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GRAND JUNCTION FIELD OFFICE
DIVISION OF
RECLAMATION MINING & SAFETY

**Information Network for Responsible Mining
Grand Valley Peace & Justice • Uranium Watch
Western Colorado Congress**

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JAN 03 2014

GRAND JUNCTION FIELD OFFICE
DIVISION OF
RECLAMATION MINING & SAFETY

Jan. 3, 2014

Travis Marshall
Environmental Protection Specialist
Colorado Division of Mining Reclamation & Safety
101 South Third Street
Grand Junction, CO 81501

Via email to: travis.marshall@state.co.us

Re: Comments on Liberty Mine Limited Impact (110d) Permit No. M-2013-070

Dear Mr Marshall,

Please accept these comments on the Liberty Mine permit application, No. M-2013-070 on behalf of the Information Network for Responsible Mining, Grand Valley Peace & Justice, Western Colorado Congress and Uranium Watch. The members of our organizations are affected by the Liberty Mine application and the permitting and development of this facility south of Gateway. We appreciate your consideration of the following comments and questions related to the application.

An issue of primary concern to us is the speculative nature of the permit application and the absence of opportunity to process any ore that would be produced at the Liberty Mine. The uranium market is currently experiencing a deep price depression exacerbated by the Fukushima accident that is unlikely to relent. Market conditions have also snuffed out any opportunities for toll milling uranium ore anywhere in the United States. Although the Liberty Mine application identifies the future Piñon Ridge Mill as the preferred site to process ore, plans to build this facility have been mothballed. The only other option in the region is the White Mesa Mill in Utah. Operator Energy Fuels, Inc., has announced the closure of the mill in August 2014 and a long-term suspension of all uranium processing activity, a date earlier than the Liberty Mine will be able to come online. In announcing a future target date for reopening the mill, Energy Fuels excluded the possibility of uranium processing into the indefinite future by specifically restricting future operations to the processing of alternate feed materials rather than uranium ore. It is evident that industry's outlook for the uranium market is as bleak as ours. *[Please see attached Energy Fuels press release.]*

This creates a concern over any future permit status for the Liberty Mine. The application does not indicate that rehabilitation of the historic mine site will commence upon permitting. At the same time, the necessary NEPA review that is to be conducted by the

Bureau of Land Management is likely to take up to two years to conclude. Will the Division issue a mining permit to the operator and have the operation immediately enter temporary cessation? The lack of a viable market and the absence of an ability to mill is troubling, because an inactive mine poses additional environmental impacts for the public that are attributable to a mine's inactivity in and of itself.

Because one of the Division's stated indications against temporary cessation in Rule 1.13.3 is a mine that is permitted but does not *commence operating*, the issuance of a permit in this case raises the question of whether a mine can be prepared to open and yet be indefinitely allowed to remain in active permit status based on the rule without actually opening. This creates a potential conflict where the mine could be allowed to avoid the Mined Land Reclamation Act's restriction that "in no case shall temporary cessation be continued for more than 10 years without terminating the permit." [*Please see C.R.S. 34-32-103(6)(a)(iii).*] If the Liberty Mine is to receive a permit only to sit idle and wait indefinitely for the uranium market to recover, then temporary cessation status should be imposed when rehabilitation ceases, if it even starts at all. In addition, the applicant indicates that it will suspend operations during the winter months when road conditions prevent access to the mine. Considering the condition of the road and lack of winter maintenance, it's likely that the mine could be idle for several months a year. It is important the Liberty Mine be prevented from relying on an intermittent operating status to mask what is actually a state of temporary cessation. Permitting this mine without resolution of this question could create precedent for other permit applications.

Because Liberty Mining LLC must also acquire a special use permit from Mesa County, additional information about its operations were supplied to the county. [*Please see attached Mesa County project review memo.*] In the Mesa County application, Liberty Mining states definitively that it will ship ore to the White Mesa Mill, routing haul trucks up the John Brown Canyon road, over to Castle Valley and south to Blanding. This again raises the issue of Liberty Mining's inability to process ore at White Mesa. But it also raises the questionable nature of this haul route. The John Brown Canyon road experiences heavy tourist and recreational use during the summer months and ore trucks are likely to meet up with four-wheel drive traffic, off-road vehicles, cyclists and pedestrians; once in Utah and on the way to Castle Valley, haul trucks are likely to encounter livestock. Even with the minimal haul traffic of a small mine, the nature of the roads on this route pose challenges and conflicts with existing uses that ought to be considered and avoided. The Mesa County Planning Commission requested information regarding accidents and the procedure of cleaning up ore spills.

The permit application also lacks precision about the nature of the operation that makes it difficult to fully disclose the potential impacts of mining at the site. For example, although a radon vent is anticipated in the mining plan, the applicant has not identified its specific location. The future location of any radon vents should be determined in advance and identified on the permit map, with any necessary changes in the future reviewed in a technical revision process. In addition, the application does not reveal how much ore is anticipated for removal at the mine, an important consideration in determining whether the mine is subject to federal Clean Air Act permitting for radon vent releases under 40 C.F.R. Part 61 Subpart B.

The permit application also anticipates the development of at least two waste piles totaling over 11,000 tons of radioactive material, but anticipates that at least some of the waste rock will be gobbled back into the mine workings for final disposal. Although this plan would result in less waste deposited on the surface, the application does not provide adequate information to determine whether ground water contamination can be prevented. A detailed and thorough geochemical and hydrological analysis is in order before this determination can be made. The applicant states that the only pathway to groundwater recharge is through surface infiltration, but this conclusion appears to be based on anecdotal rather than scientific evidence. If uranium-bearing waste rock is permanently deposited underground, how will the operator guarantee that ground water supplies will not eventually be contaminated, especially considering that surface infiltration is already a factor at the site? The final disposal of waste rock in the workings is preferable to surface disposal, but it should be carefully planned and described so that a closure plan with adequate environmental protections can be developed.

The permit application anticipates the development of four retention ponds on the site to capture and evaporate storm water and surface flows in order to prevent the migration of radionuclides and toxic-forming materials offsite. However, the plan to evaporate all surface water rather than release it appears to create the need for established water rights, according to a Dec. 3, 2013, letter from the Division of Water Resources. *[Please see permit file at <http://drmsweblink.state.co.us/drmsweblink/0/doc/1010201/Electronic.aspx?searchid=5b169370-9b4d-49d2-870d-598b174211d9>.]* Liberty Mining LLC should be required to demonstrate that it has the required water rights it needs to operate the mine as a condition of receiving a permit. The lack of such water rights should not then necessitate an altered plan to release storm water prior to evaporation and allow surface contamination.

The application lacks detailed information about the existing baseline conditions at the Liberty Mine site, historically known as the South October Mine. On pages 53-54 of the permit application, an October 2012 radiation survey that documented above-background radiation measurements was referenced, with elevated readings attributed to prior mining and reclamation activities in the 1970s and 1980s. The survey results should be submitted to the Division in order to document existing site conditions and make such a determination. Under the reclamation plan, Liberty Mining should be required to return the entire permitted area to background radiation levels, not the higher threshold based on the October 2012 survey that the applicant is suggesting, particularly when that data is not fully disclosed. Historic waste piles and preexisting disturbances should be corrected within the permit area. Preexisting drill holes should also be plugged and reclaimed.

The application also states that "acid mine drainage is not likely" at page 54 and elsewhere in the document. However, there is no proposal to scientifically determine the validity of this claim through conducting detailed geochemical testing of the ore or the waste rock produced on the site. The limited analysis described in the application identifies several potential constituents of concern, including aluminum, arsenic, uranium, zinc and the potential for increased alkalinity. A more detailed analysis should be required in order to develop a mining plan adequate to protect water supplies.

The exact nature and the amount of road improvements are not detailed in the application. New road construction should be prohibited and any access roads on site should be fully reclaimed at the mine's final closure. The length of road to be improved should be specified. Road improvements should be designed to improve existing problems with erosion and drainage. The application states that non-toxic dust control agents will be used, but does not specify them; an alternative to the use of magnesium chloride that is more environmentally benign should be required.

The surrounding area of the mine site provides wildlife habitat for numerous species, including winter habitat for deer, elk and bighorn. Rare plant species have also been recorded in the vicinity. The mine's impacts to the Dolores River watershed and its wildlife habitat should be researched and documented, and a formal winter closure should be considered. The mine should have a detailed weed control plan that includes the restoration and protection of native species that support wildlife.

Another troubling aspect of the permit application is the previous safety record of the applicant. Michael D. Shumway is the principal of Liberty Mining LLC and was also the co-owner and general supervisor of Reliance Resources, LLC, a company previously contracted to operate the Pandora Mine in La Sal, Utah. Under Reliance Resource's management, the Pandora Mine experienced a fatal accident on May 26, 2010, in which a 28-year-old miner was killed by a falling rib. In the investigation conducted by the Mine Safety and Health Administration, the agency concluded, "The accident occurred because management policies, procedures, and controls were inadequate." The investigation concluded that "aggravated conduct constituting more than ordinary negligence" had occurred when the miner was left alone in an unsafe area without the proper safety examination in advance and was scaling in an unsafe location without all required safety measures in place. *[Please see attached MSHA investigation report.]* Unfortunately, the operating record of Reliance Resources at the Pandora Mine does not instill confidence that the health and wellbeing of employees at the Liberty Mine will be safeguarded with the utmost care that is required and expected.

The Liberty Mine is located in a part of Mesa County that is dependent upon recreation and tourism-based businesses and uranium mining presents an inherent conflict with the local area's ability to sustain itself economically. The Gateway area is also deeply connected to the tourist-based economy of the Moab region and visitors travel in from both states. The tangible consequences of these negative socioeconomic impacts were carefully documented in a June 2009 study from the Sonoran Institute *[available online at http://www.uraniumwatch.org/colorado/si_gatewayrpt.090714.pdf]*. Impacts to the existing resort area of Gateway should be considered as well as the creation of user conflicts that can be anticipated by mining operations that are proposed to occur up to twelve hours per day six days a week. An increase in uranium mining in the Gateway area clashes with the region's determined transition toward an economy that is not based on extractive resources but instead is based on the conservation of public lands.

Thanks you in advance for your consideration.

Respectfully submitted,

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PRESS RELEASES

ENERGY FUELS ANNOUNCES QUARTERLY RESULTS FOR THE THREE AND TWELVE MONTHS ENDED SEPTEMBER 30, 2013

November 14, 2013

Energy Fuels Inc. (TSX : EFR) (OTCQX : EFRFD) ("Energy Fuels" or the "Company") announced that today it is filing its financial results for the three and twelve months ended September 30, 2013. The Company's Quarterly Consolidated Financial Statements, along with Management's Discussion and Analysis, will be filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") and may be viewed at www.sedar.com. Unless noted otherwise, all dollar amounts are in US dollars.

As more fully described below, readers should be advised that the Company has changed its fiscal year end from September 30 to December 31. The Company also completed a consolidation of its common shares, effective November 5, 2013, on the basis of 50 pre-consolidation shares for each post-consolidation share. As of November 4, 2013, immediately prior to the 50-for-1 share consolidation, there were 981,110,441 common shares issued and outstanding (19,622,209 on a post-consolidation basis). All share amounts in this press release are shown on a pre-consolidation basis, followed by the post-consolidation amount in parenthesis. All per share amounts are shown on a post-consolidation basis.

Selected Summary Financial Information:

\$000's	As at September 30, 2013	As at September 30, 2012
Financial Position:		
Working Capital	\$ 32,496	\$ 41,934
Property, plant and equipment	\$ 104,549	\$ 119,524
Total assets	\$ 185,539	\$ 223,844
Total long-term liabilities	\$ 36,177	\$ 37,921

\$000, except per share data	Three months ended September 30, 2013	Twelve months ended September 30, 2013
Results of Operations:		
Total revenues	\$ 24,504	\$ 72,472
Net loss for the period	\$ (70,472)	\$ (83,950)
Basic & diluted net loss per share	\$ (4.30)	\$ (5.76)

Impairment Charge for the Three Months ended September 30, 2013

As a result of the drop in both the U_3O_8 spot and term prices from July 1, 2013 through September 30, 2013, and the Company's expectation to place the Pinenut mine on stand-by in July 2014, the Company tested its plant, property and equipment for impairment and recognized an impairment loss of \$60.26 million.

Financial and Operational Highlights for the Three Months ended September 30, 2013:

- Generated cash flow from operations of \$5.05 million and \$7.03 million for the 3 and 12 months ended September 30, 2013 respectively
- Sold 256,667 pounds of U_3O_8 , pursuant to term contracts at an average realized price of \$55.83 per pound.
- Sold an additional 200,000 pounds of U_3O_8 to an existing term contract customer at an average price of \$40.25 per pound. This sale was completed at a premium to the spot market at the time, as the Company provided the customer with a discount on portions of its long-term contract deliveries in the years 2015 through 2017.
- Sold 156,447 pounds of V_2O_5 at an average realized price of \$5.53 per pound, and 105,232 pounds of ferro vanadium at an average price of \$11.40 per pound.
- Production at the White Mesa Mill totaled 180,000 pounds of U_3O_8 , all of which was sourced from alternate feed materials. There was no production of V_2O_5 .
- As of September 30, 2013, the Company had working capital of \$32.5 million, including cash and cash equivalents of \$12.4 million, trade and other receivables of \$9.8 million, marketable securities of \$0.3 million and 426,000 pounds of uranium concentrate inventory which, based on spot market prices as of September 30, 2013, had a market value of \$14.9 million (although the Company has no intention of selling such uranium concentrates on the spot market). These working capital and cash amounts do not include the proceeds of the bought deal common share offering completed on October 16, 2013 (see Corporate Highlights since the End of the Three Months ended September 30, 2013).

Corporate Highlights for the Three Months ended September 30, 2013:

On August 30, 2013, Energy Fuels acquired, by way of a plan of arrangement (the "Arrangement"), all of the issued and outstanding shares of Strathmore Minerals Corp. ("Strathmore"). Under the Arrangement, Strathmore shareholders received 1.47 common shares (0.0294 common shares on a post-consolidation basis) of Energy Fuels for each common share of Strathmore held. In total, Energy Fuels issued 186,420,938 common shares under the Arrangement (3,728,419 common shares on a post-consolidation basis). Through its acquisition of Strathmore, Energy Fuels acquired a number of mineral properties, including a 60% interest in the Roca Honda uranium project in New Mexico, one of the largest and highest grade uranium development projects in the U.S. The Company believes that significant synergies could be

achieved by shipping Roca Honda's U_3O_8 resources to the Company's White Mesa Mill. Sumitomo Corporation of Japan holds the other 40% interest in Roca Honda. The Company also acquired the Gas Hills uranium project in Wyoming, which was previously being developed in a strategic venture with Korea Electric Power Corporation. Energy Fuels believes that synergies can be achieved by combining aspects of the Gas Hills Project with the Company's Sheep Mountain Project, located only 28-miles away. In addition, the Company acquired the Juniper Ridge uranium project in Wyoming. The Company is evaluating developing the Juniper Ridge Project as a stand-alone uranium project or as part of a regional uranium project with Sheep Mountain and/or Gas Hills.

Corporate Highlights since the End of the Three Months ended September 30, 2013:

- On October 16, 2013, the Company completed a bought deal public offering (the "Offering") of 31,250,000 common shares (625,000 common shares on a post-consolidation basis) at a price of Cdn\$0.16 (Cdn\$8.00 on a post-consolidation basis) per share for aggregate gross proceeds of Cdn\$5.0 million.
- In order to facilitate a listing of the Company's common shares on a recognized US stock exchange, the Company completed a consolidation of its common shares on the basis of 50 pre-consolidation shares for each post-consolidation share. Approval of the consolidation was provided by the shareholders of the Company at a special meeting of shareholders held on October 30, 2013. The common shares of Energy Fuels began trading on the Toronto Stock Exchange on a post-consolidation basis on November 5, 2013.
- On November 4, 2013, the Company decided to place shaft-sinking activities on standby at the Canyon mine due to market conditions, and to simplify and lessen the expense of current litigation at the mine. As a result of this decision, the Company agreed to maintain such activities on standby until the earlier of a decision by the Arizona District Court on the merits of the current litigation, or December 31, 2014.
- On November 5, 2013, the Company submitted an application to list its common shares on a recognized US stock exchange. The Company believes that such a listing will provide better access to US institutional and retail investors, increased trading liquidity in terms of value traded, decreased shareholder transaction costs, decreased share price volatility, and will highlight the Company's strategic position within the United States.
- The Company changed its fiscal year end from September 30 to December 31, to better align its year-end with its major uranium customers, certain of its major subsidiaries and industry peers. The Company expects to report its annual results for the period beginning on October 1, 2012 and ending on December 31, 2013 ("FY-2013") on or before March 31, 2014.

Energy Fuels' Outlook for the Three Months Ended December 31, 2013 and the Fiscal Year Ended December 31, 2014 ("FY-2014")

Since July 1, 2013, the spot price of uranium has dropped from \$39.65 per lb. to its current price of \$35.35 per lb., and the long term price has dropped from \$57.00 per lb. to \$50.00 per pound (see Market Outlook for the Three Months ended December 31, 2013 & FY-2014 below). Energy Fuels believes that the current price of U_3O_8 is below the average economic cost to produce U_3O_8 from currently operating uranium mines around the world, and is clearly well below the average economic cost to develop and produce from new uranium mines which will be required to fuel the projected growth in nuclear power plants globally.

This drop in uranium prices has adversely impacted uranium production and development plans globally (as discussed below in the Market Outlook for the Three Months ended December 31, 2013 & FY-2014). As a result, Energy Fuels expects a very meaningful increase in the spot price in the future, since medium- to long term demand fundamentals remain strong, while the supply required to fulfill this demand is generally constrained in the current uranium price environment.

Energy Fuels has U_3O_8 term supply contracts in place with average realized sales prices projected to be \$58.42 per pound U_3O_8 in FY-2014. This represents a 65% premium to the current spot price of \$35.35 per pound. In addition, as of September 30, 2013, Energy Fuels holds 426,000 pounds of U_3O_8 in its inventory. The Company is also able to purchase U_3O_8 in the spot market for sale into one of these contracts, which, along with Energy Fuels' significant U_3O_8 inventories, provides the Company with operational flexibility with respect to how it can meet its contract delivery requirements. The Company intends to make spot purchases for delivery under that contract, which will enable the Company to reduce its required near-term U_3O_8 production. This will allow the Company to place its Pinenut mine on stand-by in July 2014 and to discontinue current U_3O_8 production at the White Mesa Mill beginning in August 2014 until the latter half of 2015, at which time the Mill is expected to re-commence processing alternate feed materials.

This strategy of replacing produced U_3O_8 with purchased U_3O_8 for deliveries under this particular contract creates value for Energy Fuels by positioning the Company to purchase U_3O_8 at prices lower than its production cost. This strategy will also extend the life of mine plan at the Pinenut mine into the future by preserving its U_3O_8 resources, reduce operational risk associated with production operations and enable the Company to implement significant cost cutting measures (see the Company's updated outlook for the three months ended December 31, 2013 and FY-2014 for additional details on the Company's production expectations).

At the same time, Energy Fuels will continue to position itself to realize the economic benefits of anticipated improvements in the price of U_3O_8 , through select development and permitting expenditures and care and maintenance activities. Energy Fuels has a number of projects with large U_3O_8 resources including the Henry Mountains complex and the Roca Honda uranium project, which, in a higher U_3O_8 price

environment, have the potential to provide large, base-load quantities of resources that could enable the White Mesa Mill to produce U_3O_8 with greater operating efficiency. In addition, the Company has extensive U_3O_8 resources in Wyoming for which it is evaluating a co-development strategy that it hopes will result in a second large, stand-alone production center. The Company intends to continue permitting activities on all of these projects.

As outlined below, Energy Fuels provides the following updated outlook for the three months ended December 31, 2013 and FY-2014. The Company intends to closely monitor U_3O_8 prices, and may change operating plans under actual or expected market conditions, as necessary. Accordingly, the outlook provided herein may differ materially from actual results:

- **Uranium Sales for the three months ended December 31, 2013:** The Company does not have any uranium deliveries scheduled during the three months ended December 31, 2013, and therefore does not expect any sales during the quarter.
- **FY-2014 Uranium Sales:** The Company forecasts FY-2014 sales to be approximately 800,000 pounds of U_3O_8 , all of which will be sold into existing long-term contracts and of which 300,000 pounds is expected to be purchased in the spot market as opposed to being produced at the White Mesa Mill. Energy Fuels expects to earn an average realized price of \$58.42 per pound of U_3O_8 during FY-2014. This average realized price per pound is not subject to any decrease resulting from declines in future U_3O_8 spot and/or term prices as a result of minimum floor prices within the Company's contract portfolio. Also, one contract has no ceiling price. The other two contracts have certain ceiling prices which begin to take effect if either the spot or long-term prices exceed \$90.00 per pound for one of the contracts, and if the long term price exceeds \$120.00 per pound for the other contract. This would allow the Company to capture a significant portion of any significant improvements in price over the remaining terms of these contracts.
- **Production for the three months ended December 31, 2013:** The Company expects to produce approximately 100,000 pounds of U_3O_8 during the three months ended December 31, 2013 from alternate feed sources.
- **Production for FY-2014:** The Company expects to produce approximately 400,000 to 500,000 pounds of U_3O_8 during FY-2014, from both conventional ore (250,000 to 350,000 pounds) and alternate feed sources (150,000 pounds). Conventional ore processing is expected to resume during the second quarter of FY-2014 to process ore mined through the middle of FY-2014 from the Arizona 1 and Pinenut mines.
- **Mining Activities for the three months ended December 31, 2013:** Mining at the Arizona 1 and Pinenut mines is expected to continue during the three months ended December 31, 2013.
- **FY-2014 Mining Activities:** Subject to the results of additional underground drilling, mining at the Arizona 1 mine is expected to cease in early FY-2014 due to the depletion of its known resources.

Mining at the Pinenut mine is expected to continue into the middle of FY-2014, at which point the mine is expected to be placed on care and maintenance. Re-starting mining activities at Pinenut would be evaluated in the context of business and market conditions, including the U₃O₈ price environment.

- **Project Development for the three months ended December 31, 2013:** During the three months ended December 31, 2013, the Company expects permitting activities to total approximately \$0.6 million, primarily at the Sheep Mountain, Roca Honda and Henry Mountains projects.
- **FY-2014 Project Development:** During FY-2014, the Company expects permitting activities to total approximately \$1.3 million, primarily at the Sheep Mountain, Roca Honda and Henry Mountains projects.

Market Outlook for the Three Months ended December 31, 2013 & FY-2014:

Similar to recent quarters, near- to medium-term uncertainty continues to lead to weakness in the uranium market. As a result, contracted volumes have remained low with little impetus on buyers or sellers to enter into new transactions. According to price data from The Ux Consulting Company, LLC ("Ux"), the spot price of uranium dropped \$4.65 per lb., from \$39.65 per pound at the end of the prior quarter to \$35.00 per pound on September 30, 2013. The Ux long-term price indicator dropped \$7.00 per pound from \$57.00 per pound to \$50.00 per pound during the same period. The current Ux spot and long-term prices are \$35.35 and \$50.00, respectively. The continued shutdown of Japanese reactors, operational issues and scheduled shutdowns in Asia and the U.S., and the resulting build-up in inventories are largely responsible for the continued market weakness.

The Company continues to believe that the anticipated restart of the Japanese reactors will be an important catalyst to the market. To date, five utilities have applied to the Japanese Regulatory Authority for the restart of fourteen reactors. However until these (or other) catalysts occur, uranium markets will remain uncertain.

In spite of the current uncertainty, long-term demand fundamentals in the uranium sector remain strong. In fact, the fundamentals may be slightly stronger than in the previous quarter. The World Nuclear Association now reports that there are 70 nuclear reactors under construction in 13 countries, led by China with 30 units under construction. The 70 reactors under construction represent an increase of two units from the prior quarter. In addition, there are 487 nuclear reactors planned or proposed around the World. This represents an increase of nine units from the prior quarter. The 70 reactors under construction are expected to require over 100 million pounds of U₃O₈ for initial cores and an additional 35 million pounds of U₃O₈ annually once they are in operation.

Although long-term fundamentals remain strong, Energy Fuels believes near-to medium- term uncertainty could lead to continued sluggishness in the uranium market. Yet, recently announced production

decreases and project deferrals may provide further impetus for improvements in the price of uranium. Energy Fuels recently announced the deferral of development at the Canyon Mine in Arizona, in addition to the planned deferral of production at the Pinenut mine beginning in the latter half of FY-2014 mentioned above. Uranium Energy Corp. recently announced its intent to reduce mining operations at its Palangana ISR uranium project in south Texas. Kazatomprom has announced that it will halt plans to expand uranium production in Kazakhstan, and is projecting that annual output from its Kazakh operations may experience uranium output reductions in 2014, the first such reduction since expansion began earlier in the decade. Russia's Atomredmetzoloto, including its wholly-owned Uranium One division, recently announced that the Honeymoon project in Australia will be placed on care and maintenance. In addition, they recently announced that they have ceased well-field development at their Willow Creek project in Wyoming, and it has been reported that they are ceasing all investment in new projects in Russia and abroad and are placing a number of projects on standby. Many analysts believe a number of other projects around the World are likely operating at a loss in the current market environment. Energy Fuels expects additional project cancellations and deferrals may be announced in the coming months. However, as Japan begins to restart their reactor fleet and new nuclear units come online worldwide, the supply of uranium for new and existing nuclear units may become less certain, providing additional stimulus to potential increases in the price of uranium.

Energy Fuels believes it is well positioned to respond to improved uranium prices and to execute the Company's business plan.

Stephen P. Antony, P.E., President & CEO of Energy Fuels, is a Qualified Person as defined by National Instrument 43-101 and has reviewed and approved the technical disclosure contained in this document.

About Energy Fuels: Energy Fuels is currently America's largest conventional uranium producer, expected to supply approximately 25% of the uranium produced in the U.S. in 2013. Energy Fuels operates the White Mesa Mill, which is the only conventional uranium mill currently operating in the U.S. The mill is capable of processing 2,000 tons per day of uranium ore. Energy Fuels has projects located throughout the Western U.S., including producing mines and mineral properties in various stages of permitting and development. The Company's common shares are listed on the Toronto Stock Exchange under the trading symbol "EFR" and on the OTCQX under the trading symbol "EFRFD".

Cautionary Note Regarding Forward-Looking Statements: This news release contains certain "Forward Looking Information" and "Forward Looking Statements" within the meaning of applicable Canadian and United States securities legislation, which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company and its projects and with respect to the market outlook. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects", "does not expect", "is expected", "is likely", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "does not anticipate", or "believes", or

variations of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur”, “be achieved” or “have the potential to”. All statements, other than statements of historical fact, herein are considered to be forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements express or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption “Risk Factors” in the Company’s Annual Information Form dated December 20, 2012, which is available for review on the System for Electronic Document Analysis and Retrieval at www.sedar.com, and may also include the possibility that the listing on the recognized U.S. stock exchange is not approved. Forward-looking statements contained herein are made as of the date of this news release, and the Company disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management’s estimates or opinions should change, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

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Traffic - Planning - Solid Waste Management

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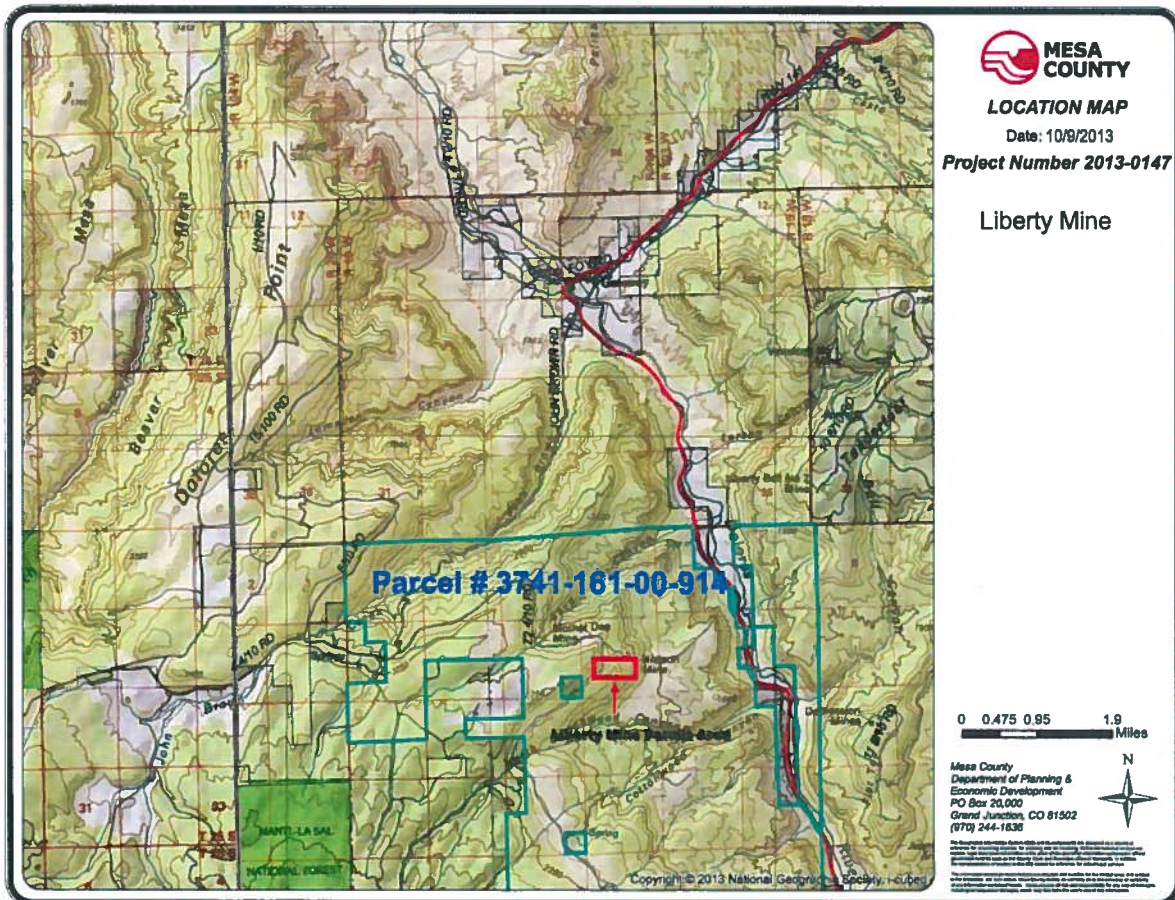
PROJECT REVIEW

December 9, 2013

I. PRO2013-0147 CUP LIBERTY MINE CONDITIONAL USE PERMIT

Property Owner: BLM
Operator: Liberty Mining LLC
Representative: Dave Diss, Souder, Miller & Associates
Location: 470 Z2 4/10 Rd.
Parcel#: 3741-161-00-914
Zoning: AFT
Planner: Randy Price, Senior Planner
Request: For a Conditional Use Permit to Mine Uranium (Pursuant to Chapter 5.2.13 Mining and Extractive Uses)

Recommendation: Approval with Conditions



II. SURROUNDING LAND USES AND ZONING:

The property is zoned Agriculture Forestry Transitional (AFT) and is located 5 miles south of Gateway off of John Brown Rd. then to Z2 4/10ths Rd. The 18,294 acre Parcel is owed by the BLM. The mine permit area is 83 acres and includes the approximately 4 acre surface disturbance for the facilities, storage. The area is 1.4 miles west of the Dolores River and Highway 141. The site is nearly 2,000 feet higher in elevation than the bottom of the canyon that contains the Dolores River and Highway 141. Historically this area has been extensively mined for Uranium and Vanadium since the 1890's. The area was initially mined for Vanadium with Uranium being a byproduct. The area was the most productive Uranium mining area in the United States in early 20th century. In addition to many mines, the area has been extensively explored by drilling and has numerous drill sites with 100' to 150' spacing. The drill sites are most notable on aerial photographs. New environmental protection regulations require that new holes drilled be backfilled and sealed with concrete.

Existing Land Use:

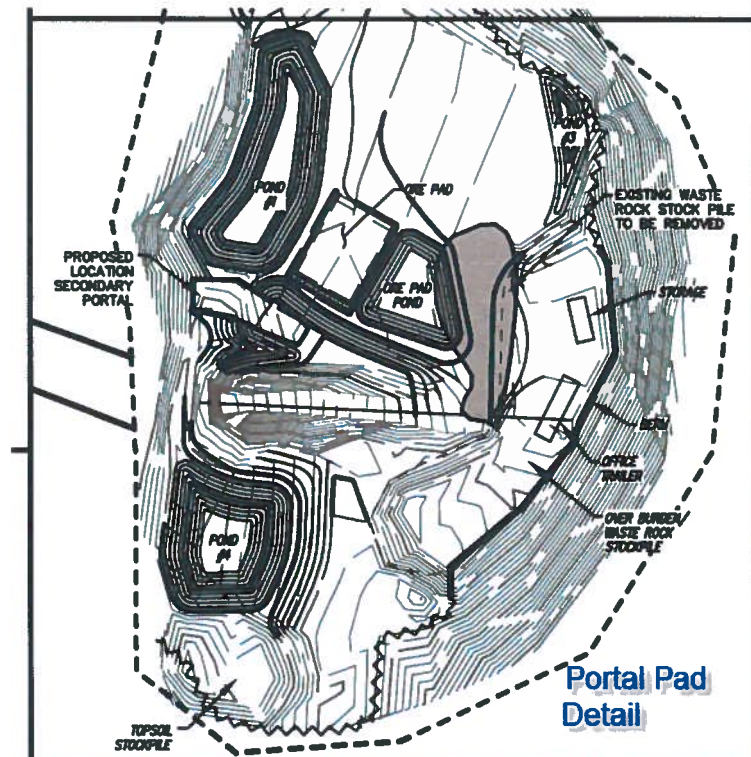
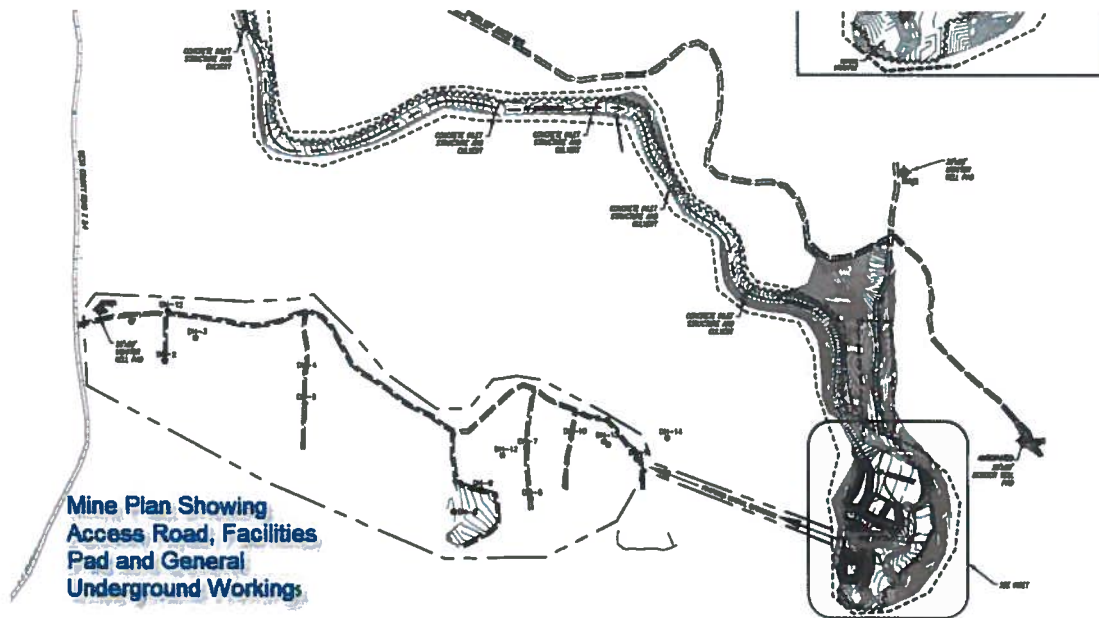
The closest residential structures to the mine appears to be along the Dolores River 1.9 miles east of the portal bench. Other uses in the area are recreation and ranching. The John Brown Road is popular with off road vehicle users as are many of the smaller roads in the area. The Gateway Canyons Resort is located 5 miles north of the mine site and is a 10 mile drive away. Highway 141 along the Dolores River is 1.5 miles to the east and is the Unaweep-Tabeguache Scenic and Historic Byway. Since the highway is incised in the Dolores Canyon and the mine is 2000' higher in elevation and set back from the rim, the mine will not be visible from the Byway.

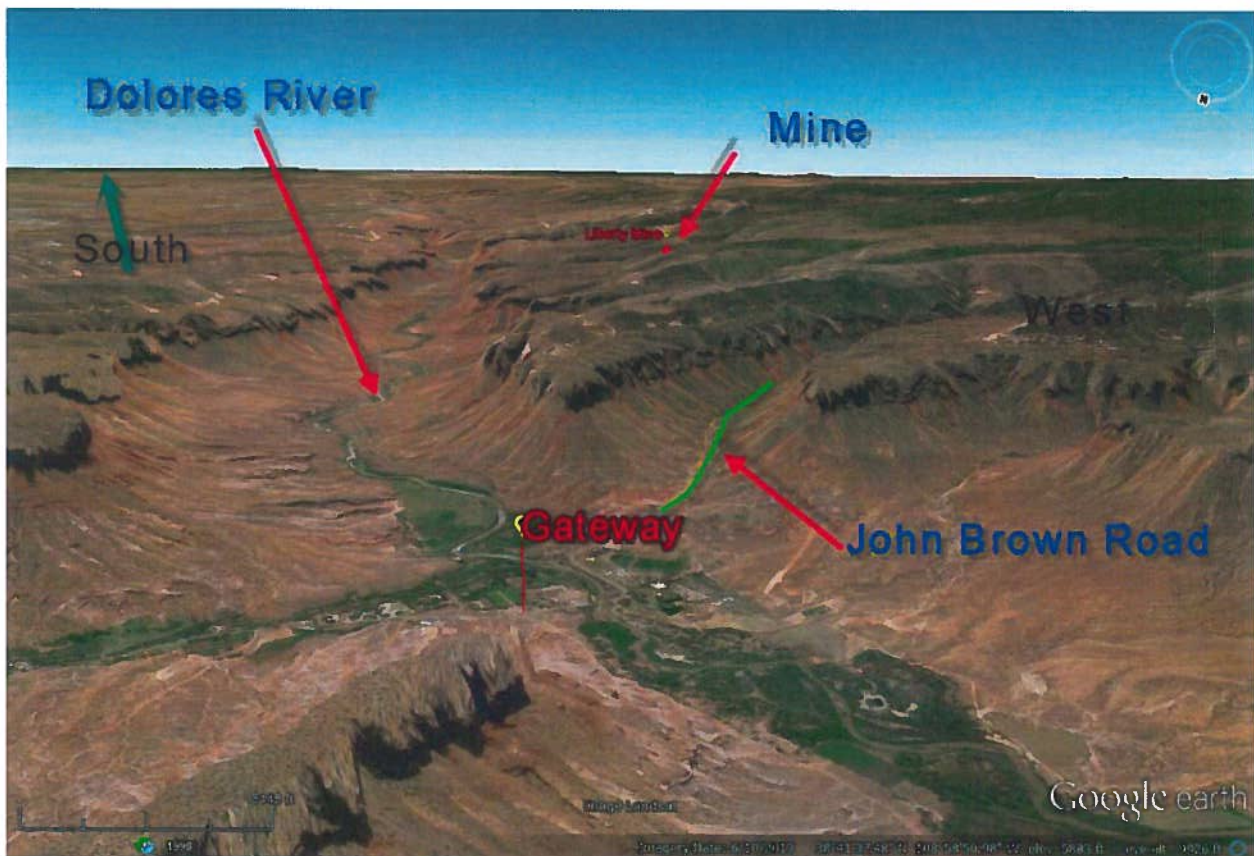
III. PROJECT DESCRIPTION:

Pursuant to Chapter 5.2.13 of the Mesa County Land Development Code, Liberty Mining LLC is requesting a conditional use permit to allow Mining and Extractive Uses in the Agricultural Forestry Transitional (AFT) District. The mine, including the access road, pad and portal entries, have already been constructed and operated under an exploration permit. The entire operation have disturbed approximately 4.5 acres. The BLM issued a BLM NOI Approval CO-130-2005-103-CE in 2005. In 2007, Mesa County issued a temporary use permit for exploration (2007-293 MSP1).. All stormwater will be controlled and stored in ponds. The operator has submitted an application for a mining permit with the Colorado Division of Reclamation, Mining and Safety (DRMS).

The mine will employ 4 to 8 people. Normal operations will be one shift a day of 8 to 12 hours, 5 days a week. Ore mined will be stored on a bermed concrete pad until there is enough for 2 truckloads. The mine representative said that the ore would probably be moved to the mill weekly but not more than 2 truckloads a day maximum. This is dependent on mining conditions, ore quality and market. The ore will be transported to the White Mesa Mill near Blanding Utah. The most efficient route to the mill is through John Brown Canyon Rd., then west into Utah. This is shorter and would avoid the lower section of John Brown Road that is twisting and steep. Operations will be shut down during the winter months because of the lack of winter maintenance of the County roads.

In late November of this year Energy Fuels operator of the White Mesa Mill announced that it was idling the mill for at least one year starting August in 2014. The mill is the only operating mill in the United States. The market for Uranium is currently down. The representative stated that even if the market is down and at the current price for Uranium would not support mining, the company expects prices to turn around and they would like to have the permitting ready for when that happens. The only other permitted mine in Mesa County is the Whirlwind Mine operated by Energy Fuels. The mine is located 4 miles north of this operation. Energy Fuels received CUP approval for the mine in 2007. This mine has been in a temporary cessation for 5 years.





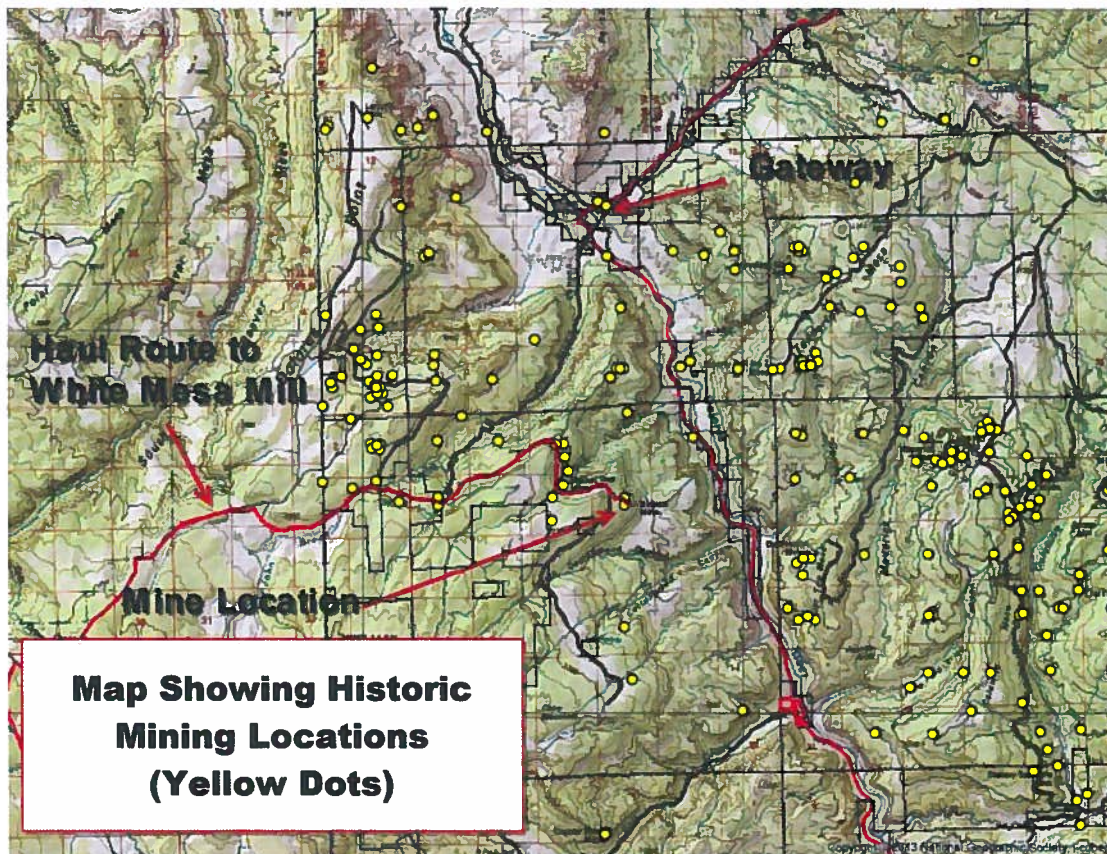
The operator has applied for a 110 mining permit with the Colorado Division of Reclamation Mining and Safety (DRMS). The BLM had approved a Notice of Intent to Disturb in 2005. The representative is waiting to hear from the BLM if any additional permission is required.

Reclamation

The operator must comply with the requirements for BLM and DRMS for reclamation once mining has been completed. This includes demolition of structures, decontamination of the concrete ore storage pad, backfilling of waste rock to the extent possible into the mine workings, removal of the 4 sediment ponds and ore rock water storage pond, grading to contour, spreading of stored topsoil and seeding. Seed mixture and vegetation success will be determined by the BLM and DRMS. Part of the 110 permitting process requires the operator to post sufficient bond for the closure and reclamation of the mine. The cost estimates were calculated to be \$45,249.54 this includes 15 % contingency costs.

Other Permits

State of Colorado Department of Public Health and Environment (CDPHE) Water Quality Control Division Stormwater Discharge Permit
CDPHE Air Pollution Control Division Fugitive Dust APEN
Federal BATF&E Explosives Permit
MSHA Mine Identification
U.S. Bureau of Land Management Plan of Operation
Colorado Division of Reclamation, Mining and Safety (DRMS) Limited Impact (110-d) Permit Application





IV. COMPLIANCE WITH MESA COUNTY CODE REQUIREMENTS:

Section 3.8.7 of the Land Development Code (2000, as amended) states that a Conditional Use Permit may be approved by the Board of County Commissioners after considering the following:

- A. The proposed use is not significantly different from adjacent uses in terms of appearance, site design, operating characteristics (hours of operation, traffic generation, noise, odor, dust, and other external impacts) or, if the use is different, that any adverse impacts resulting from the use will be mitigated to the maximum extent practical and reclamation of the site will be adequate for appropriate future uses of the site where applicable.**

The proposed mining operation is located in an area that has historically been mined. Hours of operation will not impact surrounding land uses. The site is not visible from Highway 141 or John Brown Road. The applicant will be required to obtain an air quality (APEN) permit for construction from the Colorado Department of Public Health and Environment (CDPHE). This permit requires that the operator meets air quality standards at all times. Noise will be required to comply with the noise and vibration standards in CRS § 25-12-103.

The operator will comply with BLM and CDRMS reclamation standards and has a reclamation plan submitted for review with the CDRMS.

If the Pinon Ridge mill is constructed near Naturita and the operator wishes to use Highway 141 to access this mill, a traffic impact study will be required as well as an access permit from CDOT.

Section 5.2.13 of the Mesa County Land Development Code, Mining and Extractive Uses, outlines requirements that are intended to minimize and mitigate adverse impacts. The applicant will be required to adhere to all the requirements of that section, as detailed in this review.

This criterion **can be met** with conditions of approval.

- B. Facilities and services (including sewage and waste disposal, recycling, domestic and irrigation water [where available], gas, electricity, security measures, police and fire protection, and roads and transportation, special fencing, and signage, as applicable) shall be available upon completion of the project to serve the subject property while maintaining adequate levels of service to proposed and existing development during regular, periodic, and peak usages.**

Facilities necessary for this project are limited. The applicant has proposed portable toilets. Electricity is not available on the site and will be supplied by a diesel generator. If necessary, the Gateway Fire District and the Mesa County Sheriff's Office will provide emergency services.

The Division of Reclamation, Mining and Safety requires a sign to be posted at the entrance to the mine site with information about the permit and the name of the operation. This sign will be no larger than necessary to meet State regulations.

This criterion **can be met** with conditions of approval.

C. Access will be provided as necessary to prevent traffic hazards and to minimize traffic congestion in public streets and alleys.

The operator accesses Z2 4/10 Road and John Brown Road. These roads are not maintained in the winter and the applicant is aware of this and will adjust their mining schedule. These roads are also subject to severe weather from the monsoonal late summer rain storms that can cause severe erosion and wash out roadways. The areas with the greatest risks are the lower portions of John Brown Rd. Any work that the operator wishes to do on the roadway will require a surface alteration permit from Mesa County Public Works Department.

This criterion **can be met** with conditions of approval.

D. Adequate assurances of on-going maintenance have been provided.

The applicant has stated that the reclamation bond, as required by the Division of Reclamation, Mining, and Safety, ensures that maintenance and reclamation will occur. In addition, the Division also conducts regular inspections to ensure compliance. The mine will be gated and locked during the winter months.

This criterion **can be met** with conditions of approval.

E. Any significant adverse impacts on the natural environment will be mitigated to the maximum extent practical, including whether soils and geologic suitability are adequate for the proposed use, and whether prevailing winds might cause adverse impacts on site and off-site.

Impacts to the natural environment are mitigated through the measures proposed in this application, and are subject to approval by the Colorado Division of Reclamation and Mining Safety and the Colorado Department of Public Health and Environment. Through the APEN permit, Stormwater Discharge Permit, and 110D permit, all aspects of the potential impacts to air and water quality posed by this operation are regulated and controlled.

This criterion **can be met** with conditions of approval.

F. There is a need for the use on a community wide basis.

Uranium supplies fuel for nuclear power plants that in turn supply electricity to the Nation's electrical grid. The importance of nuclear power as a source of energy may increase in the future as the world's supply of fossil fuels declines. Locally, the mine will supply employment to local

residents and add diversity to the Gateway economy. Regional uranium ore processing supplies jobs for 200 people in the Blanding area and nearby Montrose County.

This criterion **has been met**.

Section 5.2.13 Mining and Extractive Uses

Mining and extractive uses shall be subject to the County's Commercial Mineral Extraction Policy and the standards below:

- A. An excavation and rehabilitation plan shall be required for any mining or extractive use.**

The applicant has submitted a mining and reclamation plan for this project and the operator has applied for a 110D mining permit from the DRMS. Also, the operator is required to meet BLM closure and reclamation standards. A reclamation bond will be posted with the DRMS to cover closure costs.

This criterion **has been met**.

- B. An excavation permit, if applicable, issued by the State of Colorado in conformance with the Open Mining Land Reclamation Act, shall be required.**

The applicant is in the process of obtaining required permits. A copy of the permit should be provided for inclusion in the project file prior to initiating mining activity on the site.

This criterion **can be met** with conditions of approval.

- C. Excavation or deposit of overburden shall not be permitted within 30 feet of a boundary of an adjacent property, easement, irrigation ditch, or right of way unless by written agreement of the owner of such property, easement, irrigation ditch or right of way.**

The mining areas are delineated on the mining plan and will not come within 30 feet of any property boundary.

This criterion **can be met** with conditions of approval.

- D. Excavation within 125 feet of a dwelling unit shall be prohibited unless by written agreement of the owner and occupant of the residence; excavation involving the use of rock crushers, asphalt plant, cement batch plant and other similar equipment within 250 feet of a dwelling unit shall be prohibited. The Decision Making Body shall be authorized to require the installation of a Landscape Buffer (see Sec.7.2) when necessary to control dust and mitigate other adverse impacts on surrounding areas.**

The closest residential structure is more than 1.5 miles away. The County roadway is 1,800 feet away and the mine portal pad is not visible from either location.

This criterion **has been met**.

- E. All excavation activities shall be set back at least 100 feet from road rights-of- ways and the 100 year floodway of any watercourses. The watercourse setback may be varied, based on Colorado Department of Wildlife comments concerning site-specific factors. Existing trees and ground cover along the public road frontage and drainage ways shall be preserved, maintained and supplemented, if necessary, from the depth of the setback to protect against and reduce noise, dust and erosion.**

The proposed mining operations will remain more than 100 feet from all road rights-of-way, floodplains and floodways.

This criterion **has been met**.

- F. The operator shall submit a route plan (haul road plan) to the Public Works Department and seek permission to use, for haulage, any public right of way which is not designated by Mesa County as suitable for such haulage by reason of load limit, dust, right of way, or pavement width or other relevant factors. The Public Works Department may place reasonable restrictions on such right of way use. Alternative haul routes shall be developed where the haul route impacts the health, safety and welfare of the local area.**

The operator will use the existing access point to access Z2 4/10th Rd. A State Highway Access Permit will be required if access to Highway 141 is needed.

This criterion **has been met**.

- G. Haul roads within the premises shall be maintained in a reasonably dust-free condition and shall be contained within the pit (after excavation allows) to the maximum extent feasible. Depending on local conditions, this may include watering, oiling, or paving.**

Stormwater will be used to support underground mine workings or used for dust control on the mine surface and access roads. The applicant will be required to maintain an Air Pollution Emission Notice (APEN) from the Colorado Department of Public Health and Environment (CDPHE) and control of fugitive dust is a requirement.

This criterion **can be met** with conditions of approval.

- H. The operation shall be limited to the hours of 6:00 a.m. to 7:00 p.m. unless longer or shorter hours of operation are approved as part of the Conditional Use Permit.**

The applicant plans to operate one shift per day for 8 hours or possibly 12 hours. A request for an extension of the hours of operation beyond 6:00 a.m. to 7:00 p.m. was not requested.

This criterion **can be met** with conditions of approval.

- I. The operator shall not excavate, store overburden, or excavate materials or dike in such a manner as to cause damage to public facilities, or increase any drainage or flooding on property not owned by the operator.**

The applicant has prepared a stormwater management plan that describes limitations on discharges.

This criterion **can be met** with conditions of approval.

- J. Prior to starting excavation, where the operation is adjacent to subdivided or developed commercial, residential, or industrial property, fencing may be required to prevent the visibility of the mining operation, and buffering and screening may be required if deemed necessary by the Planning Director, subject to appeal to the Board of County Commissioners. The operator may fence, buffer or screen the entire parcel, or fence only areas of excavation as it proceeds. None of which shall be removed until rehabilitation has been completed.**

The mine will be fenced for security reasons. Screening is not required because of the remoteness of the mine site.

This criterion **can be met** with conditions of approval.

- K. Once mining has been completed, the site shall not to be used as an area to stockpile sand or gravel resources, if the operation is adjacent to subdivided property or to developed commercial or residential property. The mining operator is to reclaim those areas as soon as possible.**

No stockpiles will remain on the site after final reclamation is complete.

This criterion **can be met** with conditions of approval.

- L. Operations shall comply with noise, vibration, and other standards of Mesa County and noise standards enumerated in CRS §25-12-101.**

The applicant is required to comply with the noise and vibration standards in CRS § 25-12-103.m.

This criterion **can be met** with conditions of approval.

- M. All air emissions shall comply with standards established by the Mesa County Health Department, State Health Department, and Colorado Air Quality Control Commission.**

An Air Pollutant Emissions Notice (APEN) with the Colorado Department of Public Health and

Environment will be required for the mining operations. The applicant has committed to meeting these standards at all times.

This criterion **can be met** with conditions of approval.

N. All water uses and discharges shall conform to standards established by the State Water Pollution Control Commission and the water laws of the State of Colorado.

A Stormwater Discharge Permit from CDPHE will be required, and the applicant has prepared a stormwater management plan for the purpose of complying with these requirements. In the project narrative, the applicant commits to conforming to all State and local standards for water use and discharge.

This criterion **can be met** with conditions of approval.

O. All slopes shall be stabilized and land remaining in the natural water level must be revegetated in a manner compatible with the surrounding area.

The reclamation plan submitted by the applicant calls for re-vegetation of the site. Compliance with the reclamation plan is a requirement of the 110 permit from the Colorado Division of Reclamation, Mining, and Safety.

This criterion **can be met** with conditions of approval.

P. A development schedule shall be submitted describing the life span of the plan in years (ranges are acceptable), and, if applicable, the years per phase. Diligence in meeting this schedule is required.

1. Up to a two year extension may be granted by the Planning Director if a written request is submitted outlining the factors and reasons for the extension.
2. Requests for extensions up to five years and appeals of the Planning Director's decision will be submitted to the Board of County Commissioners at a public hearing.

The applicant has submitted a mining schedule that spans 10 years. The mining schedule may be dictated by the unpredictability of market conditions.

This criterion **has been met**.

Q. If the use has not operated or if no material has been extracted within three years of obtaining the Conditional Use Permit, and a request for extension has not been received and approved by the Board of County Commissioners, the Conditional Use Permit will expire. Extension requests shall provide information concerning the factors and reasons for the request. The Board of County Commissioners will consider these factors and reasons as well as the extent conditions have changed in the area, if any, in granting extensions.

This criterion **can be met**

This criterion **can be met** with conditions of approval.

- R. At the time of Conditional Use Permit review for a proposed Mining or Extractive Use Operation, the Board of County Commissioners shall require that the applicant provide financial assurance adequate to ensure that any structures or roads necessary to mitigate the impacts of the operation on nearby property owners or residents will be constructed at those times stated in any related condition attached to the Conditional Use Permit. Adequate financial security may include a deposit of money, an irrevocable bond or letter of credit backed by a reputable bank or financial institution, as determined by the County, or another form of financial security acceptable to the County. The amount of financial security required shall not exceed 125 percent of the estimated costs of taking the actions that it secures. The Planning Director shall be authorized to execute a partial release or to reduce the amount of the financial assurance from time to time as required construction or rehabilitation activities are completed. The Planning Director shall release all or any remaining amounts of any financial assurance within 30 days after completion of the last construction or rehabilitation action that the financial assurance secures.**

The DRMS requires that this facility maintains a financial assurance to cover closure and reclamation cost. This has been estimated by the applicant at \$45,249 including a 15% contingency. A financial assurance with the County is not necessary.

This criterion **has been met with the financial assurance required by DRMS.**

Section 3.1.17, General Approval Criteria, must also be considered for Conditional Use Permit requests:

- A. complies with all applicable standards, provisions, and purposes of this Land Development Code;**

It appears that this request complies or can comply with all applicable standards, provisions and purposes of the Land Development Code.

This criterion **has been met.**

- B. is consistent with review agency comments;**

This request is or can be made consistent with all review agency comments. All review agency comments have been attached to this project review.

This criterion **can be met** with conditions of approval.

C. is consistent with applicable intergovernmental agreements (IGA) between the County and other entities.

This proposal is consistent with intergovernmental agreements Mesa County has with the BLM. The BLM has not provided comments.

This criterion **has been met**.

V. REVIEW AGENCY COMMENTS:

All review comments received are a part of the hearing packet and the file.

VI. PUBLIC COMMENTS:

As of the date of this review, no public comments have been received.

VII. PROJECT RECOMMENDATION:

The Planning Division recommends **approval** of the Craig Ranch Gravel Pit CUP, **subject to the following conditions:**

1. All review agency comments shall be addressed that are not in conflict with the conditions of approval.
2. The applicant shall obtain all required local, state and federal permits for the construction and operation of the project, including but not limited to road access permits and building permits from Mesa County and any required permits from the State of Utah and/or local governments. Copies of all required permits shall be submitted to the Mesa County Planning Division for review prior to the operation of the facility.
3. All waste products shall be properly disposed of at licensed facilities.
4. The applicant shall not deviate from the site plan and documents submitted with this application. Any modification or expansion of this facility shall require an amendment of the Conditional Use Permit.
5. A noxious weed management plan shall be submitted by the applicant and approved by the Mesa County Weed and Pest Inspector prior to operation.
6. All outdoor lighting shall be of the full cut-off type and night lighting shall be limited to emergency repairs or inspections.
7. An emergency management plan shall be prepared and provided to Mesa County, the local fire district and emergency service providers for comment and a final plan submitted to the Planning Division.
8. Final construction plans and supporting engineering documentation and reports shall be submitted to the Planning Department prior to commencement of construction.
9. The operator will obtain an access permit from the Colorado Department of Transportation if Colorado Highway 141 is to be used as part of the haul route to the mill.

The bases for this recommendation:

The petition complies with or has the ability to comply with the criterion in Section 3.8.7A – F, Section 5.2.13 A-R, and Section 3.1.17.A - C of the Mesa County Land Development Code (2000, as amended).

Summary

Conditional Use Permit Criteria 3.8.7

Condition

A.	The proposed use is not significantly different from adjacent uses in appearance, site design, and operating characteristics or adequately mitigates adverse impacts	Can be met	1, 4, 5, 6
B.	Facilities and services are available	Can be met	1, 2, 3, 4, 7, 9
C.	Access is provided to prevent traffic hazards and minimize traffic congestion	Can be met	1, 2, 9
D.	Adequate assurances of on-going maintenance are provided	Can be met	1, 2, 3, 4, 5
E.	Significant adverse impacts on the natural environment have been mitigated to the extent practical	Can be met	1, 2, 3, 4, 5
F.	A need for the use on a community-wide basis has been established	Has been met	

General Approval Criteria 3.1.17

A.	Compliance with applicable standards and provisions in the Land Development Code	Has been met
B.	Consistency with review agency comments	Can be met 1
C.	Consistency with applicable IGAs	Has been met

Mining and Extractive Uses Section 5.2.13

A.	Excavation plan	Has been met
B.	State excavation permit	Can be met 2
C.	30' from boundary	Has been met
D.	250' from houses	Has been met
E.	100' from roads/floodway	Has been met
F.	Haul plan	Has been met
G.	Dust-free condition	Can be met 2
H.	Hours of operation	Can be met 4
I.	Flooding	Can be met 2, 4

J.	Fencing	Can be met	2, 4
K.	Reclaim as soon as possible	Can be met	2, 4
L.	Noise & vibration standards	Can be met	2, 4
M.	Air Emissions	Can be met	2, 4
N.	Water uses and discharges	Can be met	2, 4
O.	Slope stabilization	Can be met	2, 4
P.	Development schedule	Has been met	
Q.	Operation within 3 years	Can be met	2,4
R.	Financial assurance	Can be met	2, 4

IX. MCPC RECOMMENDATION (12/19/2013)

X. BOCC ACTION (1/14/14):

MAI-2010-08

**UNITED STATES
DEPARTMENT OF LABOR
MINE SAFETY AND HEALTH ADMINISTRATION
Metal and Nonmetal Mine Safety and Health**

REPORT OF INVESTIGATION

**Underground Metal Mine
(Uranium)**

**Fatal Fall of Rib Accident
May 26, 2010**

**Reliance Resources, LLC.
Contractor ID No. M879
at
Pandora Complex
Denison Mines (USA) Corporation
La Sal, San Juan County, Utah
Mine ID No. 42-00470**

Investigators

**Melvin M. Lapin
Mine Safety & Health Inspector**

**James G. Vadnal
Mining Engineer**

**Kent L. Norton
Mine Safety & Health Specialist**

Originating Office

**Mine Safety and Health Administration
Rocky Mountain District
PO Box 25367, DFC
Denver, CO 80225-0367
Richard Laufenberg, District Manager**

MAI-2010-08

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Originating Office

**Mine Safety and Health Administration
Rocky Mountain District
PO Box 25367, DFC
Denver, CO 80225-0367
Richard Laufenberg, District Manager**



OVERVIEW

Hunter L. Diehl, Miner 1, age 28, died on May 26, 2010, when a section of rib fell on him. He was manually scaling loose material from the rib when it fell. The material that fell was about 15 feet wide, 11 feet long, and 4 to 30 inches thick.

The accident occurred because management policies, procedures, and controls were inadequate. The area was not examined or tested by an experienced person designated by the mine operator prior to work commencing in the affected area. Additionally, procedures to ensure that persons scale loose ground from a safe location were not adequate.

GENERAL INFORMATION

Pandora Complex, an underground uranium/vanadium mine, operated by Denison Mines (USA) Corporation, is located in La Sal, San Juan County, Utah. The principal operating official was Randy Marsing, project manager.

Reliance Resources, LLC., located in Moab, Grand County, Utah, was contracted by Denison Mines (USA) Corporation, to operate a portion of the mine. The principal operating official was Michael Shumway, general supervisor.

Uranium/vanadium bearing ore was drilled, blasted, and transported to an off-site mill where it was processed into vanadium and uranium oxide concentrate, commonly referred to as yellow cake uranium. The finished products were sold to commercial industries and utilities.

DESCRIPTION OF THE ACCIDENT

On the day of the accident, Hunter Diehl (victim), reported for work at 6:00 a.m., his normal starting time. He attended a safety meeting with 19 other miners. After the meeting Diehl, Thayne Shumway, leadman, Jessie Wickham, leadman, and Audren Adams, miner, traveled together into the mine in a small utility vehicle.

About 6:35 a.m., they stopped near the water tank area. Wickham directed Diehl to drive a 7-ton haul truck to the left heading of the 4500 left section and begin inspecting and scaling the area as needed. Diehl went to the 4500 left section, parked the truck, and walked into the drift. A short time later a large section of the right rib fell and struck him. There were no witnesses to the accident.

About 6:48 a.m., Chris Lawson, truck driver, was driving by the 4500 left heading when he noticed Diehl signal for help using his cap lamp. Lawson stopped and asked Diehl if he was okay. Diehl stated that he needed help.

Lawson used a telephone in the area to contact the surface and summon for emergency medical services. Several miners arrived at the scene to assist and administer Cardiopulmonary Resuscitation (CPR). Emergency Medical Services arrived at the mine and transported Diehl to a local hospital where he was pronounced dead by the attending physician at 8:48 a.m. The cause of death was blunt force trauma.

INVESTIGATION OF THE ACCIDENT

The Mine Safety and Health Administration (MSHA) learned of the accident through the media. Michael Okuniewicz, supervisory mine safety & health inspector, contacted Jick Taylor, co-owner, at 11:10 a.m., on May 26, 2010, and an investigation was started the same day. A Part 50 order was issued to Reliance Resources, LLC., for untimely reporting. A Part 50 citation was issued

to Denison Mines (USA) Corporation, for untimely reporting. An order was issued under the provisions of Section 103(j) of the Mine Act to ensure the safety of the miners.

MSHA's accident investigation team traveled to the mine, conducted a physical inspection of the accident scene, interviewed employees, and reviewed conditions and procedures relevant to the accident. MSHA conducted the investigation with the assistance of mine and contractor management and employees and the San Juan County Sheriff's Office.

DISCUSSION

Location of the Accident

The accident occurred in the entrance of the drift accessing the left heading of the 4500 left section of the mine. The face of the drift was approximately 51 feet from the victim's location. The drift was approximately 12 feet wide and 12 feet high. Two days before the accident, this area was scaled and cleaned up in preparation for driving a ventilation drift from this area to another section of the mine on the 5000 level. This area had been inactive during the previous 18 months.

The day before the accident, the heading was drilled, blasted, manually scaled, and mucked out. The heading was then drilled and blasted again at end of the shift. A 92-inch long hand scaling bar was found near the victim. By the position of his scaling bar, it appeared that Diehl was located near the center of the section of rib that fell.

Geology

Mining at the Pandora Mine Complex began in the early 1970's. The underground portion of the complex was extensive, measuring approximately 1½ miles long by ¾ mile wide, and trended in an east-west direction. The mine was accessed through the Pandora decline slope. Mining was not systematic and mine headings were driven in various directions and followed the trends of the uranium/vanadium ore.

The ore at the mine was composed of minerals deposited through secondary mineralization within sandstone units of the lower salt wash member of the Morrison formation. The ore appeared as dark bands and zones within the sandstone and was a well sorted medium to coarse grained sandstone that had been classified as a tabular fluvial deposit. Mining took place in the lower portion of the sandstone unit. Cover above the 4500 left section of the mine was about 400 to 450 feet.

The mined sandstone had a distinct vertical joint set. Joints were naturally occurring fractures where there had been no lateral movement in the plane of the

fracture of one side relative to the other. Joints generally occurred as sets, with each set consisting of joints roughly parallel to each other. Joint sets were formed when the rock layers were compressed and stretched as they were being uplifted. The mine's dominate joint set had a direction of approximately North 110 degrees East. The joints at the mine had a random spacing of several inches to several feet. Numerous closely spaced joints, between 3 and 8 inches apart, over a distance of 12 feet, were observed in the right rib at the intersection of 4500 left, center heading and 4500 left section, left heading (See Appendix D).

These closely spaced joints were observed in the roof crossing the intersection and intersecting the mine rib between the left and center headings at what is commonly referred to as the point (or nose) of the intersection. These joints at the point of the intersection ran parallel to the left rib in the 4500 left section, left heading. The orientation of both the left heading and the closely spaced joint set contributed directly to the rib failure.

Ground Support

At the time of the accident, the existing ground support plan stated that ground support would be installed randomly, on an as needed basis, as determined by each worksite inspection. The types of ground support used included: steel sets, timbers, split set bolts, resin grouted bolts, steel mats, and reel lock fencing. The typical type of ground support used in the mine was 5 foot long split set bolts installed with 6-inch square plates. Ground support was not installed on the section of rib that fell.

Training and Experience

Hunter L. Diehl had 10 weeks of mining experience, all at this mine, and had been trained in accordance with 30 CFR Part 48.

ROOT CAUSE ANALYSIS

A root cause analysis was conducted and the following root causes were identified.

Root Cause: Management policies, procedures, and controls failed to ensure that experienced persons, examined and tested for loose ground in areas prior to work commencing.

Corrective Action: Management amended the written work procedures to ensure that experienced persons test for loose ground in areas prior to work commencing. The miners received additional training regarding examining and testing for loose ground.

Root Cause: Management policies, procedures, and controls failed to ensure that scaling of loose ground was performed from a safe location.

Corrective Action: Management amended the written work procedures to ensure that persons engaged in the scaling of loose ground perform the task from a safe location. The miners have received additional training regarding proper manual scaling methods.

CONCLUSION

The accident occurred because management, policies, procedures, and controls were inadequate. The area was not examined or tested by an experienced person designated by the mine operator prior to work commencing in the affected area. Additionally, procedures to ensure that persons scale loose ground from a safe location were not adequate.

ENFORCEMENT ACTIONS

Issued to Reliance Resources, LLC.

Order No. 6580467 was issued on May 26, 2010, under the provisions of Section 103(j) of the Mine Act:

A fatal accident occurred at this operation on May 26, 2010, at about 6:30 a.m. As rescue and recovery work is necessary, this order is being issued, under Section 103(j) of the Federal Mine Safety and Health Act of 1977, to ensure the safety of all persons at this operation. This order is also being issued to prevent the destruction of any evidence which would assist in investigating the cause or causes of the accident. It prohibits all activity at Reliance Resource's portion of the Pandora Complex mine, except to the extent necessary to rescue an individual or prevent or eliminate an imminent danger, until MSHA has determined that it is safe to resume normal mining operations in this area. This order applies to all persons engaged in the rescue and recovery operation and any other persons onsite. This order was initially issued orally to the mine operator at 11:10 a.m.

This order was subsequently modified to Section 103(k) and was terminated on July 13, 2010. Conditions that contributed to the accident no longer exist.

Citation No. 6459286 was issued on June 30, 2010, under the provisions of Section 104(d)(1) of the Mine Act for a violation of 30 CFR 57.3401:

A fatal accident occurred at this operation on May 26, 2010, when a miner with 10 weeks total mining experience was struck by falling debris from a rib near the entrance of the left heading of the 4500 left section. A person experienced in examining and testing for loose ground designated by the mine operator had not made an examination of the area before the miner entered the area. The lead man engaged in aggravated conduct constituting more than ordinary negligence, in that, he had instructed the miner to enter the area before he made his

examination of the area. This is an unwarrantable failure to comply with a mandatory standard.

The citation was terminated on July 14, 2010. Management amended the written work procedures to ensure that only experienced persons test for loose ground in areas prior to work commencing. All miners received additional training regarding examining and testing for loose ground.

Citation No. 6459287 was issued on June 30, 2010, under the provisions of Section 104(a) of the Mine Act for a violation of 30 CFR 57.3201:

A fatal accident occurred at this operation on May 26, 2010, when a new miner with 10 weeks of total mining experience was struck by falling material when a section of the right rib fell while he was hand scaling the roof and rib in the entrance of the left heading of the 4500 left section of the mine. The scaling was not performed from a location which would not expose him to injury from falling material as required, nor was other protection from falling material provided.

The citation was terminated on July 14, 2010. Management amended the written work procedures to ensure that persons engaged in the scaling of loose ground perform the task from a safe location. All miners received additional training regarding proper manual scaling methods.

Approved by,

Date: September 7, 2010

Richard Laufenberg
District Manager

LIST OF APPENDICES

Appendix A-Persons Participation in the Investigation

Appendix B-Victim Data Sheet

Appendix C-Map of Area

Appendix D-Photo of Rib

APPENDIX A

Persons Participating in the Investigation

Denison Mines (USA) Corp.

Phillip Buck..... Vice President, Mining

Reliance Resources, LLC

Jeff Mogensen..... Mine Manager/Co-Owner

Jick Taylor..... Co-Owner

Jerry Cowan..... Co-Owner

Michael Shumway..... Co-Owner/General Supervisor

San Juan County Sheriff's Office

Adam YoungDeputy Coroner

Mine Safety and Health Administration

Melvin M. Lapin.....Mine Safety & Health Inspector

James G. Vadnal.....Mining Engineer

Kent L. Norton.....Mine Safety & Health Specialist

APPENDIX B

Accident Investigation Data - Victim Information

U.S. Department of Labor
Mine Safety and Health Administration

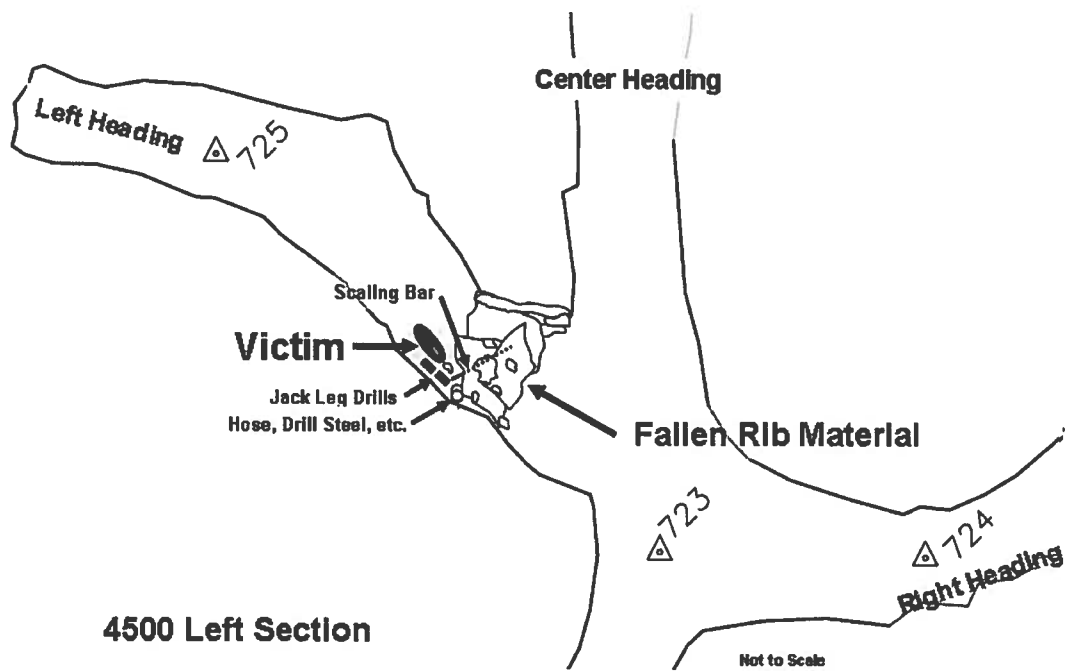


Event Number: 6551603

Victim Information: 1

1. Name of Injured/Ill Employee: <i>Hunter L. Diehl</i>		2. Sex <i>M</i>	3. Victim's Age <i>28</i>	4. Degree of Injury: <i>01 Fatal</i>																									
5. Date(MM/DD/YY) and Time(24 Hr.) Of Death: <i>a. Date: 05/28/2010 b. Time: 8:58</i>					6. Date and Time Started: <i>a. Date: 05/28/2010 b. Time: 8:00</i>																								
7. Regular Job Title: <i>076 7-ton Young Buggy Driver</i>				8. Work Activity when Injured: <i>006 Barring down loose rib material</i>				9. Was this work activity part of regular job? <div style="text-align: right;">Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></div>																					
10. Experience a. This		Years	Weeks	Days	b. Regular Job Title:		Years	Weeks	Days	c. This Mine:		Years	Weeks	Days	d. Total Mining:		Years	Weeks	Days										
Work Activity:		<i>0</i>	<i>10</i>	<i>0</i>	Job Title:		<i>0</i>	<i>10</i>	<i>0</i>	Mine:		<i>0</i>	<i>10</i>	<i>0</i>	Mining:		<i>0</i>	<i>10</i>	<i>0</i>										
11. What Directly Inflicted Injury or Illness? <i>122 Loose ground</i>										12. Nature of Injury or Illness: <i>370 Blunt force trauma to back</i>																			
13. Training Deficiencies:																													
Hazard:					New/Newly-Employed Experienced Miner:					Annual:					Task:														
14. Company of Employment: (If different from production operator) <i>Reliance Resources LLC</i>										Independent Contractor ID: (If applicable) <i>M879</i>																			
15. On-site Emergency Medical Treatment:																													
Not Applicable:					First-Aid:					CPR:					EMT: <input checked="" type="checkbox"/>					Medical Professional:					None:				
16. Part 50 Document Control Number: (form 7000-1)										17. Union Affiliation of Victim: <i>9999</i>										None (No Union Affiliation)									

APPENDIX C



APPENDIX D

