POWERTECH URANIUM CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2011

(Expressed in United States Dollars)

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BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
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Independent Auditor's Report

To the shareholders of
Powertech Uranium Corp.

We have audited the accompanying consolidated financial statements of Powertech Uranium Corp. which comprises the consolidated statement of financial position as at December 31, 2011 and 2010 and January 1, 2010, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years ended December 31, 2011 and 2010 and related notes which includes a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Powertech Uranium Corp. as at December 31, 2011 and 2010 and January 1, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and 2010 then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1- Nature of Operations and Going Concern in the consolidated financial statements which indicates that the entity has a deficit of $32,354,103 as at December 31, 2011 and, is expected to incur losses in the foreseeable future. These conditions, along with other matters as set forth in Note 1- Nature of Operation and Going Concern, indicate the existence of a material uncertainty that may cast doubt about the entity's ability to continue as a going concern**.**

(signed) BDO CANADA LLP

Chartered Accountants

Vancouver, Canada
February 24, 2012

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMEMENT OF FINANCIAL POSITION
December 31, 2011
(Expressed in United States Dollars)

	December 31, 2011	December 31, 2010	January 1, 2010
ASSETS			
Current			
Cash and cash equivalents	$ 4,057,505	$ 1,857,358	$ 3,581,859
Receivable	13,752	18,515	35,979
Deposits	23,047	29,648	19,648
Prepaid expenses – Note 10	87,403	155,845	193,447
	4,181,707	2,061,366	3,830,933
Non-current			
Restricted cash	259,031	285,428	557,882
Mineral properties – Notes 6, 8, 12 and Schedule 1	45,662,797	44,884,776	39,676,513
Building and equipment – Note 7	207,534	321,731	426,028
Total assets	$ 50,311,069	$ 47,553,301	$ 44,491,356
LIABILITIES			
Current			
Accounts payable and accrued liabilities – Note 10	$ 292,428	$ 329,334	$ 576,303
Current portion of long-term debt – Note 8	45,000	25,482,916	290,000
	337,428	25,812,250	866,303
Non-current			
Long-term debt			
Agreements payable – Note 8	1,012,796	811,645	659,811
Loan facility payable – Notes 8 and 9	–	–	6,900,322
Convertible note payable – Notes 8 and 9	–	–	10,621,725
Convertible promissory note payable – Notes 8 and 9	1,499,035	–	–
	2,849,259	26,623,895	19,048,161
Future income taxes- Note 13	641,182	–	–
	3,490,441	26,623,895	19,048,161
SHAREHOLDER'S EQUITY			
Share capital – Note 9	71,950,055	50,831,518	50,831,518
Contributed surplus – Note 9	7,224,676	6,855,957	6,817,117
Deficit	(32,354,103)	(36,758,069)	(32,205,440)
	46,820,628	20,929,406	25,443,195
Total liabilities and shareholder's equity	$ 50,311,069	$ 47,553,301	$ 44,491,356

APPROVED BY THE DIRECTORS:

"Richard F. Clement, Jr." Director — *"Thomas Doyle"* Director

Richard F. Clement, Jr. — Thomas Doyle

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENT COMPREHENSIVE INCOME (LOSS)
for the year ended December 31, 2011
(Expressed in United States Dollars)

	2011	2010
General and administrative expenses		
Amortization and depreciation	$ 113,076	$ 150,955
Audit and accounting fees	158,609	85,520
Community and media relations	22,605	107,046
Director fees – Note 10	61,992	34,944
Filing fees	120,781	21,776
Foreign exchange loss	457,680	1,227,238
Insurance	91,245	89,842
Investor relations and promotion	69,487	96,237
Legal fees	139,728	143,763
Management and consulting fees – Note 10	494,531	554,571
Office and miscellaneous	422,521	479,472
Transfer agent fees	22,349	9,892
Travel and accommodation	275,241	230,157
Wages and benefits	1,090,174	1,121,555
Loss from operations	(3,540,019)	(4,352,968)
Finance income (costs)		
Interest income	20,757	33,841
Interest expense on long-term debt – Note 8	(375,913)	(1,546,036)
Accretion – Note 8	(1,610,196)	(2,239,904)
Gain on re-measurement of financial and derivative liability – Note 8	2,966,402	3,955,290
Gain on extinguishment of debt – Note 8	10,080,905	–
Other costs		
Impairment charges – Notes 6 and 17	(2,499,166)	(402,852)
	8,582,789	(199,661)
Net income/(loss) before income taxes	5,042,770	(4,552,629)
Future Income tax expense- Note 13	(638,804)	–
Net Income/(loss) and comprehensive income (loss) for the year	$ 4,403,966	$ (4,552,629)
Basic earnings/(loss) per common share – Note 14	$ 0.05	$ (0.08)
Diluted earnings/(loss) per common share – Note 14	$ 0.04	$ (0.08)
Basic weighted average number of shares outstanding – Note 14	93,595,737	55,429,022
Diluted weighted average number of shares outstanding – Note 14	106,095,737	55,429,022

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the year ended December 31, 2011
(Expressed in United States Dollars)

	Number of Common Shares		Share capital		Contributed Surplus		Deficit		Total
Balance, January 1, 2010	55,429,022	$	50,831,518	$	6,817,117	$	(32,205,440)	$	25,443,195
Total comprehensive loss for the year	-		-		-		(4,552,629)		(4,552,629)
Stock-based compensation (Note 9)	-		-		38,840		-		38,840
Balance, December 31, 2010	55,429,022	$	50,831,518	$	6,855,957	$	(36,758,069)	$	20,929,406
Balance, January 1, 2011	55,429,022	$	50,831,518	$	6,855,957	$	(36,758,069)	$	20,929,406
Share issuance (Note 9)	47,872,340		23,105,250		-		-		23,105,250
Share issue costs (Note 9)	-		(1,626,094)		-		-		(1,626,094)
Fair value of agent warrants	-		(360,619)		360,619		-		-
Stock-based compensation (Note 9)	-		-		8,100		-		8,100
Total comprehensive income for year	-		-		-		4,403,966		4,403,966
Balance, December 31, 2011	103,301,362	$	71,950,055	$	7,224,676	$	(32,354,103)	$	46,820,628

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the year ended December 31, 2011
(Expressed in United States Dollars)

	2011	2010
Cash flows from operating activities		
Income (loss) for the year	$ 4,403,966	$ (4,552,629)
Adjustments to reconcile loss to net cash used in operating activities:		
Accretion	1,610,196	2,239,904
Depreciation and amortization	113,076	150,955
Future income tax expense	638,804	–
Impairment	2,499,166	402,852
Gain on re-measurement of financial and derivative liability	(2,966,402)	(3,955,290)
Gain on extinguishment of debt	(10,080,905)	–
Interest accrual	375,913	1,546,036
Unrealized foreign exchange loss	193,893	1,279,411
	(3,212,293)	(2,888,761)
Changes in non-cash working capital balances:		
Receivables	4,385	18,143
Deposits	6,557	(9,705)
Prepaid expenses	68,696	39,968
Accounts payable and accrued liabilities	47,580	(177,615)
Total cash outflows from operating activities	(3,085,075)	(3,017,970)
Cash flows from investing Activities		
Restricted cash	26,397	272,454
Mineral property interests	(3,350,187)	(5,644,521)
Building and equipment	–	(46,657)
Total cash outflows from investing activities	(3,323,790)	(5,418,724)
Cash flows from financing activities		
Long-term debt issuances	6,946,426	6,696,450
Long-term debt repayment	(19,711,039)	(90,000)
Issuance of common shares	23,105,250	–
Costs of issuance of common shares	(1,626,094)	–
Total cash inflows from financing activities	8,714,543	6,606,450
Foreign exchange (gain) loss on cash	(105,531)	105,743
Total increase (decrease) in cash during the year	2,200,147	(1,724,501)
Cash and cash equivalents, beginning of the year	1,857,358	3,581,859
Cash and cash equivalents, end of the year	$ 4,057,505	$ 1,857,358
Cash and cash equivalents consists of:		
Cash	$ 156,844	$ 7,630
Cash equivalents	3,900,661	1,849,728
Total cash and cash equivalents, end of year	$ 4,057,505,	$ 1,857,358

Noncash Transactions – Notes 3 and 11

SEE ACCOMPANYING NOTES

POWERTECH URANIUM CORP. Schedule 1

(An Exploration Stage Company)

CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES

for the year ended December 31, 2011

(Expressed in United States Dollars)

	South Dakota	Wyoming	Colorado	Other	Total
Balance, January 1, 2010	$21,173,616	$3,315,088	$15,053,520	$ 134,289	$ 39,676,513
Acquisitions – Note 6	–	–	375,000	–	375,000
Land services	36,180	–	36,070	–	72,250
Legal fees	302,828	–	233,101	–	535,929
Claims fees	63,062	117,070	–	–	180,132
Land/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
Impairment – Note 6 and 17	(36,847)	(231,716)	–	(134,289)	(402,852)
Wages/consulting – Note 10	852,719	–	632,820	–	1,485,539
Balance, December 31, 2010	$24,440,434	$3,274,191	$17,170,151	$ –	$ 44,884,776
Land services	21,000	21,000	21,000	–	63,000
Legal fees	239,271	–	(2,332)	–	236,939
Claims fees	54,960	161,401	–	–	216,361
Land/lease payments	141,889	76,947	37,116	–	255,952
Drilling/ Engineering	21,380	–	(1,043)	–	20,337
Permitting	1,285,087	–	–	–	1,285,087
Exploration	–	5,000	–	–	5,000
Impairment – Notes 6 and 17	(57,600)	(138,125)	(2,303,441)	–	(2,499,166)
Wages/Consulting – Note 10	911,386	60,750	222,375	–	1,194,511
Balance, December 31, 2011	$ 27,057,807	$3,461,164	$15,143,826	$ –	$ 45,662,797

SEE ACCOMPANYING NOTES

Note 1 <u>Nature of Operations and Going Concern</u>

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

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

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these condensed financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At December 31, 2011, the Company had not yet achieved profitable operations, had a deficit of $32,354,103 and working capital of $3,844,279. The Company's focus is furthering its permitting applications at its Dewey-Burdock project. Therefore it will incur future losses which cast doubt as to the Company's ability to continue as a going concern which is dependent upon its ability to raise the necessary funds and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Although the Company has successfully raised funds in the past, there is no assurance that it will be able to do so in the future.

Note 2 <u>Statement of Compliance</u>

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the Accounting Standards Board ("IASB"). This is the first time that the Company has prepared its annual financial statements in accordance with IFRS, having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles (pre-changeover "GAAP").

Reconciliations, descriptions and explanations of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company are provided in Note 4. This note includes reconciliations of equity and profit or loss for comparative periods reported under pre-changeover GAAP to those reported for those periods under IFRS.

These consolidated financial statements were authorized for issue by the Board of Directors on February 24, 2012.

Note 3 Basis of Measurement

The financial statements have been prepared on a historical cost basis and are presented in US dollars, which is also the Company's functional currency. References to "CAD$" refer to Canadian currency and "$" to United States currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

Note 4 First-time Adoption of IFRS

The Company's consolidated financial statements for the year ended December 31, 2011 are the first annual financial statements prepared in accordance with IFRS. IFRS 1 "First-time Adoption of International Financial Reporting Standards", requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was January 1, 2010 ('the transition date"). IFRS 1 requires first time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be December 31, 2011. Therefore, the financial statements for the year ended December 31, 2011, the comparative information presented in these financial statements for the year ended December 31, 2010 and the opening IFRS statement of financial position at January 1, 2010 are prepared in accordance with IFRS standards effective at the reporting date. However, IFRS 1 also provides for certain optional exemptions and certain mandatory exemptions for first time IFRS adopters. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles.

In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre-changeover GAAP.

The Company applied the following optional and mandatory exemptions:

Business combinations: The Company elected not to retrospectively apply IFRS 3: Business Combinations to any business combinations that may have occurred prior to its transition date and such business combinations have not been restated.

Share-based payment transactions: The Company has elected not to retrospectively apply IFRS 2: Share-based payment to equity instruments that were granted and had vested prior to the transition date. As a result of applying this exemption, the Company applied the provisions of IFRS 2 only to all outstanding equity instruments that were unvested as of the transition date.

Leases: The Company elects to determine whether an arrangement existing as the transition date contains a lease on the basis of facts and circumstances at that date.

Cumulative translation adjustments: The Company elected to reset all cumulative translation differences to zero as of the transition date. This election was applied to all foreign operations as of the transition date.

Compound financial instruments: The Company elected not to retrospectively separate the liability and equity components of compound financial instruments for which the liability component is no longer outstanding as of the transition date.

Borrowing costs: The Company elected to apply the transitional provisions of IAS 23 Borrowing Costs which permits prospective capitalization of borrowing costs on qualifying assets from the transition date.

Note 4 First-time Adoption of IFRS – (cont'd)

Derecognition of Financial Assets and Liabilities: The Company has applied the derecognition requirements in IAS 39 Financial Instruments: Recognition and Measurement prospectively from the Transition Date. As a result any non-derivative financial assets or non-derivative financial liabilities derecognized prior to the Transition Date in accordance with pre-changeover Canadian GAAP have not been reviewed for compliance with IAS 39.

Estimates: The estimates previously made by the Company under pre-changeover GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result, the Company has not used hindsight to revise estimates.

IFRS employs a conceptual framework that is similar to pre-changeover GAAP. While the adoption of IFRS has not changed the actual cash flows of the Company, the adoption has resulted in significant changes to the reported financial position and results of operations of the Company.

IFRS 1 requires an entity to reconcile equity, comprehensive loss and cash flows for prior periods. The changes made to the statement of financial position and statement of comprehensive loss as shown below have resulted in reclassification of various amounts on the statement of cash flows, however, as there have been no material adjustments to the net cash flows, no reconciliation of the statement of cash flows has been prepared.

The table below reconciles the significant changes to the Company's financial position due to the transition to IFRS as of January 1, 2010:

	Note	Canadian GAAP	Effect of transition	IFRS
ASSETS				
Current				
Cash and cash equivalents		$ 3,581,859	$ –	$ 3,581,859
Receivable		35,979	–	35,979
Deposits		19,648	–	19,648
Prepaid expenses		193,447	–	193,447
		3,830,933	–	3,830,933
Restricted cash		557,882	–	557,882
Mineral properties	a, d	40,186,113	(509,600)	39,676,513
Building and equipment		426,028	–	426,028
		$ 45,000,956	$ (509,600)	$ 44,491,356
LIABILITIES				
Current				
AP and accrued liabilities		$ 576,303	$ –	$ 576,303
Current portion of long-term debt		290,000	–	290,000
		866,303	–	866,303
Agreements payable		659,811	–	659,811
Loan Facility payable	b	5,894,432	1,005,890	6,900,322
Convertible debt payable	b	7,052,160	3,569,565	10,621,725
		14,472,706	4,575,455	19,048,161
SHAREHOLDERS' EQUITY				
Share capital		50,831,518	–	50,831,518
Contributed surplus	a	6,726,716	90,401	6,817,117
Equity portion of convertible debt	b	2,363,211	(2,363,211)	–
Equity portion of loan facility	b	785,541	(785,541)	–
Accumulated other comprehensive loss	c	(5,004,102)	5,004,102	–
Deficit		(25,174,634)	(7,030,806)	(32,205,440)
		30,528,250	(5,085,055)	25,443,195
		$ 45,000,956	$ 509,600	$ 44,491,356

Note 4 First-time Adoption of IFRS – (cont'd)

The table below reconciles the significant changes to the Company's financial position as of December 31, 2010 due to the transition to IFRS:

	Note	Canadian GAAP	Effect of transition	IFRS
ASSETS				
Current				
Cash and cash equivalents		$ 1,857,358	$ –	$ 1,857,358
Receivable		18,515	–	18,515
Deposits		29,648	–	29,648
Prepaid expenses		155,845	–	155,845
		2,061,366	–	2,061,366
Restricted cash		285,428	–	285,428
Mineral properties	a, d	45,435,120	(550,344)	44,884,776
Building and equipment		321,731	–	321,731
		$ 48,103,645	$ (550,344)	$ 47,553,301
LIABILITIES				
Current				
AP and accrued liabilities		$ 329,334	$ –	$ 329,334
Current portion of long-term debt	b	23,921,936	1,560,980	25,482,916
		24,251,270	1,560,980	25,812,250
Agreements payable		811,645	–	811,645
		25,062,915	1,560,980	26,623,895
SHAREHOLDERS' EQUITY				
Share capital		50,831,518	–	50,831,518
Contributed surplus	a	6,806,299	49,658	6,855,957
Equity portion of convertible debt	b	2,363,211	(2,363,211)	–
Equity portion of loan facility	b	785,541	(785,541)	–
Accumulated other comprehensive loss	c	(5,004,102)	5,004,102	–
Deficit		(32,741,737)	(4,016,332)	(36,758,069)
		23,040,730	(2,111,324)	20,929,406
		$ 48,103,645	$ 550,344	$ 47,351,301

a. Pre-changeover GAAP allows the Company to calculate the fair value of the stock-based compensation on all awards granted and recognizes the expense from the date of grant over the vesting period using a graded vesting methodology. The Company determines the fair value of stock options granted using the Black-Scholes option pricing model.

   IFRS 2 requires each tranche in an award with graded vesting features to be treated as a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. This treatment resulted in an accelerated recognition of stock-based compensation in accordance with accounting policies.

   January 1, 2010: increase mineral properties and increase contributed surplus by $90,400.
   December 31, 2010: increase mineral properties and increase contributed surplus by $49,656.

   Further under pre-changeover GAAP, the Company previously capitalized exploration expenditures settled in the Company's shares, including any related deferred tax. These temporary differences do not arise as a result of business combinations and affect neither accounting nor taxable profit on initial recognition. As a result, they meet the criteria outlined in IAS 12 Income Taxes, to exempt the Company from recognizing deferred tax on initial recognition (the "initial recognition exemption"). No deferred tax liabilities were recognized under pre-changeover GAAP, therefore there will be no measurement impact on change. However, the note disclosures on deferred tax liabilities will change as a result of this difference (refer to Note 13)

Note 4 First-time Adoption of IFRS – (cont'd)

b. The transition adjustment is due to a change in accounting for financial instruments. Under pre-changeover GAAP, the Company bifurcated its debt obligations with a convertible feature into equity and liability components using the relative fair value method. The equity component was fair valued using the Black-Scholes valuation model. The liability component was determined using market interest rates relevant at inception of the debt. The resulting equity and discounted debt was accreted over the life of the debt obligation until maturity using the amortized cost method.

Under IFRS, the compound debt instrument contains an embedded foreign currency derivative as the conversion price is denominated in a currency different from the functional currency of the Company. The initial carrying amount of the host instrument is the residual amount after separating the embedded derivative. This initial amount is accreted back to the host instrument over the life of the debt obligation until maturity. Each reporting period, the Company is required to fair value this embedded derivative using an appropriate fair value model. Any adjustment in the fair value of the embedded derivative is recorded through the statement of loss and comprehensive loss. As a result of the change in policy for accounting for compound financial instruments, the impact on the statement of financial position and statement of comprehensive loss for the years ended was:

January 1, 2010: increase loan facility payable and convertible debt payable by $4,575,455, decrease equity portion of convertible debt and loan facility by $3,148,752 and increase deficit by $1,426,703.

December 31 2010: increase loan facility payable and convertible debt payable by $1,560,980, decrease equity portion of convertible debt and loan facility by $3,148,752 and decrease accumulated deficit by $1,587,772.

c. The Company elected to set its cumulative translation differences to zero in accordance with IFRS 1. As a result of the election, the impact on the statement of financial position was:

January 1, 2010 and December 31, 2010: decrease accumulated other comprehensive loss and increase deficit by $5,004,102.

d. The transition adjustment of $600,000 to reduce mineral properties was a result of applying the fair value measurement of the Anadarko agreement payable at inception of the loan in 2006 in accordance with IFRS standards. Under pre-changeover GAAP, the Company applied HB 3855 in 2008 to value the financial liability and applied provisional transitional adjustment in that year through deficit.

January 1, 2010: decrease mineral properties and increase deficit by $600,000.
December 31, 2010: decrease mineral properties and increase deficit by $600,000.

The table below reconciles the significant changes to the Company's consolidated net loss and comprehensive loss due to the transition to IFRS for December 31, 2010.

	Note	**Canadian GAAP**	**Effect of transition**	**IFRS**
Net loss and comprehensive loss	e	$ (7,567,103)	$ 3,014,474	$(4,552,629)
Basic (loss) per common share		$ (0.14)	$ 0.06	$ (0.08)

Note 4 First-time Adoption of IFRS – (cont'd)

e. The transition adjustment is due to the change in accounting for compound financial instruments discussed in (b) above, specifically relating to re-calculation of accretion expense and gain/loss on re-measurement of derivative liabilities each period in the statement of comprehensive loss with a corresponding entry to the loan facility payable and convertible debt payable.

Note 5 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements and in preparing the opening IFRS Statement of Financial Position at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise noted.

Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The recoverability of amounts receivable and prepayments which are included in the consolidated statement of financial position.
- The estimated useful lives of building and equipment which are included in the consolidated statement of financial position and the related depreciation included in the statement of comprehensive loss.
- The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.
- Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
- Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.
- The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which

Note 5 Significant Accounting Policies – (cont'd)

is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility, forfeiture rate and dividend yield and making assumptions about them.;

- The inputs used in determining the various commitments and contingencies accrued in the consolidated statement of financial position.
- Financial instruments (assets and liabilities) and most derivative instruments (financial and non-financial) are recorded on the balance sheet, at fair value. Those recorded at fair value must be re-measured at each reporting date and changes in the fair value will be recorded in either net loss or other comprehensive loss. Uncertainties, estimates and use of judgment inherent in applying the standards include: assessment of contracts as derivative instruments and for embedded derivatives, valuation of financial instruments and derivatives at fair value.

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

We have measured and classified our debt instruments with conversion features as either compound instruments and bifurcated the components between at the host debt and embedded derivative liabilities at amortized cost or designated as a financial instrument to be fair valued through profit or loss. All of these are therefore recorded on the balance sheet at fair value. Fair value represents point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Estimated fair values are designed to approximate amounts at which the financial instruments could be exchanged in a current transaction between willing parties. Multiple methods exist by which fair value can be determined, which can cause values (or a range of reasonable values) to differ. There is no universal model that can be broadly applied to all items being valued. Further, assumptions underlying the valuations may require estimation of share price volatility, discount rates, interest free rates, defaults and other relevant variables.

Fair value of our host debt is based on the comparable market debt without the conversion feature. The fair value of a derivative liability which is not traded in an active market is determined by using valuation techniques, which requires estimation.

Standards require the use of a three-level hierarchy for disclosing fair values for instruments measured at fair value on a recurring basis. Judgment and estimation are required to determine in which category of the hierarchy items should be included. When the inputs used to measure fair value fall within more than one level of the hierarchy, the level within which the fair value measurement is categorized is based on our assessment of the lowest level input that is the most significant to the fair value measurement. The Company utilized levels 2 and 3 with regards to the fair value inputs.

Without hedge accounting, the company can face volatility in earnings, as derivative instruments are marked-to-market each period through net loss. The company does not employ hedge accounting.

Principles of Consolidation

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

Note 5 Significant Accounting Policies – (cont'd)

Cash and Cash Equivalents

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

Restricted Cash

Restricted cash consists of deposits held for collateral pursuant to bonds provided to State authorities in connection with mineral property activities as well as restricted funds that is used to secure corporate credit card.

Rehabiliation Provisions

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

The Company has determined that there are no rehabilitation provisions at December 31, 2011 and 2010, and January 1, 2010 as the Company has secured such estimated costs with the State agencies in which its activities are located.

Building and Equipment

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

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

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

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

Depreciation is provided using the double declining balance method at 40% per annum over a five year useful life for computer, field and office equipment and vehicles. Depreciation is recorded using the straight-line method over a 40 year useful life for buildings. Depreciation methods, useful lives, and residual values are reviewed at each financial year-end and adjusted as appropriate.

Mineral Properties

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

Note 5 Significant Accounting Policies – (cont'd)

Mineral Properties – (cont'd)

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

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

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

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

Mineral exploration and evaluation expenditures are classified as intangible assets.

Impairment of Long-lived Assets

Long-lived assets and intangibles held and used by the Company are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

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

Impairment charges are recorded in statement of comprehensive loss in the period in which the evaluation was completed. See Notes 6 and 17 for further discussion.

During transition to IFRS, the Company performed an initial impairment assessment on its long-lived assets as of the transition date of January 1, 2010 and reviewed its impairment charges for the year ended December 31, 2010. This assessment/review concluded that there was no further impairment as of the transition date and no changes to impairment charges taken during the year ended December 31, 2010.

Note 5 Significant Accounting Policies – (cont'd)

Income Taxes

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

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

The Company evaluated its tax position at the transition date of January 1, 2010 and December 31, 2010 for any changes from pre-changeover GAAP to IFRS. No material differences were noted during this evaluation.

Share-based payments

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

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

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

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

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

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option valuation models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate. See Note 9 for discussion of the Company's stock option plan.

Note 5 Significant Accounting Policies – (cont'd)

Basic and Diluted Income (Loss) Per Common Share

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

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial asset or financial liability. The Company's common shares, preferred shares and share warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new share or options are shown in equity as a deduction from the proceeds.

Foreign Currency Translation

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

Financial Instruments

Financial assets and financial liabilities, including derivatives, are measured at fair value through the Statement of Comprehensive Income/(Loss) on initial recognition and recorded in the Statement of Financial Position. Measurement in subsequent periods depends on whether the financial instrument has been classified as fair valued, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities.

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

Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive loss. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are measured at cost. The Company does not currently have any available-for-sale financial assets or investments in equity instruments.

Derivative instruments, including embedded derivatives, are measured at fair value with any changes in the fair values of derivative instruments being recognized in profit and loss with the exception of derivatives designated as effective cash flow hedges. The Company has no such designated hedges. The disclosure of the Company's financial instruments is further described in Notes 8 and 16.

Note 5 Significant Accounting Policies – (cont'd)

Financial Instruments – (cont'd)

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

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

Receivables, deposits and restricted cash are classified as loans and receivables and are measured at amortized cost. Accounts payable and accrued liabilities, current portion of long-term debt, agreements payable and convertible debt payable are classified as other financial liabilities and are measured at amortized cost. The convertible promissory note payable is measured at fair value using the fair value option for financial instruments. Embedded derivatives and instruments measured at fair value are classified as fair value through profit or loss and measured at fair value.

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

Derivative Financial Instruments

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

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

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

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

Note 5 Significant Accounting Policies – (cont'd)

Future accounting changes

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2011 or later periods. None of these pronouncements are expected to have a significant effect on the consolidated financial statements, other than what is stated below.

- The Company has early adopted amendments to IFRS 1 which replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs'. This eliminates the need for the Company to restate derecognition transactions that occurred before the date of transition to IFRSs. The amendment is effective for year-ends beginning on or after July 1, 2011; however, the Company has early adopted the amendment. The impact of the amendment and early adoption is that the Company only applies IAS 39 derecognition requirements to transactions that occurred after the date of transition that is January 1, 2010.

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

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

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

- IFRS 12 Disclosure of Interests in Other Entities: IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

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

Note 5 Significant Accounting Policies – (cont'd)

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

Note 6 Mineral Properties

South Dakota, USA

Dewey Burdock Project – Custer and Fall River Counties

The Company's Dewey-Burdock Project is located in the Edgemont Uranium District. The Project is comprised of approximately 50 mining leases and approximately 370 mining claims covering approximately 14,500 surface acres and 17,800 net mineral acres.

By a purchase agreement dated March 31, 2006, the Company acquired a one-third mineral interest in a property in Custer County, South Dakota, in consideration for $950,000 to be paid $100,000 on closing and $10,000 per year for ten years until March 31, 2016. To date, $50,000 has been paid. The balance of the purchase price of $750,000 is payable contingent upon receipt of permits and authorizations necessary to commence mining on the property and therefore not recorded as a liability until the contingent events are satisfied. This contingent event has not occurred nor is it expected to occur in the next 12 months. The $750,000 is to be paid in four equal instalments of $187,500 on each anniversary of the Company obtaining such permits. The purchase agreement is collateralized by a promissory note and a mortgage on the mineral interest. See Note 8.

During May 2008, the Company entered into a Purchase Agreement to acquire a two-thirds mineral interest in a property in Custer County, South Dakota, for consideration of $1,900,000 to be paid $300,000, on closing less $151,470 for amounts already paid under a mining lease, and $30,000 per year for ten years until May 2018. To date, $90,000 has been paid. The balance of the purchase price of $1,300,000 is contingent upon receipt of permits and authorizations necessary to commence exploration and mining on the property and therefore not recorded as a liability until the contingent events are satisfied. This contingent event has not occurred nor is it expected to occur in the next 12 months. The $1,300,000 is to be paid in four equal instalments of $325,000 on each anniversary of the Company obtaining such permits. The purchase agreement is collateralized by a promissory note and a mortgage on the mineral interest. See Note 8.

During December 2008, the Company acquired additional lands in South Dakota and Wyoming from Bayswater Uranium Corporation ("Bayswater"). The land package consists of 381 mining claims and 8,186 acres of Wyoming State mining leases for a total 15,806 acres. The Company paid $50,000 at closing. On any property to be abandoned, the Company will give Bayswater a 90-day notice in accordance with its right to reacquire the property. Bayswater will retain a Yellowcake Royalty on all properties ranging from 1-5%, depending on underlying royalty agreements inherited, to a maximum of 7% burden to the Company. There are a total of 59 located claims (1,180 acres) in Fall River and Custer Counties South Dakota, of which 37 claims (740 acres) are either within or adjacent to the Company's Dewey Burdock project.

In January, 2009, the Company entered into a Mineral Deed and Assignment with Neutron Energy, Inc. ("Neutron"), whereby Neutron agreed to transfer and assign to the Company all of its right title and interest in certain real property in Custer and Fall River Counties, South Dakota, located within and adjacent to the Company's Dewey Burdock Project, in exchange for the acquisition of approximately 6,072 acres of the Company's non-core claims and leases in New Mexico, Wyoming and South Dakota. The acreage acquired from Neutron consists of approximately 1,620 acres of claims and leases within the Company's proposed permit area at Dewey-Burdock and an additional 4,380 acres of prospective claims and leases outside of the Company's initial proposed permit area but adjacent to the Dewey-Burdock Project. The terms of the agreement provide for the retention of

Note 6 Mineral Properties – (cont'd)

South Dakota, USA – (cont'd)

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

a 30% net proceeds interest by Neutron from future production on the acquired acreage and the Company will be the operator.

As at December 31, 2011, restricted cash is $22,215 (December 31, 2010 and January 1, 2010: $22,215) on this property with respect to potential reclamation activities.

During the year ended December 31, 2011, the Company decided not to renew portions of certain lease agreements associated with its Dewey-Burdock project. As a result, the Company wrote-down historical capitalized costs associated with those leases in the amount of $57,600. There were no such charges for the year ended December 31, 2010.

Plum Creek Prospect, Fall River County

During 2011 and 2010, the Company elected not to continue its annual maintenance payments on its claims at the Plum Creek Prospect, as a result the Company wrote-down historical capitalized costs associated with Plum Creek in the amount of approximately $nil (December 31, 2010:$37,000).

While there is still uranium potential in the area based on historical drill hole data, the Company believes it can relocate mining claims in this area in the future.

Colorado, USA

Centennial Project – Weld County

The Company's Centennial Project is located in western Weld County in northeastern Colorado. As of December 31, 2011, through property purchase and/or lease agreements, the Centennial Project is comprised of approximately 3,600 acres of surface rights and approximately 7,100 acres of mineral rights. These transactions were completed as follows:

a) By a purchase agreement dated September 27, 2006, the Company purchased 5,760 net mineral acres from Anadarko Land Corp for $3,000,000. As consideration for the rights, the Company made a cash payment of $1,000,000 and agreed to pay $2,000,000 in eight instalments of $250,000 per annum. During September 2010, the Company renegotiated its annual payment of $250,000 to $50,000 due September 2010 and increased the 2011 and 2012 annual payments by $100,000 each. To date $805,000 has been paid. During September 2011, instalment payments were renegotiated to the following terms: 2011 through 2013: $5,000 and 2014 through 2016: $395,000. (See Note 8) An additional lump sum payment of $2,000,000 is due upon receipt of all regulatory permits and licenses allowing production of uranium from the property. This contingent event has not occurred nor is it expected to occur in the next 12 months. In addition, any remaining instalment payments are due in full upon receipt of all regulatory permits and licences. The Company has also agreed to a minimum annual work commitment of $200,000 per annum until uranium is produced from the property. The property is subject to a royalty of 5% to 6% of production.

b) During the fiscal year ended March 31, 2007, the Company also acquired 320 surface acreage through direct acquisitions of land as part of the Company's overall program to secure surface rights on the prospects. The total consideration for the land purchases was $850,000 and is included as capitalized costs in mineral property interests.

Note 6 Mineral Properties – (cont'd)

Colorado, USA – (cont'd)

Centennial Project – Weld County – (cont'd)

c) During the fiscal year ended March 31, 2008, the Company acquired 350 acres of surface rights through six acquisitions of land as part of the Company's overall program to secure surface rights on the prospects. The total consideration for the transaction was $1,294,899 and is included as capitalized costs in mineral property interests.

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

   For the exclusive rights of these options, the Company paid $197,000 during the three month period ended June 30, 2009. The Company may at its option pay the remaining balance over a 12 and 24 month period. Such option payments, if elected, are due in July 2009, June 2010 and June 2011. During July 2009, the Company made its July 2009 option payment in the amount of $1,530,000. During June 2010, the Company made its June 2010 option payment in the amount of $375,000. During June 2011, the Company did not exercise its option thus terminating the option agreements. As a result, the Company wrote-down all historical charges associated with the option agreements in the amount of approximately $2,300,000.

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

   Powertech's gross mineral rights at the Centennial Project, after the termination of the option agreements, has decreased from approximately 9,500 acres to approximately 7,100 acres of mineral rights and the surface right acreage decreased from approximately 7,200 acres to approximately 3,600 acres.

As of January 1, 2010, the Company posted cash of $492,800 (included in restricted cash) with the Colorado Division of Reclamation, Mining and Safety, "DRMS", to against the performance of the Company's reclamation obligations. Due to the satisfactory completion of certain reclamation activities, this cash was reduced by $273,000 during 2010. The remaining balance at December 31, 2011 and 2010 of $219,800 is included in restricted cash. The Company intends to request release of this cash during 2012.

Wyoming, USA

Aladdin Project – Crook County

The Aladdin Project is comprised of 33 leases or options to lease. This prospect is 60 miles north of the Company's Dewey Terrace prospect, discussed below, and consists of approximately 16,000 acres of surface rights and approximately 15,000 acres of mineral rights along the northwest flank of the Black Hills Uplift.

As at December 31, 2011, December 31, 2010 and January 1, 2010, restricted cash is $10,000 on this property for reclamation activities associated with its exploration permit.

Note 6 Mineral Properties – (cont'd)

Wyoming, USA – (cont'd)

Aladdin Project – Crook County – (cont'd)

In December 2008, the Company acquired seven Wyoming State mining leases (5,626 acres) in Crook County, Wyoming from Bayswater, which are included in the above referenced amount. These properties are adjacent to and surrounding the Company's current land position in this prospect area. These properties are either adjoining, on trend, or complementary to the Company's Aladdin Project.

During the year ended December 31, 2011, the Company decided not to renew portions of certain lease agreements and elected not to continue its annual maintenance payments on 65 claims associated with its Aladdin project. As a result, the Company wrote-down historical capitalized costs associated with those leases and claims in the amount of $85,340. There were no such charges for the year ended December 31, 2010.

Dewey Terrace Project – 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. The Dewey Terrace Prospect is comprised of 16 leases and options to lease and 468 mining claims, totalling approximately 5,600 surface acres and approximately 13,000 mineral acres.

In connection with the exploration and drilling program, the Company posted cash in the amount of $17,400 with the State of Wyoming against the performance of the Company's reclamation obligations. During the period ended December 31, 2009, certain reclamation activities were performed on the property which resulted in releasing $15,400 of the posted cash. This remaining amount of $2,000 is included in restricted cash at December 31, 2011 and 2010.

In December 2008, the Company acquired approximately 320 mining claims (approximately 6,400 acres) and four Wyoming State mining leases (2,560 acres) from Bayswater, which are included in the above referenced amount. These properties are adjacent to the Company's current land position in this prospect area. These properties are either adjoining, on trend, or complementary to the Company's Dewey Terrace prospect.

During 2011 and 2010, the Company elected not to continue its annual maintenance payments on approximately 300 claims and four leases or options to lease. As a result, during the year ended December 31, 2011 and 2010, the Company wrote-down all historical charges associated with those claims/leases in the amount of approximately $38,745 and 113,000, respectively, (January 1, 2010: $nil).

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 and three State of Wyoming leases which cover 1,300 acres through December 31, 2009.

During 2011 and 2010, the Company elected not to continue its annual maintenance payments on its claims. As a result, during the year ended December 31, 2011 and 2010, the Company wrote-down all historical charges associated with those claims in the amount of approximately $14,000 and $117,800, respectively, (January 1, 2010:$Nil).

Note 6 Mineral Properties – (cont'd)

Powder River Basin Prospect – Campbell County

Through December 31, 2011, the Company acquired the Powder River Basin prospect through staking 319 mining claims. This 6,000 acre exploration area is now designated as the Savageton Project (named after a local abandoned townsite).

Texas, USA

Foster's Ranch Prospect – Duval County

The Company has chosen to abandon this prospect as costs associated with development are too high. As a result, the Company has written-off all capitalized costs associated with this prospect as of December 31, 2010 in the amount of approximately $134,000 (January 1, 2010: $Nil).

Note 7 Building and Equipment

	Building	Computer equipment	Field equipment	Office equipment	Vehicles	Total
Cost						
Balance, January 1, 2010	$ 92,628	$ 239,045	$ 235,136	$ 70,977	$ 169,718	$ 807,504
Additions	–	1,619	43,129	1,910	–	46,658
Balance, December 31, 2010	92,628	240,664	278,265	72,887	169,718	854,162
Retirements	–	(7,630)	(160)	(1,907)	–	(9,697)
Balance, December 31, 2011	$ 92,628	$ 233,034	$ 278,105	$ 70,980	$ 169,718	$ 844,465
Depreciation						
Balance, January 1, 2010	$ 2,087	$ 108,467	$ 111,201	$ 38,047	$ 121,674	$ 381,476
For the year	2,315	53,676	58,920	14,102	21,942	150,955
Balance, December 31, 2010	4,402	162,143	170,121	52,149	143,616	532,431
Retirements	–	(6,737)	(114)	(1,725)	–	(8,576)
For the year	2,315	36,908	45,683	9,813	18,357	113,076
Balance, December 31, 2011	$ 6,717	$ 192,314	$ 215,690	$ 60,237	$ 161,973	$ 636,931
Carrying amount						
At January 1, 2010	$ 90,541	$ 130,578	$ 123,935	$ 32,930	$ 48,044	$ 426,028
At December 31, 2010	$ 88,226	$ 78,521	$ 108,144	$ 20,738	$ 26,102	$ 321,731
At December 31, 2011	$ 85,911	$ 40,720	$ 62,415	$ 10,743	$ 7,745	$ 207,534

Subsequent to December 31, 2011, the Company sold a portion of its equipment for $240,000.

Note 8 Long-term Debt

	December 31, 2011	December 31, 2010	January 1, 2010
Agreements payable			
$100,000 payable [a]	$ 50,000	$ 60,000	$ 70,000
$300,000 payable [b]	126,175	100,256	125,766
$2,000,000 payable [c]	881,621	1,041,389	754,045
	1,057,796	1,201,645	949,811
Convertible debenture payable [d]	–	10,421,863	10,621,725
Loan facility payable [e]	–	14,671,053	6,900,322
Convertible promissory note payable [f]	1,499,035	–	–
	2,556,831	26,294,561	18,471,858
Less current portion	45,000	25,482,916	290,000
	$ 2,511,813	$ 811,645	$ 18,181,858

Re-measurement of the derivative liabilities, associated with, and included within the debt obligations above, is as follows:

(rounded to the '000,000s)

Derivative liabilities	**Convertible debenture payable**[d]	**Loan facility payable**[e]	**Total**
Opening balance, January 1, 2010	$ 3,700,000	$ 1,300,000	$ 5,000,000
Gain on re-measurement	(2,400,000)	(1,100,000)	(3,500,000)
Balance, December 31, 2010	1,300,000	200,000	1,500,000
Gain on re-measurement	(1,300,000)	(200,000)	(1,500,000)
Balance, December 31, 2011	$ –	$ –	$ –

Financial Instrument at Fair Value

Convertible promissory note payable[f]	
Balance, January 1 and December 31, 2010	$ –
Initial recognition of liability	7,700,000
Gain on extinguishment- Day 1	(4,700,000)
Gain on re-measurement	(1,500,000)
Balance, December 31, 2011	$ 1,500,000

[a] Agreement payable of $100,000, payable in annual instalments of $10,000 of which $50,000 (2010: $40,000) has been paid to date. As of December 31, 2011, the balance owed is $50,000. The loan does not bear interest and is secured by a first mortgage on a mineral property interest. In the event of default the lender has the option to obtain the mineral property interest for $1.

Note 8 Long-term Debt – (cont'd)

(b) Agreement payable of $300,000, payable in annual instalments of $30,000 of which $90,000 (2010: $60,000) has been paid to date. As of December 31, 2011, the balance owed is $210,000. The loan does not bear interest and is secured by a first mortgage on a mineral property interest. In the event of default the lender has the option to obtain the mineral property interest for $1. In accordance with the accounting policy for financial instruments, the initial fair value was determined using a market interest rate applicable at that time. The difference between the fair value and the debt obligation is being accreted over the remaining life until maturity using amortized cost method.

During the year ended December 31, 2011, $55,919 (2010: $4,490) of accretion has been charged to the statement of comprehensive loss and credited to agreements payable.

(c) Agreement payable of $2,000,000, payable in annual instalments ranging from $5,000 to $395,000 of which $805,000 (2010: $800,000) has been paid to date. During September 2010, instalment payments were renegotiated to the following terms: 2010: $50,000; 2011 and 2012: $350,000 and 2013 and 2014: $250,000. During September 2011, instalment payments were renegotiated again to the following terms: 2011 through 2013: $5,000 and 2014 through 2016: $395,000. As of December 31, 2011, the balance owing was $1,195,000. In accordance with the accounting for restructured debt, the September 2011 renegotiation of the instalment payments is considered an extinguishment of the original loan and issuance of a new loan. As a result of this extinguishment a market discount rate of 9.25% was used to fair value the present value of the future cash flows under the new loan. The fair value of the new loan compared to the fair value of the original loan amount outstanding resulted in gain on extinguishment of debt of $240,454.

The loan does not bear interest and is secured by a first mortgage on a mineral property interest. In the event of default the lender has the option to obtain the mineral property interest for $1. In accordance with the accounting policy for financial instruments, the initial fair value was determined using a market interest rate applicable at that time. The difference between the fair value of approximately $881,000 at December 31, 2011 and the debt obligation of approximately $1,200,000 is being accreted over the remaining life until maturity using amortized cost method.

During the year ended December 31, 2011, $85,688 (2010: $337,344) of accretion expense has been charged to the statement of comprehensive loss and credited to agreements payable.

(d) Convertible debenture issued to Société Belge de Combustibles Nucléaires Synatom SA ("Synatom") of $7,547,400 (CAD$9,000,000) bore interest at the rate of 7% per annum, compounded annually, due February 11, 2012 which was secured by a floating charge over all of the Company's acquired property and assets. The debenture could have been converted into the Company's common shares (the "Common Shares") at a fixed conversion price of CAD$0.50 per Common Share (the "Conversion Price") in certain circumstances. This debenture was extinguished during March 2011 as part of the refinancing transaction discussed below.

The principal amount of the debenture, plus accrued and unpaid interest thereon, could be converted (1) by the Company in the event that the Company had obtained all of the permits required to construct and operate either the Centennial or the Dewey-Burdock project; or (2) by the lender at any time, provided that each conversion shall be a minimum of CAD$100,000 of the principal amount of the debenture, until (a) repayment in full by the Company of any outstanding principal and interest outstanding on the debenture, or (b) conversion upon the request of the Company pursuant to (a) above.

Note 8 Long-term Debt – (cont'd)

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

In accordance with the accounting policy for compound financial instruments, the convertible debenture had an embedded derivative as the conversion price was dominated in a currency other than the Company's functional currency. The initial fair value of the embedded derivative of $3,718,272 was being accreted over the remaining life to the host contract, until maturity, using amortized cost method. For the year ended December 31, 2011, $1,139,143 (2010: $1,169,226) of accretion of has been charged to statement of comprehensive loss and credited to convertible debt.

The Company calculates the fair value of the embedded derivative each reporting period. Any resulting difference is charged to the statement of comprehensive loss and credited (debited) to derivative liabilities presented within convertible debenture payable. For the year ended December 31, 2010, approximately $2,500,000 change in fair value has been credited to statement of comprehensive loss and debited to convertible debenture payable. The embedded derivative in connection with this financial liability was de-recognized in March 2011 due to the extinguishment of the debt obligation as part of the refinancing transaction discussed below.

For the year ended December 31, 2011, $139,847 (2010: $688,481) of accrued interest of has been charged to the statement of comprehensive loss and credited to convertible debt.

(e) During October 2009, the Company entered into a loan facility (the "Loan Facility") for $12,700,000 (CAD$13,800,000) to Synatom. The Company utilized the net proceeds of the Loan Facility for working capital and to advance its mineral properties towards production. The Loan Facility was extinguished during March 2011 as part of the refinancing transaction discussed below.

The Loan Facility was divided into four equal tranches of CAD$3,450,000 each. Only the principal amount of the second tranche would be convertible into common shares of the Company at a conversion price of CAD$0.50 per common share and are subject to anti-dilution adjustments. In accordance with the accounting policy for financial instruments, the convertible debenture had an embedded derivative as the conversion price was dominated in a currency other than the Company's functional currency. The initial fair value of the embedded derivative of $1,283,526 was being accreted over the remaining life to the host contract, until maturity, using amortized cost method. For the year ended December 31, 2011, $329,446 (2010: $728,844) of accretion of has been charged to statement of comprehensive loss and credited to convertible debt.

The Company calculates the fair value of the embedded derivative each reporting period. Any resulting difference is charged to the statement of comprehensive loss and credited (debited) to derivative liability presented within loan facility payable. For the year ended December 31, 2010, approximately $1,000,000 change in fair value has been charged to statement of comprehensive loss and debited to loan facility payable. The embedded derivative was derecognized in March 2011 due to the extinguishment of the debt obligation as part of the refinancing transaction discussed below.

Note 8 Long-term Debt – (cont'd)

The first and second tranches bore interest at the rate of 7% per annum, and each of the third and fourth tranches bore interest at the rate of 9% per annum, with interest for each tranche compounding annually and accruing from the date of drawdown and payable at the respective tranche maturity date. For the year ended December 31, 2011, $236,066 (2010: $857,555) of accrued interest of has been charged to statement of comprehensive loss and credited to loan facility.

(f) During March 2011, the Company issued 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 common 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 or March 15, 2013. 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 common shares to Synatom at a price per common share equal to the greater of CAD$0.60 per common share or a 15% discount to the 20-day volume-weighted average price of the common shares on the TSX (or such other stock exchange on which the common shares may be listed at such time) at the time of payment.

The conversion price and the number of common shares issuable upon conversion of the promissory note are subject to anti-dilution adjustments in the event of a subdivision, consolidation or reclassification of the common shares or the issuance of common shares to shareholders as a stock dividend.

The Company has designated the convertible promissory notes as a financial liability. The initial fair value of the convertible promissory note of $3,097,590 was determined by fair valuing the instrument and the put option using assumptions and inputs in a valuation model. The difference between the face value of the instruments $7,700,000 (CAD$7,500,000) and the initial fair value was recorded to the gain on extinguishment in the statement of comprehensive income because it related to the debt restructuring.

The Company re-measures the fair value of the promissory note each reporting period. Any resulting difference is recorded to the statement of comprehensive income (loss). For the year ended December 31, 2011, the gain on the fair value of the promissory note liability was $1,598,555. Since the conversion feature is at the discretion of the Company, there is minimal impact in the liabilities credit risk.

The fair value of the promissory note was determined to be $1,499,035 as at December 31, 2011.

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

	Convertible Promissory Note	
	At Inception	**December 31, 2011**
Conversion price	$ 0.60	$ 0.60
Share price	$ 0.30	$ 0.09
Term	2 years	1.25 years
Volatility	90.37	90.37
Risk free rate	3%	3%
Dividend yield	nil	nil

As of December 31, 2011, the face value of the convertible promissory note was $7,353,000 (CAD$7,500,000).

Note 8 Long-term Debt – (cont'd)

Refinancing Transaction

On March 15, 2011, the Company closed the refinancing transaction which restructured the Company's repayment obligations on approximately $25,600,000 (CAD$25,000,000) of debt owed to Synatom. In connection with the closing of the refinancing transaction the following events occurred:

1) The Company paid $12,800,000 (CAD$12,500,000) to Synatom;

2) The Company issued a $7,700,000 (CAD$7,500,000) promissory note as discussed in (e);

3) Powertech, Powertech (USA) Inc. ("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 the Company in favour of Synatom (plus accrued interest thereon); (ii) the CAD$13.8 million loan facility between Powertech and Synatom (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) The Company, 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 shareholder's agreement dated June 2, 2008 among those parties was terminated.

Under the terms of the Termination Agreement, Synatom retains its 10.89 million common shares but has agreed that it will not sell such common shares until the earlier of: (i) eighteen months from the Closing; (ii) the date upon which a change of control occurs; and (iii) the date upon which an event of default occurs, referred to as the "Lock-up Period" without the approval of the Company. Synatom agrees to vote in favour of management's proposed slate of directors at any meeting of shareholders of the Company 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 common shares issued and outstanding. If the Company elects to convert the principal of the convertible promissory note payable into common shares, Synatom will hold 20.2% of the issued and outstanding common shares based on 115,801,362 common shares outstanding upon conversion, assuming full conversion of the Note at CAD$ 0.60 per share.

Note 8 Long-term Debt – (cont'd)

As of December 31, 2011 principle and interest payments due are as follows:

	2012	2013-2015	2016-2017	Thereafter	Total
Agreements payable	$ 45,000	$ 915,000	$ 465,000	$ 30,000	$ 1,455,000
Convertible promissory note	–	7,353,000	–	–	7,353,000
	$ 45,000	$ 8,268,000	$ 465,000	$ 30,000	$ 8,808,000

Note 9 Share Capital and Contributed Surplus

Authorized

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

Common Shares Issued

	Number	Amount	Contributed Surplus [b]
Balance, January 1, 2010	55,429,022	$ 50,831,518	$ 6,817,117
Stock-based compensation	–	–	38,840
Balance, December 31, 2010	55,429,022	$ 50,831,518	$ 6,855,957
Share issuance [a]	47,872,340	23,105,250	–
Share issue costs	–	(1,626,094)	–
Agent's warrants	–	(360,619)	360,619
Stock-based compensation	–	–	8,100
Balance, December 31, 2011	103,301,362	$ 71,950,055	$ 7,224,676

[a] On March 15, 2011, the Company completed a public offering of 47,872,340 units (the "Units") at a price of $0.48 (CAD$0.47) per unit to raise gross proceeds of $23,100,000 (CAD$22,500,000) pursuant to a short form prospectus dated March 2, 2011 (the "Offering"). Each unit is comprised of one common share and one-half share purchase warrant. On the same day, the Company closed its refinancing transaction with Synatom, which was approved by Powertech's shareholders at a special meeting held on March 14, 2011. The closings of each of the public offering and the refinancing transaction were mutually conditional on the closing of the other. See Note 8 for discussion of the refinancing transaction.

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

Share Purchase Warrants

At December 31, 2011, there were 27,047,872 whole share purchase warrants outstanding.

As part of the Offering discussed above, 23,936,170 whole share purchase warrants were issued. Each whole warrant (a "Warrant") will entitle the holder to purchase one common 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 common share on the TSX, or on any other stock exchange on which such common share may be principally traded at the time, is equal to or greater than CAD$1.20 per common 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.

Note 9 Share Capital and Contributed Surplus – (cont'd)

Share Purchase Warrants – (cont'd)

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 (approximately $1,502,000). The commission was charged against share capital 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 common share for a period of two years from the closing of the Offering at a price of CAD$0.47 per common share. The agent warrants were fair valued using the Black Scholes option pricing model using the following inputs: 90.37% volatility, 3% interest risk free rate, 2 years and 0% dividend yield. A fair value of $360,619 was charged to share capital as share issuance costs.

Also included in share issue costs was approximately $124,100 relating to legal and other fees directly related to the issuance of the shares.

Changes in share purchase warrants for the year ended December 31, 2011 are as follows:

Expiration Date	Exercise Price (CAD)	Outstanding at December 31, 2010	Issued during the period	Expired during the period	Outstanding at December 31, 2011
March 15, 2013	$0.60	–	23,936,170	–	23,936,170
March 15, 2013	$0.47	–	3,111,702	–	3,111,702
Totals		–	27,047,872	–	27,047,872

At January 1, 2010, there were 6,000,000 share purchase warrants outstanding. These share purchase warrants entitled the holders thereof to purchase one common share for each warrant. Changes in share purchase warrants from January 1, 2010 to December 31, 2010 are as follows:

Expiration Date	Exercise Price (CAD)	Outstanding at January1, 2010	Issued during the period	Expired during the period	Outstanding at December 31, 2010
June 4, 2010	$2.00	6,000,000	–	(6,000,000)	–
Totals		6,000,000	–	(6,000,000)	–

Convertible promissory Note

During March 2011, the Company issued an unsecured non-interest bearing promissory note in the principal amount of $7,700,000 (CAD$7,500,000) (the "Note") to Synatom, which is repayable in cash or common shares at the Company's election and is due on the earlier of: (i) six months after the last permit is obtained for the Company's Dewey-Burdock project; and (ii) two years from the closing or March 15, 2013. At the election of the Company, the Note may also be prepaid in advance in cash at anytime, provided that such prepayment is for an amount not less than CAD$250,000, or, after an initial period of 18 months, the Note may be repaid by the issuance of common shares to Synatom at a price per common share equal to the greater of CAD$0.60 per common share or a 15% discount to the 20-day volume-weighted average price of the common shares on the TSX (or such other stock exchange on which the common shares may be listed at such time) at the time of payment. Assuming full conversion of the Note at CAD$0.60, Synatom will acquire 12,500,000 common shares of the Company.

Note 9 Share Capital and Contributed Surplus – (cont'd)

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. The debenture was settled as part of the refinancing transaction discussed in Note 8.

Loan Facility

As of December 31, 2010, the Company had drawn down CAD$13,800,000 of the principal amount 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. The Loan Facility was settled as part of the refinancing transaction discussed in Note 8.

Stock Option Plan

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

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

At December 31, 2011, there were 3,725,000 options outstanding entitling the holders thereof to purchase one common share for each option held. The following is a summary of changes in options from January 1, 2010 to December 31, 2011:

Note 9 Share Capital and Contributed Surplus – (cont'd)

Stock Option Plan – (cont'd)

Grant Date	Expiration Date	Exercise (CAD)	Outstanding at January 1, 2010	Expired/ Forfeited during period	Outstanding at December 31, 2011	Vested and exercisable
May 11, 2006	May 11, 2011	$1.00	3,025,000	(3,025,000)	–	–
July 19, 2006	July 19, 2011	$1.30	200,000	(200,000)	–	–
August 1, 2006	August 1, 2011	$1.30	100,000	(100,000)	–	–
February 15, 2007	February 15, 2012	$3.00	400,000	–	400,000	400,000
May 14, 2007	May 14, 2012	$3.20	125,000	–	125,000	125,000
August 30, 2007	August 30, 2012	$1.50	900,000	–	900,000	900,000
September 4, 2007	September 4, 2012	$1.60	150,000	(50,000)	100,000	100,000
October 31, 2007	October 31, 2012	$2.15	75,000	(75,000)	–	–
January 14, 2008	January 14, 2013	$1.50	400,000	(200,000)	200,000	200,000
February 7, 2008	February 7, 2013	$1.00	400,000	–	400,000	400,000
June 18, 2008	June 18, 2013	$1.50	1,600,000	–	1,600,000	1,600,000
August 11, 2008	August 11, 2013	$1.50	125,000	(125,000)	–	–
	Totals		7,500,000	(3,775,000)	3,725,000	3,725,000
Weighted average exercise price (CAD)			$1.29	$1.18	$1.72	$1.72
Weighted average life remaining (years)			1.38		1.00	1.00

Subsequent to December 31, 2011, 450,000 stock options expired/forfeited unexercised.

Stock-based Compensation:

During the year ended December 31, 2011 stock-based compensation was $8,100 (2010: $38,840) all of which was included in mineral property costs under wages/consulting.

No options were granted during the years ended December 31, 2011 and 2010. The number of options outstanding at at December 31, 2010 is 7,500,000.

Note 10 Related Party Transactions

Key management Compensation

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

	Year Ended December 31, 2011	2010
Director fees	$ 61,992	$ 34,944
Management compensation and short-term benefits	1,243,851	1,399,738
	$ 1,305,843	$ 1,434,682

As of December 31, 2011, the Company had not prepaid any management and consulting fees. As of December 31, 2010, the Company had prepaid $46,500 of management and consulting fees related to January 2011 services.

At December 31, 2011and 2010, the amount of prepaid expenses capitalized to resource properties was $nil and $10,000 respectively.

Note 10 Related Party Transactions – (cont'd)

As of December 31, 2011 and 2010, the Company had an accrued liability of $8,600 and $4,500 respectively to its directors for services rendered but not yet paid.

As of December 31, 2011, under the Company's deferred compensation arrangement with certain officers, the Company has a recorded liability of $25,000 in accrued liabilities (December 31 and January 1, 2010:$nil).

No loans were made to Directors or any other key management personnel, including personally related entities during the reporting year.

The Synatom transactions discussed in Notes 8 and 9 are considered related party transactions due to significant shareholders.

Note 11 Non-cash Transactions

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

(a) Included in mineral properties cost is stock-based compensation valued at $8,100 (2010: $38,840) relating to employees who were directly involved with the mineral properties.

(b) Included in accounts payable and accrued liabilities is approximately $82,000 (2010: $72,000) relating to mineral properties.

(c) Gain on extinguishment of debt of $10,080,905, for the year ended December 31, 2011, is due to the Company's restructure of its repayment obligations on the loan facility, convertible debenture, convertible promissory note and $2,000,000 note payable. See Note 8 for a complete discussion of these transactions.

(d) Gain on re-measurement of financial and derivative liabilities was $2,966,402 for the year ended December 31, 2011 (2010: $3,955,290). Changes in the fair value of the financial and derivative liabilities are charges to the statements of comprehensive income (loss) each reporting period. See Note 8 for further discussion.

Note 12 Commitments and Contingencies

Mineral Property Interests – Land and Mineral Lease Commitments

Dewey-Burdock Project - The Company leases both surface and minerals within the Dewey-Burdock Project area in South Dakota. In general, the mineral owners will be paid a 5% overriding royalty. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, surface owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. Generally, royalty payments to the surface owners will be reduced by the amount of rentals previously paid. The basic terms of the leases are five-year initial terms and are renewable two times at the five-year mark and ten years from original signing. Additional bonuses are paid to the landowners at the time of renewal. The majority of the leases are in force through 2020 without production. In the case of production, all leases will be held as long as minerals are produced. The average annual payments under the agreements are approximately $215,000. As further disclosed in Note 6 an additional $2,050,000 is payable upon receipt of certain permits and authorizations.

Note 12 Commitments and Contingencies

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

Aladdin Prospect - The Company maintains lease agreements with mineral owners in its Aladdin Prospect in Wyoming. The Company granted the mineral owners a six percent overriding royalty payment out of sales of the product. The surface owners will be paid a two percent overriding royalty as incentive to support the development of uranium under their lands. In addition, surface owners are paid an annual rental to cover the cost of surface damage and to compensate for reduction of husbandry grazing during field operations. The basic terms of the leases are five-year initial terms and are renewable one time at the five-year mark from original signing. Additional bonuses are paid to the landowners at the time of renewal. Most of the leases are in force through 2017 without production. In the case of production, all leases will be held as long as minerals are produced. The average annual payments under the agreements are approximately $109,000.

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 $57,000. As further disclosed in Note 6 an additional $1,500,000 is due upon receipt of certain permits and licenses.

Claims Maintenance – The Company has secured approximately 1,200 mining claims within its various prospects. Annual maintenance costs of the mining claims are approximately $165,000.

See Note 6 for discussion of commitments related to mineral properties.

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

Management Services Agreements and Employment Agreements

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

Legal Matters

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

Note 12 Commitments and Contingencies – (cont'd)

Office Leases

a) During March 2009, the Company entered into a twenty-seven month lease agreement for office space in Vancouver, British Columbia. Annual lease payments due are approximately $57,000 (CAD$60,000) 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 are approximately $57,600 (CAD$58,800).

b) 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.

c) During November 2007, the Company entered into a five-year lease agreement for office space in Greenwood Village, Colorado. Annual lease payments are approximately $125,000.

Note 13 Income Taxes

The material components of the income tax expense for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
Statutory tax rates	26.50%	28.50%
Income (loss) before income taxes	$ 5,042,770	$ (4,552,600)
Expected income tax expense (recovery)	1,336,000	(1,297,000)
Increase (decrease) in income tax resulting from:		
Foreign income taxed at other than Canadian statutory rates	(381,000)	(202,000)
Non-deductible (inclusion) permanent differences	135,000	(246,000)
Impact of initial recognition exemption	94,000	-
Effect of reduction in Canadian statutory rates	(153,000)	74,000
Utilization of unused tax losses	(392,000)	1,671,000
Income tax expense	$ 639,000	$ –

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

Note 13 Income Taxes- (cont'd)

The nature and tax effect of the temporary differences giving rise to the deferred tax assets and liabilities at December 31, 2011 and 2010 are summarized as follows:

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

	January 1, 2010	Recognized in net income	Recognized in equity	December 31, 2010
Share issue costs	$ 13,000	$ –	$ (3,000)	$ 10,000
Non-capital losses carried forward	10,946,000	3,391,000	–	14,337,000
Offset against deferred tax liabilities	(7,325,000)	(1,687,000)	–	(9,012,000)
Unrecognized deferred tax assets	(3,634,000)	(1,704,000)	3,000	(5,335,000)
Deferred tax assets	$ –	$ –	$ –	$ –
Exploration and evaluation	(7,325,000)	(1,680,000)	–	(9,005,000)
Other	--	(7,000)	–	(7,000)
Offset against deferred tax assets	7,325,000	1,687,000	–	9,012,000
Deferred tax liabilities	$ –	$ –	$ –	$ –
Net deferred tax balance	$ –	$ –	$ –	$ –

As at December 31, 2011, the Company had estimated non- capital losses for Canadian Tax purposes of $2.397 million (December 31, 2010: $4.5 million). These losses expire over the next 5-20 years and may be utilized to reduce taxable income derived in future years. The Company has also estimated non-capital losses for US Tax purposes of $43 million (December 31, 2010: $36.5 million). These losses have an unlimited carry forward period. A summary of these tax losses is provided below:

	Canada	United States of America	Total
2030	$ 956,000	$ –	$ 956,000
2031	1,441,000	--	1,441,000
Unlimited		43,009,000	43,009,000
	$ 2,397,000	$ 43,009,000	$ 45,406,000

Note 14 Earnings (loss) per share

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

		2011		2010
Income (loss) for the year	$	4,403,966	$	(4,552,600)
Weighted average common shares				
Basic		93,595,737		55,429,022
Diluted		106,095,737		55,429,022)
Weighted average common shares				
Basic	$	0.05	$	(0.08)
Diluted	$	0.04	$	(0.08)

Note 15 Capital Management

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

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

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

Note 16 Financial Instruments and Risk Management

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

- Market Risk
- Credit Risk
- Liquidity Risk

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

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

Note 16 Financial Instruments and Risk Management – (cont'd)

Classification of financial assets and liabilities measured at fair value as of December 31, 2011:

	Fair value through profit and loss	Loans and receivables	Amortized cost	Total carrying value	Fair value
Financial assets					
Current assets	$ –	$ 4,182,000	$ –	$ 4,182,000	$ 4,182,000
Financial liabilities					
Other current liabilities	–	--	(292,000)	(292,000)	(292,000)
Agreements payable	–	–	(1,058,000)	(1,058,000)	(1,058,000)
Convertible promissory note	(1,500,000)	–	–	(1,500,000)	(1,500,000)
	$ (1,500,000)	$ 4,182,000	$ (1,350,000)	$ 1,332,000	$ 1,332,000

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

General Objectives, Policies and Processes:

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

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

The Company's amortized cost of its financial assets and liabilities are deemed to be carried at fair value.

Market Risk

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

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

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

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

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

Note 16 Financial Instruments and Risk Management – (cont'd)

(i) Foreign currency risk

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

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

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

The Company is exposed to foreign currency risk in respect of trade payables and accrued liabilities of $92,000 and debt obligations of $1,500,000. The debt obligation is the principal amount of the debt obligation outstanding, not the fair value at the balance sheet date.

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

As at December 31, 2011, with other variables unchanged, a $0.01 strengthening (weakening) of the United States dollar against the Canadian dollar would increase (decrease) our net loss by $55,000.

(ii) Credit Risk

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

	December 31, 2011	December 31, 2010	January 1, 2010
Cash and cash equivalents	$ 4,057,505	$ 1,857,358	$ 3,581,859
Receivables	13,752	18,515	35,979
	$ 4,071,257	$ 1,875,873	$ 3,617,838

Note 16 Financial Instruments and Risk Management – (cont'd)

iii) Liquidity risk

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

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

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

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

December 31, 2010	**Payments Due by Period**				
	Less than 1 year	**1 to 3 years**	**4 to 5 years**	**Thereafter**	**Total**
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	6,535,000	2,813,000	–	–	9,348,000
Agreements payable	390,000	970,000	80,000	60,000	1,500,000
Loan facility [(2)]	14,753,587	–	–	–	14,753,587
Convertible debt [(2)]	10,264,496	–	–	–	10,264,496
	$ 32,687,166	$ 5,069,049	$ 1,050,815	$ 102,320	$ 38,909,350

January 1, 2010	**Payments Due by Period**				
	Less than 1 year	**1 to 3 years**	**4 to 5 years**	**Thereafter**	**Total**
Lease obligations	$ 796,562	$ 877,371	$ 241,462	$ 45,627	$ 1,961,022
Accounts payable and accrued liabilities	576,303	–	–	–	576,303
Purchase option	375,000	9,348,000	–	–	9,723,000
Agreements payable	290,000	870,000	330,000	100,000	1,590,000
Loan facility [(2)]	–	6,646,455	–	–	6,646,455
Convertible debt [(2)]	–	9,110,216	–	–	9,110,216
	$ 2,037,865	$ 26,852,042	$ 571,462	$ 145,627	$ 29,606,996

[(1)] The convertible promissory note may be repaid in cash or shares. This amount represents the actual debt obligation not its fair value at the balance sheet date. See Notes 8 and 9 for further discussion.

[(2)] The convertible debenture and the second tranche of the loan facility were restructured during March 2011, see Note 8 for further discussion.

Note 16 Financial Instruments and Risk Management – (cont'd)

iv) Interest rate risk

The Company is exposed to interest rate risk on its outstanding short-term investments. The Company is not exposed to interest rate risk on its outstanding borrowings. The Company did not have any interest-bearing borrowings as at December 31, 2011. The only interest-bearing borrowing as of December 31, 2010 and January 1, 2010 were the convertible debenture and the loan facility, which had a fixed interest rate

Note 17 Write-downs

During 2011, the Company chose not to exercise certain option payments related to its Centennial Project, not to continue its annual claims maintenance fees for certain claims as those claims are not deemed valuable at this time to the Company's projects and not to renew certain lease obligations that are not deemed valuable at this time to the Company's projects. As a result, the Company wrote-off all historical charges associated with the option agreements in the amount of approximately $2,500,000.

During 2010, the Company chose not to continue its annual claims maintenance fees for certain claims as those claims are not deemed valuable at this time to the Company's projects. As a result, the Company wrote-off all historical charges associated with these claims. The Company has also taken impairment charges related to its prospects that it has chosen to abandon as of December 31, 2010. Total impairment charges as of December 31, 2010 are approximately $403,000.

See Note 6 for further discussion of these write-downs.

Note 18 Segment Reporting

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities, all of which are located in the United States.