



POWERTECH URANIUM CORP.
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009

(Stated in United States Dollars)

THE ACCOMPANYING INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 HAVE NOT BEEN REVIEWED OR AUDITED BY THE CORPORATION'S AUDITORS.

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
September 30, 2009 and March 31, 2009
(Stated in United States Dollars)

	<u>ASSETS</u>	<u>September 30,</u> <u>2009</u>	<u>March 31,</u> <u>2009</u>
Current			
Cash and cash equivalents		\$ 2,293,648	\$ 5,724,561
Restricted cash		557,630	567,842
GST receivable		22,049	27,305
Other receivable		9,887	34,009
Deposits		19,656	24,659
Prepaid expenses		<u>102,115</u>	<u>112,904</u>
		3,004,985	6,491,280
Mineral properties – Note 2		44,526,487	34,587,815
Building and equipment – Note 3		<u>509,142</u>	<u>456,844</u>
		<u>\$ 48,040,614</u>	<u>\$41,535,939</u>
	<u>LIABILITIES</u>		
Current			
Accounts payable and accrued liabilities		\$ 416,981	\$ 1,325,271
Current portion of agreements payable – Note 7		290,000	290,000
Bridge loan – Note 7		<u>3,223,242</u>	<u>–</u>
		3,930,223	1,615,271
Long-term debt			
Agreements payable – Note 7		644,463	895,286
Convertible notes payable – Note 7		<u>6,466,657</u>	<u>5,039,568</u>
		<u>11,041,343</u>	<u>7,550,125</u>
	<u>SHAREHOLDERS' EQUITY</u>		
Share capital – Note 4		50,831,518	50,831,518
Contributed surplus – Note 4		6,646,339	6,581,296
Equity portion of convertible debt – Note 7		2,363,211	2,363,211
Accumulated other comprehensive loss		(435,940)	(5,004,102)
Deficit		<u>(22,405,857)</u>	<u>(20,786,109)</u>
		<u>36,999,271</u>	<u>33,985,814</u>
		<u>\$ 48,040,614</u>	<u>\$ 41,535,939</u>

Nature of Operations and Going Concern – Note 1
Commitments and Contingencies – Note 2 and 8
Subsequent Events – Note 12

APPROVED BY THE DIRECTORS:

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

“Thomas Doyle” Director
Thomas Doyle

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
for the three and six months ended September 30, 2009 and 2008
(Stated in United States Dollars)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
		Restated – Note 11		Restated – Note 11
General and administrative expenses				
Accretion	\$ 205,592	\$ 12,081	\$ 391,863	\$ 23,557
Amortization and depreciation	40,499	50,797	81,292	79,949
Audit and accounting fees	24,752	788	24,752	7,716
Community and media relations	42,463	97,932	107,239	177,105
Director fees – Note 6	8,214	8,428	15,915	17,261
Filing fees	678	49,152	5,387	50,274
Foreign exchange loss (gain)	(120,573)	439,842	(838,719)	457,538
Insurance	25,928	6,321	58,948	30,969
Investor relations and promotion	26,125	58,560	54,739	121,642
Legal fees	66,209	53,284	121,785	157,152
Management and consulting fees – Note 6	163,072	77,956	292,627	206,226
Office and miscellaneous	129,598	12,614	244,856	140,939
Transfer agent fees	5,066	4,743	6,430	7,809
Travel and accommodation	66,296	85,095	173,680	182,929
Wages and benefits – Note 6	<u>292,375</u>	<u>387,942</u>	<u>561,784</u>	<u>1,375,873</u>
Loss before other	976,294	1,345,535	1,302,578	3,036,939
Other				
Interest income	(985)	(30,048)	(5,724)	(51,502)
Interest expense	<u>188,489</u>	<u>–</u>	<u>322,894</u>	<u>–</u>
Net loss for the period	1,163,798	1,315,487	1,619,748	2,985,437
Deficit, beginning of the period	21,242,059	18,119,407	20,786,109	16,449,457
Deficit, end of the period	<u>\$ 22,405,857</u>	<u>\$ 19,434,894</u>	<u>\$ 22,405,857</u>	<u>\$ 19,434,894</u>
Basic and diluted loss per share	<u>\$ 0.02</u>	<u>\$ 0.02</u>	<u>\$ 0.03</u>	<u>\$ 0.06</u>
Weighted average number of shares outstanding	<u>55,429,022</u>	<u>55,429,020</u>	<u>55,429,022</u>	<u>53,297,872</u>

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
AND ACCUMULATED OTHER COMPREHENSIVE LOSS
for the three and six months ended September 30, 2009 and 2008
(Stated in United States Dollars)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
		Restated - Note 11		Restated - Note 11
<u>Statements of Comprehensive Loss</u>				
Net loss for the period	\$ 1,163,798	\$ 1,315,487	\$ 1,619,748	\$ 2,985,437
Other comprehensive loss (income)				
Foreign exchange adjustment	(2,287,930)	1,120,371	(4,568,162)	1,042,372
Comprehensive loss (income)	\$ (1,124,132)	\$ 2,435,858	\$ (2,948,414)	\$ 4,027,809
 <u>Statements of Accumulated Other Comprehensive Loss</u>				
Balance, beginning of period	\$ 2,723,870	\$ (2,861,886)	\$ 5,004,102	\$ (2,783,887)
Other comprehensive loss (income)	(2,287,930)	1,120,371	(4,568,162)	1,042,372
Balance, end of period	\$ 435,940	\$ (1,741,515)	\$ 435,940	\$ (1,741,515)

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three and six months ended September 30, 2009 and 2008
(Stated in United States Dollars)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
		Restated - Note 11		Restated - Note 11
Operating Activities				
Net loss for the period	\$ (1,163,798)	\$ (1,315,487)	\$ (1,619,748)	\$ (2,985,437)
Items not affecting cash:				
Accretion	205,592	12,081	391,863	23,557
Depreciation and amortization	40,499	50,797	81,292	79,949
Stock based compensation	<u>—</u>	<u>111,197</u>	<u>—</u>	<u>879,406</u>
	(917,707)	(1,141,412)	(1,146,593)	(2,002,525)
Net change in non-cash working capital balances:				
GST receivable	(8,726)	(9,806)	10,171	—
Other receivables	(3,618)	670	24,708	670
Deposits	—	—	5,000	30,000
Prepaid expenses	13,360	(40,067)	15,229	(21,587)
Accounts payable and accrued liabilities	<u>(478,776)</u>	<u>(95,397)</u>	<u>(567,207)</u>	<u>(1,281,678)</u>
Cash used in operations	<u>(1,395,467)</u>	<u>(1,286,012)</u>	<u>(1,658,692)</u>	<u>(3,275,120)</u>
Investing Activities				
Restricted cash	(116)	(55,008)	10,168	(55,008)
Mineral property interests	(2,728,787)	(2,284,436)	(4,795,282)	(3,485,758)
Building and equipment	<u>(58,802)</u>	<u>(63,125)</u>	<u>(76,357)</u>	<u>(278,493)</u>
Cash used in investing activities	<u>(2,787,705)</u>	<u>(2,402,569)</u>	<u>(4,861,471)</u>	<u>(3,819,259)</u>
Financing Activities				
Long-term debt – Note 7	2,960,223	(273,557)	3,093,212	26,443
Issuance of common shares, net of issuance costs	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,980,200</u>
Cash provided by financing activities	<u>2,960,223</u>	<u>(273,557)</u>	<u>3,093,212</u>	<u>9,006,643</u>
Foreign exchange (loss) gain on cash	166,233	(517,793)	(3,962)	(567,944)
Increase (decrease) in cash during the period	(1,056,716)	(4,479,931)	(3,430,913)	1,344,320
Cash and cash equivalents, beginning of the period	<u>3,350,364</u>	<u>7,830,533</u>	<u>5,724,561</u>	<u>2,006,282</u>
Cash and cash equivalents, end of the period	<u>\$ 2,293,648</u>	<u>\$ 3,350,602</u>	<u>\$ 2,293,648</u>	<u>\$ 3,350,602</u>
Cash and cash equivalents consists of:				
Cash	\$ 2,293,648	\$ 887,931	\$ 2,293,648	\$ 887,931
Term deposits	<u>—</u>	<u>2,462,671</u>	<u>—</u>	<u>2,462,671</u>
	<u>\$ 2,293,648</u>	<u>\$ 3,350,602</u>	<u>\$ 2,293,648</u>	<u>\$ 3,350,602</u>
Supplementary disclosure of cash flow information				
Interest paid	\$ —	\$ —	\$ —	\$ —
Taxes paid	\$ —	\$ —	\$ —	\$ —
Non-cash Transactions – Note 6				

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
 (An Exploration Stage Company)
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
 for the periods ended September 30, 2009 and March 31, 2009
 (Stated in United States Dollars)

	<u>South Dakota</u>	<u>Wyoming</u>	<u>Colorado</u>	<u>New Mexico</u>	<u>Other</u>	<u>Total</u>
Balance, March 31, 2008	17,655,069	3,565,192	10,792,674	254,782	230,398	32,498,115
Acquisition	485,039	979,293	-	-	99,832	1,564,164
Transfer	317,902	(83,209)	-	(234,693)	-	-
Land services	20,447	-	89,696	-	-	110,143
Legal fees	161,551	-	331,807	-	-	493,358
Claims maintenance	45,849	130,116	-	-	20,561	196,526
Lease payments	158,817	102,337	162,184	-	2,138	425,476
Drilling/ Engineering	707,862	-	607,861	-	-	1,315,723
Exploration	1,893	7,418	-	-	-	9,311
Geological Services	20,359	-	38,333	-	-	58,692
Permitting	2,484,006	3,648	1,661,978	-	-	4,149,632
Wages/consulting	1,288,947	-	838,478	-	-	2,127,425
Currency translation	<u>(3,986,922)</u>	<u>(1,626,215)</u>	<u>(2,579,944)</u>	<u>(20,089)</u>	<u>(147,580)</u>	<u>(8,360,750)</u>
Balance, March 31, 2009	\$19,360,819	\$3,078,580	\$11,943,067	\$ -	\$ 205,349	\$ 34,587,815
Acquisition costs – Note 2	-	-	1,738,757	-	-	1,738,757
Land services	5,654	-	47,904	-	-	53,558
Legal fees	75,566	-	171,185	-	-	246,751
Claims maintenance	77,788	164,520	-	-	526	242,834
Lease payments	147,148	56,013	113,742	-	-	316,903
Drilling/ Engineering	158,778	-	498,094	-	-	656,872
Permitting	257,789	-	206,389	-	-	464,178
Wages/consulting	451,332	-	348,039	-	-	799,371
Currency translation	<u>2,971,506</u>	<u>472,764</u>	<u>1,931,353</u>	<u>-</u>	<u>43,825</u>	<u>5,419,448</u>
Balance, September 30, 2009	<u>\$23,506,380</u>	<u>\$3,771,877</u>	<u>\$16,998,530</u>	<u>\$ -</u>	<u>\$ 249,700</u>	<u>\$ 44,526,487</u>

SEE ACOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2009 and March 31, 2009

Note 1 Nature of Operations

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 principally located in South Dakota, Wyoming, and Colorado, USA.

The Company is in the process of exploring 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 amount shown for mineral properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development of the reserves, and upon future profitable production or proceeds from disposition of the properties. The Company's success is subject to a number of risks including environmental risks, contractual risks, legal and political risks, fluctuations in the price of minerals and other factors beyond the Company's control.

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At September 30, 2009, the Company had not yet achieved profitable operations, had a deficit of \$22,405,857 and working capital of \$(925,238) which may not be sufficient to sustain operations over the foreseeable future and expects to incur further losses in the development of its business, all of which casts doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to develop its mineral properties and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

The consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles. References to "CAD\$" refer to Canadian currency and "\$" to United States currency.

Note 2 Mineral Properties

During June 2009, the Company entered into two option agreements for the purchase of an aggregate of 3,585 acres of land, together with the associated water, mineral and lease interests, within the Centennial Project in Weld County, Colorado for \$11,450,000. The optioned properties are adjacent to the existing northern portion of the Company's Centennial Project. The properties help to consolidate the Company's land position within the planned project boundary and add additional uranium mineral resources to the project.

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

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

Note 2 Mineral Properties – (cont'd)

Powertech's gross mineral rights at the Centennial Project, including the optioned properties, have now increased from approximately 7,300 acres to approximately 9,500 acres, while its surface use acreage has nearly doubled, from approximately 3,600 acres to approximately 7,200 acres. In addition to increasing the Company's overall resource base for the project, the valuable addition of surface rights provides the Company access to its existing privately-owned minerals, and enables it to complete mine planning and supporting operational facility design.

Note 3 Building and Equipment

	<u>At September 30, 2009</u>			<u>At March 31, 2009</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Building	\$ 102,773	\$ 2,126	\$ 100,647	\$ 102,773	\$ 1,706	\$ 101,067
Computer equipment	244,895	108,115	136,780	195,302	79,853	115,449
Field equipment	259,637	105,387	154,250	238,364	72,108	166,256
Office equipment	75,167	33,753	41,414	72,379	21,287	51,092
Vehicles	189,303	128,726	60,577	189,303	113,583	75,720
Currency translation	<u>26,185</u>	<u>10,711</u>	<u>15,474</u>	<u>(78,787)</u>	<u>(26,047)</u>	<u>(52,740)</u>
	<u>\$ 897,960</u>	<u>\$ 388,818</u>	<u>\$ 509,142</u>	<u>\$ 719,334</u>	<u>\$ 262,490</u>	<u>\$ 456,844</u>

Note 4 Share Capital and Contributed Surplus

Authorized:

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

Common Shares Issued:

	<u>Number</u>	<u>Amount</u>	<u>Contributed Surplus</u>
Balance, March 31, 2009	55,429,020	\$ 50,831,518	\$ 6,581,296
Share adjustment	2	–	–
Stock-based compensation	–	–	65,043
Balance, September 30, 2009	<u>55,429,022</u>	<u>\$ 50,831,518</u>	<u>\$ 6,646,339</u>

Share Purchase Warrants:

At September 30, 2009, there were 6,000,000 share purchase warrants outstanding. Share purchase warrants entitled the holders thereof to purchase one common share for each warrant. Changes in share purchase warrants for the six months ended September 30, 2009 are as follows:

<u>Expiration Date</u>	<u>Exercise Price (CAD)</u>	<u>Outstanding at March 31, 2009</u>	<u>Issued during the period</u>	<u>Expired during the period</u>	<u>Outstanding at September 30, 2009</u>
June 4, 2009	\$2.00	6,000,000	–	6,000,000	–
June 4, 2010	<u>\$2.00</u>	<u>6,000,000</u>	–	–	<u>6,000,000</u>
Totals		<u>12,000,000</u>	–	<u>6,000,000</u>	<u>6,000,000</u>

Note 4 Share Capital and Contributed Surplus – (cont'd)

Stock Option Plan:

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

At September 30, 2009, there are 7,600,000 options outstanding entitling the holders thereof to purchase one common share for each option held. Changes in share options are as follows:

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

As of September 30, 2009, 7,297,500 options have vested and are exercisable. The weighted average life of the stock options outstanding is 2.54 years. The weighted average exercise price of the stock options outstanding is CAD\$1.39.

Stock-based Compensation:

During the three months ended September 30, 2009 stock-based compensation was \$41,318 (2008: \$295,750) of which nil (2008: \$111,197) was included in wages and benefits and \$41,318 (2008: \$184,553) was included in mineral property costs under wages/consulting.

During the six months ended September 30, 2009 stock-based compensation was \$65,043 (2008: \$1,387,767) of which nil (2008: \$879,406) was included in wages and benefits and \$65,043 (2008: \$502,361) was included in mineral property costs under wages/consulting.

Escrow:

On August 23, 2007, the Company’s shareholders approved the issuance of 1,700,000 common shares to certain officers of the Company for services rendered in connection with performance achievements. The shares were issued subject to an escrow agreement. In conjunction, the officers agreed to return to treasury 1,700,000 shares held in escrow subject to a performance agreement which were cancelled by the Company. These transactions did not result in any change in the

Note 4 Share Capital and Contributed Surplus – (cont'd)

Escrow – (cont'd)

number of shares outstanding or in the number of shares held by the officers and accordingly no value was recorded for the transaction.

In addition, on October 31, 2007, the Company announced that its common shares were approved for listing on the TSX. In connection with this listing, the 6,426,000 escrow shares outstanding at that date and subject to time-release agreements were retroactively converted from a time release period of three years to a time release period of 18 months. As a result, all of the 6,426,000 shares were eligible for immediate release as of November 12, 2007 and were released from escrow. These shares were held by four directors of the Company.

The following is a summary of the Company's escrow transactions for the period ended September 30, 2009:

<u>Balance at</u> <u>March 31, 2009</u>	<u>Released during</u> <u>the period</u>	<u>Balance at</u> <u>September 30, 2009</u>
<u>425,000</u>	<u>(425,000)</u>	<u> -</u>

Note 5 Related Party Transactions

Other than the financing arrangements described in Note 7 and 12, during the three and six months ended September 30, 2009 and 2008, the Company incurred the following transactions with directors and officers of the Company or with companies with directors and officers in common:

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Six Months Ended</u> <u>September 30,</u>	
	<u>2009</u>	<u>2008</u> Restated - Note 11	<u>2009</u>	<u>2008</u> Restated - Note 11
Director fees	\$ 8,214	\$ 8,428	\$ 15,915	\$ 17,261
Management and consulting fees	<u>99,480</u>	<u>99,239</u>	<u>190,286</u>	<u>584,071</u>
	<u>107,694</u>	<u>107,667</u>	<u>206,201</u>	<u>601,332</u>

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

Note 6 Non-cash Transactions

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

For the three months ended September 30, 2009 and 2008:

- (a) Included in mineral properties cost is stock-based compensation valued at \$41,318 (2008: \$184,553) relating to employees who are directly involved with the mineral properties.
- (b) Included in accounts payable and accrued liabilities is approximately \$219,000 (2008: \$550,000) relating to mineral properties.

For the six months ended September 30, 2009 and 2008:

- (a) Included in mineral properties cost is stock-based compensation valued at \$65,043 (2008: \$502,361) relating to employees who are directly involved with the mineral properties.
- (b) Included in accounts payable and accrued liabilities is approximately \$360,000 (2008: \$1,580,000) relating to mineral properties.

Note 7 Long-term Debt

Agreements payable	<u>September 30, 2009</u>	<u>March 31, 2009</u>
Agreement payable of \$100,000, payable in annual instalments of \$10,000 of which \$30,000 has been paid. The loan does not bear interest and is secured by a first mortgage on a mineral property interest. In the event of default the lender has the option to obtain the mineral property interest for \$1.	\$ 70,000	\$ 70,000
Agreement payable of \$300,000, payable in annual instalments of \$30,000, of which \$30,000 has been paid. The loan does not bear interest and is secured by a first mortgage on a mineral property interest. In the event of default, the lender has the option to obtain the mineral property interest for \$1. In accordance with the accounting policy for financial instruments, the fair value on inception, using a market interest rate of 15% was determined to be \$150,563. The difference of \$149,437 will be accreted over the remaining life until maturity using amortized cost method. As of September 30, 2009, \$4,353 (March 31, 2009: \$2,603) of accretion has been charged to the statement of operations and credited to agreements payable.	124,916	153,166
Agreement payable of \$2,000,000, payable in annual instalments of \$250,000 of which \$750,000 has been paid. 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 fair value on inception, using a market interest rate of 9.25% was determined to be \$1,370,940. The difference of \$629,060 is accreted over the remaining life until maturity using amortized cost method. As of September 30, 2009, \$76,846 (March 31, 2009: \$49,419) of accretion has been charged to statement of operations and credited to agreements payable.	739,547	962,120
	<u>934,463</u>	<u>1,185,286</u>
Less: Current portion:	<u>290,000</u>	<u>290,000</u>
	<u>\$ 644,463</u>	<u>\$ 895,286</u>

Note 7 Long-term Debt – (cont'd)

Convertible Debenture payable

September
30, 2009

March
31, 2009

Convertible Debenture of CAD\$9,000,000 (\$8,289,900) bearing interest at the rate of 7% per annum, compounded annually, due December 19, 2011 and secured by a floating charge over all of the Company's acquired property and assets. The Convertible Debenture may be converted into the Company's common shares (the "Common Shares") at a fixed conversion price of CAD\$0.50 per Common Share (the "Conversion Price") in certain circumstances. The principal amount of the Convertible Debenture, plus accrued and unpaid interest thereon, may be converted (1) by the Company in the event that the Company has obtained all of the permits required to construct and operate either the Centennial or the Dewey-Burdock project; or (2) by the lender at any time, provided that each conversion shall be a minimum of CAD\$100,000 (\$92,110) of the principal amount of the Convertible Debenture, until (a) repayment in full by the Company of any outstanding principal and interest outstanding on the Convertible Debenture, or (b) conversion upon the request of the Company pursuant to (a) above.

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

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

	\$ 6,466,657	\$ 5,039,568
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All legal fees associated with the Convertible Debenture were expensed as incurred. The Company did not incur any agent fees during the transaction.

As of September 30, 2009, \$466,093 (March 31, 2009: \$87,822) of accretion and accrued interest of \$367,254 (March 31, 2009: \$60,493) has been charged to statement of operations and credited to convertible debt. The amount allocated to the equity components is \$2,363,211 and the resulting discount to the debt is being accreted over the remaining life until maturity using amortized cost method.

Note 7 Long-term Debt – (cont'd)

Bridge loan and loan facility

September
30, 2009

March
31, 2009

During August 2009, the Company entered into a Bridge Loan Agreement with Société Belge de Combustibles Nucléaires Synatom SA (“Synatom”) pursuant to which Synatom provided the Company with a bridge loan in the amount of CAD\$3,450,000 (\$3,177,975) (the “Bridge Loan”). The Company, along with Powertech (USA) Inc., its wholly-owned subsidiary, and Synatom have also entered into a Loan Facility Placement Agreement (the “Loan Facility Placement Agreement”) pursuant to which, subject to the receipt of the approval of the Toronto Stock Exchange and the Company's shareholders, and the repayment of the Bridge Loan, the Company entered into a loan facility with Synatom (the “Loan Facility”) for the aggregate principal amount of CAD\$13,800,000 (\$12,700,000). The Company intends to use the net proceeds of the Bridge Loan and the Loan Facility for working capital and to advance its mineral properties towards production.

Terms of the Bridge Loan: The Bridge Loan bears interest at the rate of 9% per annum, compounded annually, and has a maturity date of the earlier of: (i) November 4, 2009; (ii) the time of initial drawdown, if any, under the Loan Facility; and (iii) the date on which the Company terminates the Loan Facility Placement Agreement in accordance with the terms of the Loan Facility Placement Agreement.

Terms of the Loan Facility: The Loan Facility will be divided into four equal tranches of CAD\$3,450,000 (\$3,177,975) each. The principal amount of the second tranche will be convertible into common shares of the Company at a conversion price of CAD\$0.50 per common share.

The maturity date for the funds drawn down under each tranche will be 18 months from the actual drawdown date of such tranche. On each tranche maturity date, the Company will repay the applicable principal amount of the tranche amount borrowed, together with all accrued and unpaid interest thereon.

Each of the first tranche and the second tranche will bear interest at the rate of 7% per annum, and each of the third and fourth tranches will bear interest at the rate of 9% per annum, with interest for each tranche compounding annually and accruing from the date of drawdown and payable at the respective tranche maturity date.

\$	3,223,242	\$	–
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All legal fees associated with the Bridge loan and Loan Facility were expensed as incurred. The Company did not incur any agent fees during the transaction.

Note 7 Long-term Debt – (cont'd)

As of September 30, 2009, \$45,447 of accrued interest has been charged to statement of operations and credited to convertible debt.

Bridge loan and loan facility

Security: The Bridge Loan and the Loan Facility will be secured by existing security granted by the Company and its wholly-owned subsidiaries to Synatom, by certain amendments to certain other mortgages and deeds of trust and through certain additional guarantees in favour of Synatom.

Anti-Dilution and Governance Rights: The conversion price and the number of common shares issuable upon conversion of the second tranche of the Loan Facility will be subject to customary anti-dilution adjustments in the event of a subdivision, consolidation or reclassification of the Company's common shares or the issuance of common shares to shareholders as a stock dividend.

The Company has also agreed not to take certain corporate actions without the consent of Synatom until the maturity of the Loan Facility. These negative covenants are in addition to, and not in substitution of, the negative covenants of the Company agreed to in connection with prior private placements with Synatom in June 2008 and February 2009.

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

See Note 12 for further discussion.

Note 8 Commitments and Contingencies

The Company was named in a wrongful dismissal claim related to the termination of a former president of the Company in 2004 prior to the sale of the Company's former business. Since such a claim was considered possible at the time of the sale of the business, the former controlling shareholder of the Company and purchaser of the business, agreed to indemnify the Company for any damages or costs incurred in connection with any such claim. Pursuant to the indemnity agreement, the former controlling shareholder has assumed the defence of the claim on behalf of the Company.

Note 9 Capital Management

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

	<u>September 30,</u> <u>2009</u>	<u>March 31,</u> <u>2009</u>
Components of Capital:		
Shareholders' equity	\$ 36,999,271	\$ 33,985,814
Long-term debt	7,111,120	5,934,854
Less:		
Cash and cash equivalents	<u>(2,293,648)</u>	<u>(5,724,561)</u>
	<u>\$ 41,816,743</u>	<u>\$ 34,196,107</u>

The Company's objectives when managing capital are:

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

Note 9 Capital Management – (cont'd)

future development.

The Company has the ability to adjust its capital structure by issuing new equity or debt, selling assets to reduce debt and making adjustments to its capital expenditure program. The Company is not subject to any externally imposed capital requirements.

There have been no changes, other than those disclosed within these financial statements, to the Company's capital structure, objectives, policies and processes since the Company's last fiscal year end.

Note 10 Financial Instruments

Fair value of financial instruments

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted market prices, as appropriate, in the most advantageous market for that instrument to which the Company has immediate access. Where quoted market prices are not available, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics.

The Company designated cash and restricted cash as held for trading assets, measured at fair value. Amounts receivable are measured at amortized cost. Accounts payable and accrued liabilities, convertible debt and agreements payable are designated as other financial liabilities and measured at amortized cost. The fair value of the Company's financial instruments approximates their carrying values at September 30, 2009.

Financial risk management

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

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

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

- prepare budget documents at prevailing market rates to ensure clear, corporate alignment to performance management and achievement of targets;
- 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 exchange risk

The foreign exchange risk relates to the risk that the value of financial commitments, recognized assets or liabilities will fluctuate due to changes in foreign currency rates. The most significant impact of foreign exchange is on the Company's net loss and other comprehensive income due to the translation and change in reporting currency of foreign operations into US dollars. The effect of translating the financial statements of the entities that are determined to be integrated foreign

Note 10 Financial Instruments – (cont'd)

operations are included in the consolidated statements of operations. The Company is also exposed to foreign exchange risk arising from:

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

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

The Company is exposed to foreign currency risk in respect of trade payables of \$379,354 and agreements payable of \$1,590,000.

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

(ii) Credit Risk

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

	<u>September 30,</u> <u>2009</u>	<u>March 31,</u> <u>2009</u>
Cash and cash equivalents	\$ 2,293,648	\$ 5,724,561
Receivables	<u>31,936</u>	<u>61,314</u>
	<u>\$ 2,325,584</u>	<u>\$ 5,785,875</u>

(iii) Liquidity risk

The Company has a cash forecast and budgeting process in place to assist with the determination of funds required to support the Company's operating requirements on an ongoing basis and its expansion plans. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 9. The following table summarizes the contractual maturities of the Company's significant financial liabilities and capital commitments, including contractual obligations:

	<u>October 2009 -</u> <u>September 2010</u>	<u>October 2010 –</u> <u>September 2013</u>	<u>October 2013 –</u> <u>September 2015</u>	<u>Thereafter</u>	<u>Total</u>
Lease obligations	\$ 742,292	\$ 1,371,037	\$ 974,038	\$ 238,617	\$ 3,325,984
Accounts payable/ accrued liabilities	416,981	–	–	–	416,981
Agreements payable	290,000	870,000	330,000	100,000	1,590,000
Purchase options*	375,000	9,348,000	–	–	9,723,000
Bridge loan	3,223,242	–	–	–	3,223,242
Convertible debt	–	<u>8,657,154</u>	–	–	<u>8,657,154</u>
	<u>\$ 5,047,515</u>	<u>\$ 20,246,191</u>	<u>\$ 1,304,038</u>	<u>\$ 338,617</u>	<u>\$ 26,936,361</u>

*See Note 2 for discussion.

Note 10 Financial Instruments – (cont'd)

The Convertible Debenture is convertible in cash or shares, and may not result in a cash outflow.

(iv) Interest rate risk

The Company is exposed to interest rate risk on its outstanding short-term investments. The Company is not exposed to interest rate risk on its outstanding borrowings. The only outstanding interest-bearing borrowings as at September 30, 2009 are the convertible debentures, with a fixed interest rate.

Note 11 Comparative Figures

Certain comparative figures as at and for the three and six months ended September 30, 2008 have been reclassified in order to comply with the financial statement presentation adopted for the current year.

During the fourth quarter March 31, 2009, the Company made a correction to its foreign currency translation adjustment. The effect of this adjustment is as follows:

Three months ended September 30, 2008:

	<u>As reported</u>	<u>Adjustment</u>	<u>As restated</u>
Net loss	\$ 1,109,307	\$ 206,180	\$ 1,315,487
Comprehensive loss	\$ 1,633,490	\$ 802,368	\$ 2,435,858
Cash used in operations	\$ 871,376	\$ 414,636	\$ 1,286,012
Cash used in investing activities	\$ 3,365,881	\$ (963,312)	\$ 2,402,569
Cash used in financing activities	\$ 250,000	\$ 23,557	\$ 273,557

Six months ended September 30, 2008:

	<u>As reported</u>	<u>Adjustment</u>	<u>As restated</u>
Net loss	\$ 2,821,518	\$ 163,919	\$ 2,985,437
Comprehensive loss	\$ 2,514,449	\$ 1,513,360	\$ 4,027,809
Cash used in operations	\$ 1,519,707	\$ 1,755,413	\$ 3,275,120
Cash used in investing activities	\$ 6,168,697	\$ (2,349,438)	\$ 3,819,259
Cash provided in financing activities	\$ 9,030,200	\$ (23,557)	\$ 9,006,643

The restatements for the periods ended September 30, 2008 have no impact on the year end loss reported at March 31, 2009.

Note 12 Subsequent Events

During October 2009, the Company announced that it had entered into the Loan Facility discussed in Note 7. Pursuant to the terms of the Loan Facility, Synatom agreed to make available to the Company the Loan Facility in the principal amount of CAD\$13,800,000 (\$12,700,000). Concurrent with the entering into of the Loan Facility, the Company drew down the first CAD\$3,450,000 (\$3,339,600) tranche of the Loan Facility and used the proceeds from the draw down to repay the CAD\$3,450,000 Bridge Loan (\$3,339,600). In addition, the Company paid interest charges of CAD\$59,548 (\$57,642) pursuant to the Bridge Loan agreement.