2011 (the "2011 Offering"). Each unit was comprised of one common share and one-half share purchase warrant. Of the gross proceeds, $2,264,362 was allocated to the fair value of the share purchase warrants. On the same day, the Company closed its refinancing transaction with Synatom, which was approved by Powertech's shareholders at a special meeting held on March 14, 2011.

Note 8 Share Capital and Contributed Surplus– (cont'd)

Common Shares Issued – (cont'd)

The closings of each of the 2011 offering and the refinancing transaction were mutually conditional on the closing of the other. See Note 8 for discussion of the refinancing transaction.

(b) Contributed surplus is comprised of the fair value of stock-based compensation and the fair value of agent's warrants.

(c) During November 2012, the Company completed a non-brokered private placement financing (the "2012 Financing") of 10 million units at a price of CAD$0.10 per unit for gross proceeds of CAD$1,000,000 ($1,009,000). Each Unit consisted of one common share of the Company and one-half of one share purchase warrant. One whole warrant entitles the holder thereof to purchase one additional common share at a price of CAD$0.20 per common share up to November 6, 2013. Since the share purchase warrants exercise price is in a different currency than the functional currency the warrant liability was fair valued using the Black Scholes option pricing model using the following inputs: 65% volatility, 3% interest risk free rate, 1 year expected life, and 0% dividend yield. A fair value of $49,397 was allocated to warrant liability with the remaining proceeds being allocated to share capital. The change in the warrant liability at year end was trivial and not recorded. This is a non-cash transaction.

(d) During November 2012, the Company repaid the loan by issuing 12,500,000 common shares valued at $1,375,300 (CAD$ 1,375,000) which resulted in a gain on extinguishment of debt of $169,354.

Share Purchase Warrants

Share purchase warrant liability

		December 31, 2012		**December 31, 2011**
				(Note 17)
Balance, beginning of year	$	-	$	-
Fair value at inception, March 2011[a]		-		2,264,362
Fair value of warrant liability, November 2012 [b]		49,397		-
Gain on derivative liability for the year		-		(2,264,362)
Balance, end of year	$	49,397	$	-

(a) As part of the March 2011 offering discussed above, 23,936,170 whole share purchase warrants were issued. Each whole warrant entitles the holder to purchase one common share at an exercise price of CAD$0.60 for two years following the closing of the offering under certain circumstances. The warrants were considered a derivative liability as the exercise price is different than the functional currency of the Company. The fair value of the share purchase warrant liability was estimated using the Black-Scholes pricing model. Assumptions used in the pricing model at inception, December 31, 2011 and December 31, 2012 are as follows: 90.37% volatility, 2 to 3% interest risk free rate, 3 months to 2 years and 0% dividend yield.

(b) As part of the 2012 Financing, discussed above, 5,000,000 whole share purchase warrants were issued. One whole Warrant entitles the holder thereof to purchase one additional Share at a price of CAD$0.20 per Share for a period of one year from closing of the 2012 Financing. The warrants were considered a derivative liability as the exercise price is different than the functional currency of the Company and were valued at $49,397 using black-scholes pricing model. The warrant liability was estimated using the Black-Scholes pricing model using the following inputs: 65.41% volatility, 3% interest risk free rate, 1 year expected life and 0% dividend yield.

Note 8 Share Capital and Contributed Surplus – (cont'd)

Share Purchase Warrants – (cont'd)

Changes in share purchase warrants for the year ended December, 2012 are as follows:

Expiration Date	Exercise Price (CAD)	Outstanding at December 31, 2011	Issued during the period	Expired during the period	Outstanding at December 31, 2012
March 15, 2013	$0.60	23,936,170	–	–	23,936,170
March 15, 2013	$0.47	3,111,702	–	–	3,111,702
November 6, 2013	$0.20	–	5,000,000	–	5,000,000
Totals		27,047,872	5,000,000	–	32,047,872

At December 31, 2012, there were 32,047,872 whole share purchase warrants outstanding.

Stock Option Plan

The Company has a Stock Option Plan (the "2011 Plan") under which it is authorized to grant share purchase options to directors, employees, contractors or consultants of the Company. The Company is permitted to grant options under the 2011 Plan equal to 10% of the issued and outstanding common shares of the Company until the 10th anniversary of the effective date of the 2011 Plan. The exercise price of options granted under the 2011 Plan may not be less than the fair market value of the Company's common shares at the date such options are granted. The Company's Board of Directors specifies a vesting period and expiry on a grant-by-grant basis.

At December 31, 2012, there were 6,850,000 options outstanding entitling the holders thereof to purchase one common share for each option held. Share options outstanding were as follows:

Grant Date	Expiration Date	Exercise (CAD)	Outstanding at December 31, 2011	Granted during period	Expired/ Forfeited during period	Outstanding at December 31, 2012	Vested and exercisable
February 15, 2007	February 15, 2012	$3.00	400,000	–	(400,000)	–	–
May 14, 2007	May 14, 2012	$3.20	125,000	–	(125,000)	–	–
August 30, 2007	August 30, 2012	$1.50	900,000	–	(900,000)	–	–
September 4, 2007	September 4, 2012	$1.60	100,000	–	(100,000)	–	–
January 14, 2008	January 14, 2013*	$1.50	200,000	–	–	200,000	200,000
February 7, 2008	February 7, 2013*	$1.00	400,000	–	–	400,000	400,000
June 18, 2008	June 18, 2013	$1.50	1,600,000	–	(400,000)	1,200,000	1,200,000
May 15, 2012	May 15, 2017	$0.20	–	5,050,000	–	5,050,000	5,050,000
	Totals		3,725,000	5,050,000	(1,925,000)	6,850,000	6,850,000
Weighted average exercise price (CAD)			$1.72			$0.51	$0.51
Weighted average life remaining (years)			1.00			3.31	3.31

*These options expired subsequent to December 31, 2012.

Stock-based Compensation:

During the year ended December 31, 2012, the Company has granted 5,050,000 options to officers and directors of the Company. The options were vested on the date of grant and the fair value was estimated using the Black-Scholes option pricing model. The options were fair valued using the following inputs: 92.14% volatility, 1.2% interest risk free rate, 5 years expected life and 0% dividend yield. During the year ended December 31, 2012 stock-based compensation was $418,253 (2011: $8,100) of which $169,107 (2011: 8,100) was included in mineral property costs under wages/consulting.

Note 9 Related Party Transactions

Key management Compensation

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation comprise of:

	Year Ended December 31, 2012	2011
Director fees and other compensation	$ 135,969	$ 61,992
Management compensation and short-term benefits	1,369,965	1,243,851
	$ 1,505,934	$ 1,305,843

As of December 31, 2012 and 2011, the Company had not prepaid any management and consulting fees.

As of December 31, 2012 and 2011, the Company had an accrued liability of $4,500 and $8,600 respectively to its directors for services rendered but not yet paid.

As of December 31, 2012, under the Company's deferred compensation arrangement with certain officers, the Company has a recorded liability of approximately $226,000 in accrued liabilities (December 31, 2011: $25,000) which has been included in management compensation and short-term benefits (See Note 11)

For the year ended December 31, 2012, the Company recorded stock based compensation of $347,852 (2011: $nil) to certain related parties which has been reflected in the table above.

The Synatom transactions discussed in Notes 7 and 8 were considered related party transactions as they are considered to be significant shareholders.

Note 10 Non-cash Transactions

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

(a) Included in mineral properties cost is stock-based compensation valued at $169,107 (2011: $8,100) relating to employees who were directly involved with the mineral properties.

(b) Included in accounts payable and accrued liabilities is approximately $353,000 (2011: $82,000) relating to mineral properties.

Note 11 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

Note 11 Commitments and Contingencies – (cont'd)

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

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 remaining payments under the agreements are approximately $220,000. 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 remaining payments under the agreements are approximately $128,000.

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 remaining payments under the agreements are approximately $29,000. An additional $2,000,000 is due upon receipt of certain permits and licenses.

Claims Maintenance – The Company has secured approximately 1,100 mining claims within its various prospects. Annual maintenance costs of the mining claims are approximately $159,000.

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

Management Services Agreements and Employment Agreements

The Company renewed three management services agreements and six employment agreements during the year ended December 31, 2012. The agreements require the Company to pay fees totalling approximately $90,000 per month. Certain members of the Company's management and executive team have agreed to defer a portion of their salary (ranging from 10-25%) starting November 2011 through October 2013. In addition, these agreements require the Company to record a liability for deferred compensation in the amount of approximately $18,000 per month. The Company recorded a liability of approximately $250,000 (see Note 9) associated with such deferred compensation until the payment date which may be upon termination of employment (as defined in the agreements), change of control (as defined in the agreements) or October 31, 2013.

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 11 Commitments and Contingencies

Office Leases

The Company leases office space in Vancouver, British Columbia; Albuquerque, New Mexico; and Greenwood Village, Colorado. Total annual lease payments for these offices is approximately $146,000 (2011: $201,800).

Note 12 Income Taxes

The material components of the income tax expense for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Statutory tax rates	25.00%	26.50%
Income (loss) before income taxes	$ (1,992,927)	$ 7,307,132
Expected income tax expense (recovery)	$ (498,000)	$ 1,936,000
Increase (decrease) in income tax resulting from:		
Foreign income taxed at other than Canadian statutory rates	(126,000)	(381,000)
Non-taxable items	(296,000)	(743,000)
Effect of debt settlement	(465,000)	–
Changes in tax rate	–	(153,000)
Impact of initial recognition exemption	(65,000)	94,000
Other	15,000	–
Increase (decrease) in unrecognized tax assets	794,000	(112,000)
Income tax expense	$ (641,000)	$ 641,000

Changes to the federal and provincial tax rates were announced in 2011 which resulted in an adjustment to the opening carrying value of temporary differences.

The nature and tax effect of the temporary differences giving rise to the deferred tax assets and liabilities at December 31, 2012 and 2011 are summarized as follows:

	January 1, 2012	Recognized in net income	Recognized in equity	December 31, 2012
Property and equipment and other	$ –	$ 66,000	$ –	$ 66,000
Share issue costs	377,000	165,000	(271,000)	271,000
Non-capital losses carried forward	15,652,000	1,165,000	–	16,817,000
Offset against deferred tax liabilities	(10,806,000)	(331,000)	–	(11,137,000)
Unrecognized deferred tax assets	(5,223,000)	(794,000)	–	(6,017,000)
Deferred tax assets	–	271,000	(271,000)	–
Exploration and evaluation	(9,941,000)	(1,180,000)	–	(11,121,000)
Other	(7,000)	(9,000)	–	(16,000)
Promissory note at fair value	(1,499,000)	1,499,000	–	–
Offset against deferred tax assets	10,806,000	331,000	–	11,137,000
Deferred tax liabilities	(641,000)	641,000	–	–
Net deferred tax balance	$ 641,000	$ (370,000)	$ (271,000)	$ –

Note 12 Income Taxes (cont'd)

	January 1, 2011	Recognized in net income	Recognized in equity	December 31, 2011
Share issue costs	$ 10,000	$ –	$ 367,000	$ 377,000
Non-capital losses carried forward	14,337,000	1,315,000	–	15,652,000
Offset against deferred tax liabilities	(9,012,000)	(1,794,000)	–	(10,806,000)
Unrecognized deferred tax assets	(5,335,000)	479,000	(367,000)	(5,223,000)
Deferred tax assets	–	–	–	–
Exploration and evaluation	(9,005,000)	(936,000)	–	(9,941,000)
Other	(7,000)	--	–	(7,000)
Promissory note at fair value	–	(1,499,000)	–	(1,499,000)
Offset against deferred tax assets	9,012,000	1,794,000	–	10,806,000
Deferred tax liabilities	–	(641,000)	–	(641,000)
Net deferred tax balance	$ –	$ 641,000	$ –	$ 641,000

As at December 31, 2012, the Company had estimated non- capital losses for Canadian Tax purposes of $1million (December 31, 2011: $2 million). During the year, the Company utilized non-capital losses, foreign resource expenditures and undeducted financing costs to reduce a tax liability to $nil. As a result, a deferred tax recovery of $369,948 is recorded in the statement of comprehensive loss and $271,234 deferred income tax recovery is recorded in equity representing recognized share issuance cost. The $1,000,000 losses expire in the next 20 years and may be utilized to reduce taxable income derived in future years. The Company has also estimated non-capital losses for US Tax purposes of $47 million (December 31, 2011: $42 million). These losses will be expired in 20 years.

Note 13 Earnings/ (loss) per share

Basic earnings/ (loss) per common share is computed by dividing income/ (loss) available to the Company's common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings/ (loss) per common share is computed similarly to basic earnings per common share except that weighted average common shares is increased to include the potential issuance of dilutive common shares.

	Year ended December 31, 2012	2011
Net income/ (loss) for the year	$ (1,622,979)	$ 6,668,328
Weighted average number of common shares outstanding		
Basic	106,682,510	93,595,737
Effect of convertible debt	–	12,500,000
Diluted	106,682,510	106,095,737
Net income/ (loss) per common share		
Basic	$ (0.01)	$ 0.07
Diluted	$ (0.01)	$ 0.06

Note 14 Capital Management

The Company monitors its cash, debt, common shares, and stock options as capital. The Company's objectives when managing capital are:

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

The Company has the ability to adjust its capital structure by issuing new equity or debt, selling assets to reduce debt or balance equity and making adjustments to its capital expenditure program The Company is not exposed to any externally imposed capital requirements nor were there any changes in the Company's approval to capital management during the year.

Note 15 Financial Instruments and Risk Management

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

There is no difference between the fair value and carrying value of the financial assets and liabilities for the years ended December 31, 2012 and 2011.

The financial liabilities designated at fair value through profit or loss and the warrant liability are defined as level 2, in accordance with IFRS 7, as it is derived from inputs other than quoted market prices which are observable from the liability. There have been no transfers between level 1 and 2 in any year.

General Objectives, Policies and Processes:

The Board of Directors has an overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to management. The Board of Directors receive monthly reports from the Company's controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

The fair value of these assets and liabilities approximates their respective carrying amounts due to their short term nature. The Company does not hold any financial instruments that would be included in the classification of available for sale.

Note 15 Financial Instruments and Risk Management – (cont'd)

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, credit risk, liquidity risk and interest rate risk. In the normal course of operations, the Company is exposed to these risks. To manage these risks, management determines what activities must be undertaken to minimize potential exposure to risks. The objectives of the Company in 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.

(i) Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar will affect the Company's operations and financial results. The most significant impact of foreign currency is on the Company's net loss and other comprehensive loss due to the translation of balances denominated in a currency other than the US dollar using the temporal method. The Company is also exposed to foreign exchange risk arising from:

- cash balances held in CAD currencies;
- borrowings denominated in CAD currencies; and
- firm commitment 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 and accrued liabilities of $92,000. The debt obligation is the principal amount of the debt obligation outstanding, not the fair value at the balance sheet date.

There are no significant non-financial assets and liabilities that have foreign currency risk exposure. As at December 31, 2012, 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 $9,000.

(ii) Credit Risk

Credit risk is primarily associated with receivables, and cash equivalents. The Company closely monitors its financial assets and does not have any significant concentration of credit risk. 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 receivable conists of HST recoverable from government agencies. The Company's maximum exposure to credit risk at the balance sheet date is as follows:

Note 15 Financial Instruments and Risk Management – (cont'd)

	December 31, 2012	December 31, 2011
Cash and cash equivalents	$ 649,828	$ 4,057,505
Receivables	53,230	13,752
Restricted cash	208,030	259,031
	$ 911,088	$ 4,330,288

iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 12 months. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

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

December 31, 2012	**Payments Due by Period**				
	Less than 1 year	**1 to 3 years**	**4 to 5 years**	**Thereafter**	**Total**
Lease obligations	$ 259,825	$ 1,194,935	$ 630,063	$ 684,827	$ 2,769,650
Accounts payable and accrued liabilities	654,358	–	–	–	654,358
Agreements payable	45,000	1,305,000	60,000	–	1,410,000
	$ 959,183	$ 2,499,935	$ 690,063	$ 684,827	$ 4,834,008

December 31, 2011	**Payments Due by Period**				
	Less than 1 year	**1 to 3 years**	**4 to 5 years**	**Thereafter**	**Total**
Lease obligations	$ 566,186	$ 1,443,048	$ 462,169	$ 276,027	$ 2,747,430
Accounts payable and accrued liabilities	292,428	–	–	–	292,428
Agreements payable	45,000	915,000	465,000	30,000	1,455,000
Convertible promissory note (1)	–	7,353,000	–	–	7,353,000
	$ 903,614	$ 9,711,048	$ 927,169	$ 306,027	$ 11,847,858

(1) The convertible promissory note was repaid in shares during 2012. This amount represents the actual debt obligation not its fair value at the balance sheet date. See Notes 7 and 8 for further discussion.

iv) Interest rate risk

The Company is not significantly 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 Company did not have any interest-bearing borrowings as at December 31, 2012 or 2011.

Note 16 Segment Reporting

The Company has one reportable operating segment, being that of acquisition and exploration and evaluation activities, all of which are located in the United States.

Note 17 Prior Period Adjustment

During the year, the value of the 23,936,170 warrants issued in connection with the March 2011 public offering were reassessed as a liability since the Company's functional currency is the U.S dollar and it has issued these warrants that have an exercise price denominated in Canadian dollars. The Company has determined that warrants, other than agent warrants which are accounted for under IFRS 2, with an exercise price denominated in a currency that is different from the entity's functional currency are derivative liabilities and cannot be considered as equity and should be classified as liabilities carried at fair value through profit and loss.

As a result, the Company has restated its comparative consolidated financial statements as at December 31, 2011 and for the year then ended to reflect the presentation of these instruments as derivative liabilities rather than equity. As of December 31, 2011 the fair value of the warrants were of nominal value and thus not recorded. As a result share capital was reduced by $2,264,362 for their fair value at date of issue, and net income was increased and deficit reduced by $2,264,362 to reflect the changes in fair value to December 31, 2011. Basic and diluted earnings per share changed from $0.05 to $0.07 and $0.04 to $0.06, respectively.

	For the year ended December 31 , 2011			
		As previously reported		As restated
Consolidated statement of financial position:				
Share capital	$	71,950,055	$	69,685,693
Deficit		(32,354,103)		(30,089,741)
Consolidated statement of comprehensive income (loss):				
Gain on re-measurement of warrant liability (Note 8)	$	-	$	2,264,362
Net income and comprehensive income for year		4,403,966		6,668,328
Basic earnings per share		0.05		0.07
Diluted earnings per shares	$	0.04	$	0.06

Note 18 Subsequent Event

During February 2013, the Company completed a non-brokered private placement financing of 15 million units at a price of CAD$0.10 per unit for gross proceeds of CAD$ 1,500,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder thereof to purchase one additional share at a price of CAD$0.20 per share for a period of three years from closing of the financing.

POWERTECH URANIUM CORP.

(An Exploration Stage Company)
MANAGEMENT DISCUSSION AND ANALYSIS
(March 1, 2013)

GENERAL

The following discussion of financial performance, financial condition, cash flows and future prospects should be read in conjunction with the audited consolidated financial statements of Powertech Uranium Corp. (the "Company" or "Powertech") and notes thereto for the year ended December 31, 2012.

Additional information about the Company 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 March 1, 2013. 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) that events in Japan in early 2011 may affect public acceptance of nuclear energy and the Company's permitting timelines; (2) a decrease in the market price of uranium; (3) a decrease in the demand for uranium and uranium related products; (4) discrepancies between actual and estimated mineral resources and mineral reserves; (5) changes to the cost of commencing production and the time when production commences, and actual ongoing costs; (6) the occurrence of risks associated with the development and commencement of mining operations; (7) unforeseen or changed regulatory restrictions, requirements and limitations, including environmental regulatory restrictions and liability and permitting restrictions; (8) the failure to obtain governmental approvals and fulfill contractual commitments, and the need to obtain new or amended licenses and permits; (9) unforeseen changes in the costs of material inputs, including fuel, steel and other construction materials; (10) the loss of key employees; (11) the loss of, or defective title to, exploration and mining claims, rights, leases or licenses; (12) the number of competitors; (13) political and economic conditions in uranium producing and consuming countries; (14) failure to obtain additional capital at all or on commercially reasonable terms; (15) other factors beyond the Company's control; and (16) those factors described in the section entitled "Risk Factors and Uncertainties" in this MD&A.

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 or incorporated by reference in this MD&A. The Company undertakes no obligation to

update forward-looking statements if management's beliefs, estimates and opinions or the Company's circumstances as at the date hereof should change. 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 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. Powertech's common shares are listed for trading on the Toronto Stock Exchange ("TSX") (symbol "PWE") and the Frankfurt Stock Exchange.

Industry Trends

The earthquake and tsunami in Japan in March 2011, with the resultant damaging effect on that country's nuclear reactors, negatively affected public opinion regarding nuclear energy as a safe and viable source of power. Since the occurrence of these events, the Company and other companies engaged in uranium exploration and development have experienced a reduction in the trading prices of their shares on applicable stock exchanges. Further, a number of heads of government and their legislative bodies announced reviews and/or delays of plans to develop new nuclear power facilities. However, in recent months, certain governments have publicly announced intentions to proceed with nuclear projects. The United States Nuclear Regulatory Commission (the "NRC") recently approved the licensing of new nuclear reactors in the United States for the first time in 34 years, although the Chairman of the NRC has publicly stated that a more stringent review of design risks will be undertaken for both existing facilities and future applications for new nuclear power facilities. Government officials in India have recently announced that the Indian nuclear program has the potential to provide long-term energy security for that country and are planning a 14-fold expansion in nuclear power generation in the next twenty years from 4,800 MW to 63,000 MW. In Canada, Ontario Power Generation recently stated that it intends to proceed with the refurbishing and expansion of the Darlington, Ontario nuclear station, while incorporating lessons learned from Fukushima in the plans for such refurbishment and expansion. The newly elected government in Japan has announced a review of the previous government's nuclear phase-out and states that nuclear reactors would be restarted if they passed safety tests. The new government also refused to rule out the construction of new nuclear reactors. While the Company perceives these developments as favourable to the uranium industry, other relevant regulatory bodies may still react to the events in Japan, resulting in additional delays or barriers in permitting and licensing new uranium production operations. The Company has not yet determined the long-term impact such events will have on the Company's financial condition, results of operations and permitting plans, particularly as pertains to the Company's Dewey-Burdock Project, which is at an advanced stage in the permitting process.

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 14,500 surface acres and 17,800 net mineral acres.

Preliminary Economic Assessment

On April 19, 2012, the Company announced that it had received the results of a revised Preliminary Economic Assessment dated effective April 17, 2012 (the "April 2012 PEA") for its Dewey-Burdock Project. The PEA was prepared in accordance with National Instrument 43-101 by SRK Consulting (U.S.), Inc. ("SRK") and Lyntek Incorporated ("Lyntek").

SRK and Lyntek are based in Lakewood, Colorado and are well known as providers of a full range of engineering and construction services for the global uranium sector.

The purpose of the revised PEA was to provide an updated analysis of the economic viability of the Dewey-Burdock Project based on significant development work performed by the Company's engineers and consultants over the past two years. Most significantly, the Company's team and consultants have modified the mine planning sequence for the project and redesigned the well fields based on further detailed hydrologic studies. The Company has also obtained revised and much more favourable property tax incentives from the applicable tax authorities. As a result of this development work, the Company believes that the Project demonstrates significantly more favourable economics.

The following table identifies the updated economic parameters as reported in the April 2012 PEA and compares these parameters to the results of the original Preliminary Economic Assessment for the project filed in July 2010 (the "July 2010 PEA"):

July 2010 PEA	April 2012 PEA
NPV = US$55.4 million @ 8% DCF; US$65 U3O8	NPV = US$109.1 million @ 8% DCF; US$65 U3O8
IRR = 27%	IRR = 48%
Cash Operating Cost = US$34.90/lb. - U3O8	Cash Operating Cost = US$33.31/lb. - U3O8
Capital Cost (Phase I) = US$65 million	Capital Cost (Phase I) = US$54.3 million
Life of Mine 9 years, Producing 8.4 million lbs	Life of Mine 9 years, Producing 8.4 million lbs
Payback = 1st Quarter Production Year 4	Payback = 4th Quarter Production Year 2

The April 2012 PEA is available at http://www.powertechuranium.com/i/pdf/2012-04-17_NI_43-101.pdf and on SEDAR at www.sedar.com.

Regulatory Agency Review

The Company's business objectives are currently focused on obtaining the necessary permits and licenses for the Dewey-Burdock Project. In order to obtain such permits and licenses, the Company must:

- continue to interface with the NRC regarding its license application, which was submitted in August 2009 and deemed complete in October 2009;
- continue to interface with the Bureau of Land Management (the "BLM") regarding its Plan of Operations which was submitted in October 2009 and considered administratively complete in March 2010;
- continue to interface with and respond to comments from the South Dakota Department of Environment and Natural Resources (the "DENR") regarding the in situ recovery ("ISR") large-scale mine permit application submitted to the DENR September 28, 2012, and the Groundwater Discharge permit application submitted to DENR March 9, 2012 and deemed complete May 1, 2012;
- continue to interface with the United States Environmental Protection Agency (the "EPA") regarding its underground injection control ("UIC") Class III and Class V permit applications, of which the Class III application was submitted in December 2008 and deemed complete in February 2009, and the Class V application was submitted in March 2010 and deemed complete in April 2010; and
- respond to any requests for additional information from the NRC and all other agencies necessary to obtain the necessary licenses and permits.

Recent submissions made by the Company with respect to the Dewey-Burdock Project include the following:

- a groundwater model was submitted to the NRC in February 2012;
- a groundwater discharge permit application was submitted to the DENR in March 2012;

- a cultural and historical evaluation report on 20 additional archeological sites was submitted to the NRC in April 2012;
- two water rights permit applications were submitted to the DENR in June 2012; and
- ISR large-scale mine permit application was submitted to the DENR in September 2012.

The NRC issued the draft Supplemental Environmental Impact Statement ("SEIS") for the Dewey-Burdock Project November 26, 2012. The public comment period has expired. The NRC will respond to any comments it received from other federal government agencies and the public, and then provide a final SEIS, which is expected in May 2013. The NRC is also preparing a Safety Evaluation Report ("SER"), which is scheduled to be final in March 2013.

The NRC provided its initial draft license to the Company for review and comment July 31, 2012. The Company provided comments and NRC issued a revised draft license January 4, 2013. The Company anticipates that NRC will issue a final revised license in March 2013, which will be effective when the SEIS is complete and the remaining ancillary permits are issued. They are expected to be obtained in 2013.

In its March 1, 2013 update to the Atomic Safety and Licensing Board Panel the NRC Staff noted that their current best estimate of completing the Dewey-Burdock licensing process as shown below.

Report type	Estimated completion date
Final SER	Mid-March 2013 (within approximately the next two weeks)
Final SEIS	May 2013

As the NRC suggested in its last Status Report, the May 2013 estimate for issuance of the Final SEIS will need to be revised. The NRC is currently reviewing its budgeted resources and addressing certain budget uncertainties, while at the same time taking steps to expedite its preparation of the Final SEIS. The NRC expects to be able to provide a reasonably certain estimate of the Final SEIS issuance date within the next several weeks. The NRC will update the Board and the parties as soon as it arrives at its new estimate, and the NRC will file a supplemental status report as necessary.

During January 2012, Powertech responded to the EPA on questions presented with respect to the Underground Injection Control Class V permit application for deep disposal injection. It is expected that the responses are sufficient to proceed to draft permit pending public comment. Powertech continued to work with the EPA on the UIC Class III permit application. This work included updating the application submitted in January 2008. The updated information supplied to the NRC in June 2011 as well as a revised basis for the aquifer exemption boundary. The update was submitted in July 2012.

The South Dakota applications are for the groundwater discharge permit, the water rights permits and the ISR large -scale mine permit. The applications were submitted to the DENR in 2012. All permit applications have been deemed complete. The surface discharge permit and water rights permit have been finalized subject to a hearing with the South Dakota Water Management Board. The hearing date for the surface discharge permit and water rights permit is to be set at the March 6, 2013 meeting of the Water Management Board. The large-scale mine plan permit application is also deemed complete and notice is given to the public that a hearing will occur within 135 days. During this time, the application is being reviewed by the DENR and formal permit recommendation will be published a month prior to the hearing with the Board of Minerals and Environment. As notice was given in January 2013, the Board will likely meet for hearing in May, 2013.

Details of the expenditures incurred on the Dewey-Burdock Project can be found under the heading entitled "Resource Property Interests – Capitalized Costs".

Colorado, USA

Centennial Project – Weld County, Colorado

The Company's Centennial Project is located in western Weld County in northeastern Colorado. Through property purchase and/or lease agreements, the Centennial Project is comprised of approximately 3,600 acres of surface rights and approximately 7,100 acres of mineral rights.

During 2011, the Company elected to terminate two option agreements to acquire certain properties, together with associated mineral rights, related to the Centennial Project. As a result of the termination of these agreements, surface rights acreage decreased by approximately 3,600 acres and the mineral rights acres decreased by approximately 2,400 acres.

Powertech has completed a significant amount of work focused primarily on preparing the Centennial Project for ISR leach permitting and feasibility. This work has included drilling, recovery tests, water well tests and environmental studies. At the request of the Colorado Division of Reclamation, Mining and Safety (the "CDRMS"), the Company prepared and submitted an updated Site Characterization Plan in April 2009. All the required environmental surveys and studies have been completed and the draft reports have been received. Powertech completed its application to the EPA for a Class I UIC Permit in November 2010. In December 2010, the EPA informed the Company that the application was deemed complete. The Company has decided to forego additional permitting activities on Centennial until the completion of the permitting and licensing of the Dewey-Burdock Project in order to conserve cash and focus activities on its most advanced project.

Details of the expenditures incurred on the Centennial Project can be found under the heading entitled "Resource Property Interests – Capitalized Costs".

Wyoming, USA

Aladdin Project – Crook County, Wyoming

On June 25, 2012, the Company announced that it had completed its National Instrument 43-101 compliant technical report for the Aladdin Project, located in Crook County, Wyoming entitled "Technical Report on the Aladdin Uranium Project, Crook County, Wyoming" and dated effective June 21, 2012 (the "Aladdin Report"). The Company controls approximately 14,500 acres of mineral rights on this project which is located along the Wyoming/South Dakota border on the northwestern flank of the Black Hills Uplift, within sandstones of the Lower Cretaceous-age Inyan Kara Group. The Aladdin Report was authored by Jerry D. Bush, P.G., an independent professional geologist with uranium exploration experience in the Black Hills region. The purpose of the Aladdin Report was to classify total project uranium resources through the strict application of CIM Definition Standards for mineral resources and mineral reserves, as well as to estimate the overall uranium resource potential of the project area.

The Aladdin Report describes the results of the Company's confirmation drilling program and continued evaluation of historic exploration drilling data from Teton Exploration Company. The resource classification effort was based on detailed GT (Grade of mineralized intercept (%) x Thickness (ft)) contour mapping within six sandstone units of the Fall River Formation and seven individual mineralized units within the Chilson Member of the Lakota Formation. Using a 0.20 GT cut-off, Powertech has identified 1,038,023 pounds of Indicated Resources, contained in 466,232 tons averaging 0.111% U3O8. At the same cut-off, an additional 101,255 pounds of Inferred Resources were identified, contained in 42,611 tons averaging 0.119% U3O8.

The above-described classified resources are located in areas of close-spaced historic drilling. However, in over 80% of the project area, the density of exploration drilling is light. In these lightly explored areas, there is sufficient drill hole control for subsurface geochemical mapping, but drill hole density is inadequate for the delineation of classified resources. In the Aladdin Report, a range of (i) mineralized trend lengths, (ii) widths of mineralization and (iii) grades of mineralization were used to obtain an estimate of additional potential pounds of uranium within the project for 13 identified mineralized trends. At a GT cut-off of 0.20, a range of this potential was determined to be 5.0 to 11.0 million pounds of uranium, averaging 0.11% - 0.12% U3O8. The grade and quantity of this potential is conceptual in nature. There has been insufficient exploration within the portions of the Aladdin Project that contain this potential to define a mineral resource. It is uncertain if further exploration in the areas of this potential will result in the delineation of mineral resources.

The Aladdin property is 90 miles northwest of the Dewey-Burdock Project. Uranium resources at the Aladdin Project have been developed within the same host rocks that contain the Dewey Burdock deposit.

The Aladdin Report is available on the SEDAR website at www.sedar.com and on the Company's website at www.powertechuranium.com.

Details of the expenditures incurred on the Aladdin Project can be found under the heading entitled "Resource Property Interests – Capitalized Costs".

Resource Property Interests – Capitalized Costs

Costs reflected in resource property interests for the year ended December 31, 2012 and 2011 are detailed below:

	South Dakota	Wyoming	Colorado	Total
Balance, December 31, 2010	$24,440,434	$3,274,191	$17,170,151	$ 44,884,776
Land services	21,000	21,000	21,000	63,000
Legal fees	239,271	–	(2,332)	236,939
Claims fees	54,960	161,401	–	216,361
Land/lease payments	141,889	76,947	37,116	255,952
Drilling/ Engineering	21,380	–	(1,043)	20,337
Permitting	1,285,087	–	–	1,285,087
Exploration	–	5,000	–	5,000
Impairment	(57,600)	(138,125)	(2,303,441)	(2,499,166)
Wages/Consulting	911,386	60,750	222,375	1,194,511
Balance, December 31, 2011	$ 27,057,807	$3,461,164	$15,143,826	$ 45,662,797
Land services	8,633	8,633	8,933	26,199
Legal fees	150,757	464	–	151,221
Claims fees	51,800	106,960	–	158,760
Land/lease payments	154,589	97,964	16,887	269,440
Drilling/ Engineering	67,642	–	2,987	70,629
Permitting	2,079,138	10,000	408	2,089,546
Impairment	(12,320)	(52,425)	–	(64,745)
Sale of property	–	–	(333,659)	(333,659)
Wages/Consulting	839,495	99,635	–	939,130
Balance, December 31, 2012	$ 30,397,541	$3,752,594	$14,839,382	$ 48,969,318

SELECTED ANNUAL INFORMATION

The following table summarizes selected consolidated financial information for the Company's two most recently completed financial years. All amounts shown are stated in United States dollars, the Company's functional and reporting currency, in accordance with International Financial Reporting Standards ("IFRS"). The changes in the Company's reported results in 2010 and 2011 were the result of the Company's adoption of IFRS and not an underlying change in its business.

	2012	2011	2010
Statement of Operations			
Interest income	$ 51,991	$ 20,757	$ 33,841
Interest expense	–	(375,913)	(1,546,036)
Impairment charges	(64,745)	(2,499,166)	(402,852)
Gain re-measurement of financial and derivative liability	–	2,966,402	3,955,290
Gain re-measurement of warrant liability	–	2,264,362	–
Gain on extinguishment of debt	169,354	10,080,905	–
Gain on sale of equipment	214,527	–	–
Loss on sale of property	(117,635)	–	–
G&A and other expenses	(2,246,419)	(5,150,215)	(6,592,872)
Deferred tax recovery/(expense)	369,948	(638,804)	–
Net income/(loss)	(1,622,979)	6,668,328	(4,552,629)
Net income/(loss) per basic share	(0.01)	0.07	(0.08)
Balance Sheet			
Cash and cash equivalents	649,828	4,057,505	1,857,358
Total assets	50,041,875	50,311,069	47,553,301
Working capital/(deficit)	42,698	3,844,279	(23,750,884)
Long-term debt	–	2,511,831	811,645

RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2012

During the year ended December 31, 2012, the Company continued to focus on development of its mineral property interests. Net loss during the year ended December 31, 2012 was $1,622,979 compared to net income of $6,668,328 for the year ended December 31, 2011.

Depreciation charges decreased to $56,591 for the year ended December 31, 2012 from $113,076 for the same period of 2011 due to the sale of equipment during March 2012 and certain items of buildings and equipment that have become fully depreciated.

During 2012, the Company continued its efforts to reduce its costs compared to the same period in 2011. As a result, Community and media relations and Investor relations and promotion costs were reduced as the Company discontinued its use of third-party consultants for these activities.

Audit and accounting fees, Filing fees, Legal fees, and Transfer agent fees were greater during the year ended December 31, 2011 as compared to those during the year ended December 31, 2012 primarily due to costs associated with a refinancing transaction (the "Refinancing Transaction") with Société Belge des Combustibles Nucléaires Synatom SA ("Synatom") and public offering undertaken during the first quarter of 2011, as previously disclosed by the Company. There were no such transactions during 2012.

Wages and benefits decreased to $836,945 from $1,090,174 for the year ended December 31, 2012 and 2011, respectively, primarily due to a reduction in employee related expenses due to a reduction in the number of employees compared to the prior period.

Interest expense decreased to $nil from $375,913 for the year ended December 31, 2012 and 2011, respectively, due to the Refinancing Transaction that was undertaken in the first quarter of 2011.

Effective interest expense for the year ended December 31, 2012 was significantly less compared to the year ended December 31, 2011, as a result of the Refinancing Transaction. For more information about the Refinancing Transaction, see Note 7 to the Company's annual financial statements, which are filed concurrently with this MD&A on SEDAR at www.sedar.com.

Re-measurement of financial and derivative liability associated with debt obligations resulted in a loss of $2,966,402 for the year ended December 31, 2011 compared to $nil for the year ended December 31, 2012 as the debt obligation associated with the derivative liability was settled for shares during November 2012. See discussion in Note 7 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.

Gain on re-measurement of warrant liability was $nil and $2,264,362 for the years ended December 31, 2012 and 2011. Our warrants are denominated in a currency different from the functional currency of the Company, and as such, meet the definition of a financial liability and are fair valued at each reporting period using the Black-Scholes model. The change in the fair value From period-to-period will result in a gain/(loss) in the Consolidated Statements of Comprehensive Income/(Loss).

Gain on extinguishment of debt was $169,354 and $10,080,905 for the years ended December 31, 2012 and 2011, respectively, due to the Company's settlement of a convertible promissory note in shares rather than cash in connection with the Refinancing Transaction, utilizing the closing share price as of March 31, 2011 and the repayment of debt obligations for less than the principle amount owed. See Note 7 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.

During the year ended December 31, 2012, the Company sold a portion of its non-core assets associated with its Centennial project which resulted in a loss of $117,635. There was no such transaction during the year ended December 31, 2011.

Deferred tax recovery/(expense) was $369,948 and $(638,804) for the years ended December 31, 2012 and 2011, respectively. As the Company had the option to settle the convertible promissory note issued in connection with the Refinancing Transaction through the issuance of shares rather than paying cash, this created a significant possible gain on the extinguishment of debt for the Company. As a result of the possible gain (loss), the Company has recorded the potential tax impact on that transaction during 2011. During November 2012, the Company settled the convertible promissory note and has determined that there will be no tax liability associated with this settlement. See Share Capital section below for further discussion of this transaction.

SUMMARY OF QUARTERLY RESULTS

The following tables provide selected financial information for the most recent eight quarters, stated in United States dollars in accordance with IFRS:

	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Income Statement				
Interest income	$ 190	$ 8,618	$ 893	$ 42,290
Interest expense	–	–	–	–
Impairment charges	(64,745)	–	–	–
Gain on sale of equipment	–	–	–	214,527
Gain/ (loss) on re-measurement of financial and derivative liability	345,701	(140,403)	583,486	(788,784)
Gain on extinguishment of debt	169,354	–	–	–
Loss on sale of property	(117,635)	–	–	–
G&A and other expenses	(525,642)	(509,448)	(679,764)	(531,565)
Deferred tax recovery/ (expense)	212,116	77,789	(147,774)	227,817
Net income/(loss)	19,339	(563,444)	(243,159)	(835,715)
Net income/(loss) per share, basic	0.00	(0.01)	(0.00)	(0.01)
Balance Sheet				
Cash and cash equivalents	649,828	613,554	1,909,097	3,213,895
Total assets	50,041,875	49,726,807	50,016,122	50,119,288
Working capital/(deficit)	42,698	(1,860,314)	(245,777)	2,967,980

	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Income Statement				
Interest income	$ 5,627	$ 8,823	$ 4,248	$ 2,059
Interest expense	–	–	–	(375,913)
Impairment charges	(195,725)	–	(2,303,441)	–
Gain on re-measurement of warrant liability	2,264,362	–	–	–
Gain/(loss) on re-measurement of financial and derivative liability	(170,119)	926,986	753,376	1,456,159
Gain on extinguishment of debt	–	240,454	–	9,840,451
G&A and other expenses	(658,976)	(739,592)	(818,318)	(2,933,328)
Deferred tax recovery/ (expense)	223,505	(149,990)	(277,383)	(434,936)
Net income/ (loss)	1,468,674	286,681	(2,641,518)	7,554,492
Net income/ (loss) per share, basic and diluted	0.01	0.00	(0.03)	0.12
Balance sheet				
Cash and cash equivalents	4,057,505	5,015,196	7,085,313	9,131,986
Total assets	50,311,069	51,895,175	52,128,780	55,289,993
Working capital/(deficit)	3,844,279	4,905,337	6,307,137	8,438,255

RESULTS OF OPERATIONS – QUARTER ENDED DECEMBER 31, 2012

During the three months ended December 31, 2012, the Company continued to focus on development of its mineral property interests. Net income during the three months ended December 31, 2012 was $19,339 compared to $1,468,674 for the three months ended December 31, 2011.

General and administrative expenses for the three months ended December 31, 2012 approximated those for the same period in 2011, with the exception of Wages and benefits which decreased to $139,317 from $217,022 for the three months ended December 31, 2012 and 2011, respectively, primarily due to a reduction in employee related expenses due to a reduction in the number of employees compared to the prior period.

Effective interest expense for the three months ended December 31, 2012 was significantly less compared to the three months ended December 31, 2011, as a result of the Refinancing Transaction. For more information about the Refinancing Transaction, see Note 7 to the Company's annual financial statements, which are filed concurrently with this MD&A, which are available on SEDAR at www.sedar.com.

Re-measurement of financial and derivative liability associated with debt obligations resulted in a gain of $345,701 for the quarter ended December 31, 2012 compared to a loss of $170,119 for the quarter ended December 31, 2011 as the debt obligation associated with the derivative liability was settled for shares during November 2012. See discussion in Note 7 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.

Gain on re-measurement of warrant liability was $nil and $2,264,362 for the quarter ended December 31, 2012 and 2011. Our warrants are denominated in a currency different from the functional currency of the Company, and as such, meet the definition of a financial liability and are fair valued at each reporting period using the Black-Scholes model. The change in the fair value From period-to-period will result in a gain/(loss) in the Consolidated Statements of Comprehensive Income/(Loss).

Gain on extinguishment of debt was $169,354 and $nil for the three months ended December 31, 2012, respectively, as the Company's settled its convertible promissory note in shares rather than cash during November 2012. See Note 7 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.

During the quarter ended December 31, 2012, the Company sold a portion of its non-core assets associated with its Centennial project which resulted in a loss of $117,635. There was no such transaction during the quarter ended December 31, 2011.

Deferred tax recovery was $212,116 and $223,505 for the three months ended December 31, 2012 and 2011, respectively. As Company had the option to settle the convertible promissory note issued in connection with the Refinancing Transaction through the issuance of shares rather than paying cash, this created a significant possible gain on the extinguishment of debt for the Company. As a result of the possible gain (loss), the Company has recorded the potential tax impact on that transaction during 2011. During November 2012, the Company settled the convertible promissory note and has determined that there will be no tax liability associated with this settlement. See Share Capital section below for further discussion of this transaction.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2012, the Company had cash and cash equivalents of $649,828 and net working capital of $42,698, excluding the warrant liability. During February 2013, the Company completed a non-brokered private placement for gross proceeds of CAD$1,500,000 (see Share Capital below).

Cash outflows from operations were $1,662,377 and $3,085,075 for the year ended December 31, 2012 and 2011, respectively. The decrease is primarily attributable to lower cash out flows for general and administrative expenses, which was partially offset by an increase in accounts payable and accrued liabilities.

Cash outflows from investing activities was $2,779,639 for the year ended December 31, 2012 compared to $3,323,790 for the year ended December 31, 2011. Field activities at Dewey-Burdock have decreased as many of the Company's permit applications have been completed and submitted, and are under review. This was partially, offset by an increase in costs associated with the review process. The Company has decided to forego additional permitting activities at its Centennial Project until the completion of the permitting and licensing of Dewey-Burdock. For further discussion of these Projects,

see Resource Property Interests, above. The Company sold certain equipment and property for proceeds of $243,000 and $216,024, respectively, during the year ended December 31, 2012.

Cash flows from financing activities such as share and debt issuances/repayments and accrued interest on said debt, (utilized)/provided cash of $955,200 and $8,714,543 for the year ended December 31, 2012 and 2011, respectively.

Although the Company is in the permitting stage on two of its projects, Dewey-Burdock and Centennial, it is currently focusing its efforts on obtaining the necessary permits and licenses for its Dewey-Burdock Project, as discussed in the "Resource Property Interests" section above. In order to meet its on-going obligations, the Company successfully completed a private placement transaction during November 2012 and February 2013, the terms of both transactions are discussed below in the Share Capital section.

Going concern: 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.

The Company will require further financing in addition to the recently completely private placement in order to fund its operational and administrative plans for the next 12 months. As a result, the Company will incur future losses, which cast doubt as to the Company's ability to continue as a going concern, which is dependent upon its ability to raise the necessary funds and/or to obtain the necessary financing to meet its debt obligations and repay its liabilities arising from normal business operations when they come due.

CONTRACTUAL COMMITMENTS

Long-term Debt Obligations

The following table summarizes the contractual maturities of the Company's significant financial liabilities and capital commitments, including contractual obligations as of December 31, 2012:

	Payments Due by Period				
	Less than 1 year	**1 to 3 years**	**4 to 5 years**	**Thereafter**	**Total**
Lease obligations	$ 259,825	$ 1,194,935	$ 630,063	$ 684,827	$ 2,769,650
Accounts payable and accrued liabilities	654,358	–	–	–	654,358
Agreements payable	45,000	1,305,000	60,000	–	1,410,000
	$ 959,183	$ 2,499,935	$ 690,063	$ 684,827	$ 4,834,008

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.

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 effect on its consolidated financial position, results of operations or cash flows.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2012, the Company entered into certain transactions with related parties, which primarily related to the payment of salaries and consulting fees. The terms and conditions of the transactions with key

management personnel, directors and other related parties, were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions with non-related parties on an arm's length basis. The following table sets out information about the related party transactions that the Company was party to during the year ended December 31, 2012:

Name	Relationship to the Company	Business Purpose of Transaction	Amount
Richard F. Clement	President, CEO and Director	Salary	$240,000
		Benefits	$17,738
		Deferred compensation[1]	$60,000
		Stock-based compensation	$57,976
Thomas A. Doyle	Chief Financial Officer, VP – Finance and Director	Consulting Fees[2]	$179,763[3]
		Deferred compensation[1]	$44,941[3]
		Stock-based compensation	$57,976
Greg C. Burnett	Secretary, VP – Administration and Director	Consulting Fees[2]	$143,811[4]
		Deferred compensation[1]	$35,953[4]
		Stock-based compensation	$49,693
John Mays	VP - Engineering	Salary	$150,000
		Benefits	$14,513
		Stock-based compensation	$41,411
Jim Bonner	VP – Exploration	Salary[1]	$150,000
		Benefits	$20,845
		Deferred compensation[1]	$30,000
		Stock-based compensation	$33,129
Richard Blubaugh	VP – Health, Safety and Environmental Resources	Salary[1]	$150,000
		Benefits	$29,491
		Deferred compensation[1]	$30,000
		Stock-based compensation	$33,129
Malcolm Clay	Director	Director Fees	$17,976[5]
		Stock-based compensation	$24,846
John Dustan	Director	Director Fees	$17,976[5]
		Stock-based compensation	$24,846
Douglas Eacrett	Director	Director Fees	$17,976[5]
		Stock-based compensation	$24,846
Wallace Mays	Director	Director Fees	$7,500

[1] Deferred compensation is salary/consulting fees earned but not paid per the respective deferred compensation agreements.

(2) Consulting fees were paid to a holding company, the shares of which the related party exercises control and direction over.
(3) Thomas A. Doyle earned CAD$180,000 (deferred CAD$45,000) for the year ended December 31, 2012, which was converted to US dollars for the purposes of this table at an average exchange rate of 0.9987.
(4) Greg C. Burnett earned CAD$144,000 (deferred CAD$30,000) for the year ended December, 2012, which was converted to US dollars for the purposes of this table at an average exchange rate of 0.9987.
(5) For the year ended December 31, 2012, each director was paid CAD$18,000 which was converted into US dollars for the purposes of this table at an average exchange rate of 0.9987.

As discussed in the Share Capital section below, the Company completed a non-brokered private placement during November 2012 financing (the “2012 Financing”) of 10 million units at a price of CAD$0.10 per unit for gross proceeds of CAD$1,000,000 ($1,009,000). Malcolm Clay, Thomas A. Doyle and Greg Burnett each participated in the 2012 Financing by purchasing 250,000; 1,000,000 and 1,000,000 units respectively.

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.

Common Shares Issued:

	Number	Amount	Contributed Surplus [b]
Balance, December 31, 2010	55,429,022	$ 50,831,518	$ 6,855,957
Share issuance [a]	47,872,340	20,840,888	–
Share issue costs	–	(1,626,094)	–
Agent’s warrants	–	(360,619)	360,619
Stock-based compensation	–	–	8,100
Balance, December 31, 2011	103,301,362	69,685,693	7,224,676
Stock-based compensation	–	–	418,253
Deferred tax recovery	–	271,234	–
Share issuance [c]	22,500,000	2,335,058	–
Balance, December 31, 2012	125,801,362	$ 72,291,985	$ 7,642,929

(a) On March 15, 2011, the Company completed a public offering of 47,872,340 units at a price of $0.48 (CAD$0.47) per unit to raise approximately gross proceeds of $23,100,000 (CAD$22,500,000) pursuant to a short form prospectus dated March 2, 2011 (the “2011 Offering”). Each unit was comprised of one common share and one-half share purchase warrant. Of the gross proceeds, $2,264,362 was allocated to the fair value of the share purchase warrants. On the same day, the Company closed its refinancing transaction with Synatom, which was approved by Powertech's shareholders at a special meeting held on March 14, 2011. The closings of each of the 2011 offering and the refinancing transaction were mutually conditional on the closing of the other.
(b) Contributed surplus is comprised of the fair value of stock-based compensation and the fair value of agent’s warrants.
(c) During November 2012, the Company completed the 2012 Financing of 10 million units at a price of CAD$0.10 per unit for gross proceeds of CAD$1,000,000 ($1,009,000). Each unit consisted of one common share of the Company and one-half of one share purchase warrant. One whole warrant entitles the holder thereof to purchase one additional common share at a price of CAD$0.20 per common share up to November 6, 2013. Since the share purchase warrants exercise price is in a different currency than the functional currency the warrant liability was fair valued using the Black Scholes option pricing model

using the following inputs: 65% volatility, 3% interest risk free rate, 1 years and 0% dividend yield. A fair value of $49,397 was allocated to warrant liability with the remaining proceeds being allocated to share capital. The change in the warrant liability at year end was trivial and not recorded. This is a non-cash transaction.

(d) During November 2012, the Company repaid the loan by issuing 12,500,000 common shares valued at $1,375,300 (CAD$ 1,375,000) which resulted in a gain on extinguishment of debt of $169,354.

In addition, during February 2013, the Company completed its non-brokered private placement financing (the "2013 Financing") of 15 million units at a price of CAD$0.10 per unit for gross proceeds of CAD1,500,000. Each unit consisted of one common share of the Company and one share purchase warrant. One warrant entitles the holder thereof to purchase one additional share at a price of CAD$0.20 per share for a period of three years from closing of the 2013 Financing. As a result of the 2013 Financing, common shares issued was 140,801,362 as of March 1, 2013.

Share Purchase Warrants:

At December 31, 2012 and March 1, 2013, there were 32,047,872 and 47,047,872 share purchase warrants outstanding, respectively. As part of the 2012 Financing, discussed above, 5,000,000 share purchase warrants were issued, with each such warrant entitling the holder thereof to purchase one additional share at a price of CAD$0.20 per share for a period of one year from closing of the 2012 Financing. As part of the 2013 Financing discussed above, 15,000,000 share purchase warrants were issued, with each such warrant entitling the holder to purchase one additional share at a price of CAD$0.20 for a period of three years from closing of the 2013 Financing.

Changes in share purchase warrants for the year ended December 31, 2012 are as follows:

Expiration Date	Exercise Price (CAD)	Outstanding at December 31, 2011	Issued during the period	Expired during the period	Outstanding at December 31, 2012
March 15, 2013	$0.60	23,936,170	–	–	23,936,170
March 15, 2013	$0.60	3,111,702	–	–	3,111,702
November 6, 2013	$0.20	–	5,000,000	–	5,000,000
Totals		27,047,872	5,000,000	–	32,047,872

Stock Option Plan:

The Company has a Stock Option Plan ("the 2011 Plan") under which it is authorized to grant share purchase options to directors, employees, contractors or consultants of the Company. The Company is permitted to grant options under the Plan equal to 10% of the issued and outstanding common shares of the Company until the 10th anniversary of the effective date of the 2011 Plan. 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 such options are granted. The Company's Board of Directors specifies a vesting period and expiry on a grant-by-grant basis.

At December 31, 2012 and March 1, 2013, there were 6,850,000 and 6,250,000 options outstanding, respectively, entitling the holders thereof to purchase one common share for each option held. Share options outstanding as of December 31, 2012 were as follows:

Grant Date	Expiration Date	Exercise (CAD)	Outstanding at December 31, 2011	Granted during period	Expired/ Forfeited during period	Outstanding at December 31, 2012	Vested and exercisable
February 15, 2007	February 15, 2012	$3.00	400,000	–	(400,000)	–	–
May 14, 2007	May 14, 2012	$3.20	125,000	–	(125,000)	–	–
August 30, 2007	August 30, 2012	$1.50	900,000	–	(900,000)	–	–
September 4, 2007	September 4, 2012	$1.60	100,000	–	(100,000)	–	–
January 14, 2008	January 14, 2013	$1.50	200,000	–	–	200,000	200,000
February 7, 2008	February 7, 2013	$1.00	400,000	–	–	400,000	400,000
June 18, 2008	June 18, 2013	$1.50	1,600,000	–	(400,000)	1,200,000	1,200,000
May 15, 2012	May 15, 2017	$0.20	–	5,050,000	–	5,050,000	5,050,000
	Totals		3,725,000	5,050,000	(1,925,000)	6,850,000	6,850,000
Weighted average exercise price (CAD)			$1.72			$0.51	$0.51
Weighted average life remaining (years)			1.00			3.31	3.31

As of March 1, 2013, the weighted average life of the stock options outstanding was 3.46 years with a weighted average exercise price of CAD$0.45.

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments and estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in such financial statements.

Significant accounting judgments that the Company has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

i) determination of categories of financial assets and financial liabilities involves assessments made by management;

ii) assessment of impairment, recoverability of the carrying value of the Company's exploration and evaluation assets; and

iii) assessment of contracts as derivative instruments and for embedded derivatives. In determining whether a contract represents a derivative or contains an embedded derivative, the most significant area where judgment has been applied pertains to the determination as to whether the contract can be settled net, one of the criteria in determining whether a contract for a non-financial asset is considered a derivative and accounted for as such. Judgment is also applied in determining whether an embedded derivative is closely related to the host contract, in which case bifurcation and separate accounting are not necessary.

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

i) Deferred income taxes - The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will be realized. This evaluation is based on

historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

ii) Convertible promissory note payable – The Company has designated the convertible promissory note as a financial liability. The initial fair value of the convertible promissory note was determined by fair valuing the instrument and the put option using assumptions and inputs in a valuation model. Assumptions underlying the valuations may require estimation of share price volatility, discount rates, interest rates, defaults grant and other variabled.

Principles of Consolidation

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

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits and guaranteed investment certificates. These investments are easily convertible to known amounts of cash, are subject to insignificant risk of change in value, and have maturities of three months or less when purchased.

Restricted Cash

Restricted cash consists of deposits held for collateral pursuant to bonds provided to State authorities in connection with mineral property activities.

Rehabilitation Provisions

The Company is subject to various government laws and regulations relating to environmental disturbances which are caused by exploration and evaluation activities. The Company records the present value for the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The Company has determined that there are no rehabilitation provisions at December 31, 2012 and 2011, as the Company has secured such estimated costs with the State agencies in which its activities are located.

Building and Equipment

On initial recognition, building and equipment ("B&E") are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability, as anticipated, is recognized within provisions.

B&E is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

When parts of an item of B&E have different useful lives, they are accounted for as separate items (major components) of B&E.

The cost of replacing part of an item of B&E is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of B&E are recognized in profit and loss as incurred.

Depreciation 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. Depreciation is recorded using the straight-line method over a 40 year useful life for buildings. Depreciation methods, useful lives, and residual values are reviewed at each financial year-end and adjusted as appropriate.

Mineral Properties

Pre-exploration costs are expensed in the period in which they occur.

Exploration and evaluation expenditures are capitalized in the period in which they occur once the legal right to explore a property has been acquired. This includes any acquisition costs associated with such property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, contractor payments, land payments, claims maintenance and certain employee costs. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

The Company may, at its discretion, enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transfee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Any such impairment charges will be written off to the consolidated statement of comprehensive loss.

Once the technical feasibility and commercial viability of extracting the resource has been determined, the property will be considered a mine under development and will be classified as “mines under construction.” Exploration and evaluation assets will also be tested for impairment at this point prior to transferring the assets to development properties.

Mineral exploration and evaluation expenditures are classified as intangible assets.

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. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset’s cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company considers each project and/or prospect to be a cash-generating unit separate from the other projects and/or prospects.

Impairment charges are recorded in statement of comprehensive loss in the period in which the evaluation was completed.

Income Taxes

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for certain temporary differences. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be

available against which the deferred tax asset can be utilized. Annually, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share-based payments

When equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in net income (loss) and financial position over the vesting period, described as the period during which all vesting conditions are to be satisfied. The compensation charge directly attributable to the development and progression of the mineral properties are capitalized.

When equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in statement of comprehensive loss, unless they are related to the issuance of common shares.

Amounts related to the issuance of common shares are recorded as a reduction of share capital. When the value of goods and services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted based on management's best estimate, for the effects of transferability, exercise restrictions and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, common shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where the grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

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 8 of the Company's consolidated financial statements for discussion of the Company's stock option plan.

Basic and Diluted Income (Loss) Per Common Share

Basic income (loss) per common share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted income (loss) per common share reflect the potential dilution that could occur if potentially dilutive securities, such as convertible debt obligations, warrants, and stock options outstanding, were exercised or converted to common stock, only to the extent that they are not antidilutive.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial asset or financial liability. The Company's common shares, and share warrants that have no derivative elements are classified as equity instruments. Incremental costs directly attributable to the issue of new share or options are shown in equity as a deduction from the proceeds.

The Company's functional currency is the U.S dollar and it has issued and outstanding warrants that have an exercise price denominated in Canadian dollars. The Company has determined that such warrants with an exercise price denominated in a currency that is different from the entity's functional currency are classified as a derivative liability based on the evaluation of the warrant's settlement provisions, and carried at their fair value. Any changes in the fair value from period to period are recorded as a gain or loss in the consolidated income (loss).

Foreign Currency Translation

The Company's functional currency is the US dollar. At the transaction date, each asset, liability, revenue and expense dominated in a foreign currency is translated to US dollars by the use of the exchange rate in effect at that date. Monetary items are translated at a rate in effect at period end. Non-monetary assets and liabilities that are measured at historical cost are translated into US dollars by using the exchange rate in effect at the date of initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into US dollars by using the exchange rate at the date the value is determined and the related translation differences are recognized in the statement of comprehensive income/(loss).

Financial Instruments

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

Financial assets and liabilities at fair value through profit and loss are carried at fair value with changes in those fair values recognized in statement of comprehensive income/(loss). Financial assets and financial liabilities classified as held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method.

Available-for-sale financial assets are carried at fair value with changes in fair value recognized in other comprehensive income/(loss). Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are carried at cost. The Company does not currently have any available-for-sale financial assets or investments in equity instruments.

Derivative instruments, including embedded derivatives, are carried at fair value with any changes in the fair values of derivative instruments being recognized in profit and loss with the exception of derivatives designated as effective cash flow hedges. The Company has no such designated hedges. The disclosure of the Company's financial instruments is further described in Note 15.

Financial instruments carried at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents, receivables, deposits and restricted cash are classified as loans and receivables and are carried at amortized cost. Accounts payable and accrued liabilities, long-term debt, agreements payable, and convertible debt with conversion features be presented as equity are classified as other financial liabilities and are carried at amortized cost. Convertible promissory notes with conversion features presented as liabilities, warrants that have an exercise price different than the functional currency are presented as liabilities and other embedded derivatives are classified as fair value through profit or loss and measured at fair value.

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Derivative Financial Instruments

The Company may issue compound financial instruments with embedded derivatives. An embedded derivative is separated from its host contract and accounted for as a derivative only when three criteria are satisfied:

- when the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the entire instrument is not measured at fair value with changes in fair value recognized in the statement of comprehensive loss.

The difference between the fair value of the total compound instrument and the fair value of the embedded derivative is assigned to the host contract. Subsequent to initial recognition, the host contact liability is measured at amortized cost using the effective interest method. The effective interest method calculates the amortized cost of a financial instrument and allocates interest income or accretion expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial liability on initial recognition.

The embedded derivative is fair valued each reporting period using an appropriate fair value valuation model with changes in the fair value being recognized immediately in net loss and comprehensive loss.

Future accounting changes

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2013 or later periods. None of these pronouncements are expected to have a significant effect on the consolidated financial statements, other than what is stated below.

- IFRS 9 "Financial Instruments": IFRS 9 is part of the IASB's wider project to replace IAS 39 "Financial Instruments: Recognition and Measurement." IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard on its financial position.

- IFRS 10 Consolidated Financial Statements: IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption of the standard for the accounting period beginning on January 1, 2013 is expected to have no impact on the Company's consolidated financial statements.

- IFRS 11 Joint Arrangements: IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. The adoption of the standard for the accounting period beginning on January 1, 2013 is expected to have no impact on the Company's consolidated financial statements.

- IFRS 12 Disclosure of Interests in Other Entities: IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The adoption of the standard for the accounting period beginning on January 1, 2013 is expected to have no impact on the Company's consolidated financial statements.

- IFRS 13 Fair Value Measurement: IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The adoption of the standard for the accounting period beginning on January 1, 2013 is expected to have no impact on the Company's consolidated financial statements.

Effective for annual periods beginning on or after January 1, 2014

- IAS 32 Financial Instruments: Presentation: The amendments to IAS 32 pertained to the application guidance on the offsetting of financial assets and financial liabilities, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realization and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. The Company is currently assessing the impact that the adoption of this standard may have on its financial statements.

Effective for annual periods beginning on or after January 1, 2015

- IFRS 7, Financial Instruments Disclosures: Amended standard IFRS 7 Financial Instruments: Disclosures outlines the disclosures required when initially applying IFRS 9 Financial Instruments.

- IFRS 9, Financial Instruments: The standard is the first step in the process to replace IAS 39, Financial instruments: recognition and measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39, Financial instruments: recognition and measurement, derecognition of financial assets and financial liabilities. This standard is not applicable until January 1, 2015 but is available for early adoption. The Company is currently assessing the impact that the adoption of IFRS 9 may have on its financial statements

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Statement of Compliance

The Company's consolidated financial statements of the Company have been prepared in accordance with IFRS as issued by the Accounting Standards Board ("IASB").

The Company's consolidated financial statements were authorized for issue by the Company's Board of Directors on February 26, 2013.

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.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's consolidated financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The consolidated financial statements were prepared by the Company's management in accordance with IFRS. The Company's consolidated 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 consolidated 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, 2012. 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 CONTROLS 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 IFRS as required by National Instrument 52-109. The Company evaluated its internal control over financial reporting as of December 31, 2012. 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 subsequent to the Company's year ended December 31, 2012 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.

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

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

Further, a number of heads of government and their legislative bodies have announced reviews and/or delays of plans to develop new nuclear power facilities. In the United States, the Chairman of the NRC has publicly stated that a more stringent review of design risks will be undertaken for both existing facilities and future applications for new nuclear power facilities. The additional scrutiny by the NRC could affect all parts of the organization including the licensing of new uranium production facilities. The newly elected government in Japan has announced a review of the previous government's nuclear phase-out and states that nuclear reactors would be restarted if they passed safety tests. The new government also refused to rule out the construction of new nuclear reactors. Other relevant regulatory bodies could also react to these recent events, resulting in additional delays or barriers in permitting and licensing new uranium production operations. It is too soon for the Company to determine the long-term impact such events will have on the Company's financial condition, results of operations and permitting plans, particularly as pertains to the Company's Dewey-Burdock Project, which is at an advanced stage in the permitting process.

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

Substantially all 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 2011, the spot price of uranium has fluctuated between approximately $7 per pound and approximately $138 per pound. The current spot price of uranium is approximately $52 per pound and the most recently reported long-term contract price is approximately $61 per pound. The price of uranium has been and will continue to be affected by numerous factors beyond the Company's control. Such factors include, among others: demand for nuclear power; political and economic conditions in uranium producing and consuming countries; reprocessing of used reactor fuel and the re-enrichment of depleted uranium tails; sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants; and production levels and costs of production. Recent events in Japan have resulted in downward pressure on the spot price of uranium and many uranium exploration and development companies have experienced a corresponding reduction in the trading value of their shares. It is too early to evaluate the long term effects of the events in Japan on the Company and the uranium industry generally.

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

Nuclear Energy Competes With Other Viable Energy Sources

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

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

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

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

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

There is a limited supply of desirable mineral lands available for acquisition, claim staking or leasing in the areas where the Company is currently active. Many participants are engaged in the mining business, including large, established mining companies with substantial technical and financial capabilities and long earnings records and which have access to more capital, in some cases have state support, have access to more efficient technology, and have access to reserves of uranium

that are cheaper to extract and process. The Company may be at a competitive disadvantage in acquiring mining properties as many of its competitors have greater financial resources and larger technical staffs. Accordingly, there can be no assurance that the Company will be able to compete successfully with its industry competitors.

Sale of Uranium is Restricted by International Trade Regulations

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

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

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

Possible Loss of Interests in Exploration Properties

If the Company fails to make any property payments or expenditures required to maintain its properties in good standing in a timely fashion, the Company may lose some or all of its interest in those properties. This is particularly significant with respect to its two key projects, Dewey-Burdock and Centennial. A loss of an interest in either of these properties could have a material adverse effect on the Company's reported indicated and inferred resources.

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. 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.

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 primarily incurred in United States dollars, the appreciation/depreciation of the United States dollar against the Canadian dollar can impact the Company's operating costs and debt obligations.

Environmental Risks and Hazards

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

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

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

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

Government Regulation

The Company's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, 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 signed (House Bill 1161) creating a specialized regulatory regime for in-situ uranium recovery in the State of Colorado. This new law could, upon implementation, establish standards for in-situ recovery mining and restoration that may ultimately affect the profitability of the Centennial Project.

Public Involvement in the Permitting Process

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

Native American Involvement in the Permitting Process

None of the Company's properties are located within the boundaries of "Indian Country." This term means several types of property interests that are controlled or owned by Native Americans under the jurisdiction of the U.S. Federal Government. However, under Federal legislation, "historic cultural properties of religious significance that can be identified are to be

avoided or activities are to be mitigated such that the essential nature of the properties is not lost to a culture. Throughout the western United States, Indian tribes have had historical relationship with properties that are now owned by private parties, the Federal Government or State Government. In any Federal permitting action on these properties, the agency involved is required to make an effort to communicate with Native American Tribes to determine any areas of "Traditional Cultural Significance." Because this process involves "Government to Government" discussions with potentially affected tribes, some delays in review of these issues can occur and in the event that "Traditional Cultural Properties" are determined to exist within a project area, the company and agency must determine the best manner of development with minimum disturbance or determine how to mitigate that disturbance. This process could affect the timing for final licensing of the Company's Dewey-Burdock Project.

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.

Availability of Qualified Personnel

The mining industry generally is experiencing a significant shortage of qualified personnel particularly in the availability of professionals such as mining engineers, metallurgists and geologists. There is also a shortage of staff and skilled workers and, as a result, training to fill the positions may be necessary in order to achieve the Company's planned production activities. The uranium industry is further impacted based on the need for professionals and skilled workers because the

downturn of the uranium market in the 1980's resulted in a loss of skills and considerably fewer people entering the market in this area of mineral industry. The current demand for people has also resulted in a significant escalation of salaries and wages.

Need for Additional Mineral Reserves and Delineation of Mineral Reserves

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

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

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

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

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

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

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

In recent years, the United States Congress has considered a number of proposed amendments to the General Mining Law of 1872. If adopted, such legislation, among other things, could impose royalties on mineral production from unpatented mining claims located on United States federal lands, result in the denial of permits to mine after the expenditure of significant funds for exploration and development, reduce estimates of mineral reserves and reduce the amount of future exploration and development activity on United States federal lands, all of which could have a material and adverse 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 management discussion and analysis of the financial position and results of operations of the Company for the year ended December, 2012, and as of March 1, 2013, should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2012. 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 National Instrument 43-101.