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DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

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Division Director

Inspection Report

Supervisor____

Minerals Regulatory Program
Date of Report: March 19, 2008

Mine Name: Energy Queen (formerly Hecla Shaft)
Operator Name: Energy Fuels Resources

Permit number: M0370043
Inspection Date: March 13, 2008
Time: About 1:30-2:00 PM

Inspector(s): Paul Baker
Other Participants: I introduced myself to a person working at the mine, but no one accompanied me on the inspection.
Mine Status: Inactive

Weather: Partly cloudy, 50s

Elements of Inspection	Evaluated	Comment	Enforcement
1. Permits, Revisions, Transfer, Bonds	☒	☒	☐
2. Public Safety (shafts, adits, trash, signs, highwalls)	☒	☐	☐
3. Protection of Drainages / Erosion Control	☐	☐	☐
4. Deleterious Material	☐	☐	☐
5. Roads (maintenance, surfacing, dust control, safety)	☒	☒	☐
6. Concurrent Reclamation	☐	☐	☐
7. Backfilling/Grading (trenches, pits, roads, highwalls, shafts, drill holes)	☒	☒	☒
8. Water Impoundments	☒	☒	☐
9. Soils	☐	☐	☐
10. Revegetation	☐	☐	☐
11. Air Quality	☐	☐	☐
12. Other	☒	☒	☐

Purpose of Inspection:
This was a routine inspection.

Inspection Summary:
1. Permits, Revisions, Transfer, Bonds
On March 4, 2008, the Division gave final approval of the transfer of this mine from Denison Mines (USA) to Energy Fuels Resources. The surety is $265,200.00. The site was formerly known as the Hecla Shaft but has been renamed the Energy Queen Mine.

5. Roads (maintenance, surfacing, dust control, safety)
A new road has been built to access one of the water monitoring wells (see item 7 below) (Photo 1). This road crosses a drainage, and there is no culvert (Photo 2).

7. Backfilling/Grading (trenches, pits, roads, highwalls, shafts, drill holes)

There is a road to the southwest of the main shaft that leads to the waste rock disposal area. Extending south from this road is a new road (see item 5 above) leading across a drainage to a new water monitoring well (Photo 3). This well was capped and locked. Near the vent hole were two more new water monitoring wells (Photo 4).

8. Water Impoundments
There are three water impoundments and one area near the vent shaft called the collection area that would impound water. The three impoundments are near the main shaft, and one is lined. The lined pond is shown in Photo 5, and one of the unlined ponds is shown in Photo 6. The liner in the lined pond is deteriorating, but there was water in this pond. There is another pond near the vent shaft. The unlined ponds all had woody vegetation.

A hose and an electrical wire were leading out of the vent shaft indicating a submersible pump had been put in the shaft (Photo 7). The hose led to the adjacent impoundment, but there was no indication any water had been pumped from the mine.

12. Other
Near the gate by the lined pond, there is a pile of waste material (Photo 8), and this waste is not included in the disturbed area shown on a map submitted in 2005. It *is* included in the disturbed areas on earlier maps.

Some of the other facilities, including the main headframe and some fuel tanks, are shown in Photos 9 and 10.

Conclusions and Recommendations:
The new road leading to the water monitoring well should have a culvert where it crosses the drainage.

Correspondence from 2005 concerning bonding discusses water monitoring wells and indicates they are included in the bond, but the maps do not show the locations of the new wells. Therefore, it is not clear whether these wells were included with the bond. The mine plan needs to be amended to show these locations, and it may be necessary to increase the bond for reclamation of these wells.

I assume the operator intends to take water samples from the mine using the hose coming from the vent shaft. The hose is not large enough (I believe ¾") to do any serious dewatering of the mine, but no water should be put in the impoundment or discharged without approval of the Division and the Division of Water Quality.

The map of the disturbed area needs to be updated to include the waste disposal area on the northeast side of the site.

There are references in the mine plan and in an executive summary to vent shafts in addition to the one shown on the mine map. On March 20, 2008, I spoke with Frank Filas from Energy Fuels, and he said there are no additional vent shafts. This needs to be clarified.

Inspector's Signature PBB **Date:** 3/19/08

PBB
cc: Frank Filas, Energy Fuels
Attachment: Photos

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ATTACHMENT
Photographs
M0370043, Energy Queen Mine, Energy Fuels Resources
Inspection Dated: March 13, 2008; Report Dated: March 19, 2008

Photo 1. Road leading south to the monitoring well shown in Photo 3.

Photo 2. The road in Photo 1 crosses a drainage, but there is no culvert.

Photo 3. New water monitoring well to the south of the mine site.

Photo 4. Two new water monitoring wells near the vent shaft.

Photo 5. The lined pond.

Photo 6. One of the unlined ponds. Note the amount of woody vegetation.

Photo 7. A hose and electrical line coming from the vent shaft.

Photo 8. A pile of waste material near the gate to the lined pond.

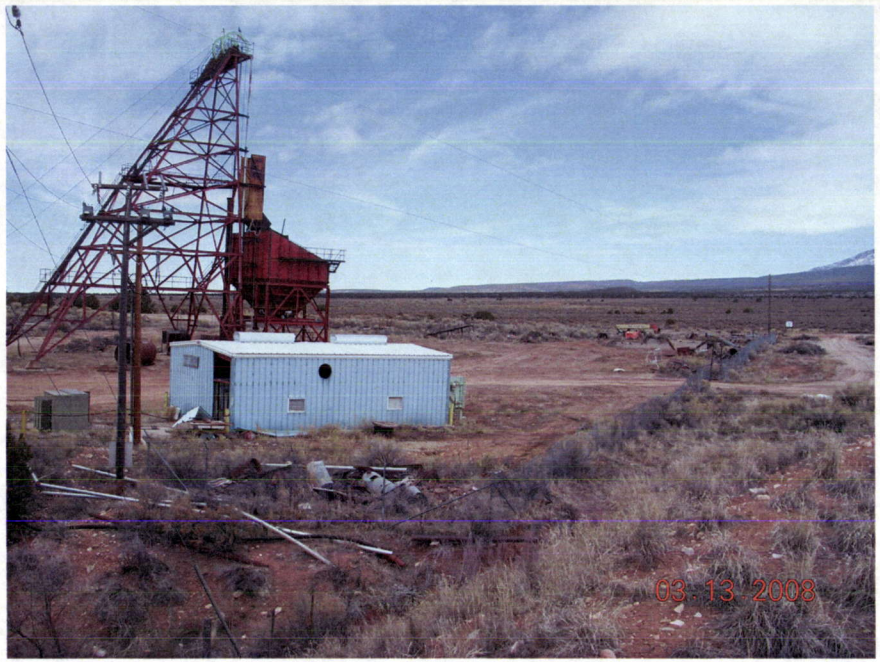

Photo 9. An overview of part of the disturbed area.

Photo 10. Another view of a portion of the disturbed area.