Mike Bradley <mbradley@utah.gov>

INCOMING
S/037/0058

Operational Status of Sage Mine (S/037/0058, UTU-69788)

3 messages

Andrea Reither <AReither@energyfuels.com> Thu, May 22, 2014 at 9:44 PM
To: Paul Baker <paulbaker@utah.gov>, "McDougall, Ted" <tmcdouga@blm.gov>
Cc: "Frank Filas, P.E" <FFilas@energyfuels.com>, Jaime Massey <JMassey@energyfuels.com>, Race Fisher <RFisher@energyfuels.com>, David Turk <DTurk@energyfuels.com>, Mike Bradley <mbradley@utah.gov>

Paul and Ted,

In response to an e-mail from Mike Bradley to Frank Filas dated January 30, 2014, Energy Fuels Resources (USA) Inc. (Energy Fuels) prepared the attached information. We communicated with Mike at length in recent months to better understand Utah Division of Oil, Gas & Mining (UDOGM)'s interpretation of R647-4-117, R647-3-113 and other rules pertaining to temporary suspension. The information provided here was prepared to summarize recent mining operations at our project site and provide quick access to our contact information and the Interim Management Plan in place at our mine. Also, in response to a separate communication from Mike Bradley on March 14, 2014, we proposed to spread a temporary seed mix over portions of the sites that are not in immediate use.

Please let us know if you have any questions or comments about the attached information.

Thanks,

Andrea

Energy Fuels Resources (USA) Inc.

Andrea Reither

Environmental Permitting Specialist

t: 303-389-4133

225 Union Blvd., Suite 600

Lakewood, CO, US, 80228

http://www.energyfuels.com

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Sage TempSuspension_201405.pdf
476K

Andrea Reither <AReither@energyfuels.com> Thu, May 22, 2014 at 10:18 PM
To: Paul Baker <paulbaker@utah.gov>, "McDougall, Ted" <tmcdouga@blm.gov>
Cc: "Frank Filas, P.E" <FFilas@energyfuels.com>, Jaime Massey <JMassey@energyfuels.com>, Race Fisher <RFisher@energyfuels.com>, David Turk <DTurk@energyfuels.com>, Mike Bradley <mbradley@utah.gov>

Paul and Ted,

Please disregard my earlier attachment and use the attachment to this message instead. I noticed a typographical error in the CC list after sending it out.

Sorry for the confusion,

Andrea

Energy Fuels Resources (USA) Inc.

Andrea Reither

Environmental Permitting Specialist

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From: Andrea Reither

Sent: Thursday, May 22, 2014 9:44 PM
To: 'Paul Baker'; McDougall, Ted
Cc: Frank Filas; Jaime Massey; Race Fisher; David Turk; Mike Bradley
Subject: Operational Status of Sage Mine (S/037/0058, UTU-69788)

Paul and Ted,

In response to an e-mail from Mike Bradley to Frank Filas dated January 30, 2014, Energy Fuels Resources (USA) Inc. (Energy Fuels) prepared the attached information. We communicated with Mike at length in recent months to better understand Utah Division of Oil, Gas & Mining (UDOGM)'s interpretation of R647-4-117, R647-3-113 and other rules pertaining to temporary suspension. The information provided here was prepared to summarize recent mining operations at our project site and provide quick access to our contact information and the Interim Management Plan in place at our mine. Also, in response to a separate communication from Mike Bradley on March 14, 2014, we proposed to spread a temporary seed mix over portions of the sites that are not in immediate use.

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Andrea

Sage TempSuspension_201405.pdf
476K

Andrea Reither <AReither@energyfuels.com> Fri, May 23, 2014 at 8:12 AM
To: Paul Baker <paulbaker@utah.gov>, "McDougall, Ted" <tmcdouga@blm.gov>
Cc: "Frank Filas, P.E" <FFilas@energyfuels.com>, Jaime Massey <JMassey@energyfuels.com>, Race Fisher <RFisher@energyfuels.com>, David Turk <DTurk@energyfuels.com>, Mike Bradley <mbradley@utah.gov>

Paul and Ted,

Attached is a third version of the Sage letter that I sent last night. Please disregard the other two and use this one. Sorry, again, for the confusion, I think I've got it right this time.

Andrea

Energy Fuels Resources (USA) Inc.

Andrea Reither

Environmental Permitting Specialist

t: 303-389-4133

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From: Andrea Reither
Sent: Thursday, May 22, 2014 10:19 PM
To: 'Paul Baker'; McDougall, Ted
Cc: Frank Filas; Jaime Massey; Race Fisher; David Turk; Mike Bradley
Subject: RE: Operational Status of Sage Mine (S/037/0058, UTU-69788)

Paul and Ted,

Please disregard my earlier attachment and use the attachment to this message instead. I noticed a typographical error in the CC list after sending it out.

Sorry for the confusion,

Andrea

From: Andrea Reither
Sent: Thursday, May 22, 2014 9:44 PM
To: 'Paul Baker'; McDougall, Ted
Cc: Frank Filas; Jaime Massey; Race Fisher; David Turk; Mike Bradley
Subject: Operational Status of Sage Mine (S/037/0058, UTU-69788)

Paul and Ted,

In response to an e-mail from Mike Bradley to Frank Filas dated January 30, 2014, Energy Fuels Resources (USA) Inc. (Energy Fuels) prepared the attached information. We communicated with Mike at length in recent

months to better understand Utah Division of Oil, Gas & Mining (UDOGM)'s interpretation of R647-4-117, R647-3-113 and other rules pertaining to temporary suspension. The information provided here was prepared to summarize recent mining operations at our project site and provide quick access to our contact information and the Interim Management Plan in place at our mine. Also, in response to a separate communication from Mike Bradley on March 14, 2014, we proposed to spread a temporary seed mix over portions of the sites that are not in immediate use.

Please let us know if you have any questions or comments about the attached information.

Thanks,

Andrea

Sage TempSuspension_201405.pdf
481K

Energy Fuels Resources (USA) Inc.
225 Union Blvd. Suite 600
Lakewood, CO, US, 80228
303-974-2140
www.energyfuels.com

May 22, 2014

Paul Baker
Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Ted McDougall
Bureau of Land Management, Monticello
Field Office
365 North Main Street
Monticello, Utah 84535

RE: Operational Status of Energy Fuels' Sage Mine (S/037/0058, UTU-69788)

In response to an e-mail from Mike Bradley to Frank Filas dated January 30, 2014, Energy Fuels Resources (USA) Inc. (Energy Fuels) prepared the following information. We communicated with Mike at length in recent months to better understand Utah Division of Oil, Gas & Mining (UDOGM)'s interpretation of R647-4-117, R647-3-113 and other rules pertaining to temporary suspension. The information provided here was prepared to summarize recent mining operations at our project site and provide quick access to our contact information and the Interim Management Plan in place at our mines. Also, in response to a separate communication from Mike Bradley on March 14, 2014, we proposed to spread a temporary seed mix over portions of the sites that are not in immediate use.

1.0 Summary of Recent Mining Operations

The Sage Mine was developed and operated in the 1970s. It closed in 1982 but operated again for a short time in the early 1990s when vanadium prices were high. In 2012, Energy Fuels began an effort to update the permits and expand the permitted area. This effort included: installing three groundwater monitoring wells, conducting baseline groundwater sampling, preparing a water treatment plant design, developing a groundwater discharge permit application, and completing biological, soils and cultural resource studies. In addition to these permit preparation activities, extensive site maintenance was completed in the fall of 2012. This maintenance included:

- The portal of the mine had been backfilled by a previous mine operator for safety reasons while the mine was on standby. When Energy Fuels acquired the property, the timbers under the fill material had collapsed over time resulting in subsidence and the creation of openings to the surface at the portal and in a second area located a short distance into the decline. Both of these locations were backfilled on November 26, 2012, effectively re-sealing them and preventing unauthorized access by the public.
- The vent shaft shroud, which had been partially disassembled, was reattached and welded shut preventing public access.
- Exploration holes were drilled in support of future mining in 2012.

In August of 2013, Energy Fuels completed extensive modifications to site drainage controls. This included construction of catchment ponds, installation of water bars, and additional portal maintenance.

2.0 Condition of Affected Land

During periods of temporary suspension of operations, the mine is regularly inspected and maintained in accordance with Interim Management Plan filed with the BLM and/or typical good housekeeping practices. In accordance with R647-4-113 and R647-4-117, UDOGM requested additional information on Energy Fuels' site management procedures. In response to that request, the Interim Management Plan for the mine is attached to this letter.

3.0 Proposed Temporary Seeding

In response to a request from UDOGM on March 14, 2014, Energy Fuels will seed exposed areas of the mine during this period of temporary suspension. One attempt will be made to seed in disturbed areas focusing on the top, flat areas of the waste rock piles and large, unused portions of the laydown yards. Areas around buildings will not be seeded so that the site does not appear abandoned thus making it more prone to vandalism. Seeding will be completed in the late fall or early winter and will not be preceded by topsoil spreading. Seeding methods, including seedbed preparation, will be determined by the terrain and available equipment. The purpose of this seeding effort is to encourage a temporary vegetative stand to help control weeds and reduce sediment production. This voluntary seeding effort is not expected to produce the 70% cover required for bond release due to the lack of topsoil spreading. The temporary seed mix to be used for this effort is a combination of Indian ricegrass, western wheatgrass and Needle and thread grass. These species are a subset of the seed mix that was approved for reclamation at most of these mines.

4.0 Contact Information

If you need to reach Energy Fuels during this period of limited operations, the following contact information should be used:

Race Fisher
Mine Superintendent
Office phone: (970) 677-2702
Cell phone: (970) 739-5742
RFisher@energyfuels.com
9244 W. Hwy 141
Egnar, CO 81325

David Turk
Manager Environmental Health and Safety
Office phone: (435) 678-2221 x113
Cell phone: (435) 459-9786
DTurk@energyfuels.com
6425 S. Highway 191
Blanding, UT 84511

Energy Fuels Resources (USA) Inc.
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Lakewood, CO, US, 80228
303-974-2140
www.energyfuels.com

Andrea Reither
Environmental Permitting Specialist
Office phone: (303) 389-4133
Cell phone: (303) 601-7457
AReither@energyfuels.com
225 Union Blvd., Suite 600
Lakewood, CO 80228

Unfortunately, it is not possible to predict precisely when the uranium commodity price will reach a level where it is profitable to reopen our mines. If a mine continues for 5 years without mining operations, Energy Fuels will notify the division pursuant to R647-4-117 and R647-3-113.

Please contact me at 303-389-4133 or areither@energyfuels.com if you have any questions or need additional information.

Sincerely,

Andrea Reither

Andrea Reither
Environmental Permitting Specialist

cc: Mike Bradley , Wayne Western (UDOGM)
Tony Mansfield (SITLA)
F. Filas, J. Massey, R. Fisher (Energy Fuels)

Attachment: Sage Interim Management Plan

SAGE MINE (UTU69788)
INTERIM MANAGEMENT PLAN
ENERGY FUELS RESOURCES (USA) INC.
SAN JUAN COUNTY, UTAH

Prepared By:
ENERGY FUELS RESOURCES CORPORATION

ENERGY FUELS

225 Union Boulevard, Suite 600
Lakewood, Colorado 80228

March 2014

1.0 INTRODUCTION

The mineral commodity markets tend to be cyclical, that is, prices rise and fall substantially over periods of years. In the uranium market for example, high prices in the late 1970s gave way to very low prices in the early 1990s, with spot prices falling below the cost of production for most mines. In 1996 spot prices recovered to the point that many mines could produce profitably, though prices soon declined again and only started to recover strongly late in 2003. In the past, these market fluctuations have led to a series of temporary suspensions followed by re-opening of mines when uranium prices increased.

Interim management of the mines protects BLM lands from undue degradation during periods of non-operation. In the event that market conditions or other circumstances require a temporary suspension of mine operations at the Sage Mine, Colorado Plateau Partners LLC, an affiliate of Energy Fuels Resources Corporation (Energy Fuels), will provide notice to the BLM. During non-operating periods, Energy Fuels will maintain the buildings, drainage structures, roads, and other surface facilities in a safe and environmentally acceptable condition. Underground openings, gates, and buildings will be locked to discourage unauthorized access when Energy Fuels mine personnel are not present.

In the event of temporary suspension of operations, in order to prevent unnecessary or undue degradation, the following plan will be followed by Energy Fuels in accordance with 43 CFR Part 3809.401, Section (b)5.

2.0 MEASURES TO STABILIZE EXCAVATION AND WORKINGS

The underground workings will be stabilized in accordance with Mine Safety and Health Administration (MSHA) regulations. Roof bolts, mats, wire mesh, cribbing and other types of support will be installed, as needed, to stabilize the back and ribs. Equipment will be removed from immediate working faces and from lower areas of the mine where water may collect. Mine portals and adits will be gated and locked or backfilled during periods of non-operation. Vent holes will have metal diffusers and metal grates to prevent access to them. These diffusers and grates will remain in place during periods of non-operation. The mine is an underground mine; therefore, no trenches or pits are excavated during mining operations, and stabilization is not required.

Exploration drill holes are typically closed following exploration drilling and it is unlikely that drill holes would remain open for longer than 30 days. In the event that exploration drilling holes are open during a period of non-operation, the holes will be abandoned in accordance with Rule 647-4-108 of the Utah Administrative Code (UAC) and BLM best management practices.

The surface area will be maintained in accordance with best management practices implemented at similar facilities. Areas exhibiting erosion will be repaired periodically. Ditches, culverts and other surface drainage features will be inspected quarterly and cleaned out as needed. Energy Fuels Field Personnel will inspect the mine area on a periodic basis during temporary suspension to verify that there has not been any vandalism at the mine. Signage related to public health and safety will remain in place.

3.0 MEASURES TO ISOLATE OR CONTROL TOXIC OR DELETERIOUS MATERIALS

Potentially toxic materials on site during routine operations may include diesel fuel, gasoline, oil products (i.e., motor oil, hydraulic oil, gear oil, and used oil), starting fluid, and antifreeze. Prior to use and storage of these materials, a Spill Prevention, Control, and Countermeasures Plan (SPCC Plan) will be prepared and approved. Potentially toxic materials will be stored and used on site in accordance with the provisions of that plan. . In the event of temporary suspension of mining activities, any unnecessary fuel and deleterious materials will be removed from the site and either used, recycled, or disposed of in accordance with state and federal regulations. Fuel tanks that have been emptied will typically remain on site within their secondary containment and be marked as empty. Stormwater runoff from the waste rock pile may also be deleterious and is controlled with berms and other sediment control methods (e.g. silt fence, straw bales), as necessary.

4.0 PROVISIONS FOR THE STORAGE OR REMOVAL OF EQUIPMENT, SUPPLIES AND STRUCTURES

Equipment and supplies at the mine will be removed from site, or will be placed into locked storage buildings. No equipment or supplies will remain outside of mine buildings or outside of the workings. The buildings will be monitored periodically to ensure that vandalism has not occurred.

5.0 MEASURES TO MAINTAIN THE PROJECT AREA IN A SAFE AND CLEAN CONDITION

The site will be kept clean and free of litter and debris. Trash, used tires, old equipment parts, empty barrels, and other miscellaneous materials will be removed from the site and either recycled or disposed of properly. Site safety will be maintained by discouraging unauthorized access through the use of warning signs, and security personnel, as necessary.

During periods of temporary suspension, equipment and materials will either be removed from the site, or placed inside locked buildings. The ore will be removed from the surface and transported to a licensed processing mill or placed underground. Surface areas, including but not limited to, the waste rock stockpiles, structural storm water controls, and earthen berms will be repaired prior to suspension and maintained, as needed, during the suspension period. The mine office and shop will be locked and monitored periodically.

6.0 PLANS FOR MONITORING SITE CONDITIONS DURING PERIODS OF NON-OPERATION

As detailed above, this Plan meets the requirements of 43 CFR 3809.401(b)(5)(v) to establish a plan for monitoring the mine during periods of non-operation.

During periods of non-operation, Energy Fuels will maintain mine facilities in a safe and environmentally acceptable condition. The mine facilities area, buildings, portals, adits, vent holes, roads, and sediment controls will be monitored on a periodic basis. Maintenance of facilities will occur at the mine, as needed, following inspections. In addition, the mine's permits will be maintained during suspension and Energy Fuels will continue to maintain compliance with the permit requirements.

7.0 SCHEDULE OF TEMPORARY CLOSURE

Due to market conditions, the Sage Mine stopped producing ore in the 1990s. In 2012, Energy Fuels began an effort to update the permits and expand the permitted area. This effort included installing 3 groundwater monitoring wells, conducting baseline groundwater sampling, preparing a water treatment plant design, developing a groundwater discharge permit application, and completing biological, soils and cultural resource studies. In addition to these permit preparation activities, extensive site maintenance was completed in the fall of 2012. In August of 2013, Energy Fuels completed extensive modifications to site drainage controls. This included construction of catchment ponds, installation of water bars, and additional portal maintenance. Mining is expected to recommence when market conditions are more favorable. During this non-operating period, Energy Fuels will maintain the buildings, drainage structures, roads, and other surface facilities in a safe and environmentally acceptable condition in accordance with this Plan.

8.0 CONTACT DURING TEMPORARY CLOSURE

During this period of temporary closure, the following contact information should be used:

Race Fisher
Mine Superintendent
Office phone: (970) 677-2702
Cell phone: (970) 739-5742
RFisher@energyfuels.com
9244 W. Hwy 141
Egnar, CO 81325

David Turk
Manager Environmental Health and Safety
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