m0370046
Task ID# 7038
cc: Mike

Reclamation Cost Estimate

Redd Block Mine

RECEIVED
DEC 08 2015
Div. of Oil, Gas & Mining

DRAFT

Prepared by
Energy Fuels Resources (USA) Inc.
225 Union Boulevard, Suite 600
Lakewood, CO 80228

ENERGY FUELS

December 2015

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1.0 Introduction

The Redd Block Reclamation cost estimate utilizes reference materials including Mine Maps, 2014 RS Means, and the UDOGM reclamation cost for 9 acres of disturbance. A number of the smaller tasks were estimated on a lump sum basis based on quotes from local contractors or the company's experience on similar sites.

This reclamation cost estimate is designed to quantify the reclamation liability for the Redd Block Mine

2.0 Reclamation Tasks

The reclamation tasks at the Redd Block Mine include demolition of a concrete pad, abandoning 9 monitoring wells, and reclaiming 9 acres of disturbance. Mobilization and demobilization has been determined to have no cost since the Redd Block Mine is with 50 Miles of Moab, which is the closest Wheeler Cat location.

2.1 Project Indirect Costs

The project's indirect costs factors are provided by the Division of Oil, Gas and Mining. These factors were used to calculate the Contingency, Engineering Redesign, Main Office Expense, and project Management Fee. Details of the project indirect costs are shown on the Summary worksheet.

3.0 Summary

Energy Fuels estimates the reclamation cost (in $2020) for the combined Redd Block Mine is:

- Demolition of the Concrete Pad – $2,218
- Well Abandonment - $10,848
- Disturbed Land Reclamation - $55,800
- Project Indirect Costs – $13,600
- Total – $83,000

A detailed description and reclamation cost estimate is provided in the following attachments.

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Redd Block Mine

Reclamation Cost Workbook

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Redd Block IV Bonding Calculations 2015

Direct Costs

Task 1: Abandon Existing Wells	$10,848	
Task 2: Demolition of Concrete Pad	$2,218	
Task 3: Disturbed Land Reclamation	$55,800	
Subtotal Direct Costs	**$68,866**	

Indirect Costs

Mob/Demob	$0	0.0%
Contingency	$3,443	5.0%
Engineering Redesign	$1,722	2.5%
Main Office Expense	$4,683	6.8%
Project Management Fee	$1,722	2.5%
Subtotal	**$11,569**	16.8%

Total Cost 2015	**$80,435**
Escalation (0.5% every year for 5 years)	$2,031
Reclamation Cost Escalated to 2020	$82,466
Bond Amount (rounded to nearest $1,000)	$83,000

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Description: Support calculations for the reclamation cost estimate for the Redd Block IV Mine

Task 1: Abandon Existing Wells

Assumptions

The existing wells have already been completed. Reclamation will consist of removing protective surface shroud, fill the well with a bentonite material and placing a surface concrete plug, to 3 feet below surface.

A cost estimate for labor and materials was provided by Bayles Exploration Inc. out of Blanding Utah.

The 9 wells consist of 3@ 2" PVC to a depth of 100', 3@ 4" PVC to a depth of 300', and 3@ 4" steel to a depth of 1000'.

Item	Quantity	Cost
Materials	N/A	$ 7,028
Equipment and Labor	N/A	$ 3,820
	Total	$ 10,848

Task 2: Demolition of Concrete Pad

Assumptions

Concrete pads will be broken into manageable pieces and placed within the Development Rock Area prior to final grading.

RS Means reference 02 41 13 17 5300 was used to estimate the costs. $19.80 per square yard.

Item	Quantity (sf)	Quantity (sy)	RS Means Reference	Unit Cost
Existing Pad (24' x 42')	1,008	112	02 41 13 17 5300	$ 19.80
			Total	$ 2,217.60

Task 3: Disturbed Land Reclamation

Assumptions

The costs to reclaim the disturbed area of the Redd Block IV Mine are estimated by using UDOGM's SMO with No Openings workbook.

The 5 year escalated value was used for the cost per acre reclaimed.

Item	Quantity	Reference	Unit Cost
First 6 acres Existing Disturbed Area	1	UDOGM	$ 38,100.00
Additional acres (3 acres)	3	UDOGM	$ 5,900.00
		Total	$ 55,800.00

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Quote From Bayles Exploration

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BAYLES EXPLORATION INC

159 West 700 North
Blanding, Utah 84511
Phone: 435-678-2434
Fax: 435-678-4032

FAX

To: Ryan Ellis Date: 11-19-15

~~Fax~~ email: #: rellis@energyfuels.com Pages: 1

Phone: 303-974-2151 Lakewood, CO

RE: CC:

COMMENTS: Scope of Work:

Abandon wells @ The Redblock Mine:

3 wells w/ 2" PVC to 100' each

3 wells w/ 4" PVC to 300' each

3 wells w/ 4" Steel to 1000' each

Materials - $ 7028.00

Equipment + Labor - $ 3820.00

Total project = $ 10,848.00

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December 7, 2015

Mr. Paul Baker
State of Utah Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

RE: Submittal of Draft Reclamation Cost Estimates for Redd Block IV Mine (M/037/0046), Energy Queen Mine (M/037/0043) and Daneros Mine (S/037/0121)

Dear Paul:

In response to your letters dated November 3, 2015, Energy Fuels Resources (USA) Inc. (Energy Fuels) is submitting the enclosed draft reclamation cost estimates for the following mines:

- Redd Block IV Mine (M/037/0046)
- Energy Queen Mine (M/037/0043)
- Daneros Mine (S/037/0121)

As a draft submittal, these cost estimates are being sent digitally only. If you would like us to mail you printed copies please let me know to whom and how many.

Please contact Ryan Ellis or me if you or your team have questions during your review of the draft cost estimates.

Sincerely,

Andrea Reither

Andrea Reither
Senior Environmental Specialist

cc: M. Bradley, W. Western (UDOGM), S. Bakken, T. White, R. Ellis (Energy Fuels)