5/037/0121
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DIV. OF OIL, GAS & MINING

May 21, 2014

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Ted McDougall
Bureau of Land Management, Monticello Field Office
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RE: Operational Status of Energy Fuels' Daneros Mine (M/037/0126, UTU-74631)

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. 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 Daneros mine operated from May 2009 to October 2012 when it was put on standby due to low uranium prices and a shortage of development rock capacity

2.0 Condition of Affected Land

During periods of temporary suspension of operations, the mine is regularly inspected and maintained in accordance with the Interim Management Plan included as part of the most recently filed BLM Plan of Operations Amendment. 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 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 development rock area 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 many of Energy Fuels' neighboring 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

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.

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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 (UDOGM)
F. Filas, J. Massey, R. Fisher (Energy Fuels)

Attachment: Daneros Interim Management Plan

Section 6 Interim Management Plan

This section conforms to the requirements of 43 CFR Part 3809.401, Section (b) (5). 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.

Given market conditions, temporary closure may occur, as it has in the past, due to the unpredictable market. In the past, these market fluctuations have led to temporary closure and the re-opening of uranium mines in the U.S. In some instances uranium mines were reclaimed prior to the exhaustion of recoverable resources. 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 closure of mine operations, Energy Fuels will provide notice to the BLM in accordance with the requirements of 43 CFR Part 3802.4.7. 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 (or otherwise blocked) to discourage unauthorized access when mine personnel are not present.

To prevent unnecessary or undue degradation during temporary closure, the following Interim Management Plan will be followed by Energy Fuels.

6.1 Measures to Stabilize Excavations and Workings

The following measures will be used to stabilize excavations and workings.

6.1.1 Mine Portals and Vent Holes

Mine portals will be gated and locked, or blocked with development rock, during periods of temporary closure.

Vent holes will have metal diffusers (if fans are on the surface) and metal grates (on all vents) to prevent access to them. These diffusers and grates will remain in place during periods of non-operation. Energy Fuels may also weld a cover over each vent during extended closure periods. The Daneros Mine is a series of interconnected underground mines; therefore, no trenches or pits will be excavated during mining operations, and stabilization is not required.

6.1.2 Gates and Signage

The signage and gates will remain in place and will be maintained by Energy Fuels.

6.2 Measures to Isolate or Control Toxic or Deleterious Materials

Appropriate measures will be taken to control toxic or deleterious materials in the event of short-term temporary closure of mining operations. These measures are commensurate with potential environmental risks associated with these materials. No mineral processing is conducted at the Daneros Mine. Therefore, neither mineral processing chemicals nor waste generated by mineral processing are present at the mine.

The environmental characteristics of mine rock were evaluated and a rock management plan is described in Section 3.6 to address potential acid forming or deleterious materials. Generation of ARD is not expected due to the arid climate and the large excess of evaporation over precipitation in the project area. Stormwater control structures associated with the DRAs will be maintained during periods of temporary closure to mitigate potential erosion of development rock.

Stockpiled ore contains elevated concentrations of uranium, copper, and other trace metals. Stockpiled ore will be removed from the mine or placed back into the mine prior to periods of temporary closure. Stockpiled low-grade ore will remain in the proposed low grade stockpile at the South Portal Area.

6.3 Noxious Weeds

Energy Fuels will continue to manage noxious weeds at the mine site during any periods of temporary closure. If spotted knapweed or any other noxious weed infestations are found at the Daneros Mine, the BLM will be notified and additional weed control measures will be implemented.

6.4 Provisions for the Storage or Removal of Equipment, Supplies, and Structures

Equipment and supplies at the mine will be placed into locked storage boxes and within the locked and gated mine workings. No equipment and supplies will remain outside of mine buildings or outside of the workings. The locks and buildings will be monitored periodically and repaired in the event of damage due to vandalism or other causes.

6.5 Measures to Maintain the Project Area in a Safe and Clean Condition

Signage for speed limits and access limitations will remain in place at the mine sites and will be maintained. When temporary closure occurs at the mine, all equipment will either be removed from the site or placed inside locked buildings. Topsoil stockpiles will be seeded if not already stabilized and measures will be taken to ensure that the DRAs are stable and stormwater controls are functioning. In addition, earthen berms will be repaired prior to cessation and maintained as needed during the closure period. The mine offices and dry will be locked and maintained.

6.6 Plans for Monitoring Site Conditions during Periods of Non-Operation

This section meets the requirements of 43 CFR Part 3809.401(b) (4) to establish a proposed plan for monitoring at the Daneros Mine during periods of non-operation. The mine facilities and surface structures such as buildings, portals, vent holes, roads, sediment controls structures, and fencing will, as a minimum, be monitored on a bi-annual basis during periods of temporary closure. Maintenance of facilities and stabilization structures and controls will occur at the mine site following monitoring activities and will be reported to the BLM. In addition, permits will be maintained and permit conditions will continue to be adhered to during temporary closure including environmental monitoring programs.

6.7 Schedule of Temporary Closure

The Daneros Mine was placed in temporary closure in October 2012 due to depressed uranium process. The mine will be reopened once the price increases sufficiently to allow for profitable operations. The BLM was notified of the temporary closure in accordance with requirements of 43 CFR Part 3802.4.7.