STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215 Denver, Colorado 80203 Phone: (303) 866-3567 FAX: (303) 832-8106

MON CONFIDENTIAL



01 February 2011

Mr. Richard Blubaugh Powertech (USA) Inc.

5575 DTC Parkway, Suite 140 Greenwood Village, CO 80111 John W. Hickenlooper Governor

Mike King Executive Director

Loretta E. Piñeda Director

Re: Surety Reduction Approval, Centennial Uranium Project, Revision No. SR-2 File No. P-2008-043

Dear Mr. Blubaugh:

On 31 January 2011, the Colorado Division of Reclamation, Mining and Safety (Division) reduced the amount of financial warranty for prospecting notice P-2008-043 from \$122,400 to \$71,400. Powertech (USA) Inc. posted a cash bond for this prospecting notice; therefore, a State Warrant in the amount of \$51,000 plus accumulated interest (if any) will be sent to you under separate cover.

Please find enclosed the estimate of remaining well plugging and surface reclamation costs used to determine the amount of the reduction. This surety reduction is partly based on three previously bonded exploration boreholes that were not drilled. Therefore, approval to drill those exploration boreholes is rescinded. With the exception of ground water monitoring well C-004-35, for which financial warranty is still in place, no additional drilling may be conducted under prospecting Notice of Intent P-2008-043 without the Division's written approval of a modification to the prospecting notice.

You may call me with questions at 303-866-3567 ext 8108.

Sincerely,

David Bird

Division of Reclamation, Mining, and Safety

cc:

Michael Beshore – Powertech, via email Mary Rodriguez – DRMS, via email

CIRCES Cost Estimating Software COST SUMMARY FORM

Date :	ECT IDENTIFICATION 18-Jan-2011	Permit or job no. :	P-2008-043	Site	: Centenn	ial Project	
User:		Abbreviation :	none		Colorad		
USC: .		Filename :	P043-000	County			
	Agency or organization name : L						
		Revised reclamation co	sts for original NO	I under SR-2	· ·		
TASK	LIST (DIRECT COSTS)		******************************	FORM	FLEET	TASK	DIRECT
NO.		DESCRIPTION		USED	SIZE	HOURS	COST
MOB	-Mobe / Demobe or reclamation			mobilize	4	6.43	\$1,209
P&A	-Plug & abandon 2 MWs (less \$	195 for one annular vo	lume)	borehole	2	7.00	\$9,398
EXC	-Backfill and replace topsoil in r	nud pits		excavate	2	0.41	\$31
VEG	-Seed one mud pit and one drill	pad		<i>r</i> evege	1	8.00	\$289
FAI	-Reveg failure from original NO	I		revege	1	16.00	\$461
TRA	-Equipment travel between hole	s		NA	2	1.00	\$71
					L		
					BTOTALS:	38.84	\$11,459
	* includes inflation factor adjustment of :	NA 9	6	T	OTAL DIRE	CT COST * =	\$11,459
INDIRE	ECT COSTS						4
	OVERHEAD AND PROFIT -	Liability insurance :_	2.02	% of direct		total =	\$231
		Performance bond :_	1.05	% of direct		total =_	\$120
			40.42	hre* \$/hr	\$52.10	total =	\$1,012
		Job superintendent :_	19.42	_		·	
		Job superintendent : _ Profit :	10.00	% of direct		total =	
	* assume net hours = 50% of task hours	Profit :		% of direct	тс	TAL O & P =	\$2,509
	LEGAL - ENGINEERING - PROJECT M	Profit :	10.00	% of direct	T(OTAL O & P =ect + O & P) =	\$2,509 \$13,969
	LEGAL - ENGINEERING - PROJECT M Financial warranty processing	Profit : ANAGEMENT - (legal/related costs) :	10.00 0.00	% of direct CONTRACT AN total \$	TOUNT (dire	OTAL O & P = ect + O & P) = total =	\$2,509 \$13,969 \$0
	LEGAL - ENGINEERING - PROJECT M Financial warranty processing Engineering work and/or cor	Profit : ANAGEMENT - (legal/related costs) : htract/bid preparation :	0.00 4.25	% of direct CONTRACT AN total \$ % of cntr.	TOUNT (dire	otal =	\$2,509 \$13,969 \$0 \$594
	LEGAL - ENGINEERING - PROJECT M Financial warranty processing Engineering work and/or cor Reclamation management a	Profit : ANAGEMENT - (legal/related costs) : htract/bid preparation :	0.00 4.25 5.00	% of direct CONTRACT AN total \$ % of cntr. % of cntr.	TOUNT (dire	otal = total = total =	\$1,146 \$2,509 \$13,969 \$0 \$594 \$698
	LEGAL - ENGINEERING - PROJECT M Financial warranty processing Engineering work and/or cor Reclamation management a CONTINGENCY -	Profit: ANAGEMENT - (legal/related costs): htract/bid preparation: and/or administration:	0.00 4.25	% of direct CONTRACT AN total \$ % of cntr. % of cntr. NA	TOUNT (dire	otal = total = total = total = total =	\$2,509 \$13,969 \$0 \$594 \$698
	LEGAL - ENGINEERING - PROJECT M Financial warranty processing Engineering work and/or cor Reclamation management a	Profit: ANAGEMENT - (legal/related costs): htract/bid preparation: and/or administration:	0.00 4.25 5.00	% of direct CONTRACT AN total \$ % of cntr. % of cntr. NA	TOUNT (dire NA NA NA NA OTAL INDIR	otal = total = total = total = total = total = total = ECT COST =	\$2,509 \$13,969 \$0 \$594

CIRCES Cost Estimating Software EQUIPMENT MOBILIZATION / DEMOBILIZATION

PROJECT IDENTIFICA	ATION						sheet 1 of 2
	Agency or organiz	zation name	:DRMS				
Та	sk#: MOB	State : Colorado			Permit/iob#:	P-2008-043	
	Date: 01/18/2011				Abbreviation :		
	User: DB2		: Centennial Pro	niect	Filename :		
'	Osei . DDZ	- One	· Contonnar re	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
Permit o	or other job action :			Under Sr-2			
	Task description :	Mobe / De	emobe				
EQUIPMENT TRANSP	ORT RIG COST				Shift basis :	1 per day	
					ost data source :	CRG Data	
	tractor description :						
Truck	trailer description :	Generic fold	ing gooseneck,	drop deck equ	ipment trail <mark>er (</mark> 25	5T, 50T, and 100	<u>r)</u>
		Available	rig capacities :	0-25 Tons	26-50 Tons	51+ Tons	<u></u>
	Cost Breakdown:	Owners	ship cost/hour :	\$16.63	\$18.37	\$22.33	
		Opera	ting cost/hour:	\$44.38	\$46.13	\$50.07	
		Operator cost/hour : Helper cost/hour :		\$27.66 \$0.00	\$27.66	\$27.66	
					\$25.39	\$25.39	_
		Total Unit Cost/hour :		\$88.67	\$117.55	\$125.45	_
NON-ROADABLE EQU	JIPMENT						
Machine	Weight/unit	Ownership	Haul Rig	Fleet Size	Haul Trip	Return Trip	DOT permit
Description	(Tons)	Cost/hr/unit	Cost/hr/unit	(No. units)	Cost/hr/fleet	Cost/hr/fleet	Cost/fleet
-Cat 311C U	13.16	\$17.82	\$88.67	1	\$106.49	\$88.67	\$0.00
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					-		
	1	I		Cubastal-	. \$106.40	\$88.67	\$0.00
		****************		Subtotals	: \$106.49	ФОО.0 /	J \$0.00

ROADABLE EQUIPMENT			,			sheet 2 c
Machine		Total	Fleet Size	Haul Trip	Return Trip	
Description		Cost/hour/unit	(No. units)	Cost/hr/fleet	Cost/hr/fleet	****
-Drill Rig		\$244.00	1	\$244.00	\$244.00	
Light Duty Pickup, 4x4, 1 T. Crew		\$39.76	2	\$79.53	\$79.53	
					Mary Control of the C	_
<u> </u>		<u> </u>	Cubtotala	£222 52	¢222 52	
		L	Subtotals	\$323.53	\$323.53	_
QUIPMENT HAUL DISTAN	CE and TIM	<u> </u>	Subtotals	\$323.53	\$323.53	
QUIPMENT HAUL DISTAN	CE and TIM		Subtotals sajor city or town within proje		\$323.53 Fort Collins	
	CE and TIM		ajor city or town within proje			miles
EQUIPMENT HAUL DISTANG Transportation Cycle Time:			ajor city or town within proje Total one-way	ect area region :_	Fort Collins	miles mph
EQUIPMENT HAUL DISTANG Transportation Cycle Time:	Non-	Nearest m	ajor city or town within proje Total one-way Averag	ect area region : travel distance : e travel speed :	Fort Collins 30.0 35.0	
Transportation Cycle Time : Haul time (hours) =	Non- Roadable Equipment 0.86	Nearest m Roadable Equipment 0.86	ajor city or town within proje Total one-way Averag Total non-roadable mot	ect area region : travel distance : le travel speed : o/demob cost * :	Fort Collins 30.0	
Transportation Cycle Time : Haul time (hours) = Return time (hours) =	Non- Roadable Equipment	Nearest m Roadable Equipment	ajor city or town within proje Total one-way t Averag Total non-roadable mot * two roun	ect area region : travel distance : le travel speed : o/demob cost * : d trips with haul rig	Fort Collins 30.0 35.0 \$654.04	
Transportation Cycle Time : Haul time (hours) = Return time (hours) = Loading time (hours) =	Non- Roadable Equipment 0.86	Nearest m Roadable Equipment 0.86	ajor city or town within proje Total one-way Averag Total non-roadable mot	ect area region : travel distance : le travel speed : o/demob cost * : d trips with haul rig	Fort Collins 30.0 35.0	
Transportation Cycle Time : Haul time (hours) = Return time (hours) =	Non- Roadable Equipment 0.86 0.86	Roadable Equipment 0.86 0.86	rajor city or town within proje Total one-way t Averag Total non-roadable mob * two round Total roadable mob	ect area region : travel distance : le travel speed : o/demob cost * : d trips with haul rig	Fort Collins 30.0 35.0 \$654.04	
Transportation Cycle Time : Haul time (hours) = Return time (hours) = Loading time (hours) =	Non- Roadable Equipment 0.86 0.86	Roadable Equipment 0.86 0.86 NA	rajor city or town within proje Total one-way t Averag Total non-roadable mob * two round Total roadable mob	ect area region :_ travel distance :_ te travel speed :_ o/demob cost * :_ d trips with haul rig /demob cost ** :_	Fort Collins 30.0 35.0 \$654.04	
Transportation Cycle Time : Haul time (hours) = Return time (hours) = Loading time (hours) = Unloading time (hours) =	Non- Roadable Equipment 0.86 0.86 0.75 0.75	Roadable Equipment 0.86 0.86 NA NA	rajor city or town within proje Total one-way t Averag Total non-roadable mob * two round Total roadable mob	ect area region :_ travel distance :_ te travel speed :_ o/demob cost * :_ d trips with haul rig /demob cost ** :_	Fort Collins 30.0 35.0 \$654.04	

CIRCES Cost Estimating Software BOREHOLE SEALING WORK

PROJECT IDENTIFICATION		994000000000000000000000000000000000000	************************	200000000000000000000000000000000000000				
Task#	:P&A	-	Colorado		Permit/job #	: P-2008-043		
Date	: 01/18/2011	County:			Abbreviation			
User		_ Site :	Centennial	Project	Filename	: P043-P&A		
Agency or organization name			. =					
	:Revised reclamation costs under							
Task description	Plug and abandon bore	holes pro	posed in	original N	O			
<u>UNIT COSTS</u>	Equipment cost				Shift basis		l	
BOREHOLE DESCRIPTION	SEALING ITEM / METHOD	DIAMETER	LENGTH	QUANTITY	UNIT	UNIT COST	TOTAL COST	
Hours per hole rig time			-					
includes set up, break down,								
and rig travel between holes.					****	-	ļ	
		0.75	A/A	40.00	up	\$435.00	\$7,830.00	
2 holes @ 160 ft deep each	Drill rig and crew	8.75	NA	18.00	HR	\$433.00	\$7,830.00	
at 3.5 hours per hole								
2 holes 8.75" diameter	Bentonite 29 lb. per ft.	8.75	300	300.00	CF	\$5.11	\$1,533.00	
2 Holes 6.75 Glameter	Demonite 29 ib. per it.	0.70		000.00				
2 holes 8.75" diameter	Portland cement grout	8.75	20	20.00	CF	\$11.50	\$230.00	
Annular space volume								
8.75" OD - 6" ID								
Total volume = 35.2 CF								
Bentonite = 33 sq ft								
Cement = 2.2 sq ft								
Total = \$195								
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And the street of the street o						<u> </u>		
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		1	L	<u> </u>	L	Total Cost	: \$9,59 3	

CIRCES Cost Estimating Software HYDRAULIC EXCAVATOR WORK

PROJECT II	DENTIFICATION	<u></u>					
Task #:	EXC	State	: Colorado		Permit/job#:	P-2008-043	
Date :	01/18/2011	County	:Weld		Abbreviation :		
User :	DB2		: Centennial Proje	ect	Filename :	P043-EXC	
	organization name : or other job action :	Revised re					
	Task description :	Backfill	and replace t	opsoil in m	ud pits		
HOURI V E	NUMENT COST						
HOURLY EL	QUIPMENT COST	Macl	nine description :	Cat 311C U		Horsepower	: 79
						Weight (MT)	11.94
Cost Breakd	own :			Utilization %)		
		cost/hour	: \$17.82	NA	1	Shift basis	: 1 per day
	-	cost/hour		100)	Data source	: (CRG)
	•	r cost/hour		NA	<u> </u>		. —
	Total uni	t cost/hour	\$77.05			Total fleet cost/hour	\$77.05
MATERIAL	QUANTITIES						
Initial			Swell		Loose		
volume:	17	BCY	factor:	1.250	volume	: 21	LCY
	RODUCTION ycle Time (load buck	ket, swing l					
				-	on description		-
		_, S€	econdary job cond				
				Су	cle time value	: 0.33	_minutes
Bucket Cap			I CV (boomed)	۵	nkat ciza otaca	: medium	
ка	ted bucket capacity		_LCY (heaped) _USER-PROVID		cket size class	. medium	_
Adino	Bucket fill factor : ted bucket capacity		LCY	LU BUCKET F	ILL I AUTUR		
Aujus	ted buoket capacity						
Job Condition	on Correction Factor	<u>s</u>					Source
	Site altitude		feet	Altitu	de adjustment	: 1.00	(Cat HB)
				Job efficien	cy adjustment	: 0.83	(1 shift/day)
				Net	job correction	:0.83	_multiplier
	-	-	unit production:	62.77	_LCY/hour		
	•	-	unit production:	52.10	LCY/hour		
	Adjus	sted hourly	fleet production :	52.10	LCY/hour	*************************************	
JOB TIME /					Takal inlu Aims -	. 0.44	houre
	Fleet size		_excavator(s)		Total job time		_hours _
diamental · · ·	Unit cost	: \$1.479	_per LCY	pang banang dagag ang ang banang bana	Total job cost	: \$31	

CIRCES Cost Estimating Software REVEGETATION WORK

sheet 1 of 2

PROJECT IDENTIFICATION Agency / company name : DRMS Permit/job no.: P-2008-043 Task no.: **VEG** State: Colorado Abbreviation : none Date: 18-Jan-2011 County: Weld Site name : Centennial Project Filename : P043-VEG User: DB2 Permit or other job action : Revised Reclamation Costs Under SR-2 Task description : Seed mud pits and drill pads DESCRIPTION (data source) UNITS / ACRE UNIT COST / UNIT COST/ACRE FERTILIZING - item no. 1: No fertilizer or amendments required **Materials** - item no. 2 : - item no. 3 : TOTAL FERTILIZER MATERIALS COST / ACRE : \$0.00 Application - method no. 1: No fertilizer application required - method no. 2: TOTAL FERTILIZER APPLICATION COST / ACRE : - method no. 1 : Hand raking (MEANS 02910 710 0250) \$1,101.99 **TILLING** - method no. 2: TOTAL TILLING COST / ACRE : \$1,101.99 SEEDING RATE - PLS NATIVE OR WARM / COOL SEEDS COST Seed Mix: COMMON NAME - VARIETY SCIENTIFIC NAME LBS/ACRE INTRODUCED SEASON PER SQ. FT. PLS / ACRE GRASSES, RUSHES and SEDGES: NOTE: Table values on drill seed basis. Totals are doubled if any seeding method other than drill seeding is used. \$54.61 Blue Grama - Lovington Bouteloua gracilis 3.00 Native Warm 49.0 \$215.74 Big Bluestem - Kaw Andropogon gerardii 11.00 Native Warm 328 Schizachyrium scoparius \$137.27 Little Bluestem - Pastura 7 00 Native Warm 41.8 Western Wheatgrass - Arriba 10,00 Native 25.3 \$129.83 Agropyron smithii Cool Indiangrass - Cheyenne Sorghastrum nutans 1.00 Native Warm 3.0 \$22.10

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OUBURG AND	3 TDEE0 /		<u> </u>	<u> </u>	<u> </u>	L	L	
SHRUBS AND	TREES (seed)	:	I	1	1	ı	į.	Ì
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				<u> </u>	<u> </u>			
* TOTAL	SEEDS / SQ. FT. :	303.8	* TOTAL POUNDS PLS / ACRE	: 64.00		* TOTAL SEED	MIX COST / ACRE :	\$1,119.09
	Seed application		Broadcast seeding [DMG contract data		- TOT.		TION COST / ACRE :	\$241.91
	Seed application	- mediod	Diobaceas securing IDMO contract cate			NE 0222 AS : E.O.A		02 41.01
MULCHING A	nd MISCELLAN	FOUS	DESCRIPTION (data source)		UNITS/ACRE	UNIT	COST / UNIT	COST / ACRE
	Materials		Hay, delivered (DMG survey data)		2.00	ton	\$208.08	\$416.16
		- item no. 2						
		- item no. 3						
		- item no. 4			<u> </u>			
					TOT	AL MULCH MATER	ALS COST / ACRE :	\$416.16
	Application	- method no. 1 :	Hand spread, 1" deep (MEANS 32 91	13.16 0200)				\$4,356.00
		- method no. 2	The state of the s	· · · · · · · · · · · · · · · · · · ·				
		- method no. 3						
					TOTAL	MULCH APPLICAT	TON COST / ACRE :	\$4,356.00
NURSERY ST	TOCK PLANTING	1	TYPE and SIZE	MATERIAL	PLANTING	COST / FERT.	TOTAL	TOTAL
COMMON NA	ME	NO. / ACRE	(planting cost data source)	COST / PLANT	COST / PLANT	PELLET	COST / PLANT	COST/ACRE
No nursery sto	ock required							
				<u> </u>				
								and the second of the second o
				<u> </u>				
***************************************		***************************************			TC	TAL NURSERY ST	OCK COST / ACRE :	\$0.00
JOB COST		No. of acres		Cost / acre			NITIAL JOB COST :	
		re rate (percent):		_ Cost / acre*:	\$7,235.15		EDING JOB COST :	
124.124.124.124.1	* Selected replan	nting work items:	TSM	7	a para ang ang ang ang ang ang ang ang ang an	TC	TAL JOB COST :	\$289

CIRCES Cost Estimating Software COST SUMMARY FORM

Date :	18-Jan-2011	Permit or job no.	P-2008-043	Site:	Centenn	ial Project	
User:	DB2	Abbreviation :		State:	Colorado)	
		Filename :		County:	Weld		-
	Agency or organization name: C						
•	Permit or job action : F	Revised reclamation c	ost for MD-01 un	der SR-2			
	į						
rask i	JST (DIRECT COSTS)		20,000,000,000,000,000	FORM	FLEET	TASK	DIRECT
NO.		DESCRIPTION		USED	SIZE	HOURS	COST
	-P & A 15 of 16 original holes (le	ess annular volume a	djustment = \$7,6	91) NA	2	66.00	\$21,852
	-P & A Contingency (20%)			NA	1	0.10	\$4,370
	-Pad reclamation from DRMS M	ID-01 estimate		NA	1	59.00	\$15,867

		- William					
					-		
	and the same of th						w = xr
			****				1 - 604
			· · · · · · · · · · · · · · · · · · ·				
				SU	BTOTALS :	125.10	\$42,089
	* includes inflation factor adjustment of :	NA	_%	T	OTAL DIRE	CT COST *=	\$42,089
NDIRE	CT COSTS						
	OVERHEAD AND PROFIT -	Liability insurance	: 2.02	% of direct		total =	\$850
		Performance bond	: 1.05	% of direct		total =	\$442
		Job superintendent	: 62.55	 hrs*\$/hr:	\$52.10	total =	\$3,259
		Profit	: 10.00	% of direct		total =	\$4,209
	* assume net hours = 50% of task hours			тс	TALO&P=	\$8,760	
	LEGAL - ENGINEERING - PROJECT M	ANAGEMENT -		CONTRACT AV	OUNT (dire	ect + O & P) =	\$50,849
	Financial warranty processing	(legal/related costs)	: 1.05	% of cntr.	NA	total =	\$534
	Engineering work and/or cor			% of cntr.	NA	total =	\$2,167
	Reclamation management a			% of cntr.	NA	total =	\$2,542
	CONTINGENCY -		NA*	NA		total =	N/
					TAL INDID	ECT COST =	\$13,997
	* contingencies accounted for at task level	9/		IC	MAL INDIK	ECI (USI =	\$13,331

MONITORING WELL	Q-S-T-R	TOTAL DEPTH (FT)	MONITORING WELL DIAMETER (IN)	VOLUME REMAINING ABANDONMENT	TO COMPLETE	& P-2008-043 MD-01)		
C-003-35	NW-35-T9N-R67W	142	6	27.88			1 3000	
C-004-35*	NOT ADVANCED	160	8.75	66.81	Salahara Barana	<u> </u>	-	
NO8-33-MM1	NE-33-T10N-R67W	503	6	98.76				
NO8-33-MM2	NW-33-T10N-R67W	484	6	95.03				
NO8-33-MM3	NE-33-T10N-R67W	556	6	109.17		İ	\top $\overline{}$	
N08-33-MM4	NE-33-T10N-R67W	590	6	115.85			-	
NO8-33-MM5	SE-33-T10N-R67W	469	6	92.09	*****		† —	
NO8-33-MO1	NE-33-T10N-R67W	367	6	72.06	in the state of th		-	
NO8-33-MO2	NW-33-T10N-R67W	341	6	66.96			_	
NO8-33-MO3	NE-33-T10N-R67W	267	6	52.43			<u> </u>	
NO8-33-MU1	NE-33-T10N-R67W	599	6	117.61				
NO8-33-MUU1	NE-33-T10N-R67W	634	6	124.49				
N08-33-MUU2	NW-33-T10N-R67W	600	6	117.81				
NO8-33-MUU3	NE-33-T10N-R67W	658	6	129.20		1000	 	
NO8-33-PW1	NE-33-T10N-R67W	526	6	103.28		Ė —	1	
NO8-3-MM1	NE-3-T9N-R67W	461	6	90.52		· · · · · ·		
NO8-15-MM1	NE-15-T9N-R67W	262	.6	51.44	ya , di		 	
Volume of	Hole Needed for Bond	to Complete Abar	ndonment (Cubic Feet) =	1531.3	3			
				e to maintain bond for this			1	

Installed MW C-004-35 not included in cales

Total Pootage 7,459 1,465

Grout Footage 7,459 1,465

Grout Footage 160 32 × \$11,50/cf = \$368

(16 well x 10!) 160 32 × \$5.11/cf = \$7,323

Bentonite 7,299 1,433 × \$5.11/cf = \$7,323

Cost of materials \$7,691

for holes completed
but not a bandried