

# **NWT URANIUM CORP.**

## **Management's Discussion and Analysis For the three months ended March 31, 2011**

### **INTRODUCTION**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of NWT Uranium Corp. ("NWT") and its subsidiaries (collectively, the "Company") constitutes management's review of the factors that affected the Corporation's financial and operating performance for the quarter ended March 31, 2011. This MD&A, dated June 27, 2011, is intended to supplement and complement the Corporation's unaudited condensed interim financial statements and related notes for the three months ended March 31, 2011 and should be read in conjunction with both the audited financial statements and the annual MD&A for the year ended December 31, 2010. The Corporation prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Corporation has commenced reporting on this basis in the unaudited condensed interim financial statements. In this MD&A, the term "Canadian GAAP" refers to Canadian generally accepted accounting principles before the adoption of IFRS. The unaudited condensed interim financial statements for the three months ended March 31, 2011 have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1, including comparative figures. The audited financial statements have been prepared in accordance with Canadian GAAP. Unless otherwise noted, all amounts presented are in Canadian dollars.

The comparative financial information of 2010 in this MDA has been restated to conform to IFRS, unless otherwise stated.

Further information about the Corporation and its business activities, including its audited annual financial statements, the annual MD&A for the year ended December 31, 2010 and the most recent Annual Information Form are available at [www.sedar.com](http://www.sedar.com).

For the purposes of preparing this Management Discussion and Analysis ("MD&A"), the Company considers the materiality of information. Information is considered material if (a) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares; or (b) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (c) it would significantly alter the total mix of information available to investors. We evaluate materiality with reference to all relevant circumstances including potential market sensitivity.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A may contain certain statements regarding future events, results or outlooks that are considered "forward looking statements" within the meaning of securities regulation. These forward looking statements reflect the Company management's best judgment based on current facts and assumptions that management considers reasonable and include the words "believe", "could", "intend", "may", "plan", "potential", "estimate", "consider", "expect", "anticipate", "objective" and similar expressions or variations of such words. Forward looking statements contain significant risks and uncertainties. A

number of circumstances could cause results to differ materially from the results discussed in the forward looking statements including, but not limited to, changes in general economic and market conditions, metal prices, political issues, permitting, environmental and other risk factors. The forward looking statements contained in this MD&A are based on what management believes to be reasonable assumptions; however, we cannot assure that the results will be compatible to the forward looking statements as management assumes no obligation to revise them to reflect new circumstances, except as required by law. Readers should not place reliance on forward looking statements, which speak only of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties elsewhere in this MD&A, actual events may differ materially from current expectations.

## **DESCRIPTION OF THE BUSINESS**

NWT was incorporated under the laws of the Province of Ontario, Canada by articles of incorporation on September 26, 2003 and NWT's outstanding common shares became publicly listed on March 19, 2004 on the TSX Venture Exchange under the symbol "NWT". Subsequently, the outstanding common shares of the Company were listed on the OTCBB under the symbol "NWURF" and on the Frankfurt Exchange.

NWT is an exploration stage company. The Company has, among other investments, interests in several other publicly traded junior mining companies through which it has exposure to several prospective properties. The properties range from exploration stage to producing companies. The Company may be dependent on additional equity or debt capital or divestitures to finance its activities.

The Company's near term goal is to acquire a portfolio of mining property assets by continuing to locate and acquire prospective properties for exploration and development.

In the longer term, NWT is seeking out properties which could contain significant value for shareholders. These prospective properties are located across the globe including, but not limited to, North America, South America, Asia, Europe, and Africa. Acquiring properties involves either direct acquisition of exploration rights from governments, earn-in option agreements, or interests in other companies.

For direct acquisition of exploration rights from governments, upon completion of due diligence and technical review by advisors and management, the Company will submit a proposal to the government and legislated bodies in charge of issuing permits to obtain licenses with respect to required work commitments. The time periods involved with this activity vary with each jurisdiction.

For acquisition of properties through earn-in option agreements or interests in other companies, the Company will enter into agreements only upon completion of due diligence and technical review by the board of directors, advisors and management.

NWT may also enter into Joint Venture agreements for properties in order to distribute risk amongst multiple companies, or to gain the expertise of companies.

Upon completion of a successful exploration program, the property may go towards the next step to prepare for production. The process generally involves new mining permits, and may require the outlay of significant resources.

NWT currently has two wholly-owned subsidiaries, Northwest Mineral Mexico, S.A. de C.V. and Niketo Co. Ltd. ("Niketo").

## **GENERAL UPDATE**

The Company intends to acquire a global portfolio of exploration property assets by looking to acquire assets in Asia by leveraging current relationships. Recently, management has looked into several properties in Europe, North America, South America and Africa as well.

NWT was invited to join in several meetings held by a delegation of Vietnamese officials, led by the Deputy Prime Minister of Vietnam. After studying numerous properties, NWT has managed to narrow down its selection to a few properties the Company deems valuable.

On February 5, 2010, the Company was granted approval to conduct preliminary survey and exploration of the minerals in Quang Tri province in Vietnam, covering an area of approximately 1,500 square kilometers. The Company is completing preliminary investigations on the property to confirm historical resource data. It is anticipated that there are copper, gold, iron ores and other mineral reserves on this property. The new Vietnamese mining law is set to come in to effect in Q2 of 2011, and we are waiting to assess the impact of the new mining law prior to allocating significant resources to this property.

NWT is currently looking into several other properties and companies in Vietnam for the purposes of exploration or collaboration on exploration properties, including joint ventures with existing companies that own "grandfathered" properties.

NWT continues to negotiate with high level government officials as well as government mining ministry officials on NWT's involvement in Vietnam to build value in the country that goes beyond exploration and the future extraction of just a few properties. The management team has met with Vietnamese officials as well as a delegation lead by the chairman of the Vietnam Atomic Energy Commission and continues its discussion of NWT's future involvement.

On September 7<sup>th</sup>, 2010, NWT announced that it has signed a Memorandum of Understanding ("MOU") with Vietnam Atomic Energy Institute ("VAEI").

On October 5<sup>th</sup>, 2010, the Company notified the market that Niger Uranium Limited, which NWT and its subsidiaries own 35%, entered into a joint venture agreement with South African Minerals.

On October 25<sup>th</sup>, 2010, the Company announced that it has appointed David Tsubouchi to its Advisory Board. Mr Tsubouchi currently serves as a member of the Board of Directors of Hitachi Canada, was the former Chair of the Management Board of Cabinet of the Province of Ontario, among many other accomplishments. The company believes that Tsubouchi's insight and participation will aid the Company in its endeavours in Vietnam, specifically regarding the MOU signed with the VAEI.

The Company continues to investigate and attempt to acquire appropriate properties in order to add shareholder value. The process of locating these appropriate properties continues to be a complex task, and management has taken a cautious approach to identifying appropriate properties to maximize the probability that any potential property acquired will be successful and add to shareholder value.

## **OVERALL PERFORMANCE**

The Company is in the process of developing an exploration program for its property in Cam Quang Tri province in Vietnam for exploration of mineral resources, subject to the passage of the pending, revised mineral laws.

The Company is continuing discussions with current property holders, as well as government authorities in order to locate appropriate properties.

## **RESULTS OF OPERATIONS**

The net loss from operations for the quarter ended March 31, 2011 was \$7,888 (\$0.00 per share) compared to income of \$10,787,695 (\$0.08 per share on a diluted basis) for the three month period ending March 31, 2010.

The change in the results derived principally from the difference on the gain on sale of marketable securities for the three months ended March 31, 2011, which was \$269,373, as compared to the income in the prior period, which was a result of the dividends distributed by Uru Metals Ltd. from the proceeds of the sale of its partial stake in the publicly traded company Kalahari Minerals Plc.

## **SUMMARY OF QUARTERLY RESULTS**

(Expressed in thousands of Canadian dollars except per share amounts)

	2011	2010				2009 <sup>(1)</sup>		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net Income/(loss) for the period	(8)	(2,542)	(63)	7,453 <sup>(2)</sup>	10,788 <sup>(3)</sup>	905	(4,270) <sup>(4)</sup>	(636)
Total assets	39,370	39,753	32,088	32,118	32,416	30,258	32,139	32,619
Shareholders' equity	36,451	36,747	30,820	30,782	32,298	30,119	25,860	27,352
Net Income/(loss) per share - basic	(0.00)	(0.03)	(0.00)	0.06	0.09	0.00	(0.03)	(0.01)
Net Income/(loss) per share - diluted	(0.00)	(0.03)	(0.00)	0.06	0.08	0.00	(0.03)	(0.01)

Notes:

- (1) Information for 2009 is presented in accordance with Canadian GAAP and was not required to be restated to IFRS.
- (2) The income in the second quarter of 2010 is attributable to the receipt of the special dividend of Kalahari Minerals, Plc. shares from the Company's holding of Niger Uranium, and the subsequent sale of a portion of the Kalahari Minerals, Plc. shares by NWT's wholly owned subsidiary, Niketo.
- (3) The income in the first quarter of 2010 is attributable to dividends distributed by Niger Uranium from the proceeds of the sale of its partial stake in the publicly traded company Kalahari Minerals Plc. Accordingly, since much of the value of Niger Uranium was based on the holding of these shares in Kalahari Minerals, Plc., a significant decrease in share price occurred subsequent to the distribution of the shares.
- (4) The net loss for the third quarter ended September 30, 2009, includes \$2,251,185 deferred exploration expenditure write off associated with the Mexico properties, \$1,192,250 on the loss on disposition of the Quebec properties.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at March 31, 2011, the Company had a cash and cash equivalents balance of \$19,578,270 (December 31, 2010 - \$19,593,946). Management of the Company believes that it has sufficient funds to pay its ongoing work commitments, administrative expenses and its liabilities for the ensuing period as they fall due.

The Company has no long-term contractual obligations.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **TRANSACTIONS WITH RELATED PARTIES**

For the three months ended March 31, 2011, the Company incurred \$130,745 (three months ended March 31, 2010 - \$103,993) for consulting and directors' fees paid to directors and officers of the Company. The entire amount has been expensed in the statements of operations. Included in accounts payable and accrued liabilities at March 31, 2011 is \$32,288 (December 31, 2010 - \$52,793) owing to these related parties. A loan receivable was issued during fiscal 2009 to a consultant of the Company in the amount of US\$201,000. This consultant provides consulting services related to the acquisition of properties in Asia, among other things. The loan was provided for temporary housing and office space. As at March 31, 2011, US\$192,535 was outstanding.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

## **OUTSTANDING SHARE DATA**

As of the date of this report, NWT has an unlimited number of common shares authorized for issuance, with 132,141,342 common shares issued and outstanding. The Company currently has 13,210,000 options outstanding, all of which have vested and are exercisable.

## **PROPOSED TRANSACTIONS**

As is typical of the mineral exploration and development industry, the Company is continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value.

## **CAPITAL MANAGEMENT**

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, reserves and retained earnings which at March 31, 2011 totaled \$36,450,906 (December 31, 2010 - \$36,746,536 ). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on activities related to its mineral properties. Selected information is frequently provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended March 31, 2011.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2011. The Company is not subject to any externally imposed capital requirements.

## **FINANCIAL RISK FACTORS**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

### Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, amounts receivable and loan receivable. Cash and cash equivalents are held with reputable financial institutions. Financial instruments included in amounts receivable consist of deposits held with service providers and taxes receivable. Amounts receivable are in good standing as of March 31, 2011. Loan receivable consists of a loan to a consultant of the Company. As at March 31, 2011, minimum annual principal repayment amount of USD\$10,050 for the 2010 fiscal year was outstanding, this amount was paid subsequent to the quarter end. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents, amounts receivable and loan receivable is minimal.

### Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2011, the Company had a cash and cash equivalents balance of \$19,578,270 (December 31, 2010 - \$19,593,946) to settle current liabilities of \$2,919,227 (December 31, 2010 - \$3,006,774). All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

### Market Risk

#### (i) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short term guaranteed investment certificates or treasury bills issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

#### (ii) Foreign Currency Risk

Foreign currency risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting. The Company maintains Mexican Peso, United States dollar, UK Pound Sterling and European Euro bank accounts. The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management does not hedge its foreign exchange risk.

#### (iii) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and

volatilities. The Company closely monitors commodity prices of uranium and other precious metals, individual equity movements and the stock market in general to determine the appropriate course of action to be taken by the Company.

## **SENSITIVITY ANALYSIS**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period. The sensitivity analysis shown in the notes below may differ materially from actual results.

(i) The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash and accounts payable and accrued liabilities that are denominated in Mexican Pesos and United States dollars.

As at March 31, 2011, had the Mexican Peso, US dollar, UK pound sterling and European Euro varied by 5% against the Canadian dollar with all other variables held constant, the Company's reported net income for the three months ended March 31, 2011 would have varied by approximately \$860,000.

(ii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of uranium and other precious metals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even if commercial quantities of uranium and other precious metals may be produced in the future, a profitable market will exist for them. As of March 31, 2011, the Company was not a producer of uranium or any other precious metals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

(iii) The Company's long term investment in Uru Metals Limited and other public companies is sensitive to an estimated plus or minus 20% change in equity prices which would affect comprehensive income (loss) by approximately \$3,279,000.

The Company has not entered into any specialized financial agreements to minimize its investment risk, commodity risk and currency risk.

## **FINANCIAL INSTRUMENTS**

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2011:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	19,578,270	-	-	19,578,270
Other investments	11,878,469	-	-	11,878,469
Investment in Uru Metals Limited	4,514,430	-	-	4,514,430
	35,971,169	-	-	35,971,169

As of March 31, 2011, December 31, 2010 and January 1, 2010, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

## **INTERNATIONAL REPORTING FINANCIAL STANDARDS (“IFRS”)**

Effective the first quarter of 2011, the Company prepares its financial statements in accordance with IFRS. 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 20 “Conversion to IFRS” of the unaudited condensed interim consolidated financial statements. This note also includes reconciliations of equity and comprehensive income for comparative periods reported under Canadian GAAP to those reported for those periods under IFRS.

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective on December 31, 2011, the Company’s first annual IFRS reporting date. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its financial statements.

### ***Financial Statement Presentation Changes***

The transition to IFRS has resulted in financial statement presentation changes in the financial statements, most significantly on the statement of comprehensive income. There were no changes to the Corporation’s cash flow statement as a result of the implementation of IFRS.

The following is a summary of the significant changes to the Corporation’s statement of comprehensive loss:

- Expenses by function—the Corporation’s statement of comprehensive loss presents expenses by function. Accordingly, line item details previously reported as separate items on the statement of comprehensive income are now included in general and administrative expenses. These changes are reclassifications within the statement of comprehensive income so there is no net impact to the Corporation’s reported comprehensive income as a result of these changes.

### ***First-time adoption of IFRS***

The adoption of IFRS requires the application of IFRS 1, First-time Adoption of International Financial Reporting Standards (“IFRS 1”), which provides guidance for an entity’s initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS balance sheet as at January 1, 2010, the Company’s “Transition Date”.

- To apply IFRS 2, Share based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply IFRS 3, Business Combinations prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.
- To elect not to apply retrospective treatment to certain aspects of IAS 21, The Effect of Changes in Foreign Exchange Rates, and to deem the cumulative translation differences for all foreign operations to be zero at the Transition Date.

### ***Impact of Adopting IFRS on the Company’s Accounting Policies***

The following summarizes the significant changes to the Company’s accounting policies on adoption of IFRS.

#### ***1) Exploration and Evaluation Expenditures***

Subject to certain conditions, IFRS currently allows an entity to determine an accounting policy that specifies the treatment of costs related to the exploration for and evaluation of mineral properties. On



adoption of IFRS, the Company has changed its accounting policy so that exploration and evaluation expenditures are expensed as incurred until such time as it can be demonstrated that a property has economically recoverable reserves.

This change in accounting policies did not have a significant impact on the Company's consolidated financial statements.

## 2) *Impairment of (Non-financial) Assets*

IAS 36, Impairment of Assets ("IAS 36") requires a write down of assets if the recoverable amount (defined as the higher of the fair value less costs to sell and the value in use of an asset or a cash generating units) is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Under Canadian GAAP, a write down to estimated fair value was required only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value. The Company has changed its accounting policies related to impairment of assets to be consistent with the requirements under IFRS.

IAS 36 also requires the reversal of any previous impairment losses, with the exception of goodwill, where circumstances have changed such that the level of impairment in the value of the assets has been reduced. Canadian GAAP prohibits the reversal of impairment losses.

The Company has changed its accounting policies related to impairment of assets to be consistent with the requirements under IFRS. The changes in accounting policies related to impairment did not have a significant impact on the Company's consolidated financial statements.

## 3) *Share-based Payments*

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP.

Treasury has implemented the changes to its accounting policies relating to share-based payments and has determined that the changes did not result in a significant change to line items within its financial statements.

## 4) *Asset Retirement Obligations (Decommissioning Liabilities)*

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the consolidated financial statements.

## 5) *Property and Equipment*

IAS 16, Property, Plant and Equipment ("IAS 16") requires the Company to choose, for each class of capital assets, between the cost model or the revaluation model. The Company has selected the cost model in accounting for all of its capital assets. The Company has changed its accounting policies to reflect the requirement under IAS 16 that when an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment and amortized over their respective useful lives. This change in accounting policies did not have a significant impact on the Company's consolidated financial statements.

## 6) *Income Taxes*

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes based on a "probable" versus a "more likely than not" criteria. Treasury

has determined that these will not result in any significant changes to its accounting policies related to income taxes and does result in a significant change to line items within its financial statements.

#### *7) Foreign Currency*

IFRS requires that the functional currency of Company and its subsidiaries be determined separately, and the factors considered to determine functional currency are somewhat different than current Canadian GAAP.

The functional currency remains the Canadian dollar. Any foreign exchange differences on conversion from the Canadian functional currency to other foreign reporting currency are recorded as other comprehensive income.

This change in accounting policies did not have a significant impact on the Company's consolidated financial statements.

#### ***Impact of Adopting IFRS on the Company's Business***

The adoption of IFRS has resulted in some changes to NWT's accounting systems and business processes. However, the impact has been minimal. The Company has not identified any contractual arrangements that are significantly impacted by the adoption of IFRS.

The Company's staff and advisers involved in the preparation of financial statements have been appropriately trained on the relevant aspects of IFRS and the changes to accounting policies.

The Board of Directors and Audit Committee have been regularly updated throughout the Company's IFRS transition process, and are aware of the key aspects of IFRS affecting the Company.

#### ***Auditor involvement***

The Company's unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2011 and March 31, 2010 have not been reviewed by the Company's auditors in accordance with securities legislation and Section 7050 auditor review of interim financial statements of the Canadian Institute of Chartered Accountants Handbook. It must be noted that the auditor has been retained to review only certain components of NWT's interim financial report, which would not constitute a "review".

#### ***Recent Accounting Pronouncements***

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2010 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(a) IFRS 9 Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013.

(b) IFRS 10 'Consolidated Financial Statements' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

(c) IFRS 11 Joint arrangements ("IFRS 11") was issued by the IASB in May 2011 and will replace IAS 31 Interests in Joint ventures and SIC 13 – Jointly Controlled Entities – Non- Monetary Contributions by Venturers. IFRS 11 is effective for annual period beginning on or after January 1, 2013.

(d) IFRS 12 'Disclosure of Interests in Other Entities' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

(e) IFRS 13 '*Fair Value Measurement*' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Other than changes related to the Corporation's IFRS transition plan, there have been no changes in the Corporation's internal control over financial reporting during the quarter ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

## **UNCERTAINTIES AND RISK FACTORS**

The mining business is inherently risky in nature. Exploration activities rely on professional judgments and statistically based tests and calculations and often yield few rewarding results. Mineral properties are often non-productive for reasons that cannot be anticipated in advance and operations may be subject to risks including labour disputes, environmental hazards, safety issues, geological issues, weather conditions, and changing regulatory requirements as examples. The Company is subject to competitive risk as its ability to finance its activities and generate profitable operations or proceeds from disposal of assets are subject to the world price for the precious metals and the economic forces that influence capital markets. As a result the securities of the Company must be considered speculative. A prospective investor in the Company should carefully consider the following factors:

### *Liquidity Concerns and Future Financings*

The Company may require significant capital and operating expenditures in connection with the development of any potential properties. There can be no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain equity financing or debt financing on favorable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

### *No Revenues from Mining Operations*

To date, the Company has recorded no revenues from mining operations and the Company has not commenced commercial production or development on any property. The revenues to date relate to the disposition of acquired mining exploration properties for development and dividends received for shareholdings. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. If the Company acquires the rights for the exploration of a property, the Company's operating expenses and capital expenditures will increase in relation to the engagement of consultants, personnel and equipment associated with advancing exploration, development and commercial production of such Company's properties. The Company expects to continue to incur losses for the foreseeable future. The development of the Company's properties will require the commitment of substantial resources to conduct time-consuming exploration. There can be no assurance that the Company will generate any revenues or achieve profitability.

### Regulations and Mining Law

Mining operations and exploration activities are subject to extensive local and overseas' laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, protection and remediation of the environment, reclamation, mine safety, toxic substances and other matters. Compliance with such laws and regulations increases the costs of planning, designing, developing, constructing, operating and closing mines and other facilities. It is possible that the costs and delays associated with compliance with such laws and regulations could become such that the Company would not proceed with or would postpone the development and operation of a mine or mines.

### Share Price Fluctuations

The market price of securities of many companies, particularly exploration stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

### Environmental Factors

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which they operate. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations or result in substantial costs and liabilities in the future.

### Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

### Governmental Regulation

Exploration, development and mining of the properties will be affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law; (iii) restrictions on production; price controls; and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations.

Government approvals and permits are required in connection with the exploration activities proposed for the properties. To the extent such approvals are required and not obtained, the Company's planned exploration, development and production activities may be delayed, curtailed, or cancelled entirely.

Failure to comply with applicable laws, regulations and requirements may result in enforcement action against the Company, including orders calling for the curtailment or termination of operations on the properties, or calling for corrective or remedial measures requiring considerable capital investment. Parties engaged in mineral exploration and mining activities may be subject to civil and criminal liability as a result of failure to comply with applicable laws and regulations.

Amendments to current laws, regulations and permitting requirements affecting mineral exploration and mining activities could have a material adverse impact on the Company's operations and prospects.

### Exploration and Development

Exploration for uranium and other minerals is highly speculative in nature, involves many risks and frequently is unsuccessful. There can be no assurance that exploration efforts will result in the discovery of mineralization or that any mineralization discovered will result in the definition of reserves. If reserves are developed, it may take a number of years and substantial expenditures from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. No assurance can be given that exploration programs will result in the definition of reserves or that reserves may be economically mined.

The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors, which are beyond the control of the Company.

All exploration and development evaluation expenditures incurred by the Company prior to establishing that a property has economically recoverable reserves are capitalized.

### Operating Hazards and Risks

Mineral exploration and development involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The work that the Company proposes to undertake will be subject to all the hazards and risks normally incidental to such activities, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Although the Company has secured liability insurance and property insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs or uninsured losses that could have a material adverse effect upon its financial condition.

### No Dividends

The Company has not paid any dividends on its outstanding common shares. Any decision to pay dividends on its shares in the future will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the board of directors of the Company may consider appropriate in the circumstances.

### Dependence on Key Employees

The Company's future growth and its ability to develop depend, to a significant extent, on its ability to attract and retain highly qualified personnel. The Company is highly dependent on the principal members of its senior management group and the loss of their services might impede the Company's business strategy and growth.

### Conflicts Of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other reporting companies or may have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

Competition

The mineral industry is intensely competitive in all its phases. NWT Uranium competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

June 23, 2011

On behalf of the Board of Directors

Toronto, Ontario