

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215

Denver, Colorado 80203

Phone: (303) 866-3567

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John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

May 30, 2012

Christy Woodward
Denison Mines (USA) Corp.
1050 17th Street, Suite 950
Denver, CO 80265

Re: St. Jude Mine, Permit No. M-1978-039 HR, Amendment AM-1, Approval of
Environmental Protection Plan, and Notice of Financial Warranty Increase. (REVISED)

Dear Ms. Woodward,

On May 10, 2012 the Division of Reclamation, Mining and Safety approved Amendment AM-1 to the St. Jude Mine 110d permit, which incorporates the Environmental Protection Plan (EPP) into the permit, as required by Hard Rock/Metal Rule 6.4.21.

The EPP includes requirements for the installation of a PVC ore pad liner, with said installation to occur prior to re-commencing mining operations. (This sentence is a revision of the original.)

As part of the approval to incorporate these changes into this permit under Amendment AM-1, the amount of financial warranty (bond) was reviewed. The existing amount of financial warranty is \$29,885. The Division's review of the reclamation costs reveals that the current bond amount is insufficient. The updated reclamation costs were estimated to be \$47,700. This is a shortage of \$17,815. The updated reclamation costs were in the packet sent previously.

Please consider this letter to be your Notice of Financial Warranty increase. The additional amount must be provided to the Division, in an approvable format, within 60 days from the date of my May 14, 2012 letter. The present bond is in the form of a corporate surety, whose amount may be modified by providing a rider to the surety. Please direct all questions or submittals pertaining to the bond to Ms. Barbara Coria in the Division's Denver Office (see address in letterhead, above). You may reach her by phone at 303-866-3567 ext 8148.

In accordance with the MOU between the Division and the Bureau of Land Management (BLM), the two agencies have coordinated on the updated permit plans, and the BLM has had opportunity to review the Division's updated reclamation cost estimate. The BLM will inform the Division as to whether it accepts the current estimate, and subsequent adjustment may be made if necessary.

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The Division appreciates the diligence and cooperation shown by Denison throughout this amendment process. If you have questions, please contact me at the Division's Durango Field Office: 691 CR 233, Room A-2, Durango, CO 81301; telephone 970-247-5193.

Sincerely,



Bob Oswald

Environmental Protection Specialist

Ec: Steve Shuey, DRMS, Grand Junction

Barbara Coria, DRMS, Denver

Cc: James Blair, BLM Tres Rios Field Office, Dolores

(c:\12-05 docs\St Jude AM-1 Appr Rev/rco)