

## 8 Exploration (Item 12)

*Section 8 is extracted in-part from Powertech's Technical Report titled "Updated Technical Report on the Centennial Uranium Project, Weld County, Colorado", dated February 25, 2010. Changes to standardizations, sub-titles, and organization have been made to suit the format of this Technical Report. SRK comments and opinions, where present, contain "SRK" in the pertinent sentences and paragraphs.*

In Colorado, all mineral exploration drilling is permitted by the Colorado DRMS through the filing of a Notice of Intent (NOI). Prospecting is defined as "the act of searching for or investigating a mineral deposit". Powertech's initial NOI was approved in June 2007 for the completion of 23 water wells to investigate the quantity and quality of groundwater in the vicinity of historical uranium resources within the Centennial Project. In July 2007, a modification to this NOI was approved for the completion of 24 drillholes to confirm the presence of these historical resources and to obtain core of the mineralization for chemical analyses. All drilling associated with these NOIs was completed in 2007 and will be discussed in the following section.

In August 2008, a second NOI was approved for the completion of two additional water wells and eight additional drillholes. The purpose of these drillholes were to obtain more core for testing and to investigate the uranium potential of known host sandstones, below planned production facilities, to ensure that no surface construction would take place over uranium resources. In October 2008, a modification to this NOI was approved to complete an additional 15 water wells and another core hole. These water wells would be used to conduct a large-scale pump test in the northern portion of the project area, which is planned for 2010. The status of drilling associated with these NOIs will be discussed in the following section. No additional mineral detection exploration surveys or investigations, other than drilling, were conducted on the Centennial Project.

### 8.1 Surveys and Investigations

SRK notes that down-hole gamma logging procedures employed by Powertech are industry standard techniques of using total gamma down-hole probes. In addition, Powertech has used data from PGT logging for estimating direct  $eU_3O_8$  content for the southern part of the property where disequilibrium occurs due to parts of the deposits being above the water table (see discussion of PGT probe in Section 12 – Data Verification).

### 8.2 Conclusion

SRK reviewed the current and historical drilling results, and finds Powertech's drilling results provide a reasonable comparable validation of the historical drilling results. The Powertech programs of validation drilling and core sampling, water wells for ground water characterization, ground water monitoring, and pump testing, are valid and appropriate exploration methods for verifying, exploring, and characterizing the uranium deposits for possible ISR uranium production.