

## 19 Recommendations (Item 22)

Industry Standards for projects with a positive Scoping Study, would be to recommend proceeding to a pre-feasibility level study. For ISR, this would normally involve a pilot-scale recovery facility with construction and operation of test injection and recovery well field. This would be operated for a period of time sufficient to develop a recovery curve to accurately predict extraction rate and ultimate total recoverable uranium. For uranium projects, the option of permitting a pilot facility is expected to require a significant amount of permitting work as well as a significant time delay. Powertech's plan is to permit for operations, and upon permit approval, develop detail recovery information in the first operational mine unit. Recommendations for going forward are therefore presented as the costs to achieve initial production.

- Complete hydrogeological pump tests to further define hydraulic conductivity and therefore applicable ISR pumping rates;
- Complete hydrogeological modeling to include chemical and physical effects of injection of purchased water for water injection to elevate water table, and ISR production rates on water table draw-down;
- Complete all activities required to obtain all necessary licenses and permits required to operate an in situ uranium mine in the State of Colorado;
- Complete the construction of electronic drillhole databases to support mine planning activities;
- Conduct definition drilling for the initial well-field;
- Complete analysis and permit selected waste-water disposal method (land application or deep-well disposal);
- Finalize facility and mine unit designs and construction drawings; and
- Identify procurement process for long lead items, and perform cost benefit analysis for alternative equipment or materials.

A Phase I program would take the project through the permitting stage and initial construction of well field equipment and the Central Processing Plant at Centennial. A preliminary budget of USD71.1million is anticipated over a one-year period, equivalent to initial project capital costs. A Phase II program and budget will be the annual capital and operating costs required to operate the project for the life-of-mine, net of annual revenue, which is variable from year to year – the project as envisioned will be self-funding in Year 1.