



**POWERTECH URANIUM CORP.**  
**(An Exploration Stage Company)**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**(March 28, 2011)**

**GENERAL**

The following discussion of performance, financial condition and future prospects should be read in conjunction with the consolidated financial statements of Powertech Uranium Corp. (the "Company" or "Powertech") and notes thereto for the year ended December 31, 2010. In the third quarter of 2009, the Company determined to change its fiscal year end as of April 1, 2009 from March 31 to December 31. As a result, this Management's Discussion and Analysis ("MD&A") includes information for the nine-month transition year ended December 31, 2009, with comparative information to the twelve-month fiscal years ended March 31, 2009 and December 31, 2010.

Additional information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). All dollar amounts are stated in United States' dollars unless noted. References to "CAD\$" refer to Canadian currency and "\$" to United States currency.

**DISCLAIMER FOR FORWARD LOOKING INFORMATION**

Certain statements in this MD&A are forward-looking statements. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Often, but not always, forward looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative and grammatical variations) of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views, and are based on certain assumptions, and speak only as of March 28, 2011. These assumptions, which include, management's current expectations, estimates and assumptions about certain projects and the markets the Company operates in, the global economic environment, interest rates, exchange rates and the Company's ability to manage its assets and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause its actual results to differ materially from those expressed or implied by the forward looking statements, including, but not limited to: (1) that the recent events in Japan may affect public acceptance of nuclear energy and the Company's permitting timelines; (2) a decrease in the market price of uranium; (3) a decrease in the demand for uranium and uranium related products; (4) discrepancies between actual and estimated mineral resources and mineral reserves; (5) changes to the cost of commencing production and the time when production commences, and actual ongoing costs; (6) the occurrence of risks associated with the development and commencement of mining operations; (7) unforeseen or changed regulatory restrictions, requirements and limitations, including environmental regulatory restrictions and liability and permitting restrictions; (8) the failure to obtain governmental approvals and fulfill contractual commitments, and the need to obtain new or amended licenses and permits; (9) unforeseen changes in the costs of material inputs, including fuel, steel and other construction materials; (10) the loss of key employees; (11) the loss of, or defective title to, exploration and mining claims, rights, leases or licenses; (12) the number of competitors; (13) political and economic conditions in uranium producing and consuming countries; (14) failure to obtain additional capital at all or on commercially reasonable terms; (15) other factors beyond the Company's control; and (16) those factors described in the section entitled "Risk Factors and Uncertainties" in this MD&A.

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Undue reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company's control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates, may differ materially from statements made in or incorporated by reference in this MD&A.

Although the Company has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking statements are based upon the beliefs, estimates and opinions of the Company's management at the time they are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or circumstances should change. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

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

## **OVERALL PERFORMANCE**

### **Nature of Business**

The Company is a Toronto Stock Exchange ("TSX") (symbol "PWE") and a Frankfurt Stock Exchange (symbol "P8A") listed mineral exploration/development company which, through its wholly-owned subsidiary Powertech (USA), Inc. ("Powertech USA"), is focused on the exploration and development of uranium properties in the United States. Powertech's principal assets are comprised of mineral properties in Colorado, South Dakota, and Wyoming. The properties have been acquired through purchase agreements, lease agreements or staking claims.

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

### **Industry Trends**

The recent earthquake and tsunami in Japan, with the resultant damaging effect on that country's nuclear reactors, may affect the Company's expected permitting timeline and business plan. These events have negatively affected public opinion regarding nuclear energy as a safe and viable source of power. A number of heads of government and their legislative bodies have announced reviews and/or delays of plans to develop new nuclear power facilities. In the United States, the Chairman of the Nuclear Regulatory Commission (the "NRC") has publicly stated that a more stringent review of design risks will be undertaken for both existing facilities and future applications for new nuclear power facilities. The additional scrutiny by the NRC could affect all parts of the organization including the licensing of new uranium production facilities. Other relevant regulatory bodies could also react to these recent events resulting in additional delays or barriers in permitting and licensing new uranium production operations. Since the occurrence of these events, the Company and other companies engaged in uranium exploration and development have experienced a reduction in the trading prices of their shares on applicable stock exchanges. Given the short time that has elapsed between the events in Japan and the date of this MD&A, the remaining uncertainty as to the ultimate outcome, and the current volatility of public markets and public opinion, it is too soon for the Company to determine the long-term impact such events will have on the Company's financial condition, results of operations and permitting plans, particularly as pertains to the Company's Dewey-Burdock Project, which is at an advanced stage in the permitting process. It is possible that it will take several fiscal quarters before the long-term effects of the events in Japan on the Company can be determined.

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**Resource Property Interests**

***South Dakota, USA***

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

The Company's Dewey-Burdock Project is located in the Edgemont Uranium District. The Project is comprised of approximately 50 mining leases and approximately 370 mining claims covering approximately 15,200 surface acres and 17,900 net mineral acres.

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

- continue to interface with the NRC regarding its license application, which was submitted in August 2008 and deemed complete in October 2009;
- submit an ISR large-scale mine permit application to the South Dakota Department of Environmental and Natural Resources (the "DENR");
- submit a groundwater discharge permit to the DENR;
- continue to interface with the United States Environmental Protection Agency (the "EPA") regarding its underground injection control (UIC) Class III Permit, which was submitted in December 2008 and deemed complete in February 2009;
- submit a water rights permit to the DENR; and
- respond to any requests for additional information from the NRC and all other agencies necessary to obtain ancillary permits.

The NRC is expected to provide a draft supplemental Environmental Impact Statement ("EIS") for the Dewey-Burdock Project in 2011. At this point, the NRC will respond to any comments it may receive from other federal government agencies and the public, and then provide a final supplemental EIS, which is expected in the first half of 2012. The license from the NRC, and all ancillary permits, are expected to follow thereafter.

During March 2010, the Company published an updated National Instrument 43-101 ("NI 43-101") technical report entitled "Updated Technical Report on the Dewey-Burdock Uranium Project, Custer and Fall River Counties, South Dakota" dated March 1, 2010 on SEDAR at [www.sedar.com](http://www.sedar.com). The report was authored by Jerry D. Bush, a "Qualified Person" as such term is defined in NI 43-101, who is independent of the Company. According to the report, using a 0.20 GT cut-off, and applying evaluation criteria based on CIM Definition Standards, Powertech has identified 6,684,285 pounds of Indicated Resources and 4,884,536 pounds of Inferred Resources., contained in 3,251,653 tons averaging 0.178% U<sub>3</sub>O<sub>8</sub>. Using a 0.50 GT cut-off, Powertech has identified 6,684,285 pounds of Indicated Resources and 4,525,500 pounds of Inferred Resources., contained in 2,820,998 tons averaging 0.198% U<sub>3</sub>O<sub>8</sub>. The Dewey-Burdock technical report fully describes the drilling programs and exploration work, including permitting activities, that have been undertaken on the Dewey-Burdock Project up to the date of the report.

During June 2010, the Company received the results of a Preliminary Economic Assessment (the "Dewey-Burdock PEA"), prepared in accordance with NI 43-101, for the Dewey-Burdock Project. The Dewey-Burdock PEA was originally filed on SEDAR on July 14, 2010, with an updated version filed on February 8, 2011.

The Dewey-Burdock PEA was prepared by Allan V. Moran, R.G., CPG, and Frank A. Daviess, MAusIMM, of SRK Consulting (U.S.), Inc. ("SRK"), who are both Qualified Persons independent from Powertech under NI 43-101, as the primary authors. SRK received technical assistance from Lyntek Incorporated ("Lyntek") and Mr. Jerry Bush, P.G. SRK and Lyntek are based in Lakewood, Colorado and are well known as providers of a full range of engineering and construction services for the global uranium sector. The purpose of the Dewey-Burdock PEA is to provide an independent analysis of the potential economic viability of the mineral resources of the Dewey-Burdock Project. The engineering staff of Powertech assembled an extensive amount of information as part of the Company's production planning for the Dewey-Burdock Project. This data was used by SRK and Lyntek as the basis of the Dewey-Burdock PEA.

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The Dewey-Burdock PEA states: “The Dewey-Burdock Project is an advanced-stage uranium exploration project located in South Dakota, controlled 100% by Powertech Uranium Corp. Powertech conducted confirmatory drilling to verify the results of extensive historic drilling, established current Indicated and Inferred classified resources, and conducted hydrogeologic tests to evaluate the project as an in situ leach and recovery (ISR) mining and uranium production operation. Powertech, with the assistance of Lyntek, conceptually designed well fields and a uranium recovery processing facility, and developed cost estimates for a proposed ISR operation that would be similar to existing uranium ISR operations currently in production nearby in Nebraska and Wyoming.”

Powertech technical and management staff have extensive prior experience with ISR uranium mine development and operations. Therefore, Powertech has developed much of the preliminary well field design and cost estimates in-house, with vendor quotes as support in many instances. Lyntek provided independent preliminary engineering design support for the proposed surface uranium recovery and processing facilities, and is a major contributor to the estimate of costs for the Dewey-Burdock Project. In many cases, the cost estimates provided by Powertech are defined to a prefeasibility level, with vendor quote backup. As a result, contingency costs for the base case are set at 20%.

In the Dewey-Burdock PEA, base case economic analysis results indicate a pre-tax net-present value of \$55.4 million at an 8% discount rate, with an internal rate of return of 27%, based on a uranium price of \$65 per pound. Payback will be in the first quarter of production, Year 4. No provision for salvage value was assumed in the analysis. The Dewey-Burdock PEA identifies:

- CIM-compliant indicated mineral resources of 1,561,560 tons, at an average grade of 0.214% U<sub>3</sub>O<sub>8</sub>, for 6,684,285 contained pounds U<sub>3</sub>O<sub>8</sub> (See 43-101 report of Jerry Bush, P.G., March 01, 2010);
- CIM-compliant inferred mineral resources of 1,259,438 tons, at an average grade of 0.179% U<sub>3</sub>O<sub>8</sub>, for 4,525,500 contained pounds U<sub>3</sub>O<sub>8</sub> (See 43-101 report of Jerry Bush, P.G., March 01, 2010);
- a mine life of nine years at a conservative estimate of 75% recovery, producing more than 8,400,000 pounds U<sub>3</sub>O<sub>8</sub>;
- a cash operating cost of \$34.90 per pound of U<sub>3</sub>O<sub>8</sub>; and

Phase I capital costs estimated at \$65 million to achieve start-up at 1,000,000 pounds U<sub>3</sub>O<sub>8</sub>/year including construction of the central processing plant, the first well field, and infrastructure for electrical power supply and waste water disposal.

Plum Creek Prospect, Fall River County

The Company acquired this prospect by staking 137 mining claims on approximately 2,700 acres of federal minerals along the southern flank of the Black Hills Uplift in central Fall River County, South Dakota. During 2010, the Company elected not to continue its annual maintenance payments on 79 claims. The remaining 58 claims cover approximately 1,000 acres. These remaining claims have historical drill-hole evidence of uranium mineralization in the subsurface and are considered to have high exploration potential.

The Company currently does not have any ongoing exploration activity at this prospect as it has prioritized its resources to the permitting activities at its Dewey-Burdock and Centennial Projects. While the Company continues to maintain the prospect in expectation of future development, there are no additional exploration activities or expenditures planned with respect to this property for the 2011 fiscal year.

**Colorado, USA**

**Centennial Project – Weld County Colorado**

The Company’s Centennial Project is located in western Weld County in northeastern Colorado. Since inception of the Centennial Project, Powertech has purchased approximately 670 gross surface acres and 5,800 net mineral acres and has entered into 15 mining leases covering approximately 1,700 net surface acres and 1,200 net mineral acres. Powertech’s

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mineral rights within the project area total 9,300 acres. Surface use agreements with private surface owners are continually being negotiated. To date, Powertech has obtained 7,260 acres of surface use or purchase agreements over its mineral rights. In addition to increasing the Company's overall resource base for the project, the valuable addition of surface rights provides the Company access to its existing privately owned minerals, and enables it to complete mine planning and associated operational facility design.

During February 2010, the Company published an updated NI 43-101 technical report entitled "Updated Technical Report on the Centennial Uranium Project, Weld County, Colorado" dated February 25, 2010, filed on SEDAR at [www.sedar.com](http://www.sedar.com). The report was authored by W. Cary Voss, a "Qualified Person" as such term is defined in NI 43-101, who is independent of the Company. According to the report, using a 0.20 GT cut-off, and applying evaluation criteria based on CIM Definition Standards, Powertech has identified 10,371,571 pounds of Indicated Resources and 2,325,514 pounds of Inferred Resources. Using a 0.50 GT cut-off, Powertech has identified 8,120,866 pounds Indicated Resources and 641,470 pounds of Inferred Resources.

Through the date of this MD&A, Powertech has completed a significant amount of work focused primarily on preparing the project for in situ (ISR) leach permitting and feasibility. This work has included drilling, recovery tests, water well tests and environmental studies. At the request of the Colorado Division of Reclamation, Mining and Safety (CDRMS), the Company prepared and submitted an updated Site Characterization Plan in April 2009. All the required environmental surveys and studies have been completed and the draft reports have been received.

UIC Class I Injection Permit Application - Powertech completed its application to EPA for a Class I UIC Permit in November 2010. On December 9, 2010, EPA informed the Company that the application was deemed complete.

Aquifer Pump Test - One particular test that has not yet been performed is the regional aquifer pump test. The pump test is a critical component to determining and understanding the hydrogeological characteristics of the project area. Powertech has been waiting for the EPA to issue its permit to inject, as that is the selected method for disposing of the water pumped during the test. The EPA issued the permit on December 3, 2010. On January 3, 2011, the permit was petitioned for appeal by two parties. On February 7, 2011, the EPA withdrew the permit with the stated intention of modifying and reissuing it in a few weeks.

New ISR Rules - House Bill 1161 was passed by the Colorado Legislature and signed into law by Governor Ritter in 2008. Powertech had opposed the bill. The bill amended the Mined Land Reclamation Act by adding restrictions to uranium mining in Colorado. In 2009 and 2010, the Division of Reclamation Mining and Safety (DRMS) conducted a rulemaking process for HB-08-1161. The rulemaking process also included two related bills: SB 08-228 and SB 08-169. The final rules were effective September 30, 2010. The DRMS had asked Powertech to withhold its application until the rulemaking was complete. On November 1, 2010, Powertech, through its counsel, filed a civil suit challenging both the substance of certain rules and the procedure under which they were promulgated. In January 2011, Powertech met with the DRMS and is actively engaged in discussions regarding the regulations and the Company's complaint.

Powertech is now preparing a draft Site Environmental Report which will be used in the preparation of the applications for ISR operations to the EPA, the Colorado Department of Public Health and Environment, the Colorado Department of Natural Resources and Weld County. The applications will be delayed pending completion of the aquifer pump test and resolution of the lawsuit challenging the regulations, both of which are anticipated to be resolved in 2011. The Company will continue to meet periodically with the regulatory agencies and Weld County to provide updates and plans.

During August 2010, the Company received the results of a Preliminary Economic Assessment (the "Centennial PEA"), prepared in accordance with NI 43-101, for the Centennial Project. The Centennial PEA was originally filed on SEDAR on August 20, 2010 and an updated version was filed on February 8, 2011.

The Centennial PEA was prepared by Allan V. Moran, R.G., CPG, and Frank A. Daviess, MAusIMM, of SRK, who are both Qualified Persons independent from Powertech under NI 43-101, as the primary authors. SRK received technical assistance from Lyntek and Mr. Cary Voss, P.G. The purpose of the Centennial PEA is to provide an independent analysis of the potential economic viability of the mineral resources of the Project. The engineering staff of Powertech assembled an

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extensive amount of information as part of the Company's production planning for the Project. This data was used by SRK and Lyntek as the basis of the Centennial PEA.

The Centennial PEA states: "The Centennial Project is an advanced-stage uranium exploration project located in northern Colorado, controlled 100% by Powertech. Powertech conducted confirmatory drilling to verify the results of extensive historic drilling, established current Indicated and Inferred classified resources, and conducted hydrogeologic tests to evaluate the Centennial Project as an ISR mining and uranium production operation. Powertech conceptually designed well fields and a uranium recovery processing facility, and developed cost estimates for a proposed ISR operation that would be similar to existing uranium ISR operations currently in production nearby in Nebraska and Wyoming. Lyntek reviewed and confirmed these designs and cost estimates in the preparation of this report. SRK reviewed and compiled all project information into this Preliminary Assessment NI 43-101 technical report document."

As stated above, Powertech technical and management staff have prior experience with ISR uranium mine development and operations. Therefore, Powertech has developed much of the preliminary well field design and cost estimates in-house, with vendor quotes as support in many instances. Lyntek provided independent preliminary engineering design support for the proposed surface uranium recovery and processing facilities, and is a major contributor to the estimate of costs for the Centennial Project. In many cases, the cost estimates provided by Powertech are defined to a pre-feasibility level, with vendor quote backup. As a result, contingency costs for the base case are set at 20%.

In the Centennial PEA, base case economic analysis results indicate a pre-tax net-present value of \$51.77 million at an 8% discount rate, with an internal rate of return of 18%, based on a uranium price of \$65 per pound. No provision for salvage value was assumed in the analysis. The Centennial PEA identifies:

- CIM-compliant indicated mineral resources of 6,873,199 tons, at an average grade of 0.09% U<sub>3</sub>O<sub>8</sub>, for 10,371,571 contained pounds U<sub>3</sub>O<sub>8</sub>, (See 43-101 report of Cary Voss, February 25, 2010);
- CIM-compliant inferred mineral resources of 1,364,703 tons, at an average grade of 0.09% U<sub>3</sub>O<sub>8</sub>, for 2,325,514 contained pounds U<sub>3</sub>O<sub>8</sub> (See 43-101 report of Cary Voss, February 25, 2010);
- a mine life of fourteen years at an estimate of 75% recovery, producing more than 9,523,000 pounds U<sub>3</sub>O<sub>8</sub>;
- a cash operating cost of \$34.95 per pound of U<sub>3</sub>O<sub>8</sub>; and

Phase I capital costs estimated at \$71.1million to achieve start-up at 700,000 pounds U<sub>3</sub>O<sub>8</sub>/year including construction of the central processing plant, the first well field, and infrastructure for electrical power supply and waste water disposal. Phase I costs also include \$9.02 million for purchasing water rights and construction of water supply infrastructure to achieve aquifer enhancement.

### **Wyoming, USA**

#### **Aladdin Exploration Prospect – Crook County**

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

The Company currently does not have any ongoing exploration activity at this prospect as it has prioritized its resources to the permitting activities at its Dewey-Burdock and Centennial Projects. While the Company continues to maintain the prospect in expectation of future development, there are no additional exploration activities or expenditures planned with respect to this property for the 2011 fiscal year.

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Dewey Terrace Prospect – Weston and Niobrara Counties

The Dewey Terrace Prospect is located in Weston and Niobrara Counties, Wyoming, on the western continuation of mineralized trends from the Dewey Burdock Project in South Dakota. Powertech acquired this prospect through 16 leases and options to lease and staking approximately 765 mining claims, totaling approximately 18,400 acres. During 2010, the Company elected not to continue its annual maintenance payments on 165 claims and 4 leases or options to lease. The remaining 600 claims and leases or options to lease cover approximately 16,440 acres.

The Company currently does not have any ongoing exploration activity at this prospect as it has prioritized its resources to the permitting activities at its Dewey-Burdock and Centennial Projects. While the Company continues to maintain the prospect in expectation of future development, there are no additional exploration activities or expenditures planned with respect to this property for the 2011 fiscal year.

Colony Prospect – Crook County

The Colony Prospect is located on the northwest flank of the Black Hills Uplift approximately 10 miles north of the Aladdin Prospect. The Company acquired the Colony prospect through the staking of 190 mining claims. During 2010, the Company elected not to continue its annual maintenance payments on 172 claims.

The Company currently does not have any ongoing exploration activity at this prospect as it has prioritized its resources to the permitting activities at its Dewey-Burdock and Centennial Projects. While the Company continues to maintain the prospect in expectation of future development, there are no additional exploration activities or expenditures planned with respect to this property for the 2011 fiscal year.

Powder River Basin Prospect – Campbell County

As of December 31, 2010, the Powder River Basin prospect consisted of 155 mining claims. During January 2011, the Company staked an additional 90 claims in this area.

The Company currently does not have any ongoing exploration activity at this prospect as it has prioritized its resources to the permitting activities at its Dewey-Burdock and Centennial Projects. While the Company continues to maintain the prospect in expectation of future development, there are no additional exploration activities or expenditures planned with respect to this property for the 2011 fiscal year.

**Resource Property Interests – Capitalized Costs**

Costs reflected in resource property interests for the nine-month period ended December 31, 2009 and the twelve-month period ended December 31, 2010 are detailed below:

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	<u>South Dakota</u>	<u>Wyoming</u>	<u>Colorado</u>	<u>Other</u>	<u>Total</u>
Balance, March 31, 2009	19,431,879	3,078,580	11,943,067	134,289	34,587,815
Acquisition	-	-	1,732,000	-	1,732,000
Land services	18,098	855	58,892	-	77,845
Legal fees	98,983	-	260,000	-	358,983
Claims maintenance	77,978	165,030	-	-	243,008
Lease payments	158,482	69,345	101,884	-	329,711
Drilling/ Engineering	238,138	-	565,082	-	803,220
Exploration	3,061	2,278	3,111	-	8,450
Feasibility study	47,844	-	68,599	-	116,443
Permitting	418,442	-	295,183	-	713,625
Wages/consulting	<u>638,885</u>	<u>-</u>	<u>576,128</u>	<u>-</u>	<u>1,215,013</u>
Balance, December 31, 2009	\$21,131,790	\$3,316,088	\$15,603,946	\$ 134,289	\$ 40,186,113
Acquisition	-	-	375,000	-	375,000
Land services	36,180	-	36,070	-	72,250
Legal fees	302,828	-	233,101	-	535,929
Claims maintenance	63,062	117,070	-	-	180,132
Lease payments	532,612	73,749	122,264	-	728,625
Drilling/ Engineering	38,268	-	129,250	-	167,518
Feasibility study	160,263	-	160,441	-	320,704
Permitting	1,317,733	-	427,685	-	1,745,418
Write-down	(36,847)	(231,716)	-	(134,289)	(402,852)
Wages/consulting	<u>872,565</u>	<u>-</u>	<u>653,718</u>	<u>-</u>	<u>1,526,283</u>
Balance, December 31, 2010	<u>\$24,418,454</u>	<u>\$3,275,191</u>	<u>\$17,741,475</u>	<u>\$ -</u>	<u>\$ 45,435,120</u>

**SELECTED ANNUAL INFORMATION**

The following table summarizes selected consolidated financial information for the Company's three most recently completed financial years. In the third quarter of 2009, the Company determined to change its fiscal year end as of April 1, 2009 from March 31 to December 31. As a result, the MD&A includes information for the nine-month transition year ended December 31, 2009, with comparative information to the twelve-month fiscal years ended March 31, 2009 and December 31, 2010. All amounts shown are stated in United States dollars, the Company's functional and reporting currency, in accordance with Canadian generally accepted accounting principles.

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	<u>December 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>	<u>March 31,</u> <u>2009</u>
<b>Statement of Operations</b>			
Interest income	\$ 33,841	\$ 8,430	\$ 73,591
Interest expense	1,546,036	561,217	97,029
Write-down of mineral properties	402,852	-	-
Loss from continuing operations	7,567,103	4,388,525	4,336,652
Loss from continuing operations, per share	0.14	0.08	0.09
Net loss	7,567,103	4,388,525	4,336,652
Net loss per basic and diluted share	0.14	0.08	0.09
<b>Balance Sheet</b>			
Cash and cash equivalents	1,857,358	3,581,859	5,724,561
Total assets	48,103,645	45,000,956	41,535,939
Debt (current and long-term)	24,733,581	13,896,403	6,224,854

**RESULTS OF OPERATIONS**

During the year ended December 31, 2010, the Company continued to focus on expanding and advancing its resource property interests.

Net loss for the twelve-month period ended December 31, 2010 was significantly greater than the nine-month period ended December 31, 2009 at \$7,567,103 and \$4,388,525, respectively. The majority of general and administrative expenses were higher period-to-period primarily due to the shorter period ended December 31, 2009 as a result of the change in fiscal year end. General and administrative expenses were \$3,835,738 for the nine-month period ended December 31, 2009 as compared to \$5,652,056 for the fiscal year ended December 31, 2010. Other items not adhering to this are discussed below.

The increase in interest income from \$8,430 in the nine-month period ended December 31, 2009 to \$33,841 in the twelve-month period ended December 31, 2010 was due to an increased maintenance of cash equivalents during 2010. Interest expense significantly increased to \$1,546,036 in the year ended December 31, 2010 from \$561,217 in the nine-month period ended December 31, 2009, due to the issuance of convertible debt and the entering into of a \$12,700,000 (CAD\$13,800,000) loan facility with Société Belge des Combustibles Nucléaires Synatom SA ("Synatom"). See "Financing, Liquidity and Capital Resources" for a discussion of these transactions.

Accretion expense increased significantly period-to-period, from \$664,390 to \$1,766,790, due to amortization with respect to the convertible debt, issuance and the entering into of the loan facility with Synatom, and agreements payable associated with the Company's mineral properties. See "Financing, Liquidity and Capital Resources" and Note 8 to the Company's annual financial statements as filed on the date of this MD&A for a discussion of these transactions.

During the nine-month period ended December 31, 2009, the Company incurred a foreign exchange loss of \$503,980 compared to a foreign exchange loss of \$759,562 during the twelve-month fiscal year ended December 31, 2010 due to the weakening of the US dollar compared to the Canadian dollar. This rate fluctuation caused the loss primarily due to the Company's long-term debt balances which are held in Canadian dollars.

Legal fees of \$143,763 in the fiscal year ended December 31, 2010 approximated those of \$152,498 for the nine-month period ended December 31, 2009. Legal fees were primarily associated with corporate governance matters and financing efforts. See "Financing, Liquidity and Capital Resources" for a discussion of these transactions.

Community and media relations decreased to \$107,046 in the fiscal year ended December 31, 2010 from \$152,978 in the nine-month period ended December 31, 2009, as a result of the Company's efforts to bring such activities in-house rather than continuing to engage external consultants.

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During the year ended December 31, 2010, the Company decided not to maintain certain claims associated with its mineral properties. As a result, all historical costs associated with those claims were written-off. In addition, the Company has taken impairment charges related to its prospects that have not had any activities that would advance the prospect to the next stage of development as of December 31, 2010. Total impairment charges as of December 31, 2010 were \$402,852. No such charges occurred in the nine-month period ended December 31, 2009.

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.

	<u>December</u> <u>31, 2010</u>	<u>September</u> <u>30, 2010</u>	<u>June</u> <u>30, 2010</u>	<u>March</u> <u>31, 2010</u>
<b>Income Statement</b>				
Interest Income	\$ 33,273	\$ –	\$ 430	\$ 138
Interest Expense	488,629	434,618	354,032	268,757
Impairment charges	402,852	–	–	–
Expenses	2,039,904	1,358,407	733,382	1,520,363
Net Loss	2,898,112	1,793,025	1,086,984	1,788,982
Net loss per share, basic and diluted	0.05	0.03	0.02	0.03
<b>Balance Sheet</b>				
Cash and cash equivalents	1,857,358	3,144,161	5,749,254	4,963,230
Total assets	48,103,645	49,333,859	50,049,370	47,563,421
Debt (current and long-term)	24,733,581	22,926,121	21,770,723	18,282,302
	<u>December</u> <u>31, 2009</u>	<u>September</u> <u>30, 2009</u>	<u>June</u> <u>30, 2009</u>	<u>March</u> <u>31, 2009</u>
<b>Income Statement</b>				
Interest Income	\$ 2,800	\$ 878	\$ 4,752	\$ 6,052
Interest Expense	229,056	192,375	139,786	97,029
Impairment charges	–	–	–	–
Expenses	1,302,943	1,852,303	680,492	655,024
Net Loss	1,529,199	2,043,800	815,526	746,001
Net loss per share, basic and diluted	0.03	0.04	0.01	0.01
<b>Balance sheet</b>				
Cash and cash equivalents	3,581,859	1,997,508	3,347,893	5,724,561
Total assets	45,000,956	42,281,867	40,572,836	41,535,939
Debt (current and long-term)	13,896,403	11,090,337	7,378,823	6,224,854

During the three months ended December 31, 2010, the Company continued to focus on development of its mineral property interests. Net loss during the three months ended December 31, 2010 increased to \$2,898,112 from \$1,529,199 in the three months ended December 31, 2009. This is primarily due to impairment charges and an increase in interest expense, as discussed below.

Interest income increased for the quarter ended December 31, 2010 to \$33,273 from \$2,800 in the prior period due to the release of reclamation bonding funds from the State of Colorado due to the completion of certain reclamation activities at

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the Centennial project. The funds accrue interest at a variable rate set by the state which are credited to the Company at the time the associated bond is released.

Interest expense increased to \$488,629 from \$229,056 due to the draws associated with the loan facility with Synatom. See Note 8 to the Company's December 31, 2010 financial statements filed as of the date of this MD&A for a discussion of this transaction

During the quarter ended December 31, 2010, the Company decided not to maintain certain claims associated with its mineral properties. As a result, all historical costs associated with those claims were written-off. In addition, the Company has taken impairment charges related to its prospects that have not had any activities that would advance the prospect to the next stage of development as of December 31, 2010. Total impairment charges as of December 31, 2010 were \$402,852. No such charges occurred in the quarter ended December 31, 2009.

Accretion expense was significantly greater than the prior period as a result of the draw down of the second tranche of the loan facility during 2010 and the fair value calculation of debt associated with the mineral properties as discussed in Note 8 to the Company's annual financial statements, which are filed as of the date of this MD&A and are available on SEDAR at [www.sedar.com](http://www.sedar.com).

During the quarter ended December 31, 2010 the Company made significant efforts to reduce its costs compared to the same period in 2009. As a result, Community and media relations and Investor relations and promotion costs were significantly reduced as those activities were discontinued by third-party consultants. This effort also produced a significant reduction in Travel and accommodation expenses.

**FINANCING, LIQUIDITY AND CAPITAL RESOURCES**

As of December 31, 2010, the Company had cash and cash equivalents of \$1,857,358 and negative net working capital of \$22,189,907. As of December 31, 2009, the Company had cash and cash equivalents of \$3,581,859 and net working capital of \$2,964,630.

Cash used in operations for the year ended December 31, 2010 and the nine-month period ended December 31, 2009 was \$3,023,153 and \$2,945,568, respectively, primarily due to an increase in net loss for the period, after adjustment for non-cash items and a decrease in non-cash working capital.

Cash outflows for investing activities was \$5,418,768 and \$6,017,598 for the year ended December 31, 2010 and the nine-month period ended December 31, 2009, respectively. In general, activities have slowed at the Centennial Project as the Company was awaiting final decisions regarding the new rules for ISR mining in Colorado. Field activities at Dewey-Burdock have decreased as many of the Company's permit applications have been completed and submitted, and are under review. This is partially, offset by an increase in costs associated with the review process. For further discussion of these Projects, see "Resource Property Interests", above. The Company has decreased its spending on property, plant and equipment. Cash provided by Restricted cash for each period was due to the reclamation bond releases for completed reclamation activities.

Financing activities such as debt issuances provided cash of \$6,610,038 and \$5,988,084 for the year ended December 31, 2010 and nine-months ended December 31, 2009, respectively.

Although the Company is in the permitting stage on two of its projects, Dewey-Burdock and Centennial, it is currently focusing its efforts on obtaining the necessary permits and licenses for its Dewey-Burdock Project, as discussed in the Resource Property Interests section above. In order to meet its on-going obligations, with the exception of the Centennial Project option payments the Company successfully completed a financing transaction by way of short-form prospectus, the terms of which are discussed below. With regards to the Centennial Project option payments, the Company will raise additional capital in due course for such payments if deemed necessary.

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Going concern: The Company is continually evaluating additional financing opportunities to meet its operational needs. Notwithstanding previous success in acquiring financing on acceptable terms, there is no guarantee that the Company will be able to obtain funding or on what terms any such capital may be available to the Company.

The Company will incur future losses which casts doubt as to the Company's ability to continue as a going concern which is dependent upon its ability to raise the necessary funds and/or to obtain the necessary financing to meet its debt obligations and repay its liabilities arising from normal business operations when they come due. Recent events in Japan may impact the Company's ability to raise capital if the downward pressure on uranium prices continues or if public opinion turns against uranium exploration and development companies.

**Recent Financing Transactions**

**Debt Financing**

During August 2009, the Company entered into a bridge loan agreement with Synatom, pursuant to which Synatom provided the Company with a bridge loan in the amount of CAD\$3,450,000 (\$3,215,745) (the "Bridge Loan"). In October 2009, the Company and Powertech USA entered into a loan facility with Synatom (the "Loan Facility") for the aggregate principal amount of CAD\$13,800,000 (\$12,700,000). The Loan Facility is comprised of four equal tranches of CAD\$3,450,000 each. Concurrently with the entering into of the Loan Facility, the Company drew down the first tranche of the Loan Facility and used the proceeds from such draw down to repay the Bridge Loan. As of December 2010, the Company had drawn all tranches of the Loan Facility and utilized the net proceeds for working capital and to advance its mineral properties towards production. For more information regarding the terms of the Bridge Loan and the Loan Facility, see the Material Change Reports filed by the Company on SEDAR on August 12, 2009, October 19, 2009, December 3, 2009, April 1, 2010, and July 5, 2010, respectively, at [www.sedar.com](http://www.sedar.com).

**Equity Financing and Debt Restructure**

On March 15, 2011, the Company completed a public offering of 47,872,340 units (the "Units") at a price of CAD\$0.47 per Unit to raise gross proceeds of \$23,105,250 (CAD\$22,500,000) pursuant to a short form prospectus dated March 2, 2011 (the "Offering"). It also closed its refinancing transaction (the "Refinancing Transaction") with Synatom, which was approved by Powertech's shareholders at a special meeting held on March 14, 2011. The closings of each of the Offering and the Refinancing Transaction were mutually conditional on the closing of the other.

**Closing of Offering**

On March 15, 2011, the Company closed the Offering, under which 47,872,340 Units were sold, with each Unit consisting of one common share of the Company (each, a "Share") and one half of one common share purchase warrant. Each whole warrant (a "Warrant") will entitle the holder to purchase one Share at an exercise price of CAD\$0.60 for two years following the closing of the Offering, provided that, if at any time after the date that is six months and one day following the closing of the Offering, the daily volume-weighted average price of the Shares on the TSX, or on any other stock exchange on which such Shares may be principally traded at the time, is equal to or greater than CAD\$1.20 per Share for a period of 20 consecutive trading days, the Company may, within five days of such event, accelerate the expiry date of the Warrants by giving notice to the holders thereof. In such case, the Warrants will expire on the 30th day after the date on which such notice is given by the Company.

A syndicate of agents led by Salman Partners Inc. and including Dundee Securities Ltd. (collectively, the "Agent") were engaged in respect of the Offering. The Agent received a commission equal to 6.5% of the gross proceeds of the Offering. The commission was expensed at the closing of the Offering. As additional consideration, the Agent was issued 3,111,702 agent's warrants (each an "Agent Warrant"). Each Agent Warrant entitles the holder to acquire one Share for a period of two years from the closing of the Offering at a price of CAD\$0.47 per Share.

As a result of the completion of the Offering, there are 103,301,362 Shares issued and outstanding. Net proceeds from the Offering after commissions, agent expenses and payment to Synatom, discussed below, was \$8,694,249 (CAD\$8,466,500).

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The Units, Shares, Warrants and Agent Warrants have not been registered under the U.S. Securities Act of 1933, as amended (the "Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Act.

**Closing of Refinancing Transaction**

On March 15, 2011, the Company also closed the Refinancing Transaction which restructured Powertech's repayment obligations on approximately \$25,018,083 (CAD\$25,015,581) of debt owed to Synatom. In connection with the closing of the Refinancing Transaction (the "Closing"), the following events occurred:

1. Powertech paid \$12,836,250 (CAD\$12,500,000) to Synatom;
2. Powertech issued an unsecured non-interest bearing promissory note in the principal amount of \$7,701,750 (CAD\$7,500,000) (the "Note") to Synatom, which is repayable in cash or Shares at Powertech's election and is due on the earlier of: (i) six months after the last permit is obtained for the Company's Dewey-Burdock project; and (ii) two years from the Closing. At the election of Powertech, the Note may also be prepaid in advance in cash at anytime, provided that such prepayment is for an amount not less than CAD\$250,000, or, after an initial period of 18 months, the Note may be repaid by the issuance of Shares to Synatom at a price per Share equal to the greater of CAD\$0.60 per Share or a 15% discount to the 20-day volume-weighted average price of the Shares on the TSX (or such other stock exchange on which the Shares may be listed at such time) at the time of payment. Powertech USA has guaranteed Powertech's obligation to repay the Note;
3. Powertech, Powertech USA, Indian Springs Land and Cattle Co., LLC ("Indian Springs") and Synatom entered into a termination, voting and lock-up agreement (the "Termination Agreement") pursuant to which all prior loans, agreements, rights and obligations among and between the parties (the "Prior Agreements") were terminated, including: (i) the CAD\$9 million convertible debenture of Powertech in favour of Synatom (plus accrued interest thereon); (ii) the CAD\$13.8 million Loan Facility between (plus accrued interest thereon); and (iii) the rights and obligations under the prior private placement agreements among the parties (including, without limitation, the anti-dilution rights, pre-emptive rights, governance and other representation rights, registration rights, right to purchase uranium and non-compete agreements by management shareholders). Under the terms of the Termination Agreement, Synatom irrevocably and unconditionally released and discharged all security interests it had in and to or affecting any of the shares, undertaking, property and assets of Powertech, Powertech USA or Indian Springs, and all original share certificates, promissory notes, debentures and other collateral or property in the possession of Synatom were delivered to the Company; and
4. Powertech, Synatom, Wallace Mays, the Wallace Mays 2006 Family Trust No. 1, Richard F. Clement Jr., the Clement Family Limited Partnership, Thomas A. Doyle and Greg Burnett entered into a termination agreement whereby a shareholders agreement dated June 2, 2008 among those parties was terminated.

Under the terms of the Termination Agreement, Synatom will retain its 10.89 million Shares but has agreed that it will not sell such Shares until the earlier of: (i) eighteen months from the Closing; (ii) the date upon which a Change of Control (as defined in the Termination Agreement) occurs; and (iii) the date upon which an Event of Default (as defined in the Termination Agreement) occurs (the "Lock-up Period") without the approval of Powertech. Synatom has also agreed to vote in favour of management's proposed slate of directors at any meeting of shareholders of Powertech held during the Lock-Up Period. As a result of the completion of the Offering and the Refinancing Transaction, Synatom holds 10.5% of the issued and outstanding Shares, on an undiluted basis, based on 103,301,362 Shares issued and outstanding. If Powertech elects to convert the principal of the Note into Shares, Synatom will hold 20.2% of the issued and outstanding Shares based on 115,801,362 Shares outstanding upon conversion of the Note.

As a result of the Refinancing transaction, the Company was able to retire approximately \$17.5 million of debt obligations which were owed to Synatom as of December 31, 2010.

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**CONTRACTUAL COMMITMENTS**

Mineral Property Interests – Land and Mineral Lease Commitments

Dewey-Burdock Project - The Company leases both surface and minerals within the Dewey-Burdock Project area in South Dakota. In general, the mineral owners will be paid a 5% overriding royalty. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, surface owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. Generally, royalty payments to the surface owners will be reduced by the amount of rentals previously paid. The basic terms of the leases are five-year initial terms and are renewable two times at the five-year mark and ten years from original signing. Additional bonuses are paid to the landowners at the time of renewal. The majority of the leases are in force through 2020 without production. In the case of production, all leases will be held as long as minerals are produced. The average annual payments under the agreements are approximately \$320,000. As further disclosed in Note 3 of the Company's annual financial statements an additional \$2,050,000 is payable upon receipt of certain permits and authorizations.

Aladdin Prospect - The Company maintains lease agreements with mineral owners in its Aladdin Prospect in Wyoming. The Company granted the mineral owners a six percent overriding royalty payment out of sales of the product. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, surface owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. The basic terms of the leases are five-year initial terms and are renewable one time at the five-year mark from original signing. Additional bonuses are paid to the landowners at the time of renewal. Most of the leases are in force through 2017 without production. In the case of production, all leases will be held as long as minerals are produced. The average annual payments under the agreements are approximately \$122,000.

Dewey-Terrace Prospect - The Company maintains lease agreements with mineral owners in its Dewey-Terrace Prospect in Wyoming. The Company granted the mineral owners a five to six percent overriding royalty payment out of sales of the product. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, land owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. The basic terms of the leases are five-year initial terms and are renewable one time at the five-year mark from original signing. Additional bonuses are paid to the landowners at the time of renewal. Most of the leases are in force through 2018 without production. In the case of production, all leases will be held as long as minerals are produced. The average annual payments under the agreements are approximately \$33,000.

Centennial Project – The Company maintains lease agreements with mineral owners in its Centennial Project area in Colorado. The Company granted the mineral owners a five percent, escalating, overriding royalty payment out of sales of the product. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, surface owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. Generally, royalty payments to the surface owners will be reduced by the amount of rentals previously paid. The leases have an initial term of five years and are renewable upon payment of the annual rental fee. The average annual payments under the agreements are approximately \$58,000. As further disclosed in Note 3 of the Company's annual financial statements an additional \$1,500,000 is due upon receipt of certain permits and licenses.

Claims Maintenance – The Company has secured approximately 1,300 mining claims within its various prospects. Annual maintenance costs of the mining claims total approximately \$180,000.

Long-term Debt Obligations

The following table summarizes the contractual maturities of the Company's significant financial liabilities and capital commitments, including contractual obligations as of December 31, 2010:

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<b>Contractual Obligations</b>	<b>Payments Due by Period</b>				
	<b><u>Less than 1 year</u></b>	<b><u>1 to 3 years</u></b>	<b><u>4 to 5 years</u></b>	<b><u>Thereafter</u></b>	<b><u>Total</u></b>
Lease obligations	\$ 414,749	\$ 1,286,049	\$ 970,815	\$ 42,320	\$ 2,713,933
Accounts payable and accrued liabilities	329,334	—	—	—	329,334
Purchase option <sup>1</sup>	6,535,000	2,813,000	—	—	9,348,000
Agreements payable <sup>2</sup>	390,000	970,000	80,000	60,000	1,500,000
Loan facility <sup>3</sup>	14,753,587	—	—	—	14,753,587
Convertible debt <sup>3</sup>	<u>10,264,496</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,264,496</u>
	<u>\$ 32,687,166</u>	<u>\$ 5,069,049</u>	<u>\$ 1,050,815</u>	<u>\$ 102,320</u>	<u>\$ 38,909,350</u>

<sup>1</sup>See Note 2 of the Company's annual financial statements as filed as of the date of this MD&A.

<sup>2</sup>See Notes 2 and 8 of the Company's annual financial statements as filed as of the date of this MD&A.

<sup>3</sup>The terms of the loan facility and convertible debt were restructured during March 2011. See Notes 8 and 14 of the Company's annual financial statements as filed as of the date of this MD&A.

Management Services Contracts and Employment Contracts

The Company renewed four management services agreements and nine employment agreements during the year ended December 31, 2010. The agreements require the Company to pay fees totaling \$155,000 per month. The agreements automatically renew annually for an additional year unless terminated by the Company at least 30-90 days prior to each agreement's anniversary. On March 25, 2011, the Company provided written notice to each of the four consultants under the management services agreements that it does not wish to renew any of such agreements. As a result, three management services agreements and one employment agreement will expire as of April 30, 2011. New agreements are currently being negotiated.

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

Office Leases

During March 2009, the Company entered into a twenty-seven month lease agreement for office space in Vancouver, British Columbia. Annual lease payments due are approximately \$57,000 (CAD\$60,000) through April 2011. During November 2010, the Company entered into a three-year lease agreement for office space in Vancouver, British Columbia. Annual lease payments due beginning in May 2011 will be approximately \$35,400 (CAD\$35,435).

During October 2010, the Company entered into a month-to-month lease agreement for office space in Albuquerque, New Mexico. Annual lease payments due are approximately \$19,200.

During February 2010, the Company extended its lease agreement for office space in Hot Springs, South Dakota, to January 2011. The Company continues to maintain this space while the terms of the new lease agreement are being negotiated. Anticipated annual lease payments are approximately \$13,700.

During February 2010, the Company entered into a one-year lease agreement for office space in Wellington, Colorado, which expires January 2011. The Company continues to maintain this space while the terms of the new lease agreement are being negotiated. Annual lease payments are approximately \$21,600.

During November 2007, the Company entered into a five-year lease agreement for office space in Greenwood Village, Colorado. Annual lease payments are approximately \$100,400.

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**OFF BALANCE SHEET ARRANGEMENTS**

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

**RELATED PARTY TRANSACTIONS**

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

	<b>Periods Ended</b>	
	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Director fees	\$ 34,944	\$ 24,425
Management and consulting fees	379,827	312,896
	\$ 414,771	\$ 337,321

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

As of December 31, 2010, the Company had prepaid \$32,001 of management and consulting fees related to January 2011 services. As of December 31, 2009, the Company had prepaid \$31,289 of management and consulting fees related to January 2010 services. At December 31, 2010 and 2009, the amount of prepaid expenses capitalized to resource properties was \$10,000.

As of December 31, 2010, the Company had an accrued liability of \$4,500 (2009: \$Nil) to one of its directors for services rendered but not yet paid.

As of December 31, 2010, the Company had advanced \$Nil (2009 - \$40,000) for travel to one of the directors of the Company.

**CHANGE IN ACCOUNTING POLICIES**

**Foreign Currency Translation**

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

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

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**CRITICAL ACCOUNTING ESTIMATES**

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

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

*Mineral Properties*

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

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

*Building and Equipment*

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

*Stock-Based Compensation*

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

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

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

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**Recently Adopted Accounting Policies**

- i) The CICA issued EIC Abstract 173 – *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities* which provides guidance on evaluating credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this standard did not result in an impact to the Company's financial statements.

**Future Accounting Changes**

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

Accordingly, the conversion to IFRS will be applicable to the Company's reporting no later than in the first quarter of 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency, certain contractual arrangements, debt covenants and capital requirements. The Company has completed its evaluation of the future impact of IFRS on its financial statements, as discussed below.

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

- a) Training: The Company has ongoing training for appropriate personnel on the IFRS standards.
- b) Initial assessment: The Company has completed its initial assessment on the impact of the IFRS conversion on its opening financial position. To date, the differences, discussed below, have been identified, however, any changes to IFRS standards prior to adoption may impact this initial assessment. The Company did not have any material changes to its information technology, internal controls over financial reporting or business activities, nor disclosure controls and procedures during the conversion to IFRS.
- c) New accounting policies: Since the Company has completed its detailed review of the IFRS standards, it has chosen the appropriate accounting policies and procedures to quantify any impact on its financial statements and disclosures. These impacts are under final review by the appropriate personnel and are being implemented. The Company will prepare and report its financial statements and corresponding note disclosures in accordance with IFRS beginning with its first quarter 2011 financial statements.
- d) The Company is monitoring the impact of IFRS on internal controls over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P") during the conversion process. As the Company finalizes its conversion, the ICFR documentation will be reviewed and the areas identified as requiring amendments or requiring controls to be added will be updated. As IFRS will result in increased note disclosure, the company is completing its assessment of the impact of the transition to IFRS on its DC&P. No material changes in the ICFR or DC&P are expected as a result of transition to IFRS.

Transition and major identified differences regarding conversion to IFRS:

- a) Impairment of resource properties: The Company currently tests for impairment on its resource properties in accordance with GAAP. As a result, management reviews the carrying values of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company and the assessment of future probability of profitable revenues from the property or from the sale of the property. Under IFRS, the Company must compare the carrying amount to the higher of the fair value, based on discounted cash flows, and the value in use. While this change in policy does not impact the opening financial position it is a significant change in policy that may have impact on future periods.

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- b) Functional currency: The Company changed its functional currency to the USD as of April 1, 2009 in accordance with Canadian GAAP. Although the functional currency assessment is different between Canadian GAAP and IFRS, the Company believes there is no change in its functional currency policy under IFRS.
  - c) Share based payments: For share-based payments with non-employees, the Company currently utilized the Black-Scholes model to determine the fair value for of the options granted at the date of the grant. This amount becomes the expense associated with the options granted. Under IFRS, the Company will determine the fair value of the services rendered, which includes the value of the options granted, and then apply the Black-Scholes model to determine the expense associated with the options granted. For share-based payments with non-employees, the Company currently utilizes a vesting period as determined at the grant date by the Board of Directors and records the expense of the grant according to the vesting period. Under IFRS, the Company must recognize the expense associated with non-employee grants at the time the goods or services are received. While this change in policy does not impact the opening financial position it is a significant change in policy that may have impact on future periods.
  - d) Financial instruments: The Company has certain debt obligations that may be settled through conversion into its common shares. Under IFRS, the Company must fair value the debt component of these agreements, utilizing the discounted cash flow analysis with a market interest rate for non-convertible debt instruments at the date of issuance. Any residual value, calculated as the fair value of the instrument as a whole less the fair value of the debt component, is allocated to the equity component with no gain or loss recorded on the issuance date. The Company utilized the relative fair value method under Canadian GAAP regarding the values of the liability and equity components. Because the Company did not follow the IFRS allocation approach such analysis will be required in order to retrospectively adjust the allocation between debt and equity as of the date of each issuance (rather than on transition date). The quantification of this difference in method in under final review by the appropriate personnel. The resulting opening transition entry may reflect a cumulative adjustment to the following:
    - a. the accreted value of the debt using the effective interest rate method;
    - b. the equity conversion option to reflect the revised allocation methodology and;
    - c. the resulting difference in opening retained earnings, net of any applicable taxes.
  - e) Fair value or revaluation as deemed costs: IFRS 1 “First-time Adoption of International Financial Reporting Standards” allows an entity to initially measure an item of property and equipment upon transition to IFRS at fair value as deemed cost, or under certain circumstances using a previous GAPP revaluation. Management has concluded that the depreciated costs under Canadian GAAP is not materially different than depreciated cost under IFRS. Accordingly, no adjustment is required.
  - f) Cumulative translation adjustment: IFRS 1 allows a first-time adopter to not comply with the requirements under IAS 21 “The Effects of Changes in Foreign Exchange Rates” for cumulative translation differences that existed at the date of transition to IFRS. Management is completing its assessment regarding its option to or not to reset the cumulative translation adjustment to zero.
- ii) Section 1582, Business Combinations, which replaces Section 1581, Business Combinations, establishes standards for the accounting for a business combination. It is the Canadian GAAP equivalent to International Financial Reporting Standard IFRS 3, Business Combinations.

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

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

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**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:**

As of March 28, 2011, the Company had 103,301,362 issued and outstanding common shares. There were no changes in the number of issued and outstanding common shares during the year ended December 31, 2010:

	<u>Number</u>	<u>Amount</u>
Balance, December 31, 2010 and 2009	55,429,022	\$ 50,831,518

See “Financing, Liquidity and Capital Resources” above for a discussion of the 47,872,340 share issuance since December 31, 2010.

**Share Purchase Warrants:**

At December 31, 2010 and March 28, 2011, there were Nil and 27,047,872 share purchase warrants outstanding, respectively. Share purchase warrants entitle the holders thereof to purchase one common share of the Company for each warrant. Changes in the number of outstanding share purchase warrants during the year ended December 31, 2010 were as follows:

<u>Expiration Date</u>	<u>Exercise Price (CAD)</u>	<u>Outstanding at December 31, 2009</u>	<u>Issued during the period</u>	<u>Expired during the period</u>	<u>Outstanding at December 31, 2010</u>
June 4, 2010	\$2.00	6,000,000	—	6,000,000	—
Totals		6,000,000	=	6,000,000	=

During March 2011, the Company issued 27,047,872 share purchase warrants as part of its short-form prospectus offering. See Financing, Liquidity, and Capital Resources above for a full discussion of this transaction.

**Convertible Debenture:**

As of December 31, 2010, the Company had a 7% secured convertible debenture in the principal amount of CAD\$9,000,000 outstanding, that was issued to Synatom pursuant to a private placement in February 2009. The principal of the debenture and accrued interest thereon was convertible into common shares of the Company at a conversion price of CAD\$0.50 per common share. Assuming full conversion of the debenture, Synatom would have acquired 18,000,000 common shares upon conversion of the CAD\$9,000,000 principal, and 2,450,204 common shares upon conversion of the possible CAD\$1,225,102 accrued interest thereon, for a total of 20,450,204 common shares of the Company. During March 2011, the principal and interest associated with this debenture was restructured in connection with the Refinancing Transaction as discussed in the “Financing, Liquidity and Capital Resources” section above.

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**Loan Facility:**

As of December 31, 2009, the Company had drawn down the principal amount of CAD\$13,800,000 of the Loan Facility. The principal amount of the second tranche, being CAD\$3,450,000, was convertible into common shares of the Company at a conversion price of CAD\$0.50 per common share. Assuming full conversion of the CAD\$3,450,000 principal of the second tranche of the Loan Facility, Synatom would have acquired 6,900,000 common shares of the Company. During March 2011, the principal and interest associated with this Loan Facility was restructured in connection with the Refinancing Transaction as discussed in the “Financing, Liquidity and Capital Resources” section above.

**Stock Option Plan:**

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

At December 31, 2010 and March 28, 2011, respectively, there were 7,500,000 options outstanding entitling the holders thereof to purchase one common share of the Company for each option held as follows:

<u>Expiration Date</u>	<u>Exercise Price (CAD)</u>	<u>Outstanding at December 31, 2009</u>	<u>Granted during period</u>	<u>Exercised during period</u>	<u>Forfeited during period</u>	<u>Outstanding at December 31, 2010</u>
May 11, 2011	\$1.00	3,025,000	–	–	–	3,025,000
July 19, 2011	\$1.30	200,000	–	–	–	200,000
August 1, 2011	\$1.30	100,000	–	–	–	100,000
February 15, 2012	\$3.00	400,000	–	–	–	400,000
May 14, 2012	\$3.20	125,000	–	–	–	125,000
August 30, 2012	\$1.50	900,000	–	–	–	900,000
September 4, 2012	\$1.60	150,000	–	–	–	150,000
October 31, 2012	\$2.15	75,000	–	–	–	75,000
January 14, 2013	\$1.50	400,000	–	–	–	400,000
February 7, 2013	\$1.00	400,000	–	–	–	400,000
June 18, 2013	\$1.50	1,600,000	–	–	–	1,600,000
August 11, 2013	\$1.50	125,000	–	–	–	125,000
Totals		<u>7,500,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,500,000</u>

As of December 31, 2010 and March 28, 2011, 7,450,000 and 7,460,000 options have vested, respectively. The weighted average life of the stock options outstanding is 1.29 years. The weighted average exercise price of the stock options outstanding is CAD\$1.38.

**FINANCIAL INSTRUMENTS**

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

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**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION**

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

**Disclosure Controls And Procedures**

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in provincial securities legislation. The Company evaluated its disclosure controls and procedures as defined under National Instrument 52-109 as of December 31, 2010. This evaluation was performed by the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") with the assistance of other employees to the extent necessary and appropriate. Based on this evaluation, the CEO and CFO concluded that the design and operation of the Company's disclosure controls and procedures were effective.

**Internal Control Over Financial Reporting**

The Company maintains internal control over financial reporting which has been designed to provide reasonable assurance of the reliability of external financial reporting in accordance with Canadian GAAP as required by National Instrument 52-109. The Company evaluated its internal control over financial reporting as of December 31, 2010. The evaluation was performed by the CEO and the CFO with the assistance of other employees to the extent necessary and appropriate. Based on this evaluation, the CEO and the CFO, concluded the Company's internal control over financial reporting was effective.

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

**RISKS AND UNCERTAINTIES**

The Company's operations and financial performance are subject to the normal risks of mining and are subject to various factors which are beyond the control of the Company. Certain of these risk factors are described below. The risks described below are not the only ones facing the Company. Additional risks not currently known to the Company, or that it currently considers immaterial, may also adversely impact the Company's business, operations, financial results or prospects, should any such other events occur.

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

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

Further, a number of heads of government and their legislative bodies have announced reviews and/or delays of plans to develop new nuclear power facilities. In the United States, the Chairman of the Nuclear Regulatory Commission has publicly stated that a more stringent review of design risks will be undertaken for both existing facilities and future applications for new nuclear power facilities. The additional scrutiny by the NRC could affect all parts of the organization including the licensing of new uranium production facilities. Other relevant regulatory bodies could also react to these

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recent events, resulting in additional delays or barriers in permitting and licensing new uranium production operations. Given the short time that has elapsed between the events in Japan and the date of this MD&A, the remaining uncertainty as to the ultimate outcome, and the current volatility of public markets and public opinion, it is too soon for the Company to determine the long-term impact such events will have on the Company's financial condition, results of operations and permitting plans, particularly as pertains to the Company's Dewey-Burdock Project, which is at an advanced stage in the permitting process. It is possible that it will take several fiscal quarters before the long-term effects of the events in Japan on the Company can be determined, however such events may result in the Company's business, financial condition or results of operations being negatively affected.

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

The majority of the Company's potential revenues are anticipated to be derived from the sale of uranium products. The Company's financial condition, results of operations, earnings and operating cash flow will be closely related and sensitive to fluctuations in the long- and short-term market price of uranium. Historically, these prices have fluctuated widely. Between 1970 and 2010, the spot price of uranium has fluctuated between approximately \$7 per pound and approximately \$138 per pound. The current spot price of uranium is approximately \$62 per pound and the most recently reported long-term contract price is approximately \$70 per pound. The price of uranium has been and will continue to be affected by numerous factors beyond the Company's control. Such factors include, among others: demand for nuclear power; political and economic conditions in uranium producing and consuming countries; reprocessing of used reactor fuel and the re-enrichment of depleted uranium tails; sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants; and production levels and costs of production. Recent events in Japan have resulted in downward pressure on the spot price of uranium and many uranium exploration and development companies have experienced a corresponding reduction in the trading value of their shares. It is too early to evaluate the long term effects of the events in Japan on the Company and the uranium industry generally.

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

*Nuclear Energy Competes With Other Viable Energy Sources*

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

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

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

Volatile demand for uranium and the volatile price of uranium or the incurrence of unanticipated major liabilities or expenses may make it difficult or impossible for the Company to obtain debt financing or equity financing on commercially acceptable terms or at all. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its uranium projects with the possible loss of the rights to such properties. If the

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exploration or development of any mine is delayed, such delay would have a material and adverse effect on the Company's business, financial condition and results of operation.

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

There is a limited supply of desirable mineral lands available for acquisition, claim staking or leasing in the areas where the Company is currently active. Many participants are engaged in the mining business, including large, established mining companies with substantial technical and financial capabilities and long earnings records and which have access to more capital, in some cases have state support, have access to more efficient technology, and have access to reserves of uranium that are cheaper to extract and process. The Company may be at a competitive disadvantage in acquiring mining properties as many of its competitors have greater financial resources and larger technical staffs. Accordingly, there can be no assurance that the Company will be able to compete successfully with its industry competitors.

*Sale of Uranium is Restricted by International Trade Regulations*

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

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

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

*Possible Loss of Interests in Exploration Properties*

If the Company fails to make any property payments or expenditures required to maintain its properties in good standing in a timely fashion, the Company may lose some or all of its interest in those properties. This is particularly significant with respect to its two key projects, Dewey Burdock and Centennial. A loss of an interest in either of these properties could have a material adverse effect on the Company's reported indicated and inferred resources. In order to maintain a portion of its interest in the Centennial Project, the Company is required to make significant option payments in June 2011. The Company did not allocated any proceeds from its recent financing to making such payments. If such payments are not made, the Company may lose a portion of its interest in the Centennial Project that would result in a reduction of its reported indicated and inferred resources at Centennial of approximately 14%.

*The Company's Operations are Subject to Operational Risks and Hazards Inherent in the Mining Industry*

The Company's business is subject to a number of inherent risks and hazards, including environmental pollution, accidents or spills; industrial and transportation accidents, which may involve radioactive or hazardous materials; labor disputes; power disruptions, catastrophic accidents; failure of plant and equipment to function correctly, the inability to obtain suitable or adequate equipment, fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, earthquakes, pit wall failures, ground movements, tailings, pipeline and dam failures and cave-ins; and encountering unusual or unexpected geological conditions and technical failure of mining methods. The Company may also contract for the transport of its uranium and uranium products to refining, conversion and enrichment facilities in North America, which will expose the Company to risks inherent in transportation including loss or damage of transportation equipment and spills of cargo.

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There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's uranium properties, personal injury or death, environmental damage, delays in the Company's exploration or development activities, costs, monetary losses and potential legal liability and adverse governmental action, all of which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

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

Resource figures included for uranium are estimates only and no assurances can be given that the estimated levels of uranium will actually be produced or that the Company will receive the uranium price assumed in determining its resources. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling and exploration results and industry practices. Estimates made at any given time may significantly change when new information becomes available or when parameters that were used for such estimates change. While the Company believes that the resource estimates included herein and in its technical reports are well established and reflect management's best estimates, by their nature resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. Furthermore, market price fluctuations in uranium, as well as increased capital or production costs or reduced recovery rates, may render ore resources containing lower grades of mineralization uneconomic and may ultimately result in a restatement of resources. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. The evaluation of resources is always influenced by economic and technological factors, which may change over time.

*Exploration, Development and Operating Risk*

The exploration for and development of uranium properties involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical, drilling and other related costs which appear to be rising; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

*Currency*

Exchange rate fluctuations may affect the costs that the Company incurs in its exploration activities. Uranium is generally sold in United States dollars. Since the Company principally raises funds in Canadian dollars, but the Company's costs are primarily incurred in United States dollars, the appreciation/depreciation of the United States dollar against the Canadian dollar can impact the Company's operating costs and debt obligations.

*Environmental Risks and Hazards*

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

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

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

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

*Government Regulation*

The Company's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labor standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Company believes its exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Many of the mineral rights and interests of the Company are subject to government approvals, licenses and permits. Such approvals, licenses and permits are subject to various federal, state and local statutory requirements. No assurance can be given that the Company will be successful in obtaining or maintaining any or all of the various approvals, licenses and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions hereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations or applicable laws or regulations.

Amendments to current laws and regulation governing operations or more stringent implementation thereof could have a substantial impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

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

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*Public Involvement in the Permitting Process*

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

*Political Risk*

The Company’s future prospects may be affected by political decisions about the uranium market. There can be no assurance that the United States or other government or quasi-governmental authority will not enact legislation or other rules restricting uranium extraction and processing activities, or restricting to whom the Company can sell uranium. In addition the price of uranium may be affected by decisions of national governments to decommission nuclear weapons, thereby increasing the supply of uranium.

*The Company has no History of Mineral Production or Mining Operations*

The Company has never had uranium producing properties. There is no assurance that commercial quantities of uranium will be discovered at its properties or other future properties nor is there any assurance that the Company’s exploration program thereon will yield positive results. Even if commercial quantities of uranium are discovered, there can be no assurance that any property of the Company will ever be brought to a stage where uranium resources can profitably be produced therefrom. Factors which may limit the ability of the Company to produce uranium resources from its properties include, but are not limited to, the spot price of uranium, availability of additional capital and financing and the nature of any mineral deposits.

The Company does not have a history of mining operations and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

*Future Sales of Common Shares by Existing Shareholders*

Sales of a large number of the Company’s common shares in the public markets, or the potential for such sales, could decrease the trading price of the Company’s common shares and could impair the Company’s ability to raise capital through future sales of the Company’s common shares. Substantially all of the Company’s common shares can be resold without material restriction in Canada.

*No Assurance of Titles or Borders*

The acquisition of the right to exploit mineral properties is a very detailed and time consuming process. There can be no guarantee that the Company will be able to acquire title to surface and mineral rights in the future. Titles to the Company’s current and/or future surface or mineral properties may be challenged or impugned and title insurance is generally not available. The Company’s surface or mineral properties may be subject to prior unregistered agreements, transfers or claims and title may be affected by, among other things, undetected defects. Such third party claims could have a material adverse impact on the Company’s operations. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

*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

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and, as a result, training to fill the positions may be necessary in order to achieve the Company's planned production activities. The uranium industry is further impacted based on the need for professionals and skilled workers because the downturn of the uranium market in the 1980's resulted in a loss of skills and considerably fewer people entering the market in this area of mineral industry. The current demand for people has also resulted in a significant escalation of salaries and wages.

*Need for Additional Mineral Reserves and Delineation of Mineral Reserves*

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

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

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

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

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

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

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

In recent years, the United States Congress has considered a number of proposed amendments to the General Mining Law of 1872. If adopted, such legislation, among other things, could impose royalties on mineral production from unpatented mining claims located on United States federal lands, result in the denial of permits to mine after the expenditure of significant funds for exploration and development, reduce estimates of mineral reserves and reduce the amount of future exploration and development activity on United States federal lands, all of which could have a material and adverse affect on the Company's cash flow, results of operations and financial condition.

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*Shareholders' Interest in the Company May Be Diluted in the Future*

The Company may require additional funds to fund the Company's exploration and development Programs and potential acquisitions. If the Company raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of shareholders.

*The Company May Issue Additional Common Shares in the Future to Raise Capital or on the Exercise of Outstanding Stock Options and Warrants*

Sales of substantial amounts of common shares of the Company, or the availability of such common shares for sale, could adversely affect the prevailing market prices for the Company's common shares. A decline in the market prices of the Company's common shares could impair its ability to raise additional capital through the sale of new common shares should the Company desire to do so.

*The Market Price for Common Shares Cannot be Assured*

Securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Company's profitability and reputation.

*The Company has Never Paid Dividends and May Not do so in the Foreseeable Future*

The Company has never paid cash dividends on its common shares. Currently, the Company intends to retain its future earnings, if any, to fund the development and growth of its business, and does not anticipate paying any cash dividends on its common shares in the near future. As a result, shareholders of the Company will have to rely on capital appreciation, if any, to earn a return on their investment in common shares of the Company for the foreseeable future. The Company's dividend policy will be reviewed from time to time by the Board.

**OTHER INFORMATION**

This MD&A of the financial position and results of operations of the Company for the year ended December 31, 2010, and as of March 28, 2011, should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2010. Additional information relating to the Company, including the Company's Annual Information Form, can be accessed at the Company's website at [www.powertechuranium.com](http://www.powertechuranium.com) or through the Company's public filings on SEDAR at [www.sedar.com](http://www.sedar.com).

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