



**POWERTECH URANIUM CORP.**  
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008 and 2007

(Stated in Canadian Dollars)



**BDO Dunwoody LLP**  
Chartered Accountants

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## **AUDITORS' REPORT**

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

We have audited the consolidated balance sheets of Powertech Uranium Corp. (An Exploration Stage Company) as at March 31, 2008 and 2007 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) "BDO Dunwoody LLP"

Chartered Accountants

Vancouver, Canada  
June 6, 2008

**POWERTECH URANIUM CORP.**  
(An Exploration Stage Company)  
**CONSOLIDATED BALANCE SHEETS**  
March 31, 2008 and 2007  
(Stated in Canadian Dollars)

	<u>2008</u>	<u>2007</u>
<b><u>ASSETS</u></b>		
Current		
Cash and cash equivalents	\$ 2,053,721	\$ 11,725,285
Restricted cash – Note 3	821,444	291,759
GST receivable	23,687	9,041
Other receivables	–	10,357
Deposits	107,075	94,321
Prepaid expenses	<u>64,368</u>	<u>78,974</u>
	3,070,295	12,209,737
Mineral properties – Notes 3 and 6	33,218,967	20,757,144
Building and Equipment – Note 4	<u>402,958</u>	<u>98,666</u>
	<u>\$ 36,692,220</u>	<u>\$ 33,065,547</u>
<b><u>LIABILITIES</u></b>		
Current		
Accounts payable and accrued liabilities – Note 6	\$ 1,436,133	\$ 648,738
Current portion of agreements payable – Notes 8	<u>266,032</u>	<u>300,534</u>
	1,702,165	949,272
Agreements payable – Notes 3 and 8	<u>1,005,376</u>	<u>2,115,297</u>
	<u>2,707,541</u>	<u>3,064,569</u>
<b><u>SHAREHOLDERS' EQUITY</u></b>		
Share capital – Note 5	47,184,500	40,674,499
Contributed surplus – Note 5	5,477,178	5,110,610
Deficit	<u>(18,676,999)</u>	<u>(15,784,131)</u>
	<u>33,984,679</u>	<u>30,000,978</u>
	<u>\$ 36,692,220</u>	<u>\$ 33,065,547</u>

Commitments and Contingencies – Note 3 and 9  
Subsequent Events – Notes 5 and 13

APPROVED BY THE DIRECTORS:

<u>“Richard F. Clement, Jr.”</u> Richard F. Clement, Jr.	Director	<u>“Thomas Doyle”</u> Thomas Doyle	Director
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SEE ACCOMPANYING NOTES

**POWERTECH URANIUM CORP.**  
(An Exploration Stage Company)  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
for the years ended March 31, 2008 and 2007  
(Stated in Canadian Dollars)

	<u>2008</u>	<u>2007</u>
General and administrative expenses		
Accretion – Note 2	\$ 43,016	\$ –
Amortization and depreciation	89,550	16,820
Audit and accounting fees	54,952	62,069
Community and media relations	334,855	–
Director fees – Note 6	33,300	11,075
Filing fees	202,805	75,524
Foreign exchange gain	(252,699)	(16,018)
Insurance	115,350	59,578
Investor relations and promotion	298,655	219,482
Legal fees – Note 6	220,160	173,487
Management and consulting fees – Note 6	639,005	515,859
Office and miscellaneous	564,133	154,770
Stock-based compensation – Notes 5 and 6	766,466	3,513,301
Transfer agent fees	18,343	20,723
Travel and accommodation	195,375	113,610
Wages and benefits – Note 6	<u>620,294</u>	<u>238,516</u>
Loss before other	3,943,560	5,158,796
Other		
Interest income	<u>(406,628)</u>	<u>(308,038)</u>
Net loss and comprehensive loss for the year	3,536,932	4,850,758
Deficit, beginning of the year	15,784,131	10,933,373
Change in accounting policy – Note 2	<u>(644,064)</u>	<u>–</u>
Deficit, end of the year	<u>\$ 18,676,999</u>	<u>\$ 15,784,131</u>
Basic and diluted loss per share	<u>\$ 0.08</u>	<u>\$ 0.14</u>
Weighted average number of shares outstanding	<u>46,307,318</u>	<u>34,688,130</u>

SEE ACCOMPANYING NOTES

**POWERTECH URANIUM CORP.**  
(An Exploration Stage Company)  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
for the years ended March 31, 2008 and 2007  
(Stated in Canadian Dollars)

	<u>2008</u>	<u>2007</u>
Operating Activities		
Net loss for the year	\$ (3,536,932)	\$ (4,850,758)
Items not affecting cash:		
Accretion	43,016	–
Depreciation and amortization	89,550	16,820
Foreign exchange	(274,187)	(16,018)
Stock based compensation	<u>766,466</u>	<u>3,513,301</u>
	(2,912,087)	(1,336,655)
Net change in non-cash working capital balances:		
Restricted cash	(529,685)	(291,759)
GST receivable	(14,646)	310
Other receivables	10,357	(10,357)
Deposits	(12,754)	(94,321)
Prepaid expenses	14,606	(78,974)
Accounts payable and accrued liabilities	<u>200,936</u>	<u>524,590</u>
Cash used in operations	<u>(3,243,273)</u>	<u>(1,287,166)</u>
Investing Activities		
Mineral property interests	(11,220,259)	(5,073,409)
Building and equipment	<u>(400,636)</u>	<u>(115,486)</u>
Cash used in investing activities	<u>(11,620,895)</u>	<u>(5,188,895)</u>
Financing Activities		
Agreements payable	(262,395)	(11,680)
Issuance of common shares	<u>5,454,999</u>	<u>17,822,660</u>
Cash provided by financing activities	<u>5,192,604</u>	<u>17,810,980</u>
Increase (decrease) in cash during the year	(9,671,564)	11,334,919
Cash and cash equivalents, beginning of the year	<u>11,725,285</u>	<u>390,366</u>
Cash and cash equivalents, end of the year	<u>\$ 2,053,721</u>	<u>\$ 11,725,285</u>
Cash and cash equivalents consists of:		
Cash	\$ 33,714	\$ 1,215,019
Term deposits	<u>2,020,007</u>	<u>10,510,266</u>
	<u>\$ 2,053,721</u>	<u>\$ 11,725,285</u>

Non-cash Transactions – Note 7

SEE ACCOMPANYING NOTES

**POWERTECH URANIUM CORP.**  
(An Exploration Stage Company)  
**CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES**  
for the years ended March 31, 2008 and 2007  
(Stated in Canadian Dollars)

Schedule 1

	<u>South Dakota</u>	<u>Wyoming</u>	<u>Colorado</u>	<u>New Mexico</u>	<u>Other</u>	<u>Total</u>
Balance, March 31, 2006	\$ 397,429	\$ –	\$ –	\$ –	\$ –	\$ 397,429
Acquisition costs	11,542,649	–	4,126,025	–	–	15,668,674
Data acquisitions	93,173	1,093,172	–	74,538	111,807	1,372,690
Land services	27,301	170,939	83,524	40,055	19,345	341,164
Legal fees	47,560	7,082	–	–	5,023	59,665
Claims maintenance	20,999	225,933	–	77,462	–	324,394
Lease payments	177,215	173,705	301,923	–	–	652,843
Drilling	–	234,099	–	–	–	234,099
Permitting	2,905	–	69,035	–	–	71,940
Wages/Consulting	<u>1,166,204</u>	<u>72,186</u>	<u>384,808</u>	<u>9,151</u>	<u>1,897</u>	<u>1,634,246</u>
Balance, March 31, 2007	13,475,435	1,977,116	4,965,315	201,206	138,072	20,757,144
Acquisition costs	–	–	748,111	–	–	748,111
Land services	59,227	95,908	74,145	–	39,498	268,778
Legal fees	67,389	24,210	381,918	–	2,654	476,171
Claims maintenance	76,561	146,212	–	26,753	–	249,526
Lease payments	176,043	374,736	626,082	–	18,836	1,195,697
Drilling	1,615,259	637,955	173,766	–	–	2,426,980
Permitting	1,907,107	11,372	3,503,153	–	–	5,421,632
Wages/Consulting	<u>669,661</u>	<u>376,765</u>	<u>559,579</u>	<u>32,475</u>	<u>36,448</u>	<u>1,674,928</u>
Balance, March 31, 2008	<u>\$18,046,682</u>	<u>\$3,644,274</u>	<u>\$11,032,069</u>	<u>\$ 260,434</u>	<u>\$ 235,508</u>	<u>\$ 33,218,967</u>

**POWERTECH URANIUM CORP.**  
(An Exploration Stage Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2008 and 2007  
(Stated in Canadian Dollars)

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 located in South Dakota, Wyoming, Colorado and New Mexico, 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 is 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.

Note 2      Significant Accounting Policies

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles. The financial statements, have in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**Use of Estimates**

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

**Principles of Consolidation**

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

**Cash and Cash Equivalents**

Cash and cash equivalents consist of bank deposits, bankers' acceptances with major Canadian banks, guaranteed investment certificates, certificates of deposits and money market accounts. These investments are easily convertible to cash and have maturities of three months or less when purchased.

**Restricted Cash**

Restricted cash consists of deposits held for collateral pursuant to irrevocable letters of credit and/or bonds provided to State authorities in connection with mineral property activities.

Note 2      Significant Accounting Policies – (cont'd)

**Mineral Properties**

Property Acquisition Costs

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

Deferred Exploration Costs

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

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

Environmental Costs

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the cost can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of the completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

**Building and Equipment**

Equipment is recorded at cost. Amortization is provided using the double declining balance method over a five year useful life.

Buildings are recorded at cost. Depreciation is recording using the straight line method over a 40 year useful life

**Impairment of Long-lived Assets**

Long-lived assets and intangibles held and used by the Company are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that the Company expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition are estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized.

Note 2      Significant Accounting Policies – (cont'd)

**Impairment of Long-lived Assets** – (cont'd)

Management believes there has been no impairment of the Company's long-lived assets as of March 31, 2008 and 2007.

**Asset Retirement Obligations**

The fair value of obligations associated with the retirement of tangible long-lived assets is recorded in the period it is incurred, with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in Depreciation and Amortization expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and depreciation of the related asset. The Company has determined that there are no asset retirement obligations at March 31, 2008 and 2007.

**Income Taxes**

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

**Stock-Based Compensation**

The fair value of all share purchase options granted is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

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

**Basic and Diluted Loss Per Share**

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. The weighted average number of common shares outstanding does not include performance escrow shares but does include time-release escrow shares. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Common equivalent shares (consisting of shares issuable on the exercise of share purchase options and warrants) totalling 6,175,000 (2007: 8,539,998) were excluded in the computation of diluted loss per share because the effect was anti-dilutive.

**Foreign Currency Translation**

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

Note 2      Significant Accounting Policies – (cont'd)

**Adoption of New Accounting Standards**

Effective April 1, 2007, the Company adopted five new Canadian Institute of Chartered Accountants (“CICA”) accounting standards: (a) Handbook Section 1530, *Comprehensive Income*; (b) Handbook Section 3855, *Financial Instruments – Recognition and Measurement*; (c) Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*; (d) Handbook Section 3865, *Hedges*; and (e) Handbook Section 1506, *Accounting Changes*. The main requirements of these new standards and the resulting financial statement impact are described below.

Consistent with the requirements of the new accounting standards, the Company has not restated any prior period amounts as a result of adopting the accounting changes. The effect of the adoption of these standards is summarized below:

i) Comprehensive Income, Section 1530

This standard requires the presentation of a statement of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes holding gains and losses on available for sale investments, gains and losses on certain derivative financial instruments and foreign currency gains and losses relating to self-sustaining foreign operations, all of which are not included in the calculation of net earnings until realized. The adoption of this section had no impact on accumulated comprehensive income at April 1, 2007 and did not result in any comprehensive loss for the year ended March 31, 2008.

ii) Financial Instruments – Recognition and Measurement, Section 3855:

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on the balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in either the statements of loss or the statement of comprehensive income.

All financial assets and liabilities are recognized when the Company becomes a party to the contract creating the item. As such, any of the Company’s outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect.

All financial instruments are classified into one of the following five categories: held-for-trading, held to maturity, loans and receivables, available for sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- Held to maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and transaction costs are amortized into net earnings (loss), using the effective interest method.
- Available for sale financial assets are measured at fair value, with unrealized gains and losses recorded in other comprehensive income until the asset is realized, at which time they will be recorded in net earnings (losses).

Note 2      Significant Accounting Policies – (cont'd)

**Adoption of New Accounting Standards** – (cont'd)

ii) Financial Instruments – Recognition and Measurement, Section 3855: – (cont'd)

- Held for trading financial instruments is measured at fair value. All gains and losses resulting from changes in their fair value are included in the statements of operations in the period in which they arise.
- All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses resulting from changes in their fair value are included in the statements of operations in the period in which they arise.

In accordance with this new standard, the Company has classified its financial instruments as follows:

- Cash and cash equivalents are classified as held-for-trading which are measured at fair value.
- Other receivables are classified as loans and receivables. They are recorded at cost, which on initial recognition represents their fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.
- Accounts payable and accrued liabilities and agreements payable are classified as other liabilities. They are initially measured at fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.

The adoption of this standard resulted in a decrease of the opening deficit at April 1, 2007 of \$644,064 and a decrease to the agreements payable of \$644,064 (Note 8). Valuation of the agreement payable at March 31, 2008 using the effective interest method resulted in accretion expense of \$43,016 during the year ended March 31, 2008.

iii) Financial Instruments – Disclosure and Presentation, Section 3861:

This standard sets out standards which address the presentation of financial instruments and non-financial derivatives and identifies the related information that should be disclosed. These standards also revise the requirements for entities to provide accounting policy disclosures, including disclosure of the criteria for designating as held-for-trading those financial assets or liabilities that are not required to be classified as held-for-trading; whether categories of normal purchases and sales of financial assets are accounted for at trade date or settlement date; the accounting policy for transaction costs on financial assets and financial liabilities classified as other than held-for-trading; and provides several new requirements for disclosure about fair value.

The Company has chosen to recognize all transaction costs in the Statements of Operations on financial liabilities that have been designated as other than held for trading.

Accounting Policy for Transaction Costs, EIC-166:

On June 1, 2007, the Emerging Issues Committee of the CICA issued abstract No. 166, Accounting Policy Choice for Transaction Costs (“EIC-166”). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial liabilities that are classified as other than held-for-trading to its initial carrying cost measured upon the adoption of CICA Handbook Section 3855, Financial Instruments –

Note 2      Significant Accounting Policies – (cont'd)

**Adoption of New Accounting Standards** – (cont'd)

iii) Financial Instruments – Disclosure and Presentation, Section 3861 (cont'd):

Recognition and Measurement (“Section 3855”). Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC-166 effective for the year ended March 31, 2008 and applied retroactively to expense all transaction costs related to acquisition of financial liabilities that are classified as other than held-for-trading in accordance with Section 3855.

iv) Hedging, Section 3865:

This standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not hold any financial instruments designated for hedge accounting.

v) Accounting Changes, Section 1506:

Section 1506 revised the standards on changes in accounting policy, estimates or errors to require a change in accounting policy to be applied retrospectively (unless doing so is impracticable or is specified otherwise by a new accounting standard), changes in estimates to be recorded prospectively, and prior period errors to be corrected retrospectively. Voluntary changes in accounting policy are allowed only when they result in financial statements that provide reliable and more relevant information. In addition, these revised standards call for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact of this new standard cannot be determined until such time as the Company makes a change in accounting policy, other than the changes resulting from the implementation of the new CICA Handbook standards discussed in this note.

**Recently Released Canadian Accounting Standards**

(i) Assessing Going Concern

The Canadian Accountability Standards Board (“AcSB”) amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The adoption of this Section is not expected to result in any changes in the disclosure within the financial statements.

(ii) Cash Distributions

CICA Handbook Section 1540, Cash Flow Statements, has been amended to require additional disclosures where cash distributions are made in accordance with a contractual obligation for cash distributions. The revised requirements are effective for interim and annual financial statements for fiscal years ending on or after March 31, 2007. The adoption of this section is not expected to result in any changes in the disclosure within the financial statements.

Note 2      Significant Accounting Policies – (cont'd)

**Recently Released Canadian Accounting Standards** – (cont'd)

(iii) Capital Disclosures

The AcSB issued CICA Handbook Section 1535 “Capital Disclosures”. The section specifies the disclosure of (i) an entity’s objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company is currently evaluating the impact of the adoption of this new section on its consolidated financial statements. This new section relates to disclosures and will not have an impact on the Company’s financial results. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

(iv) Goodwill and Intangible Assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning April 1, 2009. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company is currently evaluating the impact of the adoption of this new section on its consolidated financial statements.

(v) International financial reporting standards (“IFRS”)

In 2006, AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(vi) Financial Instruments

CICA Handbook Section 3862, Financial Instruments - Disclosure, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments – Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Corporation is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

Note 3 Mineral Properties

**South Dakota, USA**

The Company's South Dakota prospects are comprised of 18 mining leases covering approximately 14,000 net surface acres and 8,000 net mineral acres. In addition, the Company has staked and acquired mining claims in South Dakota covering approximately 6,300 acres. The Company obtained the prospect as follows:

Dewey Burdock Project – Custer and Fall River Counties

By a purchase and sale agreement dated February 20, 2006 and effective May 11, 2006, the Company acquired all of the assets and assumed all of the liabilities of Denver Uranium Company, LLC ("DU"). The purchased assets included a package of mining leases. The assumed liabilities included US\$888,000 of convertible promissory notes and accrued interest. The Company acquired the assets of DU during the year ended March 31, 2007 by the issuance of 8,000,000 common shares at \$1.00 per share. In addition, the Company settled the convertible promissory notes and accrued interest by the issuance of 2,220,000 common shares at \$0.48 per share. All of these shares are subject to the terms of escrow agreements that provided for their release over a three-year period.

In the portions of the prospect area where the Company seeks to develop uranium, both surface and minerals rights are leased. DU granted the mineral owners a five percent overriding royalty payment out of sales of the product. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, surface owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. The royalty payments to the surface owners are reduced by the amount of rentals to be paid. The basic terms of the 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. All leases were signed in 2005 and the leases are in force through 2020 without production. In the case of production, all leases will be held as long as minerals are produced. Total annual rental payments under the agreements are approximately US\$159,000.

By a letter agreement dated November 16, 2005 and effective May 11, 2006, the Company acquired 119 mineral claims by the issuance of 1,000,000 common shares at \$1.00 per share. In addition, the Company issued 1,250,000 share purchase warrants entitling the holder to purchase an additional 1,250,000 common shares at \$1.00 per share until May 11, 2007. The fair value of these share purchase warrants was calculated at approximately \$1,100,000 using the Black-Scholes option valuation model. The agreement is subject to a production royalty ranging from 2% to 4%, dependent on the price of uranium.

By a purchase agreement dated March 31, 2006, the Company acquired a one-third mineral interest in a property in Custer County, South Dakota, in consideration for US\$950,000 to be paid US\$100,000 on closing and US\$10,000 per year for ten years until March 31, 2016. The balance of the purchase price of US\$750,000 is payable contingent upon receipt of permits and authorizations necessary to commence exploration and mining on the property. The US\$750,000 is to be paid in four equal instalments of US\$187,500 on each anniversary of the Company obtaining such permits. The purchase agreement is secured by a promissory note and a mortgage on the mineral interest.

The Company has received an exploration permit from the South Dakota Department of Environmental and Natural Resources. In addition, the Company has established a US\$500,000 standby letter of credit facility with Wells Fargo Bank ("Wells Fargo"). Wells Fargo has issued the first letter of credit under the facility to the South Dakota Department of Environment and Natural Resources in the amount of US\$213,500 in connection with the exploration permit. The letter of

Note 3 Mineral Properties – (cont'd)

**South Dakota, USA** – (cont'd)

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

credit is secured by a certificate of deposit in the amount of US\$235,000 (CDN\$240,452, 2007: CDN\$271,627) which is included in restricted cash at March 31, 2008 and 2007. The entire facility is guaranteed by the Company.

Plum Creek Prospect, Fall River County

The Company has staked mining claims on approximately 3,000 acres located in central Fall River County, South Dakota.

**Wyoming, USA**

The Company's Wyoming prospects are comprised of mining leases or options to lease covering approximately 21,000 net surface acres and 13,000 net mineral acres. In addition, the Company has staked additional mining claims in Wyoming covering approximately 17,500 acres. The Company obtained the prospects as follows:

Aladdin Prospect – Crook County

The Aladdin prospect was acquired through leases or options to lease and through staking of mining claims. This prospect is located 60 miles north of the Company's Dewey Terrace prospect.

The Company entered into option to lease agreements with mineral owners in its Aladdin Prospect in Wyoming, in 2006. These options were exercised in mid to late 2007. 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. All leases were signed in 2007 and 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. Total annual rental payments under the agreements are approximately US\$44,000.

The Company, through its wholly owned subsidiary, Powertech (USA) Inc., established a US\$500,000 standby letter of credit facility with its Wells Fargo bank. From time to time, as requested, Wells Fargo will issue irrevocable letters of credit to secure the Company's reclamation obligations associated with its drilling programs. On April 10, 2007, Wells Fargo issued an Irrevocable Letter of Credit for US\$140,010 in connection with the exploration permit. The Irrevocable Letter of Credit is secured with a Wells Fargo Certificate of Deposit for \$158,596 (US\$155,000), which is included in restricted cash at March 31, 2008. The entire facility is guaranteed by the Company.

Dewey Terrace Prospect – Weston and Niobrara Counties

The Dewey Terrace Prospect is located in Weston and Niobrara Counties, Wyoming. The Company acquired this prospect through staking mining claims totalling approximately 8,500 acres. In connection with the exploration and drilling program, the Company posted cash security in the amount of \$17,804 (2007: 20,122) (US\$17,400) with the State of Wyoming to secure performance of the Company's reclamation obligations. This amount is included in restricted cash at March 31, 2008 and 2007.

Note 3 Mineral Properties – (cont'd)

**Wyoming, USA** – (cont'd)

Dewey Terrace Prospect – Weston and Niobrara Counties – (cont'd)

The Company has entered into option to lease agreements with respect to its Dewey Terrace Prospect in Wyoming, all of which expire in mid to late 2008. If the Company elects to exercise its option under the agreements, the total lease option payments required are approximately US\$51,000 during the year ended March 31, 2009.

Colony Prospect – Crook County

The Colony Prospect is located approximately 10 miles north of the Aladdin Prospect. The Company acquired the Colony prospect through the staking of mining claims.

Powder River Basin Prospect – Campbell County

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

Shirley Basin Prospect – Carbon County

The Company acquired the Shirley Basin prospect through the staking of mining claims.

**Colorado, USA**

Centennial Project – Weld County

The Company's Colorado project is comprised of 13 mining leases covering approximately 1,400 net surface acres and 1,000 net mineral acres. In addition, the Company has purchased approximately 670 net surface acres and 5,800 net mineral acres. These transactions were completed as follows:

- a) By a purchase agreement dated September 27, 2006, the Company purchased 5,744 net mineral acres from Anadarko Land Corp for US\$3,000,000. As consideration for the rights, the Company made a cash payment of US\$1,000,000 and recorded a liability of US\$2,000,000 payable in eight instalments of US\$250,000 per annum. An additional lump sum payment of US\$1,500,000 is due upon receipt of all regulatory permits and licenses allowing production of uranium from the property. In addition, any remaining instalment payments are due in full upon receipt of all regulatory permits and licences. The Company has also agreed to a minimum annual work commitment of US\$200,000 per annum until uranium is produced from the property. The property is subject to a royalty of 5% to 6% of production.
- b) During the year ended March 31, 2007, the Company also acquired 320 surface acreage through direct acquisitions of land as part of the Company's overall program to secure surface rights on the prospects. The total consideration for the land purchases was \$994,500 (US\$850,000) and is included as capitalized costs in mineral property interests.
- c) During the year ended March 31, 2007, the Company entered into 13 mining leases covering 1,442 net surface acres and 978 net mineral acres.
- d) During the year ended March 31, 2008, the Company acquired 350 acres of surface rights through six acquisitions of land as part of the Company's overall program to secure surface rights on the prospects. The total consideration for the transaction was \$1,401,093 (US\$1,294,899) and is included as capitalized costs in mineral property interests.

Note 3 Mineral Properties – (cont'd)

**Colorado, USA** – (cont'd)

Centennial Project – Weld County –(cont'd)

The Company posted cash security of \$380,016 (2007:\$Nil) (US\$370,400) to secure performance of the Company's reclamation obligations. This amount is included in restricted cash at March 31, 2008.

**New Mexico, USA**

West Ambrosia Lake Prospect – McKinley County

The Company acquired the West Ambrosia Lake prospect through the staking of mining claims covering 4,200 acres.

**Data Acquisitions**

By a purchase agreement dated August 9, 2006, the Company acquired a historical geological database related to its South Dakota and Wyoming properties. As consideration for the database, the Company paid \$112,690 (US\$100,000) and issued 200,000 common shares at \$1.30 per share.

By a purchase agreement dated December 18, 2006, the Company acquired a historical geological database related to its Wyoming properties. As consideration for the database, the Company agreed to pay \$1,000,000, payable in cash or common shares at the Company's option as follows:

- \$300,000 on signing (payment was satisfied by the issuance of 139,534 common shares valued at \$2.15 per share);
- \$300,000 on or before March 1, 2007 (payment was satisfied by the issuance of 73,350 common shares valued at \$4.09 per share); and
- \$400,000 on or before July 1, 2007 (payment was satisfied by the issuance of 140,022 common shares valued at \$2.86 per share).

Note 4 Building and Equipment

	<u>At March 31, 2008</u>			<u>At March 31, 2007</u>		
	<u>Cost</u>	<u>Accumulate d Amortizatio n</u>	<u>Net</u>	<u>Cost</u>	<u>Accumulate d Amortizatio n</u>	<u>Net</u>
Building	\$ 100,763	\$ 876	\$ 99,887	\$ -	\$ -	\$ -
Computer equipment	126,953	26,818	100,135	23,874	3,581	20,293
Field equipment	42,804	6,596	36,208	-	-	-
Office equipment	40,805	8,910	31,895	10,059	1,006	9,053
Vehicles	<u>204,798</u>	<u>69,965</u>	<u>134,833</u>	<u>81,554</u>	<u>12,234</u>	<u>69,320</u>
	<u>\$ 516,123</u>	<u>\$ 113,165</u>	<u>\$ 402,958</u>	<u>\$ 115,487</u>	<u>\$ 16,821</u>	<u>\$ 98,666</u>

Note 5 Share Capital and Contributed Surplus

**Authorized:**

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

**Common shares issued:**

	<u>Number</u>	<u>Amount</u>	<u>Contributed Surplus</u>
Balance, March 31, 2006	14,926,487	\$ 11,164,571	\$ -
Issued for cash:			
- pursuant to private placement agreements (c) - at \$0.95	300,000	285,000	-
- pursuant to private placement agreements (d) - at \$1.00	12,000,000	12,000,000	-
less share issue costs (d)	-	(281,178)	-
agent's commission shares (d)	649,752	-	-
- pursuant to exercise of agent's options (d) - at \$1.20	1,080,000	1,296,000	-
- pursuant to exercise of warrants (a) - at \$0.30	360,000	108,000	-
- pursuant to exercise of warrants (b) - at \$0.80	350,000	280,000	-
- pursuant to exercise of warrants (b) - at \$0.90	100,000	90,000	-
- pursuant to exercise of warrants (g) - at \$1.00	500,000	500,000	-
- pursuant to exercise of warrants (c) - at \$1.15	120,000	138,000	-
- pursuant to exercise of warrants (d) - at \$1.30	2,839,876	3,691,838	-
Issued for debt:			
- settlement of accounts payable (e) - at \$1.00	40,000	40,000	-
- acquisition of Denver Uranium (f) - at \$0.48	2,220,000	1,065,600	-
Issued for assets:			
- acquisition of Denver Uranium (f) - at \$1.00	8,000,000	8,000,000	-
- acquisition of South Dakota mining claims (g) - at \$1.00	1,000,000	1,000,000	1,091,671
- acquisition of uranium database (h) - at \$1.30	200,000	260,000	-
- acquisition of uranium database (i) - at \$2.15	139,534	300,000	-
- acquisition of uranium database (i) - at \$4.09	73,350	300,000	-
Stock-based compensation	-	-	4,455,607
Black-Scholes valuation on exercise of warrants (g)	-	<u>436,668</u>	<u>(436,668)</u>
Balance, March 31, 2007	44,898,999	40,674,499	5,110,610
Issued for cash:			
- pursuant to exercise of warrants (g) - at \$1.00	750,000	750,000	-
- pursuant to exercise of warrants (c) - at \$1.15	180,000	207,000	-
- pursuant to exercise of warrants (d) - at \$1.30	3,459,999	4,497,998	-
Issued for assets:			
- acquisition of uranium database (i) - at \$2.86	140,022	400,000	-
Stock-based compensation	-	-	1,021,571
Black-Scholes valuation on exercise of warrants (g)	-	<u>655,003</u>	<u>(655,003)</u>
Balance, March 31, 2008	<u>49,429,020</u>	<u>\$ 47,184,500</u>	<u>\$ 5,477,178</u>

**Share Capital Discussion:**

- a) On April 14, 2005, the Company closed a private placement of 400,000 units at \$0.25 per unit for proceeds of \$100,000. Each unit consisted of one common share and one share purchase warrant entitling the holder thereof to purchase an additional common share at \$0.30 per share for two years.

Note 5 Share Capital and Contributed Surplus

**Share Capital Discussion – (cont'd)**

- b) On March 14, 2006, the Company closed a private placement of 450,000 units at \$0.80 per unit for proceeds of \$360,000. 350,000 units consisted of one common share and one share purchase warrant entitling the holder thereof to purchase an additional common share at \$0.80 per share for one year. 100,000 units consisted of one common share and one share purchase warrant entitling the holder thereof to purchase an additional common share at \$0.90 per share for one year.
- c) On April 19, 2006, the Company closed a private placement of 300,000 units at \$0.95 per unit. The proceeds of \$285,000 were included in share subscriptions at March 31, 2006. Each unit consisted of one common share and one share purchase warrant entitling the holder thereof to purchase an additional common share at \$1.15 per share for one year. At March 31, 2008, nil warrants were outstanding.
- d) On May 11, 2006, the Company closed a brokered private placement of 12,000,000 units at \$1.00 per unit. Each unit consisted of one common share and one-half a share purchase warrant, with each whole warrant entitling the holder thereof to purchase an additional common share at \$1.30 per share for one year. The Company paid the agent a commission of \$190,248 and 649,752 units. In addition, the Company issued 1,080,000 agent's options. Each agent's option entitled the agent to purchase one common share for each option held at \$1.20 for one year. At March 31, 2008, nil warrants were outstanding.

Gross proceeds	\$ 12,000,000
Agent's commission	(190,248)
Agent's fees and costs	(36,750)
Other share issue costs	(54,180)
Net proceeds	<u>\$ 11,718,822</u>

- e) On May 11, 2006, the Company issued 40,000 common shares valued at \$1.00 per share to former directors for services included in accounts payable at March 31, 2006.
- f) On May 11, 2006, the Company closed the acquisition of the assets of Denver Uranium Company, LLC ("Denver Uranium"). In connection with the terms of the purchase and sale agreement, the Company issued 8,000,000 common shares valued at \$1.00 per share to the vendors. The two vendors joined the Company's board of directors.

In conjunction with the purchase and sale agreement, the Company also entered into a loan conversion agreement to settle a US\$888,000 loan obligation assumed by the Company from Denver Uranium which included interest and expenses. The debt was settled through the issuance of 2,220,000 common shares valued at \$0.48 per share to the lenders. The two lenders joined the Company's board of directors.

Both the 8,000,000 common shares issued for the assets and the 2,220,000 common shares issued for the debt were subject to the terms of escrow agreements.

- g) On May 11, 2006, the Company closed the acquisition of 119 mineral claims situated in South Dakota, USA. In connection with the terms of the agreement, the Company issued to the vendor 1,000,000 common shares valued at \$1.00 per share and 1,250,000 share purchase warrants entitling the vendor to purchase one additional common share for each warrant held at \$1.00 per share until May 11, 2007.

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

**Share Capital Discussion:** – (cont'd)

(g) – (cont'd)

Transactions through which the Company acquires goods or services in exchange for equity instruments are accounted for using the fair value based method of accounting. The amount recognized as acquisition costs with respect to the share purchase warrants issued was \$1,091,671. During the year ended March 31, 2007, 500,000 of the above warrants were exercised and \$436,668 was credited to share capital.

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

Fair value of warrants granted	\$	0.873
Risk-free interest rate		4.99%
Expected life		1 year
Expected volatility		42%
Expected dividend yield		0.0%

During the year ended March 31, 2008, the remaining outstanding 750,000 warrants were exercised and \$655,003 was credited to share capital.

h) On August 9, 2006, the Company acquired a historical geological database relating to prospects in South Dakota and Wyoming. As partial consideration for the database the Company issued 200,000 common shares valued at \$1.30 per share.

i) On December 18, 2006, the Company acquired a historical geological database related to its Wyoming properties. As consideration for the acquisition of this database, the Company agreed to pay \$1,000,000, payable in cash or common shares, at the Company's option as follows:

\$300,000 on signing (payment was satisfied by the issuance of 139,534 common shares valued at \$2.15 per share);

\$300,000 on or before March 1, 2007 (payment was satisfied by the issuance of 73,350 common shares valued at \$4.09 per share); and

\$400,000 on or before July 1, 2007 (payment was satisfied subsequent to March 31, 2007 by the issuance of 140,022 common shares valued at \$2.86 per share). This amount was included in accounts payable at March 31, 2007.

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

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

**Escrow** – (cont'd)

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 during the years ended March 31, 2008 and 2007:

<u>Balance at</u> <u>March</u> <u>31,2006</u>	<u>Escrowed</u> <u>during the</u> <u>period</u>	<u>Released</u> <u>during</u> <u>the period</u>	<u>Balance at</u> <u>March 31,</u> <u>2007</u>	<u>Escrowed</u> <u>during the</u> <u>period</u>	<u>Released</u> <u>during</u> <u>the period</u>	<u>Cancelled</u> <u>during the</u> <u>period</u>	<u>Balance at</u> <u>March 31,</u> <u>2008</u>
<u>1,700,000</u>	<u>10,710,000</u>	<u>(2,677,500)</u>	<u>9,732,500</u>	<u>1,700,000</u>	<u>(8,457,500)</u>	<u>(1,700,000)</u>	<u>1,275,000</u>

The escrow shares at March 31, 2008 are to be released in amounts of 425,000 during July 2008, January 2009 and July 2009.

**Share Purchase Warrants:**

At March 31, 2008, there were nil 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 year ended March 31, 2008 is as follows:

<u>Expiration</u> <u>Date</u>	<u>Exercise</u> <u>Price</u>	<u>Outstanding</u> <u>at March 31,</u> <u>2007</u>	<u>Exercised</u> <u>during</u> <u>the period</u>	<u>Expired</u> <u>during</u> <u>the period</u>	<u>Outstanding at</u> <u>March 31,</u> <u>2008</u>
May 11, 2007 (g)	\$1.00	750,000	(750,000)	–	–
April 19, 2007 (c)	\$1.15	180,000	(180,000)	–	–
May 11, 2007 (d)	<u>\$1.30</u>	<u>3,484,999</u>	<u>(3,459,999)</u>	<u>(25,000)</u>	–
Totals		<u>4,414,999</u>	<u>(4,389,999)</u>	<u>(25,000)</u>	–

At March 31, 2007, there were 4,414,999 share purchase warrants outstanding entitling the holders thereof to purchase one common share for each warrant held. Changes in share purchase warrants for the year ended March 31, 2007 were as follows:

<u>Expiration</u> <u>Date</u>	<u>Exercise</u> <u>Price</u>	<u>Outstanding</u> <u>at March 31,</u> <u>2006</u>	<u>Issued during</u> <u>year ended</u> <u>March 31,</u> <u>2007</u>	<u>Exercised during</u> <u>year ended</u> <u>March 31,</u> <u>2007</u>	<u>Outstanding</u> <u>at March 31,</u> <u>2007</u>
April 14, 2007 (a)	\$0.30	360,000	-	(360,000)	-
March 14, 2007 (b)	\$0.80	350,000	-	(350,000)	-
March 14, 2007 (b)	\$0.90	100,000	-	(100,000)	-
May 11, 2007 (g)	\$1.00	-	1,250,000	(500,000)	750,000
April 19, 2007 (c)	\$1.15	-	300,000	(120,000)	180,000
May 11, 2007 (d)	<u>\$1.30</u>	–	<u>6,324,875</u>	<u>(2,839,876)</u>	<u>3,484,999</u>
Totals		<u>810,000</u>	<u>7,874,875</u>	<u>(4,269,876)</u>	<u>4,414,999</u>

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

**Stock Option Plan**

The Company has a Stock Option Plan (“the Plan”) under which it is authorized to grant share purchase options to directors, officers, consultants or employees of the Company. Prior to August 2007, the number of options granted under the Plan was limited to 10% in the aggregate, and 5% with respect to any one optionee, of the number of issued and outstanding common shares of the Company at the date of the grant of the options. On August 23, 2007, the Plan was amended to change the amount of options that the Company is permitted to grant under the Plan to a fixed number which is equal to 20% of the issued and outstanding common shares on August 23, 2007. As such, the Company will be permitted to grant options to acquire up to a maximum of 9,885,804 common shares. 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.

At March 31, 2008, there are 6,175,000 options outstanding entitling the holders thereof to purchase one common share for each option held as follows:

Expiration Date	Exercise Price	Outstanding at March 31, 2007	Granted during period	Exercise d during period	Forfeite d during period	Outstanding at March 31, 2008
May 11, 2011	\$1.00	3,025,000	–	–	–	3,025,000
July 19, 2011	\$1.30	200,000	–	–	–	200,000
August 1, 2011	\$1.30	100,000	–	–	–	100,000
August 9, 2011	\$1.30	200,000	–	–	–	200,000
October 5, 2011	\$1.80	100,000	–	–	–	100,000
January 25, 2012	\$2.80	100,000	–	–	100,000	–
February 15, 2012	\$3.00	400,000	–	–	–	400,000
May 14, 2012	\$3.20	–	125,000	–	–	125,000
June 15, 2012	\$2.60	–	100,000	–	–	100,000
August 30, 2012	\$1.50	–	1,040,000	–	140,000	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
Totals		<u>4,125,000</u>	<u>2,290,000</u>	<u>–</u>	<u>240,000</u>	<u>6,175,000</u>

As of March 31, 2008, 4,760,000 options have vested. The weighted average life of the stock options outstanding is 3.67 years. Subsequent to March 31, 2008, 100,000 options were cancelled.

Vesting period is determined by the Board of Directors at the time of the grant. Stock options granted under the Plan during the year ended March 31, 2008 vest as follows:

- 125,000 stock options expiring on May 14, 2012, which were granted on May 14, 2007, vested immediately;
- 10,000 stock options expiring on June 15, 2012, which were granted on June 15, 2007, vested immediately;
- 1,040,000 stock options expiring on August 30, 2012, which were granted on August 30, 2007, vest every three months until August 30, 2008
- 100,000 stock options expiring on September 4, 2012, which were granted on September 4, 2007, vest every three months until September 4, 2008;

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

**Stock Option Plan** – (cont'd)

- 50,000 stock options expiring on September 4, 2012, which were granted on September 4, 2007, vest 20% on March 4, 2008 and 20% annually until March 4, 2012;
- 75,000 stock options expiring on October 31, 2012, which were granted on October 31, 2007, vest 15,000 annually until October 30, 2012;
- 200,000 stock options expiring on January 14, 2013, which were granted on January 14, 2008, vest 25,000 every three months until January 14, 2010;
- 200,000 stock options expiring on January 14, 2013, which were granted on January 14, 2008, vest 50,000 every three months until January 14, 2009; and
- 400,000 stock options expiring on February 7, 2013, which were granted on February 7, 2008, vest 50,000 every three months until February 7, 2010.

At March 31, 2007, there are 4,125,000 options outstanding entitling the holders thereof to purchase one common share for each option held as follows:

Expiration Date	Exercise Price	Outstanding At March 31, 2006 and 2005	Granted during year ended March 31, 2007	Exercised during year ended March 31, 2007	Outstanding at March 31, 2007
May 11, 2011	\$1.00	-	3,025,000	-	3,025,000
July 19, 2011	\$1.30	-	200,000	-	200,000
August 1, 2011	\$1.30	-	100,000	-	100,000
August 9, 2011	\$1.30	-	200,000	-	200,000
October 5, 2011	\$1.80	-	100,000	-	100,000
January 25, 2012	\$2.80	-	100,000	-	100,000
February 15, 2012	\$3.00	-	400,000	-	400,000
Totals		-	4,125,000	-	4,125,000

All stock options granted under the Plan during the year ended March 31, 2007 vested on the date of grant, except the 100,000 stock options expiring on October 5, 2011 which were granted on October 5, 2006 and vested 25,000 shares every three months until October 5, 2007 and the 100,000 stock options expiring on January 25, 2012 which were granted on January 25, 2007 and vested 25,000 shares every three months until January 25, 2008.

**Stock-based Compensation:**

During the year ended March 31, 2008 stock-based compensation was \$1,021,571 (2007: \$4,455,607) of which \$766,466 (2007: \$3,513,301) was included in general and administrative expenses and \$255,105 (2007: \$942,306) was included in mineral property costs.

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

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

**Stock-based Compensation– (cont'd)**

<u>Grant Date</u>	<u>Exercise Price</u>	<u>Number</u>	<u>Fair Value</u>	<u>Dividend Yield</u>	<u>Expected Volatility</u>	<u>Risk-free Interest Rate</u>	<u>Expected Life (Yrs)</u>
May 11, 2006	\$1.00	3,025,000	\$1.14	-	42%	5.04%	5
July 19, 2006	\$1.30	200,000	\$0.64	-	49%	5.02%	5
August 1, 2006	\$1.30	100,000	\$0.72	-	50%	4.90%	5
August 9, 2006	\$1.30	200,000	\$0.73	-	50%	4.77%	5
October 5, 2006	\$1.80	100,000	\$0.84	-	53%	4.55%	5
January 25, 2007	\$2.80	100,000	\$1.27	-	45%	4.85%	5
February 15, 2007	\$3.00	400,000	\$1.57	-	47%	4.68%	5
May 14, 2007	\$3.20	125,000	\$1.55	-	54%	4.61%	5
June 15, 2007	\$2.60	100,000	\$1.18	-	55%	5.10%	5
August 30, 2007	\$1.50	1,040,000	\$0.83	-	61%	4.25%	5
September 30, 2007	\$1.60	150,000	\$0.91	-	61%	4.25%	5
October 31, 2007	\$2.15	75,000	\$1.25	-	65%	4.16%	5
January 14, 1008	\$1.50	400,000	\$0.70	-	56%	3.08%	5
February 7, 2008	\$1.00	400,000	\$0.40	-	56%	2.79%	5

Note 6 Related Party Transactions

The Company incurred the following transactions with directors and officers of the Company or with companies with directors and officers in common:

	<b>Years Ended March 31,</b>	
	<b>2008</b>	<b>2007</b>
Director fees	\$ 33,300	\$ 11,075
Management and consulting fees	639,005	505,256
Legal fees	-	36,513
Mineral property interests		
Acquisition costs	-	11,218
Stock-based compensation	-	632,395
Wages and benefits	452,546	274,254
Stock-based compensation	420,449	2,564,997
Wages and benefits	140,876	93,951
	<u>\$ 1,686,176</u>	<u>\$ 4,129,659</u>

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

At March 31, 2008, accounts payable and accrued liabilities include \$81,965 (2007: \$38,279) due to directors and officers of the Company or companies with directors in common for unpaid fees and expenses owed.

Note 7      Non-cash Transactions

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

For the year ended March 31, 2008:

140,022 common shares were issued for the Company's payment obligation of \$400,000 due on July 1, 2007 with respect to the purchase of historical geological data covering the Company's Wyoming properties.

Approximately \$1,200,000 was excluded from accounts payable as the amount relates to mineral property interests.

For the year ended March 31, 2007:

300,000 common shares at \$0.95 per share, the proceeds of \$285,000 were included in share subscriptions at March 31, 2006;

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

1,000,000 common shares valued at \$1.00 per share and 1,250,000 share purchase warrants with a fair value of \$1,091,671 in connection with the acquisition of 119 mineral claims situated in South Dakota, USA;

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

2,220,000 common shares valued at \$0.48 per share in connection with the assumption of debt from Denver Uranium Company, LLC;

649,752 common shares in connection with an agent's commission on the private placement completed on May 11, 2006;

200,000 common shares valued at \$1.30 per share in connection with the acquisition of a historical geological database.

139,534 common shares valued at \$2.15 per share in connection with the acquisition of a historical geological database.

73,350 common shares valued at \$4.09 per share in connection with the acquisition of a historical geological database.

\$2,332,800 (US\$2,000,000) of mineral property acquisition costs incurred in part by an agreement payable.

The value of the shares issued was determined by their market value when issued.

Note 8 Agreements Payable

	<b>March 31,</b>	
	<b><u>2008</u></b>	<b><u>2007</u></b>
Dewey Burdock Prospect (US\$80,000; 2007: US\$90,000)	\$ 81,856	\$ 104,031
Centennial Prospect (US\$1,750,000; 2007:US\$2,000,000)	<u>1,790,600</u>	<u>2,311,800</u>
	1,872,456	2,415,831
Change in accounting policy – Note 2	(644,064)	–
Less: current portion	<u>(266,032)</u>	<u>(300,534)</u>
	962,360	2,115,297
Accretion expense	<u>43,016</u>	<u>–</u>
	<u>\$ 1,005,376</u>	<u>\$ 2,115,297</u>

Annual payments due under the agreements payable are as follows:

	<u>\$CDN</u>	<u>\$US</u>
2009 - 2015	\$ 266,032	\$ 260,000
2016 and 2017	<u>10,232</u>	<u>10,000</u>
	<u>\$ 1,872,456</u>	<u>\$ 1,840,000</u>

Note 9 Commitments and Contingencies

**Mineral Property Interests – Land and Mineral Lease Commitments**

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

Claims Maintenance – The Company has secured 1,477 mining claims within its various prospects. The total annual maintenance costs of the mining claims are approximately US\$185,000.

**Management Services Agreements and Employment Agreements**

The Company entered into/or renewed four management services agreements and nine employment agreements during the year ended March 31, 2008. The agreements require the Company to pay fees totalling US\$135,500 per month. The agreements automatically renew for an additional year unless terminated by the Company at least 90 days prior to each agreement's anniversary.

**Office Leases**

During March 2007, the Company entered into a twenty-two month lease agreement for office space in Vancouver, British Columbia. Annual lease payments due are approximately \$25,800.

During December 2006, the Company entered into a three-year lease agreement for office space in Albuquerque, New Mexico. Annual lease payments due are approximately US\$19,200.

During November 2006, the Company entered into a three-year lease agreement for office space in Hot Springs, South Dakota. Annual lease payments are approximately US\$12,900.

During November 2007, the Company entered into a one-year lease agreement for office space in Wellington, Colorado. Annual lease payments are approximately US\$19,200.

During November 2007, the Company entered into a five-year lease agreement for office space in Greenwood Village, Colorado. Annual lease payments are approximately US\$80,800.

Note 9 Commitments and Contingencies – (cont'd)

**Contingency**

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 10 Income Taxes

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

	<u>2008</u>	<u>2007</u>
Statutory tax rates	<u>33.47%</u>	<u>34.12%</u>
Loss before income taxes	\$ 3,536,932	\$ 4,850,758
Expected income tax recovery	1,184,000	1,655,000
Increase (decrease) in income tax recovery resulting from:		
Foreign income taxed at other than Canadian statutory rates	39,000	6,000
Non-deductible permanent differences	(186,000)	(1,202,000)
Effect of reduction in Canadian statutory rates	(103,000)	–
Change in the valuation allowance	<u>(934,000)</u>	<u>(459,000)</u>
Income tax recovery	<u>\$ –</u>	<u>\$ –</u>

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

	<u>2008</u>	<u>2007</u>
Future income tax assets (liabilities)		
Non-capital and net operating losses carried forward	\$ 4,748,000	\$ 1,088,000
Share issue costs	44,000	77,000
Mineral properties and deferred exploration	(3,217,000)	(482,000)
Databases and eligible capital expenditures	<u>(89,000)</u>	<u>(117,000)</u>
	1,486,000	566,000
Less: valuation allowance	<u>(1,486,000)</u>	<u>(566,000)</u>
	<u>\$ –</u>	<u>\$ –</u>

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

Note 10 Income Taxes – (cont'd)

At March 31, 2008, the Company and its subsidiary have accumulated non-capital losses totalling \$13,946,000 which may be carried forward to reduce future years taxable income. These losses, the potential tax benefit of which has not been recognized in these financial statements, expire as follows:

	<u>Canada</u>	<u>United States of America</u>	<u>Total</u>
2015	\$ 231,000	\$ -	\$ 231,000
2026	209,000	-	209,000
2027	579,000	2,114,000	2,693,000
2028	<u>460,000</u>	<u>10,353,000</u>	<u>10,813,000</u>
	<u>\$ 1,479,000</u>	<u>\$ 12,467,000</u>	<u>\$ 13,946,000</u>

Note 11 Foreign Currency Risk

The Company's mineral exploration activities are located in the United States of America and expenditures are in U.S. dollars. Consequently some assets and liabilities are exposed to foreign currency fluctuations. At March 31, 2008, US currency balances were comprised of cash of approximately US\$5,000, restricted cash of US\$800,000, accounts payable of US\$1,300,000, and agreements payable totalling US\$1,800,000.

Note 12 Comparative Figures

Certain comparative figures as at and for the year ended March 31, 2007 have been reclassified in order to comply with the financial statement presentation adopted for the current year.

Note 13 Subsequent Events

- a) The Company entered into a Purchase Agreement to acquire a two-thirds mineral interest in a property in Custer County, South Dakota, in consideration for US\$1,900,000 to be paid US\$300,000 on closing less \$151,470 for amounts already paid under a mining lease and US\$10,000 per year for ten years until May 2018. The balance of the purchase price of US\$1,300,000 is payable contingent upon receipt of permits and authorizations necessary to commence exploration and mining on the property. The US\$1,300,000 is to be paid in four equal instalments of US\$325,000 on each anniversary of the Company obtaining such permits. The purchase agreement is secured by a promissory note and a mortgage on the mineral interest.
- b) On June 4, 2008, the Company issued pursuant to a private placement agreement (the "Agreement") with Société de Combustibles Nucléaires Synatom S.A. ("Synatom") 6,000,000 units at a price of \$1.50 per unit, for aggregate proceeds of \$9,000,000. Each unit consists of one common share and two share purchase warrants, with the warrants exercisable at an exercise price of \$2.00 per share, subject to adjustment. The warrants, which are subject to, among other things, certain anti-dilution provisions, were issued in two series as follows:
  - the first series of 6,000,000 warrants may be exercised at any time until the earlier of: (i) 10 days following the date that the Company files certain specified permit applications for both the Centennial and the Dewey-Burdock projects of the Company (with a minimum duration of 6 months); and (ii) 12 months following the closing of the private placement; and

Note 13      Subsequent Events – (cont'd)

(b) – (cont'd)

- the second series of 6,000,000 warrants may be exercised at any time until the earlier of: (i) 10 days following the date that the Company has obtained the permits required to construct and operate either the Centennial or the Dewey- Burdock project; and (ii) 24 months following the closing of the private placement.

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

The Company granted Synatom certain governance rights that apply so long as Synatom owns not less than 10% of the outstanding shares (calculated on a non-diluted basis). In connection with these governance rights, Synatom has the right to nominate directors to the board of directors of the Company (and that of its wholly-owned subsidiary Powertech (USA), Inc.) in proportion to its then proportionate interest of shares and the Company will cause such individuals nominated to be elected or appointed to the Board.

In connection with the Agreement, in the event that the Company produces uranium for sale, the Company has also granted Synatom an option to purchase a certain quantity of uranium from time to time (based on Synatom's then percentage ownership interest in the Company) on the terms sold to third parties, exercisable so long as Synatom continues to own no less than 15% of the outstanding shares (calculated on a non-diluted basis).

At the close of the private placement, Synatom owned 10,890,000 shares (excluding shares issuable upon the exercise of the warrants) representing approximately 19.6% of the outstanding shares. If all of the warrants are exercised for shares, Synatom will own shares representing approximately 33.9% of the outstanding shares.

The Company will be seeking shareholder approval at a special meeting (the "Special Meeting") of shareholders of the Company to be held on or about July 15, 2008, for a special resolution (the "Special Resolution") approving the warrants and the pre-emptive rights granted to Synatom. In connection therewith, management of the Company, which owns or exercises direction or control over an aggregate of approximately 25% of the Shares (calculated on a non-diluted basis), have entered into a Voting Agreement with Synatom whereby they have agreed to vote their shares in favour of the Special Resolution. In addition, Synatom intends to vote its holdings prior to the closing of the private placement of approximately 9.9% of the Company in favour of the Special Resolution. Synatom will not be voting any of the Shares acquired in this transaction at the Special Meeting.

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



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**GENERAL**

The following discussion of performance, financial condition and future prospects should be read in conjunction with the consolidated financial statements of Powertech Uranium Corp. (the "Company") and notes thereto for the year ended March 31, 2008. Additional information is available on SEDAR at [www.sedar.com](http://www.sedar.com). All dollar amounts are stated in Canadian dollars unless noted.

**DISCLAIMER FOR FORWARD LOOKING INFORMATION**

Certain statements in this annual report are forward-looking statements, which reflect management's expectations regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the 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 we will obtain from them. These forward-looking statements reflect management's current views, are based on certain assumptions, and speak only as of March 31, 2008. 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 its ability to manage its assets and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause its actual results to differ materially from those expressed or implied by the forward looking statements, including, but not limited to: (1) the risk that nuclear energy will not be accepted by the public as a safe and viable means of generating electricity; (2) a downturn in general economic conditions in the United States, Europe and internationally; (3) a decrease in the demand for uranium and uranium related products; (4) the number of competitors; (5) the uncertainty of government regulation in the United States, Europe and internationally; (6) political and economic conditions in uranium producing and consuming countries; (7) delays in the receipt of any permits or approvals required for the Company's operations; (8) failure to obtain additional capital at all or on commercially reasonable terms; and (9) other factors beyond the Company's control.

There is a significant risk that the Company's forecasts and other forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. 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.

Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors and Uncertainties" below.

**NATURE OF BUSINESS**

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

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**Directors and Officers**

The Company's board of directors, elected at the Annual and Special General Meeting of the Shareholders held on August 23, 2007, include Wallace M. Mays, Richard F. Clement, Jr., Thomas A. Doyle, Greg Burnett, Douglas E. Eacrett, and James Carter. On January 14, 2008, the Company announced that it has appointed Malcolm F. Clay to its Board of Directors. Clay has also been appointed as a member of the Audit Committee and a member of the Compensation Committee. Mr. Clay replaces James Carter, who has resigned from the Company's Board of Directors due to other professional commitments.

The Company's current officers include the following persons:

Wallace M. Mays	Chairman of the Board, Chief Operating Officer
Richard F. Clement, Jr	President, Chief Executive Officer
Thomas A. Doyle	Chief Financial Officer, Vice President – Finance, Secretary
Greg Burnett	Vice President – Administration
James Bonner	Vice President – Exploration
Richard Blubaugh	Vice President – Health, Safety and Environmental Resources
John Mays	Vice President – Engineering

*Wallace Mays – Chairman, Chief Operating Officer*

Wallace Mays is a chemical engineer who spent the early part of his career with Atlantic Richfield Co. where he was responsible for the design, construction, and operation of the first in-situ recovery ("ISR") uranium mine in the United States. Mr. Mays brings over 34 years of uranium mining experience at senior management positions, beginning in the United States with the development of the first commercial scale ISR uranium mine, the Clay West Uranium Mine in Texas. His career continued with the development and operation of the Hobson, Las Palmas, Mount Lucas and TX-1 ISR mines in Texas, and the Highlands ISR mine in Wyoming. Mr. Mays has successfully restored the Hobson and Las Palmas wellfields, the Highlands Exxon In- Situ Pilot wellfields, and the Pawnee, Lamprecht, and Zamzow ISR mines in Texas. Internationally, Mr. Mays has been involved with the development and operation of the Harat ISR Pilot Mine and the Dornod open pit uranium mine in Mongolia and more recently the Akdala, South Inkai and Kharasan ISR mines in Kazakhstan. Mr. Mays is a Registered Professional Engineer with Bachelor's and Master's degrees in Chemical Engineering from the University of Texas. In 1996, he was awarded membership in the Uranium Hall of Fame.

*Richard F. Clement, Jr. – President, Chief Executive Officer and Director*

Richard Clement is a professional geologist who spent the early part of his career, from 1967 through 1983, with Mobil Oil Corp. in the United States and Australia where he was responsible for the operations management of Mobil Oil's uranium exploration programs throughout the United States, development of worldwide strategy for mineral exploration, and managing country operations as Vice President / Exploration Manager of Mobil Energy Minerals Australia Inc. From 1983 through 1999, Mr. Clement was employed by Uranium Resources, Inc., formed in 1977, which became a Canadian public company in 1988 specializing in the ISR development of uranium deposits. Mr. Clement served as a director and Senior Vice President - Exploration of Uranium Resources from 1983 to 1996 and subsequently as President of Uranium Resource's New Mexico subsidiary, Hydro Resources Inc. until 1999 where he oversaw the securing of all necessary mining permits for ISR development of Hydro Resource's uranium deposits.

*Thomas Doyle – Chief Financial Officer, Vice President – Finance, Secretary and Director*

Thomas Doyle has held a variety of senior positions across numerous aspects of the financial industry in Canada, the United States and internationally. From 2003 to June 2006, Mr. Doyle served as President and Chief Executive Officer of Arctos Petroleum Corp., a public junior oil and gas company, which resulted from the acquisition of Spearhead Resources by Camflo International Inc. Currently, Mr. Doyle also serves as President and Director of Wolverine Minerals Corp, a junior resource metal exploration company focused in British Columbia. Through these enterprises, Mr. Doyle developed

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extensive expertise in domestic and foreign financial markets, management, business plan development, and capital formation for a variety of industries, but primarily within the mineral resource and oil and gas industry.

*Greg Burnett – Vice President – Administration and Director*

Greg Burnett has 20 years of diversified business experience in corporate finance and administration. Since 1989, he has been President and principal shareholder of Carob Management Ltd., a private management consulting company based in Vancouver, British Columbia specializing in the provision of due diligence services, development of business plans, and structuring / financing / management of venture capital projects, primarily in the public market arena. Mr. Burnett presently serves on the board of directors and is a consultant to the following public companies: Garibaldi Resources Corp., a junior gold exploration company focusing on projects in Mexico, Marifil Mines Limited, a junior metals exploration company focused in Argentina and Wolverine Minerals Corp, a junior resource metal exploration company focused in British Columbia. Mr. Burnett holds a Master of Business Administration degree (1986) and a Bachelor of Applied Sciences degree in Civil Engineering (1984) from the University of British Columbia.

*Douglas Eacrett – Director*

Douglas Eacrett is currently a practicing corporate finance and securities lawyer and a Chartered Accountant registered with the Institute of Chartered Accountants in British Columbia. Mr. Eacrett obtained a Bachelor of Commerce degree from the University of British Columbia in 1972 and a Bachelor of Laws from the University of British Columbia in 1974. Mr. Eacrett has been a director and/or officer of a number of Canadian public companies.

*Malcolm Clay – Director*

Malcolm Clay was a partner of KPMG Chartered Accountants for 27 years. As a public accountant, he served as lead audit or concurring partner for public companies listed on the American Stock Exchange, the New York Stock Exchange, and the Canadian Stock Exchanges. Mr. Clay was Partner in Charge of the Vancouver Audit Practice of KPMG for ten years. In 1997, he was elected non-executive Chairman of KPMG Canada. Mr. Clay retired from his career at KPMG in 2002 and since this time he has served as a consultant and advisor to numerous private and public companies. Mr. Clay currently serves on the board of directors and as Chairman of the Audit Committee of five Canadian public companies.

*James Bonner – Vice President – Exploration*

James Bonner comes to the Company from Gordon Environmental, Inc. where he served as Senior Scientist on their consulting engineering staff. His background includes many years in the uranium industry most recently as Exploration Manager for Union Pacific Railroad (UP) where he managed a large number of uranium projects during the height of uranium exploration and development. During the 1970's and 1980's, his achievements include a number of highly economic uranium discoveries and include his management of geotechnology for Union Pacific's Nine Mile uranium leach project. He has unique experience in the uranium business and has overseen projects in all the uranium target basins within the United States. Mr. Bonner brings to the Company his extensive knowledge of uranium deposits and will lead the company's exploration program to develop profitable ISR deposits in the United States. Mr. Bonner is a Professional Geologist in Wyoming and received his Bachelor's degree from the University of Wyoming.

*Richard Blubaugh – Vice President – Health Safety and Environmental Resources*

Richard Blubaugh brings to the Company more than 25 years of experience in project and program management, primarily concerning environmental, health and safety. This includes in-depth experience in permitting and environmental management, cooperating with state and federal agencies. Prior to joining the Company, Mr. Blubaugh led his consulting company where he assisted industry participants by taking a leading role in permitting and interfacing with government agencies. Prior to the development of his consulting business, Mr. Blubaugh was Director of Business Development and Government affairs for Atlas Minerals, Inc. (formerly Atlas Corporation). Atlas Corporation was a publicly traded precious metals and uranium producer listed on the NYSE. Over his long tenure with Atlas Corporation, Mr. Blubaugh held various positions and most recently was Executive Vice President and a director of the Board. Previously, Mr. Blubaugh was Vice

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President of Environment and Governmental Affairs. In this capacity, he oversaw all of the permitting and management activities in the environmental arena. This included oversight on the closure and remediation of the Atlas uranium mill site, as well as their asbestos mine and mill superfund site in California. As the Company's Vice President of Health, Safety and Environmental Resources, Mr. Blubaugh will be in charge of all permitting activities for the Company's Dewey-Burdock and Centennial uranium properties and will have permitting responsibility over all other areas of the Company's operations. Mr. Blubaugh holds a Masters of Arts in Public Administration, with an emphasis on environmental and public health, and a Bachelors of Science degree in Biology from the University of New Mexico.

*John Mays – Vice President – Engineering*

John Mays brings more than 20 years of engineering experience to Powertech in the uranium industry, focusing on in-situ mining in both the United States and internationally. He has experience in all facets of in-situ mining spanning the design, construction, and operation of ISR uranium mines. Most recently, from 2006 until joining Powertech, Mr. Mays served as the Chief In-situ Mining Engineer for UrAsia Energy Ltd. ("UrAsia") (a wholly-owned subsidiary of Uranium One Inc.) at UrAsia's three ISR projects in Kazakhstan. Prior to joining UrAsia in Kazakhstan, from 2003 to 2006, he held the position of Senior Mining Engineer with Searles Valley Minerals of Trona, California. Mr. Mays also held the position of Superintendent of Well Field Construction for Power Resources Inc. on both their Smith Ranch and Highland Uranium Project in Douglas, Wyoming. Mr. Mays worked for Rio Algom Mining Corp. from 1996 through 2002 starting off as Production Engineer, (Quivira Mining Co.) in Grants, New Mexico, then as Restoration Engineer and Well Field Engineer at their Smith Ranch Facility, prior to the sale to Power Resources where he continued on with the project. Mr. Mays holds a Bachelor of Science Degree in Chemical Engineering and Petroleum Refinement from the Colorado School of Mines.

*Advisory Board*

On August 2, 2006, the Company announced the establishment of an advisory board to provide strategic support to management in regards to the exploration and development of its uranium properties and the identification of new business opportunities. The Company has appointed Dr. Charles G. Groat and Anthony J. Thompson as the first two members of this board.

Dr. Groat currently is the director of the Center for International Energy and Environmental Policy at the University of Texas at Austin. The center supports research and informs governments and corporations on the formulation of policies and strategies on energy and environment. In addition, Dr. Groat leads the graduate program in energy and mineral resources within the Jackson School of Geosciences. Prior to adding this honor to his accomplishments, Dr. Groat was director of the United States Geological Survey from 1998 through 2005 and before that, he was executive director of the American Geological Institute. Throughout his career, Dr. Groat has combined geotechnical pursuits and public interests. He held top positions at the University of Texas as an associate professor and associate director and acting director of the Bureau of Economic Geology. He was director of the Louisiana Geologic survey and assistant to the Secretary of the Louisiana Department of Natural Resources. Dr. Groat received his Bachelor of Arts degree in Geology from the University of Rochester, a Master of Science in Geology from the University of Massachusetts, and a Ph.D. in Geology from the University of Texas at Austin.

Anthony J. Thompson has been practicing environmental and occupational health and safety law since the mid-1970s. His practice includes legislation, regulatory counseling and litigation involving development of and compliance with environmental and natural resources law and regulations, risk assessment and management, and occupational health and safety regulatory matters. As primary outside counsel to the American Mining Congress (AMC), now the National Mining Association (NMA), for radioactive waste issues, he has represented virtually the entire domestic uranium mining and milling industry either as counsel to AMC/NMA or as a counsel to individual licensees since the late 1970's. Thus, for over two decades, his practice has encompassed uranium recovery legislative, regulatory, licensing and litigation issues for both conventional and ISR facilities, radiation health and safety issues, including radioactive waste disposal issues, Clean Air Act (CAA) and title (CERCLA) issues, issues related to releases of radionuclides, and constitutional issues related to federal preemption of Atomic Energy Act (AEA) materials. Mr. Thompson is the prime author of NMA's White Paper entitled "Recommendations for a Coordinated Approach to Regulating the Uranium Recovery Industry" and NMA's Fuel Cycle Facilities Forum's (FCFF) joint White Paper entitled "Direct Disposal of Non-11e.(2) Byproduct materials in

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uranium Mill Tailings Impoundments". Mr. Thompson received his B.A. degree in History from Princeton University and his law degree from the University Of Virginia School Of Law. He was a member of the National Risk Assessment and Management Commission, appointed by President Bush in 1992. He is currently a member of the American Nuclear Society, the American Bar Association, Society for Mining, Metallurgy, and Exploration, Inc., and numerous other associations.

**Change of Business**

On February 21, 2006, the Company entered into a binding Agreement of Purchase and Sale with Denver Uranium Company, LLC ("DU"). DU is a private Colorado corporation that was formed in 2005 to lease the key surface and mineral rights necessary to develop an advanced uranium deposit in South Dakota known as Dewey-Burdock. The Dewey-Burdock deposit was originally discovered in the 1960s by Homestake and was explored by Silver King Mines, the exploration arm of Tennessee Valley Authority ("TVA") through to 1990 when TVA left the uranium business. Key surface and mineral rights have resided with the landowners since that time. Pursuant to the terms of the agreement, the Company agreed to purchase all of the assets of DU in exchange for the issuance of 8 million common shares of the Company and the assumption of the liabilities of DU, including a bridge loan, but excluding liabilities related to tax and to DU's officers and members. The assets purchased from DU include leases of federal claims, private mineral rights covering 11,180 acres and private surface rights covering 11,520 acres located on the Dewey-Burdock property. Coincidentally with the closing of the Agreement of Purchase and Sale with DU, the Company settled a bridge loan pursuant to a Loan Conversion Agreement dated February 21, 2006 between the Company and the bridge lenders, and issued approximately 2.2 million common shares in full settlement of this loan.

The above described transactions closed on May 11, 2006. At closing, DU instructed the Company to issue the 8 million shares ("Asset Acquisition Shares") directly to its two members, Wallace Mays and Richard Clement. Two million of the Asset Acquisition Shares were subject to a Performance Escrow Agreement dated February 22, 2006 whereby they would be released from escrow upon either the successful permitting of the Dewey-Burdock property or the acquisition of a second uranium property of merit by the Company through the efforts of Mr. Mays or Mr. Clement. Due to the successful acquisition of a second uranium property of merit by the Company through the efforts of two current directors, the Performance Escrow Agreement has been dissolved. The TSX Venture Exchange also imposed a three year time release escrow agreement over the Asset Acquisition Shares in accordance with their policies. On October 31, 2007, the Company announced that its common shares were approved for listing on the TSX. In connection with this listing, the Asset Acquisition Shares outstanding that remained subject to time-release agreements were converted from a time release period over three years to a time release period over 18 months. As a result, all of the Asset Acquisition Shares were eligible for immediate release as of November 12, 2007 and were subsequently released from escrow.

The Company also issued 2.22 million common shares to Thomas Doyle and Greg Burnett in full settlement of the bridge loan pursuant to the above-described Loan Conversion Agreement ("Loan Shares"). Since Thomas Doyle and Greg Burnett were also incoming officers and directors of the Company, the Loan Shares were also subject to the TSX Venture Exchange's three-year time-release escrow agreement. In connection with TSX listing, mentioned above, the Loan Shares were converted from a time release period over three years to a time release period over 18 months. As a result, all Loan Shares were eligible for immediate release as of November 12, 2007 and were subsequently released from escrow.

Further to its initiative to consolidate the Dewey-Burdock uranium resource, the Company also entered into a binding property purchase agreement with Energy Metals Corp. ("EMC") on November 18, 2005 whereby the Company acquired from EMC a 100% interest in 119 mineral claims covering approximately 2,300 acres in the Dewey-Burdock area, subject to a production royalty based upon the price of uranium. The Company issued 1 million shares and 1.25 million share purchase warrants as consideration for the mineral claims. The warrants entitled the holder to acquire one additional share of the Company at \$1.00 per share. This Agreement also closed on May 11, 2006. All warrants were exercised prior to expiration.

Concurrent with the closing of the DU Agreement of Purchase and Sale and the EMC Agreement, the Company completed a brokered private placement financing through Pacific International Securities Inc. of \$12 million to fund its new business initiatives, including the permitting and development of the Dewey-Burdock property. The financing consisted of 12

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million units at \$1.00 per unit, each unit consisting of one share and one share purchase warrant, with each two warrants entitling the holder to purchase an additional share for one year at the price of \$1.30 per share. The Company paid a 7% commission by way of \$190,248 cash and the issuance of 649,752 units of the Company, the nature of the units as above described. The Company also issued 1,080,000 broker options to Pacific International Securities entitling the holder to purchase 1,080,000 shares of the Company at \$1.20 per share for one year. As of March 31, 2008, all warrants have been exercised.

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 number of shares outstanding or in the number of shares held by the officers and accordingly no value was recorded for the transaction. The shares are to be released over an 18-month period that began January 2008.

Also in conjunction with closing of the above transactions, Wallace Mays, Richard Clement Jr., Thomas Doyle, and Greg Burnett entered into Employment and Management Services Agreements with the Company. The Company's operations offices for its uranium projects are located in Wellington, Colorado and Edgemont, South Dakota. The Company also maintains exploration offices in Albuquerque, New Mexico and Hot Springs, South Dakota, with an administration office in Vancouver, British Columbia and its headquarters in Greenwood Village, Colorado.

Effective on May 15, 2006, the Company's shares were moved from the NEX board to Tier 2 of the TSX Venture Exchange, the Company having completed its change of business and having met all Tier 2 listing requirements. The trading symbol was changed from "PWE.H" to "PWE". On October 31, 2007, the Company announced that its common shares were approved for listing on the TSX.

## **RESOURCE PROPERTY INTERESTS**

### **South Dakota, USA**

#### **Dewey-Burdock Project – Custer and Fall River Counties**

The Company's Dewey Burdock Project is comprised of 18 mining leases covering approximately 14,000 net surface acres and 8,000 net mineral acres. In addition, the Company staked and acquired 173 mining claims in South Dakota covering approximately 3,300 acres. The Dewey-Burdock deposit contains National Instrument 43-101 compliant inferred uranium resources of 7.6 million pounds with an average grade of 0.21% U<sub>3</sub>O<sub>8</sub>, and is located in the well-known Edgemont Uranium District.

In July 2007, the Company, through its wholly owned subsidiary, Powertech (USA) Inc., entered into a contractual arrangement with Knight Piesold and Company ("Knight Piesold"), a Colorado corporation, for the purpose of permitting the Dewey-Burdock Project. The agreement with Knight Piesold covers baseline data collection, environmental impact analysis, cost/benefit analysis and preparation of permit/license applications. The contract period extends from the present to the date of issuance of the required permits and license for Dewey-Burdock.

The Company has received an exploration permit from the South Dakota Department of Environmental and Natural Resources and has commenced exploration pursuant to this permit. This permit will enable the Company to conduct additional drilling of up to 155 holes and perform two 72-hour pump tests to determine the permeability and flow rates for the host formations. The objective of the drilling program is to confirm and potentially expand historic in-place resources.

To date, the Company has completed approximately 80 exploratory drill holes, totaling approximately 50,000 feet. The presence of at least seven mineralized sand units was confirmed through the drilling of wide-space holes throughout the project area to examine the subsurface geochemical setting of the project area. In addition, several fences of drill holes were drilled across identified trends to assess the uranium resource potential of these features. This method of bracketing "solution fronts" (terminology used in the uranium industry) requires drilling holes in the oxidized side of the uranium

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front, secondarily jumping a fair distance to the reduced side of the front and halving the distance until the zone of uranium mineralization is encountered. Typically sedimentary uranium that is amenable to ISR production averages between 75 and 200 feet in width. Due to the narrow average width of the higher grade uranium mineralization, between four and six close-spaced geochemistry drill holes are required in each fence. A total 56 holes were drilled in 15 fences. In the completion of this drilling program, nine fences of drill holes intersected uranium mineralization, and seven fences encountered mineralization in excess of 0.05% eU<sub>3</sub>O<sub>8</sub>. The remaining six fences will require additional drilling to delineate the solution fronts.

A total of approximately 400 feet of core was recovered from 10 core holes in the mineralized sands in four separate resource areas. The coring was planned to intercept various parts of these uranium roll front deposits and to obtain samples of mineralized sandstone for chemical analyses and for metallurgical testing. Six holes were cored in the Fall River Formation and four holes were cored in the Lakota Formation. Well mineralized uranium zones were recovered. Chemical analyses of the uranium mineralization showed a good correlation between chemical assays and down-hole radiometric results, indicating the uranium deposits are in equilibrium.

Tests of physical parameters for permeability and porosity of the mineralized sands and overlying and underlying clays were also performed. These analyses for seven core samples of mineralized sandstones showed favorable high horizontal permeabilities - ranging from approximately 450 to 3200 milidarcies. These horizontal permeabilities within the mineralized zones allow for favorable solution flow rates for ISR production. Analyses on confining units, above and below the sands, showed very low vertical permeabilities - ranging from 0.007 to 0.697 milidarcies. Low vertical permeabilities in the confining units help to isolate solutions within the mineralized sand during ISR mining and restoration operations.

Bottle roll leach amenability tests were conducted on four intervals taken from two of the core holes. The core was leached with a sodium bicarbonate solution and hydrogen peroxide was added as an oxidizing agent. One interval represented low grade ore at 0.067% and the other three intervals represented ore ranging from 0.14% to 0.74%. Analytical results of the resulting leach solution indicated leach efficiencies ranging from 59% to 90%. These results are consistent with other successful ISR operations. A second method using "tails analysis" indicated efficiencies ranging from 71% to 98%. Peak recovery solution grades ranged from 414 mg/L to 1654 mg/L. These preliminary leach tests indicate that the uranium deposits at Dewey-Burdock would be readily mobilized by ISR mining techniques.

Baselines studies are underway as follows:

- Groundwater – Nine months of samples from area wells have been collected. Monthly samples from 12 Inya Kara wells began in April. Water levels are also checked at 18 wells.
- Surface Water – Six surface water stations located both upstream and downstream on the Cheyenne River and Beaver and Pass Creeks have been sampled for flow rates and water quality on a monthly basis and this sampling will continue through June. Two additional ephemeral stream sites are being monitored for peak flows and sampled for water quality when there is flowing water.
- Meteorological – In cooperation with South Dakota State University, a full meteorological station has been installed and has been collecting background data since August, 2007. Real-time data is available to the public at: <http://climate.sdstate.edu/awdn/current/realtime.asp>
- Land Use – The land use portion has been completed and identifies the site location, nearby settlements and transportation links, and current land uses. It also includes a contour map of the Dewey-Burdock Project and sector analysis maps.
- Geological – A pilot 3-dimensional model is being developed along with a geological model that includes well log interpretations, site-wide stratigraphy, subsite lithology, maps and cross-sections, and economic calculations.
- Radiological – Nine particulate hi-volumetric filters have been composited for gravimetric and radiological analysis. Direct gamma, ambient radon, and radon flux measurements have been obtained across the 11,000-acre project area.
- Soils & Vegetation – Field mapping and initial sampling for analysis was completed in fall, 2007. Final sampling will be completed for soils in spring 2008 and for vegetation in summer 2008.

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- Wetlands – Wetlands identification was completed in summer 2007 and the draft report is near completion.
- Wildlife – The following surveys have been completed: small mammal trapping; rabbit abundance; and bald eagle winter roost. General surveys and documentation of terrestrial wildlife and habitat use as well as nesting raptor surveys will be completed by April 1, 2008. Surveys that will be completed by the end of summer 2008 include: upland game bird; raptor nest; fisheries (high/base flow and radiological testing), macro-invertebrate; stream habitat; reptile and amphibian; bat; and breeding bird belt transect.
- Cultural Resources - An archaeological survey of the entire property has been completed. Some sites are being evaluated for potential historical significance and should be finished by summer 2008.
- Socioeconomics – Work is ongoing on identifying the population base, employment and income, tax base, housing, community services, and recreational opportunities. When the draft of this report is completed in July 2008, it will also include a cost-benefit analysis.

The Company intends to submit the necessary permit applications for ISR operations to the United States Environmental Protection Agency, the United States Nuclear Regulatory Commission and the South Dakota Department of Environment and Natural Resources in late calendar 2008.

Plum Creek Prospect - Fall River County

The Company has staked 164 mining claims on approximately 3,000 acres of federal minerals along the southern flank of the Black Hills Uplift in central Fall River County, South Dakota. This uranium exploration project, named the Plum Creek Prospect, is approximately eight miles southeast of the town of Edgemont, South Dakota, where the Atomic Energy Commission operated a mill and a uranium buying station during the 1950's and is located 15 - 20 miles southeast of the Company's Dewey-Burdock Project, on which Powertech has initiated mine permitting activities.

Uranium exploration at the Plum Creek Prospect was performed by the Tennessee Valley Authority ("TVA") in the 1970's. Powertech has acquired an extensive database covering most of TVA's exploration activities in the Edgemont District. A review of drilling results in the region identified mineralized sands within the Cretaceous Lakota Formation from depths of 400 to 530 feet below surface. One mineralized intercept observed in the data was 2.3 feet of 0.258% U<sub>3</sub>O<sub>8</sub> at a depth of 526 feet below surface.

Wyoming, USA

The Company's Wyoming prospects are comprised of 41 mining leases or options to lease covering approximately 21,000 net surface acres and 13,000 net mineral acres. In addition, the Company has staked 900 mining claims in Wyoming covering approximately 17,500 acres.

Aladdin Prospect – Crook County

The Company acquired the Aladdin prospect through 26 leases or options to lease and through staking 65 mining claims. This prospect is 60 miles north of the Company's Dewey-Terrace prospect, discussed below, and consists of approximately 14,000 acres of mining leases in a historic uranium exploration/mining area along the northwest flank of the Black Hills Uplift. In this area, uranium mineralization has been encountered in the same sandstones that contain uranium deposits in Powertech's Dewey-Burdock Project and Dewey-Terrace Prospect along the southern flank of the Black Hills Uplift in South Dakota and Wyoming respectively.

The Company received authorization to conduct an exploration program from the Wyoming Department of Environment Quality under an exploration drilling notification (No. 356 DN). This permit allowed the Company to conduct an exploratory drilling program consisting of up to 60 rotary exploration drill holes to an average depth of approximately 500 feet to determine the economic viability of proceeding with further drilling.

Prior to commencing this drilling program, the Company acquired and evaluated the historic Teton Exploration database covering the area. The extensive database included drill hole maps, resource calculation sheets and 589 drill hole logs

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totaling 220,000 feet of drilling on the Aladdin property. Previous drilling from three key historical drill holes yielded 10 feet of 0.47% U3O8, 6 feet of 0.695% of U3O8 and 6 feet of 0.504% of U3O8.

Powertech completed the 60-hole exploratory drilling program in November 2007 in and adjacent to an area of historical uranium drilling. The drilling program, which totaled 26,680 feet, confirmed the presence and roll front nature of uranium mineralization in the area of the historical drilling and expanded these mineralized trends outside of the historic drilling area.

The historical drilling area is defined by drill hole logs and unsurveyed drill hole location maps obtained from Teton Exploration. This historic drilling data indicated the Aladdin project contained nine miles of roll fronts with uranium mineralization identified in multiple sandstone units. Thirty-seven holes from Powertech's 2007 drilling program were directed toward these indicated trends. This drilling confirmed the geochemical setting (oxidation/reduction) and roll front uranium mineralization within seven sandstone units in the Fall River and Lakota Formations. In the process of delineating these mineralized sand units, 16 of the drill holes intersected uranium mineralization in excess of 0.05% eU3O8. Additional drilling will be required to demonstrate continuity and assess the grades of the mineralization within these seven mineralized sand units.

The balance of 23 drill holes were completed on previously unexplored property adjacent to this area. These wide-spaced exploratory drill holes indicated that mineralized trends extend up to three miles west from the historical drilling.

Based on an interpretation of the results of the 2007 drilling program and the previously acquired drill hole database, Powertech plans to prepare an estimate of the drill-indicated uranium resources for the Aladdin area. The Company is scheduled to complete this estimate prior to completing any additional exploratory drilling.

Dewey Terrace Prospect – Weston and Niobrara Counties

The Dewey Terrace Prospect is located in Weston and Niobrara Counties, Wyoming on the western continuation of mineralized trends from the Dewey-Burdock Project in South Dakota. Powertech acquired this prospect through staking 426 mining claims, totaling approximately 8,500 acres.

The Company received an exploration drilling notification from the Wyoming Department of Environment Quality for a 20-hole drilling program in 2006 on the Dewey Terrace prospect, which was completed during the year ended March 31, 2008. This program was completed after interpreting the results of recently acquired historical Teton Exploration drill data and combining this information with the Company's data base that includes historical drilling completed by Federal American Partners and Silver King Mines in the 1970's and 1980's. This drilling was successful in confirming and delineating geochemical alteration in sands of the Lakota Formation at depths of 580 to 900 feet. Multiple mineralized solution fronts were found to be associated with this alteration, with mineralized intervals such as 3.0 feet of 0.053% U3O8 and 5.5 feet of 0.047% U3O8 occurring in the oxidized portions of these sands.

Colony Prospect – Crook County

The Colony Prospect is located on the northwest flank of the Black Hills Uplift approximately 10 miles north of the Aladdin Prospect. Phillips Oil drilled this area in the mid 1970's and encountered uranium intercepts within Lakota sands as high as 1.5 feet of 0.28% U3O8 and 2.0 feet of 0.53% U3O8 at depths of 650 feet below ground surface. The Company acquired the Colony prospect through the staking of 190 mining claims.

Powder River Basin Prospect – Campbell County

One of four operating ISR mining operations in the U.S. is located within the Powder River Basin of Wyoming. Three other ISR mines have operated and two additional ISR operations currently have license applications before the Nuclear Regulatory Commission. The Company acquired a property position in an area of historic uranium resources through staking 135 mining claims.

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Shirley Basin Prospect – Carbon County

The Shirley Basin prospect is a major historic mining district within the State of Wyoming. The Company acquired the Shirley Basin prospect through staking 84 mining claims.

Colorado, USA

Centennial Project – Weld County

The Company has purchased approximately 670 gross surface acres and 5,700 net mineral acres. In addition, the Company's Colorado Project is comprised of 13 mining leases covering approximately 1,400 net surface acres and 1,000 net mineral acres.

During the quarter ending June 30, 2007, the Company, through Powertech (USA) Inc., acquired 350 acres of surface rights (included in the 670 gross acres identified above) through six direct acquisitions of land as part of the Company's overall program to secure surface rights in the Centennial Project. The total consideration for the six land purchases is US\$1,294,899.

On May 23, 2007, the Company reported it has received and filed a National Instrument 43-101 compliant report, dated March 28, 2007, on its Centennial Prospect located in Weld County, Colorado. The primary purpose of this report was to establish a resource base for the prospect under current standards of review. The report determined that approximately 9.7 million pounds of inferred resources, with an average thickness of 8.8 feet and an average grade of 0.094% U<sub>3</sub>O<sub>8</sub> (average Grade Thickness ("GT") of 0.82), exist within the Centennial Project. The complete Report is available for review on the SEDAR web site at [www.sedar.com](http://www.sedar.com).

In addition to the approximate 9.7 million pounds of U<sub>3</sub>O<sub>8</sub> for the Centennial Project, the authors stated that there is a geological potential of an additional 3 to 5 million pounds of U<sub>3</sub>O<sub>8</sub>. These additional potential resources are within the Project area and are based upon identified mineralized trends that have only been partially explored to date. It should be noted that there has been insufficient exploration to define a mineral resource relating to this potential and it is uncertain if further exploration will result in the discovery of a mineral resource.

It is significant to note that the report also identified 7.9 million cubic yards of gravel that overlies the South Zone of the uranium resource. The Company and its environmental engineering consultant are currently conducting an economic assessment of this resource for potential development. However, there has been insufficient exploration to define a mineral resource relating to this gravel deposit and it is uncertain if further exploration will result in the discovery of a mineral resource.

In April 2007, the Company entered into a contractual arrangement with R Squared Incorporated ("R<sup>2</sup>"), a Denver based environmental firm, for the purpose of permitting the Centennial Project. The agreement with R<sup>2</sup> covers baseline data collection, environmental impact analysis, cost/benefit analysis and preparation of permit/license applications. The contract expires at the end of 2009.

In June 2007, the Company, through its wholly-owned subsidiary, Powertech (USA) Inc., received authorization from the Colorado Department of Natural Resources' Division of Reclamation Mining and Safety ("DRMS") to proceed with drilling monitoring wells for its Centennial Project.

The DRMS approved the Company's Notice of Intent to drill up to 23 additional monitoring and aquifer test wells. These new wells, along with 26 existing monitoring wells, provide data on groundwater quality that may be included into a baseline study in advance of preparing permit applications for mining operations. The wells are sampling water from multiple aquifers at multiple depths, and using computerized data to define the hydrological characteristics of the uranium ore zone, ground water flow and testing of water quality in the surrounding strata. The wells are regularly sampled for ongoing analysis.

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Preliminary environmental data collected from the wells along with other data collection will continue through mid-2008 and will become the basis for multiple reports required to apply for operational permits that are required for federal, state and local agencies. After the Centennial Project gains the required approvals, data collection will continue through the life of the project.

During the quarter ended September 30, 2007, the Company, through Powertech (USA) Inc., received approval from the DRMS, for modification of its Notice of Intent to Conduct Prospecting Operations, and the Company proceeded with its program to drill 14 rotary holes, six core holes, and additional monitor wells on its Centennial Project.

The rotary drill holes associated with the coring program were used to site the core holes and to confirm results of historic drilling conducted on the Project by Rocky Mountain Energy Company in the late 1970's and early 1980's.

The Company completed the core holes, totaling approximately 320 feet of core, in six separate resource areas to provide data on the chemical and physical characteristics of the mineralized Fox Hills Sandstone, as well as the overlying and underlying confining sequences. Chemical analyses were completed for gamma eU308, chemical U308 and associated metals values for one-foot samples throughout the mineralized zones. The Company plans to incorporate the results of this testing into engineering and technical studies on ISR operations and permit applications for the Project.

In addition to chemical assays, these cores were also used to obtain valuable information regarding physical parameters of the Fox Hills host sands. Analytical results of mineralized core samples showed high horizontal permeability of the mineralized sands, while the confining clay units, above and below the mineralized sands showed extremely low vertical permeabilities.

Hydrological pump tests were completed in the areas where the above coring program was completed. These pump tests provided preliminary data on groundwater flow rates and in-situ permeabilities within the mineralized sands. These pump test characterized the hydrology of the mineral bearing sands, as well as the stratigraphic units above and below the mineralized sands. Based on the results of these pump tests, aquifer process studies have been initiated. Water samples from the wells utilized in the pump tests have been collected and are being analyzed to provide quarterly baseline water quality data for the project. Additional pump tests will be performed to assist in the planning of proposed project mining operations.

Baseline studies are underway for air quality, meteorology, surface water quality, vegetation, soils, wildlife, background radiation, and socio-economics. New monitor wells, associated with the drilling program, discussed above, along with existing wells will provide the baseline data for the groundwater in the Project area. This data will be critical to the environmental report and permit applications for the Centennial Project.

To date the following additional milestones have been completed:

- The program of domestic well sampling is progressing as planned. Historical analyses show that water used for domestic purposes have high nitrate and iron mineral content.
- A conceptual three-dimensional geologic site model that demonstrates that the proposed ISR operation is isolated from existing registered domestic wells.
- A surface water-monitoring program consisting of 13 stations has been established and representative surface water impoundments have been sampled.
- Terrestrial ecological surveys are completed.
- No significant findings have been reported to date based on continued cultural resource studies
- Reclamation and radiological profile soil studies have been completed.
- The first of three radon flux samples has been obtained. The second and third samples are scheduled to be taken in the second and third quarter of calendar 2008, respectively.
- Gamma radiation transect surveys are underway.
- High volume particulate samplers and a meteorological tower have been installed.
- Uranium and metals analysis of mineralized core samples, from the coring program discussed above, have been completed. The data from this analysis will be used for solute transport modeling.

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- Geotechnical analyses of core samples indicate the mineralized sands exhibit high horizontal permeability, while extremely low vertical permeability are found within confining clay units above and below the mineralized sands. These conditions are suitable for ISR operations. Other mineralized core samples have been set aside for additional laboratory testing. Procedures for this testing are in the process of being finalized. The data from these studies will be used to design production wells fields and to support the aquifer restoration plan.
- The initial preparation of an application to the EPA for an Underground Injection Control permit has begun.

The Company intends to submit the necessary permit applications for ISR operations to the United States Environmental Protection Agency, the Colorado Department of Public Health and Environment, Colorado Department of Natural Resources and Weld County in late calendar 2008.

**New Mexico, USA**

**West Ambrosia Lake Prospect – McKinley County**

The Company acquired the West Ambrosia Lake prospect through staking 223 mining claims covering approximately 4,200 acres.

**Data Acquisitions**

By a purchase agreement dated August 9, 2006, the Company acquired a historical geological database related to its South Dakota and Wyoming properties. As consideration for the database, the Company paid \$112,690 (US\$100,000) and issued 200,000 common shares at \$1.30 per share.

By a purchase agreement dated December 18, 2006, the Company acquired a historical geological database related to its Wyoming properties. As consideration for the database, the Company agreed to pay \$1,000,000, payable in cash or common shares at the Company's option as follows:

- \$300,000 on signing (payment was satisfied by the issuance of 139,534 common shares valued at \$2.15 per share);
- \$300,000 on or before March 1, 2007 (payment was satisfied by the issuance of 73,350 common shares valued at \$4.09 per share); and
- \$400,000 on or before July 1, 2007 (payment was satisfied by the issuance of 140,022 common shares valued at \$2.86 per share). This amount was included in accounts payable at March 31, 2007.

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**Resource Property Interests – Capitalized Costs**

Costs reflected in resource property interests for the years ended March 31, 2008 and 2007 are detailed below:

	<u>South Dakota</u>	<u>Wyoming</u>	<u>Colorado</u>	<u>New Mexico</u>	<u>Other</u>	<u>Total</u>
Balance,						
March 31, 2006	\$ 397,429	\$ –	\$ –	\$ –	\$ –	\$ 397,429
Acquisition costs	11,542,649	–	4,126,025	–	–	15,668,674
Data acquisitions	93,173	1,093,172	–	74,538	111,807	1,372,690
Land services	27,301	170,939	83,524	40,055	19,345	341,164
Legal fees	47,560	7,082	–	–	5,023	59,665
Claims						
maintenance	20,999	225,933	–	77,462	–	324,394
Lease payments	177,215	173,705	301,923	–	–	652,843
Drilling	–	234,099	–	–	–	234,099
Permitting	2,905	–	69,035	–	–	71,940
Wages/Consulting	<u>1,166,204</u>	<u>72,186</u>	<u>384,808</u>	<u>9,151</u>	<u>1,897</u>	<u>1,634,246</u>
Balance,						
March 31, 2007	13,475,435	1,977,116	4,965,315	201,206	138,072	20,757,144
Acquisition costs	–	–	748,111	–	–	748,111
Land services	59,227	95,908	74,145	–	39,498	268,778
Legal fees	67,389	24,210	381,918	–	2,654	476,171
Claims						
maintenance	76,561	146,212	–	26,753	–	249,526
Lease payments	176,043	374,736	626,082	–	18,836	1,195,697
Drilling	1,615,259	637,955	173,766	–	–	2,426,980
Permitting	1,907,107	11,372	3,503,153	–	–	5,421,632
Wages/Consulting	<u>669,661</u>	<u>376,765</u>	<u>559,579</u>	<u>32,475</u>	<u>36,448</u>	<u>1,674,928</u>
Balance,						
March 31, 2008	<u>\$ 18,046,682</u>	<u>\$ 3,644,274</u>	<u>\$ 11,032,069</u>	<u>\$ 260,434</u>	<u>\$ 235,508</u>	<u>\$ 33,218,967</u>

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**SELECTED CONSOLIDATED ANNUAL INFORMATION**

The following table provides selected financial information for the most recent three fiscal years.

	<u>2008</u>	<u>March 31,</u> <u>2007</u>	<u>2006</u>
<b>Statement of Operations</b>			
Interest	\$ 406,628	\$ 308,038	\$ –
Loss from continuing operations	3,536,932	4,850,758	209,476
Loss from continuing operations, per share	0.08	0.14	0.02
Net loss	3,536,932	4,850,758	209,476
Net loss per basic and diluted share	0.08	0.14	0.02
<b>Balance Sheet</b>			
Total assets	36,692,220	33,065,547	797,146
Long-term debt	1,005,376	2,115,297	105,120

**RESULTS OF OPERATIONS**

During the year ended March 31, 2008, the Company continued to focus on expanding its resource property interests through property acquisitions and exploration/development.

Net loss decreased for the year ended March 31, 2008 as compared to the year ended March 31, 2007. This decrease is attributable to a decrease in stock-based compensation and greater foreign exchange gain, offset by a general increase in general and administrative expenses, as discussed below.

Investor relations and promotion expenses increased period-to-period as a result of elevated media production activities and additional investor presentations. Community and media relations expenses were incurred as a result of the Company's commencement of permitting activities on two of its prospects during the fiscal year.

Filing fees increased compared to a year ago as a result of the Company's transition from the Toronto Venture Exchange to the TSX. Management and consulting fees, office and miscellaneous costs, and wages and benefits increased period-to-period primarily due to the increase in staff and offices in furtherance of the Company's operations.

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

**SUMMARY OF QUARTERLY RESULTS**

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

	Quarter Ended			
	<u>March</u> <u>31, 2008</u>	<u>December</u> <u>31, 2007</u>	<u>September</u> <u>30, 2007</u>	<u>June</u> <u>30, 2007</u>
Interest Income	\$ 42,505	\$ 89,891	\$ 134,466	\$ 139,766
Expenses	1,041,180	1,203,467	982,465	716,448
Net Loss	988,675	1,113,576	847,999	576,682

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	Quarter Ended			
	<u>March</u>	<u>December</u>	<u>September</u>	<u>June</u>
	<u>31, 2007</u>	<u>31, 2006</u>	<u>30, 2006</u>	<u>30, 2006</u>
Interest Income	\$ 104,598	\$ 90,292	\$ 76,516	\$ 36,632
Expenses	1,153,014	577,743	468,856	2,959,183
Net Loss	1,048,416	487,451	392,340	2,922,551

During the quarter ended March 31, 2008, the Company continued to focus on development of its resource property interests. Net loss during the three months ended March 31, 2008 approximated net loss at March 31, 2007. This is primarily due to an overall increase in general and administrative expenses, as discussed below, offset by a decrease in stock-based compensation and a decrease in interest income.

Community and media relations expenses were incurred as a result of the Company's commencement of permitting activities on two of its prospects during the fiscal year. Management and consulting fees, office and miscellaneous costs, and wages and benefits increased period-to-period primarily due to the increase in staff and offices in furtherance of the Company's operations.

**FINANCING, LIQUIDITY AND CAPITAL RESOURCES**

As of March 31, 2008, the Company had cash and cash equivalents of \$2.1 million and net working capital of \$1.4 million.

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

- the first series of 6,000,000 warrants may be exercised at any time until the earlier of: (i) 10 days following the date that the Company files certain specified permit applications for both the Centennial and the Dewey-Burdock projects of the Company (with a minimum duration of 6 months); and (ii) June 4, 2009; and
- the second series of 6,000,000 warrants may be exercised at any time until the earlier of: (i) 10 days following the date that the Company has obtained the permits required to construct and operate either the Centennial or the Dewey- Burdock project; and (ii) June 4, 2010.

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

The Company granted Synatom certain governance rights that apply so long as Synatom owns not less than 10% of the outstanding shares (calculated on a non-diluted basis). In connection with these governance rights, Synatom has the right to nominate directors to the board of directors of the Company (and that of its wholly-owned subsidiary Powertech (USA), Inc.) in proportion to its then proportionate interest of shares and the Company will cause such individuals nominated to be elected or appointed to the Board.

In connection with the Agreement, in the event that the Company produces uranium for sale, the Company has also granted Synatom an option to purchase a certain quantity of uranium from time to time (based on Synatom's then percentage ownership interest in the Company) on the terms sold to third parties, exercisable so long as Synatom continues to own no less than 15% of the outstanding shares (calculated on a non-diluted basis).

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At the close of the private placement, Synatom owned 10,890,000 Shares (excluding Shares issuable upon the exercise of the warrants) representing approximately 19.6% of the outstanding Shares. If all of the warrants are exercised for shares, Synatom will own shares representing approximately 33.9% of the outstanding shares..

The Company will be seeking shareholder approval at a special meeting (the "Special Meeting") of shareholders of the Company to be held on or about July 15, 2008, for a special resolution (the "Special Resolution") approving the warrants and the pre-emptive rights granted to Synatom. In connection therewith, management of the Company, which owns or exercises direction or control over an aggregate of approximately 25% of the shares (calculated on a non-diluted basis), have entered into a Voting Agreement with Synatom whereby they have agreed to vote their shares in favour of the Special Resolution. In addition, Synatom intends to vote its holdings prior to the closing of the private placement of approximately 9.9% of the Company in favour of the Special Resolution. Synatom will not be voting any of the Shares acquired in this transaction at the Special Meeting.

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

With completion of this Private Placement, the Company is in a strong cash position to go forward with its business plan for the next year. The Company believes that cash on hand will be sufficient to fund currently anticipated working capital, planned capital spending, and debt service requirements for the next 12 months. In the longer term, the Company's ability to continue as a going concern is dependent upon its ability to generate profitable operations in the future from its new business initiatives or to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

Cash used in operating activities was greater for the year ended March 31, 2008 as compared to 2007 as a result of increased activity surrounding the Company's operations. Cash outflows for investing activities increased for the year ended March 31, 2008 from the same period in 2007 due to increased spending on resource property interests and property, plant and equipment. Financing activities such as private placements and stock options/warrants exercises, raised \$5,454,999 and \$17,822,660 for the years ended March 31, 2008 and 2007, respectively.

During the year ending March 31, 2008, the following warrants and options were exercised with the Company receiving \$5,454,999 in proceeds:

750,000 Common Share Warrants exercisable at \$1.00/share	\$ 750,000
180,000 Common Share Warrants exercisable at \$1.15/share	207,000
3,459,999 Common Share Warrants exercisable at \$1.30/share	<u>4,497,999</u>
	<u>\$5,454,999</u>

For discussion regarding these warrants, see Note 5 to the Annual Financial Statements.

As of June 12, 2008, there were no outstanding options and warrants, other than those issued under the Company's Stock Option Plan.

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**CONTRACTUAL COMMITMENTS**

Resource Property Interests – Land and Mineral Lease Commitments

Dewey Burdock Prospect - The Company acquired leases from Denver Uranium Company, LLC with several levels of payments and obligations. In the portions of the prospect area where the Company seeks to develop uranium, both surface and minerals are leased. Denver Uranium has granted the mineral owners a five percent overriding royalty payment out of sales of the product. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, surface owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. The royalty payments to the surface owners are reduced by the amount of rentals to be paid. The basic terms of the 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. All leases were signed in 2005 and the leases are in force through 2020 without production. In the case of production, all leases will be held as long as minerals are produced. Total annual rental payments under the agreements are approximately US\$159,000.

Aladdin Prospect - The Company entered into option to lease agreements with mineral owners in its Aladdin Prospect in Wyoming, in 2006. These options were exercised in mid to late 2007. 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. All leases were signed in 2007 and 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. Total annual rental payments under the agreements are approximately US\$44,000.

Dewey Terrace Prospect - The Company has entered into option to lease agreements with respect to its Dewey Terrace Prospect in Wyoming, all of which expire in mid to late 2008. If the Company elects to exercise its option under the agreements, the total lease option payments required are approximately US\$51,000 during the year ended March 31, 2009..

Claims Maintenance – The Company has secured 1,477 mining claims within its various prospects. The total annual maintenance costs of the mining claims are approximately US\$185,000.

Management Services Contracts and Employment Contracts

By management services agreements and employment agreements entered into or renewed during the year ending March 31, 2008, the Company agreed to pay fees totaling approximately US\$135,500 per month.

In addition, the Company granted the following share purchase options to key service providers and employees under the Company's Stock Option Plan.

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Issuance Date	Exercise Price	Issued Options	Expiry Date
May 11, 2006	\$1.00	3,025,000	May 11, 2011
Jul 19, 2006	\$1.30	200,000	Jul 19, 2011
Aug 1, 2006	\$1.30	100,000	Aug 1, 2011
Aug 9, 2006	\$1.30	200,000	Aug 9, 2011
Oct 5, 2006	\$1.80	100,000	Oct 5, 2011
Jan 25, 2007	\$2.80	100,000	Jan 25, 2012
Feb 15, 2007	\$3.00	400,000	Feb 15, 2012
May 14, 2007	\$3.20	125,000	May 14, 2012
Jun 15, 2007	\$2.60	100,000	Jun 15, 2012
Aug 30, 2007	\$1.50	1,040,000	Aug 30, 2012
Sept 4, 2007	\$1.60	150,000	Sept 4, 2012
Oct 31, 2007	\$2.15	75,000	Oct 31, 2012
Jan 14, 2008	\$1.50	400,000	Jan 14, 2013
Feb 7, 2008	\$1.00	400,000	Feb 7, 2013
<b>Total</b>		<b>6,415,000</b>	

Of the 6,415,000 share purchase options granted, 340,000 were forfeited or expired as of June 12, 2008. In addition, as of June 12, 2008, of the options outstanding 5,035,000 are vested.

**Office Leases**

During March 2007, the Company entered into a twenty-two month lease agreement for office space in Vancouver, British Columbia. Annual lease payments due are \$25,800.

During December 2006, the Company entered into a three-year lease agreement for office space in Albuquerque, New Mexico. Annual lease payments due are US\$19,200.

During November 2006, the Company entered into a three-year lease agreement for office space in Hot Springs, South Dakota. Annual lease payments are US\$12,900.

During November 2007, the Company entered into a one-year lease agreement for office space in Wellington, Colorado. Annual lease payments are US\$19,200.

During November 2007, the Company entered into a five-year lease agreement for office space in Greenwood Village, Colorado. Annual lease payments are approximately US\$80,800.

**INVESTOR RELATIONS ACTIVITIES**

The Company contracts services of Studer Consulting to provide investor relations services for the Company in Europe. The Company pays Studer Consulting a monthly fee of CHF 2,000. Studer Consulting is also reimbursed for certain expenses incurred in connection with providing such services. In addition, the Company has granted Marlies Studer, the principal of Studer Consulting, an option to purchase 100,000 common shares of the Company at an exercise price of \$1.80 per share, which have a five-year term, expiring October 5, 2011, and are fully vested.

**LEGAL MATTERS**

Further to disclosure in previous public filings, the Company was named in a wrongful dismissal claim related to the termination of a former manager of the Company in 2004 prior to its change of business. Since such a claim was considered

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possible at the time of the sale of the Company's former business, the former controlling shareholder of the Company and purchaser of the former business, Fama Holdings Ltd., agreed to indemnify the Company for any damages or costs incurred in connection with any such claim. Pursuant to the indemnity agreement, Fama Holdings Ltd. has assumed the defense of the claim on behalf of the Company.

**OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off balance sheet arrangements.

**RELATED PARTY TRANSACTIONS**

During the year ended March 31, 2008 and 2007, the Company incurred the following transactions with directors and officers of the Company or with companies with directors and officers in common:

	<b>March 31,</b>	
	<b>2008</b>	<b>2007</b>
	<hr/>	<hr/>
Director fees	\$ 33,300	\$ 11,075
Management and consulting fees	639,005	505,256
Legal fees	-	36,513
Resource property interests		
Acquisition costs	-	11,218
Stock-based compensation	-	632,395
Wages and benefits	452,546	274,254
Stock-based compensation	420,449	2,564,997
Wages and benefits	140,876	93,951
	<hr/>	<hr/>
	1,686,176	\$ 4,129,659

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

At March 31, 2008, accounts payable and accrued liabilities include \$81,965 (2007: \$38,279) due to directors and officers of the Company or companies with directors in common for unpaid fees and expenses owed.

**CHANGE IN ACCOUNTING POLICIES INCLUDING ADOPTION**

**Adoption of New Accounting Standards**

Effective April 1, 2007, the Company adopted five new Canadian Institute of Chartered Accountants ("CICA") accounting standards: (a) Handbook Section 1530, Comprehensive Income; (b) Handbook Section 3855, Financial Instruments – Recognition and Measurement; (c) Handbook Section 3861, Financial Instruments – Disclosure and Presentation; (d) Handbook Section 3865, Hedges; and (e) Handbook Section 1506, Accounting Changes. The main requirements of these new standards and the resulting financial statement impact are described below.

Consistent with the requirements of the new accounting standards, the Company has not restated any prior period amounts as a result of adopting the accounting changes. The effect of the adoption of these standards is summarized below:

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(i) Comprehensive Income, Section 1530

This standard requires the presentation of a statement of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes holding gains and losses on available for sale investments, gains and losses on certain derivative financial instruments and foreign currency gains and losses relating to self-sustaining foreign operations, all of which are not included in the calculation of net earnings until realized. The adoption of this section had no impact on accumulated comprehensive income at April 1, 2007 and did not result in any comprehensive loss for the year ended March 31, 2008.

ii) Financial Instruments – Recognition and Measurement, Section 3855:

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on the balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in either the statements of loss or the statement of comprehensive income.

All financial assets and liabilities are recognized when the Company becomes a party to the contract creating the item. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect.

All financial instruments are classified into one of the following five categories: held-for-trading, held to maturity, loans and receivables, available for sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- Held to maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and transaction costs are amortized into net earnings (loss), using the effective interest method.
- Available for sale financial assets are measured at fair value, with unrealized gains and losses recorded in other comprehensive income until the asset is realized, at which time they will be recorded in net earnings (losses).
- Held for trading financial instruments is measured at fair value. All gains and losses resulting from changes in their fair value are included in the statements of operations in the period in which they arise.
- All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses resulting from changes in their fair value are included in the statements of operations in the period in which they arise.

In accordance with this new standard, the Company has classified its financial instruments as follows:

- Cash and short-term investments are classified as held-for-trading which are measured at fair value.
- Other receivables are classified as loans and receivables. They are recorded at cost, which on initial recognition represents their fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.
- Accounts payable and accrued liabilities and agreements payable are classified as other liabilities. They are initially measured at fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.

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The adoption of this standard resulted in a decrease of the opening deficit at April 1, 2007 of \$727,005 and a decrease to the agreements payable of \$727,005 (Note 8). Valuation of the agreement payable at March 31, 2008 using the effective interest method resulted in accretion expense of \$43,016 during the year ended March 31, 2008.

iii) Financial Instruments – Disclosure and Presentation, Section 3861:

This standard sets out standards which address the presentation of financial instruments and non-financial derivatives and identifies the related information that should be disclosed. These standards also revise the requirements for entities to provide accounting policy disclosures, including disclosure of the criteria for designating as held-for-trading those financial assets or liabilities that are not required to be classified as held-for-trading; whether categories of normal purchases and sales of financial assets are accounted for at trade date or settlement date; the accounting policy for transaction costs on financial assets and financial liabilities classified as other than held-for-trading; and provides several new requirements for disclosure about fair value.

The Company has chosen to recognize all transaction costs in the Statements of Operations on financial liabilities that have been designated as other than held for trading.

Accounting Policy for Transaction Costs, EIC-166:

On June 1, 2007, the Emerging Issues Committee of the CICA issued abstract No. 166, Accounting Policy Choice for Transaction Costs (“EIC-166”). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial liabilities that are classified as other than held-for-trading to its initial carrying cost measured upon the adoption of CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement (“Section 3855”). Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC-166 effective for the year ended March 31, 2008 and applied retroactively to expense all transaction costs related to acquisition of financial liabilities that are classified as other than held-for-trading in accordance with Section 3855.

iv) Hedging, Section 3865:

This standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not hold any financial instruments designated for hedge accounting.

v) Accounting Changes, Section 1506:

Section 1506 revised the standards on changes in accounting policy, estimates or errors to require a change in accounting policy to be applied retrospectively (unless doing so is impracticable or is specified otherwise by a new accounting standard), changes in estimates to be recorded prospectively, and prior period errors to be corrected retrospectively. Voluntary changes in accounting policy are allowed only when they result in financial statements that provide reliable and more relevant information. In addition, these revised standards call for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact of this new standard cannot be determined until such time as the Company makes a change in accounting policy, other than the changes resulting from the implementation of the new CICA Handbook standards discussed in this note.

Recently Released Canadian Accounting Standards

(i) Assessing Going Concern

The Canadian Accountability Standards Board (“AcSB”) amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern. This section applies to interim and

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annual financial statements relating to fiscal years beginning on or after January 1, 2008. The adoption of this Section is not expected to result in any changes on the disclosure within the financial statements.

(ii) Cash Distributions

CICA Handbook Section 1540, Cash Flow Statements, has been amended to require additional disclosures where cash distributions are made in accordance with a contractual obligation for cash distributions. The revised requirements are effective for interim and annual financial statements for fiscal years ending on or after March 31, 2007. The adoption of this section is not expected to result in any changes on the disclosure within the financial statements.

(iii) Capital Disclosures

The AcSB issued CICA Handbook Section 1535 "Capital Disclosures" The section specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company is currently evaluating the impact of the adoption of this new section on its consolidated financial statements. This new section relates to disclosures and will not have an impact on the Company's financial results. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

(iv) Goodwill and Intangible Assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning April 1, 2009. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company is currently evaluating the impact of the adoption of this new section on its consolidated financial statements.

(v) International financial reporting standards ("IFRS")

In 2006, AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(vi) Financial Instruments

CICA Handbook Section 3862, Financial Instruments - Disclosure, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments - Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The

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Corporation is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

**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:**

	<u>Number</u>	<u>Amount</u>
Balance, March 31, 2008	49,429,020	\$ 47,184,501
Issued for cash:		
Pursuant to private placement agreement (a)	<u>6,000,000</u>	<u>9,000,000</u>
Balance, June 12, 2008	<u>55,429,020</u>	<u>\$ 56,184,501</u>

- (a) On June 4, 2008, the Company closed a private placement of 6 million units at \$1.50 per unit for proceeds of \$9 million. Each unit consisted of one common share and two share purchase warrants entitling the holder thereof to purchase an additional common share at \$2.00 per share for terms not to exceed one year for the first series and two years for the second series. For complete discussion, see Financing, Liquidity and Capital Resources above.

**Escrow:**

At March 31, 2008, 1,275,000 common shares were held in escrow (“Escrow Shares”) subject to an escrow agreement.

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 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 over three years to a time release period over 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 during the year ended March 31, 2008:

Balance at March 31, <u>2007</u>	Escrowed during <u>the period</u>	Released during <u>the period</u>	Cancelled during <u>the period</u>	Balance at March 31, <u>2008</u>
<u>9,732,500</u>	<u>1,700,000</u>	<u>(8,457,500)</u>	<u>(1,700,000)</u>	<u>1,275,000</u>

The escrow shares at March 31, 2008 are to be released in amounts of 425,000 during July 2008, January 2009 and July 2009.

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**Warrants:**

At March 31, 2008, there were nil share purchase warrants outstanding entitling the holders thereof to purchase one common share for each warrant held as follows:

Expiration Date	Exercise Price	Outstanding at March 31, 2007	Exercised during the period	Expired during the period	Outstanding at March 31, 2008
May 11, 2007	\$1.00	750,000	(750,000)	-	-
April 19, 2007	\$1.15	180,000	(180,000)	-	-
May 11, 2007	\$1.30	<u>3,484,999</u>	<u>(3,459,999)</u>	<u>(25,000)</u>	<u>-</u>
Totals		<u>4,414,999</u>	<u>(4,389,999)</u>	<u>(25,000)</u>	<u>-</u>

**Stock Option Plan:**

The Company has a Stock Option Plan (“the Plan”) under which it is authorized to grant options to directors, officers, consultants or employees of the Company. Prior to August 2007, the number of options granted under the Plan was limited to 10% in the aggregate, and 5% with respect to any one optionee, of the number of issued and outstanding common shares of the Company at the date of the grant of the options. On August 23, 2007, the Plan was amended to change the amount of options that the Company is permitted to grant under the Plan to a fixed number which is equal to 20% of the issued and outstanding common shares on August 23, 2007. As such, the Company will be permitted to grant options to acquire up to a maximum of 9,885,804 common shares. 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.

At March 31, 2008, there were 6,175,000 options outstanding entitling the holders thereof to purchase one common share for each option held as follows:

Expiration Date	Exercise Price	Outstanding at March 31, 2007	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at March 31, 2008
May 11, 2011	\$1.00	3,025,000	-	-	-	3,025,000
July 19, 2011	\$1.30	200,000	-	-	-	200,000
August 1, 2011	\$1.30	100,000	-	-	-	100,000
August 9, 2011	\$1.30	200,000	-	-	-	200,000
October 5, 2011	\$1.80	100,000	-	-	-	100,000
January 25, 2012	\$2.80	100,000	-	-	100,000	-
February 15, 2012	\$3.00	400,000	-	-	-	400,000
May 14, 2012	\$3.20	-	125,000	-	-	125,000
June 15, 2012	\$2.60	-	100,000	-	-	100,000
August 30, 2012	\$1.50	-	1,040,000	-	140,000	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
Totals		<u>4,125,000</u>	<u>2,290,000</u>	<u>-</u>	<u>240,000</u>	<u>6,175,000</u>

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Subsequent to March 31, 2008, 100,000 common share options were cancelled. As of June 12, 2008, the total Stock Options outstanding under the Plan total 6,075,000, of which 5,035,000 have vested. The weighted average life for stock options outstanding is 3.67 years.

Vesting period is determined by the Board of Directors at the time of the grant. Stock options granted under the Plan during the year ended March 31, 2008 vest as follows:

- 125,000 stock options expiring on May 14, 2012, which were granted on May 14, 2007, vested immediately;
- 10,000 stock options expiring on June 15, 2012, which were granted on June 15, 2007, vested immediately;
- 1,040,000 stock options expiring on August 30, 2012, which were granted on August 30, 2007, vest every three months until August 30, 2008
- 100,000 stock options expiring on September 4, 2012, which were granted on September 4, 2007, vest every three months until September 4, 2008;
- 50,000 stock options expiring on September 4, 2012, which were granted on September 4, 2007, vest 20% on March 4, 2008 and 20% annually until March 4, 2012;
- 75,000 stock options expiring on October 31, 2012, which were granted on October 31, 2007, vest 15,000 annually until October 30, 2012;
- 200,000 stock options expiring on January 14, 2013, which were granted on January 14, 2008, vest 25,000 every three months until January 14, 2010;
- 200,000 stock options expiring on January 14, 2013, which were granted on January 14, 2008, vest 50,000 every three months until January 14, 2009; and
- 400,000 stock options expiring on February 7, 2013, which were granted on February 7, 2008, vest 50,000 every three months until February 7, 2010.

**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 4%. 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 financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The financial statements were prepared by the Company's management in accordance with Generally Accepted Accounting Principles ("GAAP") in Canada. The Financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

**Disclosure Controls And Procedures**

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in provincial securities legislation. The Company evaluated its disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at March 31, 2008. This evaluation was performed by the Company's Chief Executive Officer and Chief Financial Officer with the assistance of other employees to the extent necessary and appropriate. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective.

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**Internal Controls Over Financial Reporting**

The Company maintains internal controls over financial reporting which have been designed to provide reasonable assurance of the reliability of external financial reporting in accordance with Canadian GAAP as required by Multilateral Instrument 52-109.

There were no changes in internal control over financial reporting that occurred since the beginning of the Company's year ended March 31, 2008 to the date of this document that have materially affected, or are reasonably likely to materially affect internal control over financial reporting.

**RISKS AND UNCERTAINTIES**

An investment in the company involves a number of risks. Investors should carefully consider the following risks and uncertainties in addition to other information in this annual report in evaluating the company and its business before making any investment decision in regards to the shares of the company's common stock. The company's business, operating and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing the company. Additional risks not presently known to the Company may also impair its business operations.

*Nuclear Energy Competes With Other Viable Energy Sources*

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

*Public Acceptance of Nuclear Energy Cannot Be Assured*

Growth in the demand for uranium and in the nuclear power industry will depend upon continued and increased acceptance of nuclear technology by the public as a safe and viable means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks that could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. An accident or incident at a nuclear reactor anywhere in the world, or an accident or incident relating to the transportation or storage of new or spent nuclear fuel, could negatively impact the public's acceptance of nuclear power and the future prospects for nuclear power generation, which may have a material and adverse effect on the Company's business, financial condition and results of operations.

*Uranium Industry Competition is Significant*

The international uranium industry is highly competitive. The Company will be competing against competitors that may be larger and better capitalized, have state support, have access to more efficient technology, and have access to reserves of uranium that are cheaper to extract and process. As such, no assurance can be given that the Company will be able to compete successfully with its industry competitors.

*Sales of Uranium are Restricted by International Trade Regulations*

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

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

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

*The Company's Financial Condition and Results of Operations may be Adversely Affected by Changes in the Market Price of Uranium.*

The majority of the Company's potential revenues are anticipated to be derived from the sale of uranium products. The Company's financial condition, results of operations, earnings and operating cash flow will be closely related and sensitive to fluctuations in the long and short term market price of uranium. Historically, these prices have fluctuated widely. Between 1970 and 2007 the price of uranium has fluctuated between approximately US\$7 per pound and approximately US\$138 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.

If the price of uranium declines for a substantial period 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 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 effect on its financial condition, results of operations and profitability. Should any significant write-down in reserves and resources be required, material write downs of the Company's investment in the affected mining properties and increased amortization, reclamation and closure charges may be required.

*The Company 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 proceeds to expand its present exploration activities at its uranium projects, or to take 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 for 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 exploration or the development of any mine is delayed, such delay would have a material and adverse effect on the Company business, financial condition and results of operation.

*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; labour 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

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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 Reserve and Resource Estimates are Only Estimates and May Not Reflect the Actual Deposits or the Economic Viability of Uranium Extraction*

Reserve and 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 reserves. 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 reserve and resource estimates included are well established and reflect management's best estimates, by their nature reserve and 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 reserves containing lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. 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 reserves or 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 incurred in United States dollars, the appreciation of the United States dollar against the Canadian dollar can increase the cost of uranium and other mineral exploration and production in Canadian dollar terms.

*Environmental Risks and Hazards*

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the general handling, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on

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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.

*Government Regulation*

The Company's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour 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 thereunder, 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 or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Specific to the Company's Centennial project, originating from opposition to the project by numerous interested parties in Colorado, a new bill was recently signed (House Bill 1161) creating a specialized regulatory regime for in-situ uranium recovery in the state of Colorado. This new law could, upon implementation, establish standards for ISR mining restoration that may ultimately affect the profitability of the Centennial Project.

*Public Involvement in the Permitting Process*

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

*Political Risk*

The Company's future prospects may be affected by political decisions about the uranium market. There can be no assurance that the United States or other government or quasi-governmental authority will not enact legislation or other rules restricting uranium extraction and processing activities, or restricting to whom the Company can sell uranium. In

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addition the price of uranium may be affected by decisions of state 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 Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares. Substantially all of the 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.

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**OTHER INFORMATION**

This discussion and analysis of the financial position and results of operation as of June 12, 2008 should be read in conjunction with the audited consolidated financial statements for the year ending March 31, 2008. Additional information can be accessed at the Company's website [www.powertechuranium.com](http://www.powertechuranium.com) or through the Company's public filings at [www.sedar.com](http://www.sedar.com).

This Management Discussion and Analysis 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.