S/037/0058
Mike
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Pinon Ridge Mining LLC
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May 29, 2015

Mr. Mike Bradley
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801

RECEIVED
JUN 09 2015
DIV. OF OIL, GAS & MINING

Subject: Temporary Suspension of Sage Mine, S/037/0058

Dear Mr. Bradley:

Pinon Ridge Mining LLC (PRM) acquired the Sage Mine from Colorado Plateau Partners LLC, which is an affiliate of Energy Fuels Resources (USA) Inc. (EFRI), on August 18, 2014. The above referenced small mine permit with the Utah Division of Oil, Gas, and Mining (Division) was subsequently transferred to PRM. PRM acquired the mine and its 95 unpatented claims in Utah and Colorado because of its known resources totaling 54,150 tons at grades of 0.21% U3O8 and 1.7% V2O5 (Atlas Minerals 1987). Its location between uranium mines that cumulatively produced in excess of 10 million pounds of U3O8 (i.e., Calliham, Wilson, and Silverbell mines north of the Sage Mine and the Deremo Mines south of the Sage Mine) leads us to believe that these resources can be expanded significantly with additional exploration drilling. The Sage Mine is also attractive because of its location near the White Mesa Mill and the proposed Piñon Ridge Mill and within the southern end of the Uravan Mineral Belt where high vanadium grades provide for a higher rate of return compared to deposits that just contain uranium.

Prior to its decision to sell the property in mid-2013, CPP and EFRI were actively exploring and developing the property as outlined in EFRI's letter to the Division on May 22, 2014. On-site work included exploration drilling in 2011, installation of 3 monitoring wells in 2012, and substantial surface drainage improvements in August 2013. Extensive baseline studies were also conducted at the site from the fall of 2011 through the spring of 2013. A total of 7 exploration drill holes were completed and logged on the Sage claims. On-site baseline studies included completion of soil and vegetation inventories, waste and ore characterization, biological surveys, monitoring of ground water monitoring wells and mine water, surveys of local wells, and cultural resource surveys. The 2013 drainage improvements included construction of catchment ponds, installation of water bars, and portal maintenance.

As you are aware, Rule R647-3-113 of the Utah Administrative Code (UAC) specifies the procedures that will be employed during a suspension of mine operations. However, it does not define "mining operation." The definition for mining operation is provided in Title 40-8-4 of the Mined Land Reclamation Act and UAC Rule R647-1-106. Mining operation is defined as "activities conducted on the surface of the land for the exploration for, development of, or extraction of a mineral deposit, including ..." The work conducted by EFRI on the surface of the land from the fall of 2011 through August 2013 clearly meets

the definition of mining operation and PRM believes that under that definition, the Sage Mine was active up until the modifications were made to the site drainage controls in August 2013. This was about the same time that EFRI's management team made a decision to divest itself of the Sage Mine and several other mine and mill properties. Since that time, site activities at the Sage Mine have been limited to periodic inspections and minor repairs to maintain the site in a stable and safe condition.

PRM does plan to resume mine exploration and development activities; however, it is unlikely that further mine development will occur prior to August 2015. Accordingly, suspension of mining operations is expected to exceed two years. As required by Rule R647-3-113 Part 3, PRM is hereby providing notice to the Division and, upon request, will furnish the Division with such data that is needed for the Division to complete its review of the project.

PRM is deferring further development activities at this time because other related activities need to be completed before mine operations may resume. These activities include:

- Pinon Ridge Corporation, an affiliate of PRM, acquired the proposed Piñon Ridge Mill property and radioactive material license from Energy Fuels Inc. in November 2014. The license is currently being appealed by several non-governmental organizations (NGOs) and the Administrative Law Judge is expected to make a license decision later this year. The Piñon Ridge Mill, which would be located just across the state line in Colorado, is a key component of PRM's production strategy and the company will need the license fully approved before plans can be finalized for the Sage Mine and other mine properties held by PRM.
- PRM recently acquired the rights to a secondary blasting technology and a 5-ton per hour demonstration unit. The secondary blasting technology improves the economics of the mining of uranium and vanadium ore in sandstone formations (such as those found at the Sage Mine). This technology will reduce transportation and milling costs and make uranium mining on the Colorado Plateau more economical. PRM plans to conduct detailed testing with the demonstration unit later this year and will incorporate it into our mining plans.

Please contact me at pinonridge.glasier@aol.com or 970-864-2125 should you have questions or need additional information.

Sincerely,

George E. Glasier

PINON RIDGE MINING LLC
George E. Glasier
President and CEO

Cc: Ted McDougall, Monticello BLM