SD EForm - 1983 V1

Permit 2

PMB 2020
Department of Environment and Natural Resources
Minerals and Mining Program
523 East Capitol Avenue
Pierre, South Dakota 57501-3182
Telephone: (605) 773-4201 Fax: (605) 773-5286

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URANIUM EXPLORATION PERMIT

Pursuant to SDCL 45-6D

Name of Operator

POWERTECH (USA) INC.

Address of Operator's Principle Place of Business:

5575 DTC PARKWAY, STE. 140
GREENWOOD VILLAGE, CO 80111

Name and Address of Operator's Resident Agent in South Dakota:

CT CORPORATION SYSTEMS
319 COTEAU STREET
PIERRE, SOUTH DAKOTA 55750

Telephone Number:
(303) 790-7528

Telephone Number:
(605) 224-5825

Brief Description of the Type of Uranium Exploration to be Conducted (include a complete description of methods and a list of other minerals to be explored):

Permission is sought to drill 30 exploration and condemnation holes into the Inyan Kara formation. Condemnation holes are necessary to assure that planned surface facilities are not located over ore deposits. The holes will be rotary drilled by a rubber-tired drill rig to an average depth of 500 feet (300 to 800 ft). The holes will be radiometrically logged for uranium and vanadium. Each drill site will consist of an excavated mud pit with approximate dimensions of 12 ft. x 12 ft. x 12 ft., and minimal surface disturbance by the drill rig and ancillary vehicles (logging truck, water truck, backhoe and geologist's pickup). No roads will be constructed. Sites will be accessed from existing roads or driving short distance across existing ground surface. Drill sites will not be accessed if the surface is muddy and vehicles are likely to become stuck.

Date Exploration Will Commence:

September 2008 or earlier, depending on issuance of permit

Legal Description of Land to be Explored by Section, Township, and Range:

T7S R1E Section 29 SW/4, Section 30 SE/4, Section 32 NW/4
T6S R1E Section 2 SW/4, Section 10 NE/4, Section 11 NW/4-SE/4, NE/4-SW/4

County:

Custer and Fall River

What Legal Authority Does the Operator Have to Conduct Exploration on the Above-Described Land?

☐ Deed ☑ Lease ☐ US Forest Service Permit ☐ Pending US Forest Service Permit

☑ Other Claims

Attach Copy if Available

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INSTRUCTIONS (Reference SDCL 45-6D):

This Application Must be Accompanied by:

1. A Plan of Reclamation Pursuant to Section 9.
2. A Topographic Map Pursuant to Section 10.
3. A Fee of $500 Pursuant to Section 18.
4. Any Written Landowner Consultations Giving Alternative Preferences for the Reclamation of the Affected Land Pursuant to Section 16.

Before a Hearing on the Permit May be Conducted by the SD Board of Minerals and Environment, the Applicant Must Submit the Following Materials:

1. A Copy of the Affidavit of Publication of Notice Pursuant to Section 12.
2. Proof of Filing a Copy of the Application with the Register of Deeds Pursuant to Section 11.
3. A Surety in an Amount to be Determined by the Department Pursuant to Section 19.

Applicant hereby affirms that the uranium exploration will be conducted pursuant to the terms and conditions of the approved permit; that he will grant access to the SD Board of Minerals and Environment or its agents to the area under application from the date of application and thereafter for such a time as is necessary to assure compliance with all provisions of SDCL 45-6D or any rule, order, or decision promulgated hereunder.

I declare and affirm under the penalties of perjury that this claim (petition, application, information) has been examined by me, and to the best of my knowledge and belief, is in all things true and correct.

Richard E. Blubaugh
Signature

July 1, 2008
Date

Vice President-Environmental Health & Safety
Title

STATE OF Colorado

COUNTY OF Arapahoe

On this _____ day of _____, 20 _____, before me personally appeared Richard E. Blubaugh

who acknowledged himself to be the Vice President-EH&S (Title) for Powertech (USA) Inc. (Operator)

and that he is authorized to execute this Application for the purposes contained therein.

Kim M. Kennedy
Notary Public

My Commission Expires: _____

KIM M. KENNEDY
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 08/02/2008

SEAL

FOR DEPARTMENT USE ONLY

DATE APPROVED: BOND AMOUNT: EXNI NUMBER:

Chairman, SD Board of Minerals & Environment

Renewals: 1st Date: 2nd Date: 3rd Date:

Department of Environment and Natural Resources
Minerals and Mining Program
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STATE OF SOUTH DAKOTA
BEFORE THE SECRETARY OF
THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF POWERTECH (USA) INC.	))	CERTIFICATION OF APPLICANT
STATE OF COLORADO	)	
	) SS	
COUNTY OF ARAPAHOE	)	

I, POWERTECH (USA) INC., the applicant in the above matter after being duly sworn upon oath hereby certify the following information in regard to this application:

South Dakota Codified Laws Section 1-40-27 provides:

"The secretary may reject an application for any permit filed pursuant to Titles 34A or 45, including any application by any concentrated swine feeding operation for authorization to operate under a general permit, upon making a specific finding that:

(1) The applicant is unsuited or unqualified to perform the obligations of a permit holder based upon a finding that the applicant, any officer, director, partner, or resident general manager of the facility for which application has been made:

(a) Has intentionally misrepresented a material fact in applying for a permit;

(b) Has been convicted of a felony or other crime of moral turpitude;

(c) Has habitually and intentionally violated environmental laws of any state or the United States which have caused significant and material environmental damage;

(d) Has had any permit revoked under the environmental laws of any state or the United States;

(e) Has otherwise demonstrated through clear and convincing evidence of previous actions that the applicant lacks the necessary good character and competency to reliably carry out the obligations imposed by law upon the permit holder; or

(2) The application substantially duplicates an application by the same applicant denied within the past five years which denial has not been reversed by a court of competent jurisdiction. Nothing in this subdivision may be construed to prohibit an applicant from submitting a new application for a permit previously denied, if the new application represents a good faith attempt by the applicant to correct the deficiencies that served as the basis for the denial in the original application.

All applications filed pursuant to Titles 34A and 45 shall include a certification, sworn to under oath and signed by the applicant, that he is not disqualified by reason of this section from obtaining a permit. In the absence of evidence to the contrary, that certification shall constitute a prima facie showing of the suitability and qualification of the applicant. If at any point in the application review recommendation, or hearing process, the secretary finds the applicant has intentionally made any material misrepresentation of fact in regard to this certification, consideration of the application may be suspended and the application may be rejected as provided for under this section.

Applications rejected pursuant to this section constitute final agency action upon that application and may be appealed to circuit court as provided for under chapter 1-26."

Pursuant to SDCL 1-40-27, I certify that I have read the forgoing provision of state law, and that I am not disqualified by reason of that provision from obtaining the permit for which application has been made.

I declare and affirm under the penalties of perjury that this claim (petition, application, information) has been examined by me, and to the best of my knowledge and belief, is in all things true and correct.

Dated this 1st day of July, 2008.

Powertech (USA) Inc. by [illegible]
Applicant

Subscribed and sworn before me this 1st day of July, 2008.

Kim M. Kennedy
Notary Public

My commission expires: _____

KIM M. KENNEDY
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 08/02/2008

(SEAL)

PLEASE ATTACH SHEET DISCLOSING ALL FACTS PERTAINING TO SDCL 1-40-27 (1)(a) THROUGH (e).
ALL VIOLATIONS MUST BE DISCLOSED, BUT WILL NOT AUTOMATICALLY RESULT IN THE REJECTION OF AN APPLICATION.

POWERTECH
URANIUM CORP.
PWE:TSX

POWERTECH (USA) INC.

Richard E. Blubaugh
Vice President
Environmental Health & Safety Resources

5575 DTC Parkway
Suite #140
Greenwood Village, CO 80111
www.powertechuranium.com

Tel: 303.790.7528
Fax: 303.790.3885
Cell: 720.935.1723
rblubaugh@powertechuranium.com

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URANIUM EXPLORATION RECLAMATION PLAN

Pursuant to SDCL 45-6D-9

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Operator: Powertech (USA) Inc.

In preparing this Reclamation Plan, please address each item in detail, following SDCL 45-6D-9. Also, refer to the reclamation standards outlined under SDCL 45-6D-33 through 45-6D-39 and the state's hole plugging regulations as detailed under ARSD 74:11.

1.) Describe the type of reclamation the operator proposes to achieve in the reclamation of the affected land.

The type of reclamation proposed by Powertech is successful restoration of the affected land surface to a usable and productive state that is as close as possible to the land's original condition, and that will allow, to the maximum extent possible, agriculture, recreation or future resource development pursuant to the requirements of SDCL 45-6D and ARSD 74:11.

2.) Provide a proposed timetable for seeding and replanting indicating when and how the reclamation plan will be implemented. Such timetable shall be developed after consulting with the County District Conservationist as to the nature of the soils and native vegetation in the area of the proposed operation. These recommendations shall be followed, if any are provided, and copies of all correspondence shall be provided to the Department.

While excavating the small mud pit at each drill site, the topsoil will be stored separately from the remaining subsoils, both of which will be placed near the drill hole location. All drilling mud and associated cuttings will be placed in the pit. After drilling and logging, the drill hole is sealed and plugged according the South Dakota requirements (Chapter 74:11:08). The mud pit will be allowed to dry for approximately one (1) to two (2) weeks, after which the pits are backfilled with the subsoils. The pits will then sit idle for approximately two (2) to three (3) months to allow settling of the backfill. The topsoil is then replaced over the backfilled pit, leveled and seeded with a seed mixture recommended by the Custer or Fall River County NRCS representative, as applicable. Mr. Kroy Bossert with the Fall River County NRCS recommended a seed mixture of: Western Wheatgrass- 6.0lbs/acre, Green Needle Grass-3.0lbs/acre, Blue Grama-0.6lbs/acre and Sideoats Grama-1.8 lbs/acre. This seed mixture is suitable for the majority of soils in the areas of proposed drilling. The seeded areas will be lightly back-dragged with the backhoe to aid in covering the seed. It is anticipated that reclamation will be completed within approximately three (3)months after completion of drilling and logging. It is expected that the reclamation activities will occur during mid-to-late-fall, however; depending upon when permission to drill is granted and when the drilling is completed, there may be some drill sites that do not get reclaimed before winter sets in. If necessary, any unfinished reclamation activities will be completed the following spring. All solid waste materials such as paper, plastic, wood and other trash will be removed from the site and disposed of in facilities approved for disposal of such solid waste.

3.) Describe how the reclamation plan will rehabilitate the affected land.

The reclamation plan will rehabilitate the affected land in the following manner:

Retention of all drilling mud and cuttings in a relatively small confined space minimizes surface impact,

Separating and replacing topsoil on the mud pits assists in assuring successful revegetation and restoration of the affected land,

Utilizing a seed mix recommended by the local soil conservation specialist maximizes the opportunity for successful revegetation,

The items above and the reclamation plan as a whole provides for the rehabilitation of plant cover and provides for soil stability, minimal erosion and protection of water resources in just a couple of growing seasons.

4.) Describe the anticipated temporary and permanent plugging and capping procedures to be used (refer to SDCL 45-6D-33 through 45-6D-35 and the state's hole plugging regulations as detailed under ARSD 74:11).

All drill holes will be drilled into the Inyan Kara formation (Fall River and Lakota units).These are confined aquifers. If flowing conditions are encountered in a drill hole, drilling mud will be thickened to stop the water flow during drilling and logging. After logging the hole will be plugged with high sulfate-resistant cement to within 3 feet of the ground level according to ARSD 74:11:08:07, then the upper 3 feet of the drill hole will be filled with topsoil.

The drill holes in the Inyan Kara will have an average depth of approximately 500 feet.

The exploration drill holes will be plugged with sodium bentonite gel (Suregel or equivalent). The drill hole will be filled to the surface with the plugging gel. After the plugging gel has settled, the hole will be filled to the surface with bentonite chips, which will then be hydrated.

Temporary capping of drill holes is not anticipated, however, should it be necessary, Powertech will adhere to the requirement specified in ARSD 74:11:08:08, according to SDCL 45-6D-33.

5.) Provide the estimated cost of: a) implementing and completing the proposed reclamation and; b) the estimated cost of plugging and sealing each test hole.

see attachment

I declare and affirm under the penalties of perjury that this claim (petition, application, information) has been examined by me, and to the best of my knowledge and belief, is in all things true and correct.

Operator Signature: Powertech (USA) Inc. by [illegible]

Title: Vice President Date: July 1, 2008

POWERTECH (USA) INC.

DEWEY-BURDOCK EXPLORATION II PERMIT APPLICATION

BOND CALCULATION SUMMARY

30 Drill Holes, no ponds

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Activity Category	$
Hole Plugging @$857/drill hole	25,703.00
Reclamation	8,425.55
Total for Reclamation	**$34,128.55**
Mobilization (5%)	$1,706.43
Performance Bond (1%)	$341.29
Contractor Overhead (8%)	$2,730.28
State Excise Tax (2%)	$682.57
Contractor Profit (10%)	$3,412.86
Contingency (10%)	$3,412.86
Insp., Admin, & Maint. (5%)	$1,706.43
Total for Add-ons	**$13,992.72**
Grand Total	**$47,203.16**

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Total seeding cost		**$5,400.00**
Fertilizer		
N Appl Rate (lbs/ac)		18
P Appl Rate (lbs/ac)		46
K Appl Rate (lbs/ac)		0
N cost ($/lb)		$0.22
P cost ($/lb)		$0.30
K cost ($/lb)		$0.15
Acreage (acres)		6.0
Subtotal		**106.56**
Moving Dozer Between Sites		
Dozer cost ($/hr)		72.44
Total time to move Dozer	3.25 hr	
Subtotal		**$235.43**
Fuel Costs		
Cat D6R @ $4.50/gal	24.25 hr	
Subtotal		**$109.13**
Misc. Costs		
Erosion Control		**$200.00**
TOTAL RECLAMATION COST		**$8,425.50**

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RECLAMATION

Drill Sites -- Backfilling Mud Pits

Dozer type:	Cat D6R	
Blade type:	Straight	
Avg. Dozer Dist. (ft)		50
Vol. of Material (cy)		64
Cost for Dozer ($/hr)		$70
Cost for operator ($/hr)		$26.50

Is material being moved to reduce slopes of heap, dump or other stockpile? 1=yes. 2=no 2

Production	270 cy/hr	
Total time @80% efficiency	0.3hr	
Cost/mud pit		$28.95
30 mud pits x $28.95 =		**$868.50**

Grading Topsoil on Slopes w/Dozer

Dozer type	Cat D6R	
Blade type	straight	
Avg. Dozer Dist (ft)		50
Avg. Acres		0.2
Material Thickness (ft)		0.5
Cost for Dozer ($/hr)		$70.00
Cost for Operator ($/hr)		$26.50
Production	400 cy/hr	
Total time @ 80% efficiency =	0.4 hr	
Cost		$38.92
30 sites x $38.92=		**$1,167.65**

Seed cost	**Rate**	Cost		
Western Wheatgrass	6.2lbs/ac	$6.03/lb	$37.39/ac	
Green Needlegrass	3.0 lbs/ac	$2.04/lb	$6.12/ac	
Blue Grama	0.6lbs/ac	$6.23/lb	$3.74/ac	
Sideoats Grama	1.8lbs/ac	$5.07/lb	$9.13/ac	
Total cost/ac				$56.38

30 drill sites x 0.20 ac = 6.0 ac

Total seed cost **$338.28**

Seeding cost

$500/ac x 6.0ac	$3,000.00
mulch@$400/ac x 6.0 ac	$2,400.00

POWERTECH (USA) INC.

RICHARD E. BLUBAUGH
Vice President – Environmental
Health & Safety Resources

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July 2, 2008

Department of Environment
And Natural Resources
PMB 2020
Joe Foss Building
523 East Capitol
Pierre, South Dakota 57501-3182

Attention: Michael D. Cepak, Minerals and Mining Program

Re: Uranium Exploration Permit Application (#2) for Dewey-Burdock Project

Dear Mr. Cepak:

This letter transmits a second uranium exploration permit application for the Dewey-Burdock Project located in Custer and Fall River Counties. Included with the application are the documents listed below:

- Uranium Exploration Reclamation Plan
- Surety (Bond) Calculation, Item 5 of the Uranium Exploration Reclamation Plan pursuant to SDCL 45-6D-9
- A topographic map showing the proposed drilling areas (Confidential)
- A Surface Ownership Map
- A Mineral Ownership Map
- A Soils Map with the proposed drill areas shown (Confidential)
- Two close-up maps legibly showing the proposed drill areas in relation to the area soils; one for the Dewey area and one for the Burdock area (Confidential)
- Water Well Map with the proposed drilling areas (Confidential)
- Table of water well locations relating to the Water Well Map
- A number of mining leases, surface use agreements, mining claim maintenance fee filings, a Quitclaim Deed and an assignment of mining leases

5575 DTC Parkway, Suite 140
Greenwood Village, CO 80111 USA
Telephone: 303-790-7528
Facsimile: 303-790-3885
Website: www.powertechuranium.com
Email: info@powertechuranium.com

- Signed Certification of Applicant
- $500 application fee (Check # 3415)

Upon notification from your office that the uranium exploration permit application is complete, Powertech will file the completed uranium exploration permit application (with the exception of material marked 'Confidential') with the Custer and Fall River County Registers of Deed offices. Proof of filing will be submitted to your office.

According to 45-6D-15, documents relating to the location of the drill holes proposed by the enclosed permit application are marked confidential, and are expected to be maintained as confidential unless designated otherwise by Powertech.

Powertech has the authority to conduct uranium exploration activities on the lands described in the application. As the proposed drilling areas are located on land owned by the same landowners as Powertech's initial uranium exploration permit area, and since Powertech is in frequent communication with the landowners, no subsequent letter regarding this proposed drilling was sent to the surface owners. No written reclamation preferences were received.

Also, Powertech assumed that the seeding mixture recommended by the Custer and Fall River NRCS representatives in 2007 has not changed. Please advise at your earliest opportunity should it be necessary to repeat this step.

We will follow up the submittal of this Uranium Exploration Permit Application to determine if you have any questions or need additional information. Also, we will coordinate our schedules with yours when you wish to visit the site for your inspection.

Powertech will conduct the uranium exploration operation according to the terms and conditions listed on the approved permit.

We are looking forward to working with you and your colleagues again in the South Dakota uranium exploration permitting process.

Respectfully yours,

Richard E. Blubaugh
Vice President – Environmental
Health & Safety

Enclosures

cc: Jim Bonner
Frank Lichnovsky
Mark Hollenbeck
Max Main