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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2012

(Stated in United States Dollars)

## NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim condensed consolidated financial statements for Powertech Uranium Corp have been prepared by management in accordance with International Financial Reporting Standards. These interim condensed consolidated financial statements, which are the responsibility of management are unaudited and have not been reviewed by the Company's auditors. The Company's Audit Committee and Board of Directors has reviewed and approved these interim condensed consolidated financial statements.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with the disclosure requirements of National Instrument 51-102 released by the Canadian Securities Administrators.

**POWERTECH URANIUM CORP.**
(An Exploration Stage Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
March 31, 2012 and December 31, 2011
(Stated in United States Dollars)

| | March 31, 2012 | December 31, 2011 |
|---|---|---|
| **ASSETS** | | |
| Current | | |
| Cash and cash equivalents | $ 3,213,895 | $ 4,057,505 |
| Receivable | 27,326 | 13,752 |
| Deposits | 21,202 | 23,047 |
| Prepaid expenses | 64,422 | 87,403 |
| | 3,326,845 | 4,181,707 |
| Non-current | | |
| Restricted cash | 259,031 | 259,031 |
| Mineral properties –Schedule 1 | 46,372,644 | 45,662,797 |
| Building and equipment – Note 4 | 160,768 | 207,534 |
| Total assets | $ 50,119,288 | $ 50,311,069 |
| **LIABILITIES** | | |
| Current | | |
| Accounts payable and accrued liabilities – Note 7 | $ 313,865 | $ 292,428 |
| Current portion of long-term debt – Note 5 | 45,000 | 45,000 |
| | 358,865 | 337,428 |
| Non-current | | |
| Long-term debt | | |
| Agreements payable – Note 5 | 1,027,901 | 1,012,796 |
| Convertible promissory note payable – Notes 5 and 6 | 2,318,744 | 1,499,035 |
| | 3,705,510 | 2,849,259 |
| Future income taxes – Note 10 | 428,865 | 641,182 |
| | 4,134,375 | 3,490,441 |
| **SHAREHOLDERS' EQUITY** | | |
| Share capital – Note 6 | 71,950,055 | 71,950,055 |
| Contributed surplus – Note 6 | 7,224,676 | 7,224,676 |
| Deficit | (33,189,818) | (32,354,103) |
| | 45,984,913 | 46,820,628 |
| Total liabilities and shareholder's equity | $ 50,119,288 | $ 50,311,069 |

APPROVED BY THE DIRECTORS:

*"Richard F. Clement, Jr."* Director
Richard F. Clement, Jr.

*"Thomas Doyle"* Director
Thomas Doyle

SEE ACCOMPANYING NOTES

**POWERTECH URANIUM CORP.**
(An Exploration Stage Company)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(UNAUDITED)
for the three months ended March 31, 2012 and 2011
(Stated in United States Dollars)

| | 2012 | 2011 |
|---|---|---|
| General and administrative expenses | | |
| Amortization and depreciation | $ 18,294 | $ 29,187 |
| Audit and accounting fees | 24,766 | 47,953 |
| Community and media relations | 3,719 | 11,722 |
| Director fees – Note 7 | 17,955 | 10,646 |
| Filing fees | 22,676 | 119,892 |
| Foreign exchange (gain)/ loss | (21,368) | 418,379 |
| Insurance | 23,984 | 23,233 |
| Investor relations and promotion | 12,476 | 41,981 |
| Legal fees | 22,623 | 52,263 |
| Management and consulting fees – Note 7 | 95,822 | 155,392 |
| Office and miscellaneous | 96,328 | 122,962 |
| Transfer agent fees | 5,434 | 9,970 |
| Travel and accommodation | 24,679 | 121,399 |
| Wages and benefits – Note 7 | 159,072 | 291,081 |
| Loss from operations | (506,460) | (1,456,060) |
| Finance income/ (costs) | | |
| Interest income | 42,290 | 2,059 |
| Interest expense on long-term debt | – | (375,913) |
| Accretion – Note 5 | (25,105) | (1,477,268) |
| Gain/ (loss) on re-measurement of liability – Note 5 | (788,784) | 1,456,159 |
| Gain on extinguishment of debt – Note 5 | – | 9,840,451 |
| Gain on sale of equipment – Note 4 | 214,527 | – |
| | (557,072) | 9,445,488 |
| Net income/ (loss) before income taxes | (1,063,532) | 7,989,428 |
| Future income tax benefit/ (expense) – Note 10 | 227,817 | (434,936) |
| Net income/ (loss) and total comprehensive income/ (loss) for the period | $ (835,715) | $ 7,554,492 |
| Basic income/ (loss) per common share – Note 9 | $ (0.01) | $ 0.12 |
| Diluted income/ (loss) per common share – Note 9 | $ (0.01) | $ 0.07 |
| Basic weighted average number of shares outstanding – Note 9 | 103,301,362 | 63,939,660 |
| Diluted weighted average number of shares outstanding – Note 9 | 103,301,362 | 110,947,532 |

SEE ACCOMPANYING NOTES

**POWERTECH URANIUM CORP.**
(An Exploration Stage Company)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
for the three months ended March 31, 2012 and the year ended December 31, 2011
(Stated in United States Dollars)

| | **Number of Common Shares** | **Share capital** | **Contributed Surplus** | **Deficit** | **Total** |
|---|---|---|---|---|---|
| Balance, December 31, 2010 | 55,429,022 | $ 50,831,518 | $ 6,855,957 | $ (36,758,069) | $ 20,929,406 |
| Share issuance (Note 6) | 47,872,340 | 23,105,250 | - | - | 23,105,250 |
| Share issue costs (Note 6) | - | (1,626,094) | - | - | (1,626,094) |
| Fair value of agent warrants | - | (360,619) | 360,619 | - | - |
| Stock-based compensation (Note 6) | - | - | 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 |
| Total comprehensive loss for the period | - | - | - | (835,715) | (835,715) |
| Balance, March 31, 2012 | 103,301,362 | $ 71,950,055 | $ 7,224,676 | $ (33,189,818) | $ 45,984,913 |

SEE ACCOMPANYING NOTES

**POWERTECH URANIUM CORP.**
(An Exploration Stage Company)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
for the three months ended March 31, 2012 and 2011
(Stated in United States Dollars)

| | 2012 | 2011 |
|---|---|---|
| Operating Activities | | |
| Income/ (loss) for the period | $ (835,715) | $ 7,554,492 |
| Adjustments to reconcile loss to net cash used in operating activities: | | |
| Accretion | 25,105 | 1,477,268 |
| Depreciation and amortization | 18,294 | 29,187 |
| Future income tax (benefit)/ expense | (227,817) | 434,936 |
| Gain on sale of equipment | (214,527) | – |
| (Gain)/ loss on re-measurement of financial liability | 788,784 | (1,456,159) |
| Gain on extinguishment of debt | – | (9,840,451) |
| Interest accrual | – | 375,913 |
| Unrealized foreign exchange (gain)/ loss | (635,407) | 30,103 |
| | (1,081,283) | (1,394,711) |
| Net change in non-cash working capital balances: | | |
| Receivables | (13,196) | (34,049) |
| Deposits | 1,958 | – |
| Prepaid expenses | 23,203 | 22,731 |
| Accounts payable and accrued liabilities | 156,037 | 268,988 |
| Total cash outflows from operating activities | (913,281) | (1,137,041) |
| Investing Activities | | |
| Proceeds from sale of equipment | 243,000 | – |
| Mineral property interests | (246,739) | (535,115) |
| Total cash outflows from investing activities | (3,739) | (535,115) |
| Financing Activities | | |
| Long-term debt issuances | – | 2,623,441 |
| Long-term debt repayment | (10,000) | (15,662,659) |
| Issuance of common shares | – | 23,105,250 |
| Costs of issuance of common shares | – | (1,626,094) |
| Issuance of warrants | – | 360,619 |
| Total cash inflows/ (outflows) from financing activities | (10,000) | 8,800,557 |
| Foreign exchange (gain)/ loss on cash | 83,410 | 146,227 |
| Total increase (decrease) in cash during the period | (843,610) | 7,274,628 |
| Cash and cash equivalents, beginning of the period | 4,057,505 | 1,857,358 |
| Cash and cash equivalents, end of the period | $ 3,213,895 | $ 9,131,986 |
| Cash and cash equivalents consists of: | | |
| Cash | $ 39,345 | $ 8,804,219 |
| Cash equivalents | 3,174,550 | 327,767 |
| Total cash and cash equivalents, end of period | $ 3,213,895 | $ 9,131,986 |

Non-cash Transactions – Note 8

SEE ACCOMPANYING NOTES

Schedule 1

**POWERTECH URANIUM CORP.**

(An Exploration Stage Company)

INTERIM CONDENSED CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES (UNAUDITED)

for the three months ended March 31, 2012 and year ended December 31, 2011

(Stated in United States Dollars)

| | South Dakota | Wyoming | Colorado | Total |
|---|---|---|---|---|
| Balance, December 31, 2010 | $24,440,434 | $3,274,191 | $17,170,151 | $ 44,884,776 |
| Land services | 21,000 | 21,000 | 21,000 | 63,000 |
| Legal fees | 239,271 | – | (2,332) | 236,939 |
| Claims fees | 54,960 | 161,401 | – | 216,361 |
| Land/lease payments | 141,889 | 76,947 | 37,116 | 255,952 |
| Drilling/ Engineering | 21,380 | – | (1,043) | 20,337 |
| Permitting | 1,285,087 | – | – | 1,285,087 |
| Exploration | – | 5,000 | – | 5,000 |
| Impairment – Note 11 | (57,600) | (138,125) | (2,303,441) | (2,499,166) |
| Wages/Consulting – Note 7 | 911,386 | 60,750 | 222,375 | 1,194,511 |
| Balance, December 31, 2011 | $ 27,057,807 | $3,461,164 | $15,143,826 | $ 45,662,797 |
| Land services | 3,700 | 3,700 | 4,000 | 11,400 |
| Legal fees | 25,994 | 464 | – | 26,458 |
| Land/lease payments | 18,844 | 4,070 | – | 22,914 |
| Drilling/ Engineering | 29,124 | – | 1,550 | 30,674 |
| Permitting | 425,651 | – | – | 425,651 |
| Wages/Consulting – Note 7 | 172,500 | 20,250 | – | 192,750 |
| Balance, March 31, 2012 | $ 27,733,620 | $3,489,648 | $15,149,376 | $ 46,372,644 |

SEE ACOMPANYING NOTES

Note 1 Nature of Operations

The Company was incorporated in British Columbia on February 10, 1984. The Company's shares are publicly traded on the Toronto Stock Exchange ("TSX") and the Frankfurt Stock Exchange. The Company's business is the exploration and development of uranium properties located in South Dakota, Wyoming, 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 interim condensed 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 interim condensed consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At March 31, 2012, the Company had not yet achieved profitable operations, had a deficit of $33,189,818 and working capital of $2,967,980. 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 Statement of Compliance

These interim condensed consolidated financial statements are unaudited and have been prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These interim condensed consolidated financial statements should be read in conjunction with the Company's 2011 annual financial statements. There have been no changes to accounting policies during the three months ended March 31, 2012.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on April 30, 2012.

Note 3 Basis of Measurement

The interim condensed consolidated 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 interim condensed consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

Note 4 Building and Equipment

| | Building | Computer equipment | Field equipment | Office equipment | Vehicles | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance, December 31, 2011 | $ 92,628 | $ 233,034 | $ 278,105 | $ 70,980 | $ 169,718 | $ 844,465 |
| Assets sold | – | – | (150,182) | – | (139,213) | (289,395) |
| Balance, March 31, 2012 | $ 92,628 | $ 233,034 | $ 127,923 | $ 70,980 | $ 30,505 | $ 555,070 |
| **Depreciation** | | | | | | |
| Balance, December 31, 2011 | $ 6,717 | $ 192,314 | $ 215,690 | $ 60,237 | $ 161,973 | $ 636,931 |
| Assets sold | – | – | (127,920) | – | (133,003) | (260,923) |
| For the period | 579 | 7,152 | 6,999 | 2,029 | 1,535 | 18,294 |
| Balance, March 31, 2012 | $ 7,296 | $ 199,466 | $ 94,769 | $ 62,266 | $ 30,505 | $ 394,302 |
| **Carrying amount** | | | | | | |
| At December 31, 2011 | $ 85,911 | $ 40,720 | $ 62,415 | $ 10,743 | $ 7,745 | $ 207,534 |
| At March 31, 2012 | $ 85,332 | $ 33,568 | $ 33,154 | $ 8,714 | $ – | $ 160,768 |

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

Note 5 Long-term Debt

| | March 31, 2012 | December 31, 2011 |
|---|---|---|
| Agreements payable | | |
| $100,000 payable [a] | $ 40,000 | $ 50,000 |
| $300,000 payable [b] | 130,893 | 126,175 |
| $2,000,000 payable [c] | 902,008 | 881,621 |
| | 1,072,901 | 1,057,796 |
| Convertible promissory note payable [d] | 2,318,744 | 1,499,035 |
| | 3,391,645 | 2,556,831 |
| Less current portion | 45,000 | 45,000 |
| | $ 3,346,645 | $ 2,511,813 |

Re-measurement of the derivative liability, associated with, and included within the convertible promissory note payable above, is as follows (rounded to 000,000's):

| | |
|---|---|
| Balance, December 31, 2011 | $ 1,500,000 |
| Loss on re-measurement | 800,000 |
| Balance, March 31, 2012 | $ 2,300,000 |

[a] Agreement payable of $100,000, payable in annual instalments of $10,000 of which $60,000 (2011: $50,000) has been paid to date. As of March 31, 2012, the balance owed is $40,000. Of this amount, $10,000 is due within the next 12 months.The loan does not bear interest and is secured by a first mortgage on a mineral property interest. In the event of default the lender has the option to obtain the mineral property interest for $1.

[b] Agreement payable of $300,000, payable in annual instalments of $30,000 of which $90,000 (2011: $90,000) has been paid to date. As of March 31, 2012, the balance owed is $210,000. Of this amount, $30,000 is due within the next 12 months. 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 three months ended March 31, 2012, $4,718 (March 31, 2011: $40,535) 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 (2011: $805,000) 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 March 31, 2012, the balance owing was $1,195,000. Of this amount, $5,000 is due within the next 12 months. In accordance with the accounting for restructured debt, the September 2011 renegotiation of the instalment payments was 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

Note 5 Long-term Debt – (cont'd)

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 period balance of $902,008 at March 31, 2012 and the debt obligation of approximately $1,195,000 is being accreted over the remaining life until maturity using amortized cost method.

During the three months ended March 31, 2012, $20,387 (March 31, 2011: $21,017) of accretion expense has been charged to the statement of comprehensive loss and credited to agreements payable.

(d) 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 Société Belge des Combustibles Nucléaires Synatom SA ("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/ (loss) 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 three months ended March 31, 2012 and 2011, the gain/ (loss) on the fair value of the promissory note liability was approximately $(800,000) and $60,000, respectively. 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 $2,318,744 and $1,499,035 as at March 31, 2012 and December 31, 2011, respectively.

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

| | Convertible Promissory Note | | |
|---|---|---|---|
| | At Inception | December 31, 2011 | March 31, 2012 |
| Conversion price | $ 0.60 | $ 0.60 | $ 0.60 |
| Share price | $ 0.30 | $ 0.09 | $ 0.18 |
| Term | 2 years | 1.25 years | 1 year |
| Volatility | 90.37 | 90.37 | 90.37 |
| Risk free rate | 3% | 3% | 3% |
| Dividend yield | nil | nil | nil |

Note 5 Long-term Debt – (cont'd)

As of March 31, 2012, the face value of the convertible promissory note was $7,520,250 (CAD$7,500,000).

**Refinancing Transaction**

On March 15, 2011, the Company also closed the Refinancing Transaction which restructured Powertech's repayment obligations on approximately $25,018,083 (CAD$25,015,581) of debt owed to Synatom. In connection with the closing of the Refinancing Transaction (the "Closing"), the Company paid $12,836,250 (CAD$12,500,000) to Synatom and issued the convertible promissory note payable.

Under the terms of the Termination Agreement, Synatom will retain 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 (as defined in the Termination

Agreement) occurs; and (iii) the date upon which an Event of Default (as defined in the Termination Agreement) occurs (the "Lock-up Period") without the approval of Powertech. Synatom has also agreed to vote in favour of management's proposed slate of directors at any meeting of shareholders of Powertech held during the Lock-Up Period. As a result of the completion of the Offering and the Refinancing Transaction, Synatom holds 10.5% of the issued and outstanding Shares, on an undiluted basis, based on 103,301,362 Shares issued and outstanding. If Powertech elects to convert the principal of the Note into Shares, Synatom will hold 20.2% of the issued and outstanding common shares based on 115,801,362 common shares outstanding upon conversion of the Note.

Due to the extinguishment of the debt obligations, as part of the refinancing transaction, the embedded derivatives connected to the retired financial liabilities was de-recognized in March 2011 which resulted in a gain on re-measurement of liability of approximately $1,400,000 in the statement of comprehensive income/ (loss). In addition, the debt obligations were fully accreted to the principal amount, which resulted in a charge of approximately $1,400,000 in the statement of comprehensive income/ (loss).

Note 6 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, 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 and March 31, 2012 | 103,301,362 | $ 71,950,055 | $ 7,224,676 |

Note 6 Share Capital and Contributed Surplus – (cont'd)

[(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 $23,105,250 (CAD$22,500,000) pursuant to a short form prospectus dated March 2, 2011 (the "Offering"). Each unit comprised of one common share and one-half share purchase warrant. On the same day, the Company closed its refinancing transaction (the "Refinancing Transaction") with Synatom, which was approved by Powertech's shareholders at a special meeting held on March 14, 2011. The closings of each of the Offering and the Refinancing Transaction were mutually conditional on the closing of the other. See Note 5 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 March 31, 2012, 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.

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 three months ended March 31, 2012 are as follows:

| Expiration Date | Exercise Price (CAD) | Outstanding at December 31, 2011 | Issued during the period | Expired during the period | Outstanding at March 31, 2012 |
|---|---|---|---|---|---|
| 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 |

Note 6 Share Capital and Contributed Surplus – (cont'd)

**Convertible promissory Note:**

During March 2011, the Company issued an unsecured non-interest bearing promissory note in the principal amount of $7,701,750 (CAD$7,500,000) (the "Note") to Synatom, which is repayable in cash or 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. Assuming full conversion of the Note at CAD$0.60, Synatom will acquire 12,500,000 common shares of the Company.

**Stock Option Plan:**

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 March 31, 2012, there are 3,025,000 options outstanding entitling the holders thereof to purchase one common share for each option held. Share options are as follows:

| Grant Date | Expiration Date | Exercise (CAD) | Outstanding at December 31, 2011 | Expired/ Forfeited during period | Outstanding at March 31, 2012 | Vested and exercisable |
|---|---|---|---|---|---|---|
| February 15, 2007 | February 15, 2012 | $3.00 | 400,000 | (400,000) | – | – |
| May 14, 2007 | May 14, 2012 | $3.20 | 125,000 | (25,000) | 100,000 | 100,000 |
| August 30, 2007 | August 30, 2012 | $1.50 | 900,000 | (275,000) | 625,000 | 625,000 |
| September 4, 2007 | September 4, 2012 | $1.60 | 100,000 | – | 100,000 | 100,000 |
| January 14, 2008 | January 14, 2013 | $1.50 | 200,000 | – | 200,000 | 200,000 |
| February 7, 2008 | February 7, 2013 | $1.00 | 400,000 | – | 400,000 | 400,000 |
| June 18, 2008 | June 18, 2013 | $1.50 | 1,600,000 | – | 1,600,000 | 1,600,000 |
| | Totals | | 3,725,000 | (700,000) | 3,025,000 | 3,025,000 |
| Weighted average exercise price (CAD) | | | $1.72 | | $1.56 | $1.56 |
| Weighted average life remaining (years) | | | 1.00 | | 0.91 | 0.91 |

**Stock-based Compensation:**

During the three months ended March 31, 2012 stock-based compensation was $nil (March 31, 2011: $8,100) all of which was included in mineral property costs under wages/consulting.

Note 7 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:

| | Three Months Ended March 31, 2012 | 2011 |
|---|---|---|
| Director fees | $ 17,955 | $ 10,646 |
| Management compensation and short-term benefits | 281,984 | 357,960 |
| | $ 299,939 | $ 368,606 |

As of March 31, 2012, the Company had not prepaid any management and consulting fees. As of March 31, 2011, the Company had prepaid $47,765 of management and consulting fees related to April 2011 services.

As of March 31, 2012 and December 31, 2011, the Company had an accrued liability of $8,700 and $8,600 respectively to its directors for services rendered but not yet paid.

As of March 31, 2012, under the Company's deferred compensation arrangement with certain officers, the Company has a recorded liability of $75,000 in accrued liabilities (December 31, 2011:$25,000) which has been included in management compensation and short-term benefits.

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 5 and 6 were considered related party transactions due to significant shareholders.

Note 8 Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows were 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 $nil (March 31, 2011: $8,100) relating to employees who were directly involved with the mineral properties.

(b) Included in accounts payable and accrued liabilities is approximately $137,000 (March 31, 2011: $66,000) relating to mineral properties.

(c) Gain on extinguishment of debt of $9,840,451, for the three months ended March 31, 2011, is due to the Company's restructure of its debt obligations. See Note 5 for a complete discussion of these transactions.

(d) Loss on re-measurement of financial and derivative liabilities was $788,784 for the three months ended March 31, 2012 (Gain at March 31, 2011 of $1,456,159). 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 5 for further discussion.

Note 9 Earnings/ (loss) per share

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

| | Three months ended March 31, 2012 | 2011 |
|---|---|---|
| Net income/ (loss) for the period | $ (835,715) | $ 7,554,492 |
| Weighted average common shares | | |
| Basic | 103,301,362 | 63,939,660 |
| Effect of employee stock-based compensation | – | 7,460,000 |
| Effect of convertible debt | – | 12,500,000 |
| Effect of warrants outstanding | – | 27,047,872 |
| Diluted | 103,301,362 | 110,947,532 |
| Net income/ (loss) per common share | | |
| Basic | $ (0.01) | $ 0.12 |
| Diluted | $ (0.01) | $ 0.07 |

Note 10 Income Taxes

During March 2011, the Company entered into a taxable debt settlement arrangement for which the Company is planning to offset with loss carryforwards. As the Company has the option to settle the convertible promissory note through the issuance of shares rather than paying cash, this creates a significant possible gain on the extinguishment of debt for the Company. As a result of this possible gain, the Company has recorded the potential tax impact on that transaction. For a complete discussion of the debt settlement see Note 8.

Note 11 Impairment

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 these items in the amount of approximately $2,500,000. There were no such charges for the three months ended March 31, 2012.