

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215

Denver, Colorado 80203

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John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

July 11, 2012

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

**Re: West Sunday Mine, Permit No. M-1981-021, Financial Warranty Reduction Approval,
Revision No. SR-1**

Dear Ms. Woodward:

On July 10, 2012 the Division of Reclamation, Mining and Safety approved your request for a Financial Warranty Reduction to \$85,036.00. This is a reduction of \$1,119.00. This decision reduces the amount of the required financial warranty. The updated costs are shown on the enclosed cost summary sheets. (Note: Only the tasks that were changed from those under amendment AM-1 are enclosed herewith.)

Since the actual amount of the financial warranty that is presently posted is more than the required amount (as shown above), you may provide a rider to the current Financial Warranty, or submit a new Financial Warranty reflecting this reduction, at your convenience. If you wish to submit a different type of Financial Warranty, please contact our office for the applicable form, or you may find it at our website online: www.mining.state.co.us/.

If you have any questions, you may reach 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

Encl: Cost summary sheets, revised 7/10/12.

Cc(w/o encl): Russ Means, DRMS Grand Junction
Barbara Coria, DRMS Denver

(c:\12-07 docs\West Sunday SR-1 appr\rcs)

COST SUMMARY WORK

Task description: Cost summary (Task 001 revised 7/10/12 for SR-1)

Site: West Sunday

Permit Action: AM-1

Permit/Job#: M1981021

PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 3/13/2012

County: San Miguel

Filename: M021-000

User: RCO

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	Demolition of onsite structures, and disposal	DEMOLISH	1	48.00	\$23,099.09
002	Seal vent shafts and air holes	MINESEAL	1	48.00	\$18,403.85
003	Remove and backfill ore pad liner and gravel	LOADER	1	2.58	\$253.00
004	Portal closure	MINESEAL	1	20.00	\$1,078.21
005	Grade dumps slopes, pad and portal areas	DOZER	1	15.06	\$3,906.98
006	Rip pad area of dump	RIPPER	1	3.47	\$927.00
007	Grade vent shaft and air hole areas	DOZER	1	3.88	\$1,007.33
008	Carry topsoil to be spread on pad	LOADER	1	6.83	\$669.00
009	Spread topsoil on pad	DOZER	1	1.27	\$330.43
010	Rip road areas	RIPPER	1	1.53	\$408.00
011	Revegetate all disturbed areas	REVEGE	1	30.00	\$8,392.67
012	Haul reclamation equipment to and from site	MOBILIZE	1	8.00	\$4,859.68
013	Install atmospheric bulkheads underground	MINESEAL	1	32.00	\$3,000.00
SUBTOTALS:				220.62	\$ \$66,335.24

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02
Performance bond: 1.05
Job superintendent: 40.00
Profit: 10.00

Total = \$1,339.97

Total = \$696.52

Total = \$2,372.00

Total = \$6,633.52

TOTAL O & P = \$11,042.01

CONTRACT AMOUNT (direct + O & P) = \$77,377.25

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): 500.00
Engineering work and/or contract/bid preparation: 4.25
Reclamation management and/or administration: 5.00

Total = 500.00

Total = \$3,288.53

\$3,868.86

CONTINGENCY: 0.00

Total = \$0.00

TOTAL INDIRECT COST = \$18,699.41

TOTAL BOND AMOUNT (direct + indirect) = \$85,034.65

DEMOLITION WORK

Task description: Demolition of onsite structures, and disposal (revised 7/10/12 for SR-1)

Site: West Sunday

Permit Action: AM-1

Permit/Job#: M1981021

PROJECT IDENTIFICATION

Task #: 001
Date: 3/13/2012
User: RCO

State: Colorado
County: San Miguel

Abbreviation: None
Filename: M021-001

Agency or organization name: DRMS

UNIT COSTS

Location adjustment: 96.90 %

Structure or Item Description	Dimensions	Demolition Menu Selection	Quantity	Unit	Unit Cost	Total Cost
Shop/office/dry bldg.	60x30x15	Bldg. (SN) demo./on-site disposal in existing pit or cut - Max. 50 ft. push	27,000.00	CF	\$0.15	\$4,104.00
Shop/office/dry bldg. concrete slab	60x30	Demo. and on-site disposal in existing pit, 4 in. thick - Max. 200 ft. push	1,800.00	SF	\$1.05	\$1,890.00
Shop/office/dry bldg. conc. apron	15x15	Demo. and on-site disposal in existing pit, 4 in. thick - Max. 200 ft. push	225.00	SF	\$1.05	\$236.25
Compressor bldg. (at mine)	20x20x10	Bldg. (SN) demo./on-site disposal in existing pit or cut - Max. 50 ft. push	4,000.00	CF	\$0.15	\$608.00
Comp. bldg (at mine) concrete slab	20x20	Demo. and on-site disposal in existing pit, 6 in. thick - Max. 50 ft. push	400.00	SF	\$1.56	\$624.00
Concrete slab at WS shafts	18x23	Demo. and on-site disposal in existing pit, 6 in. thick - Max. 50 ft. push	414.00	SF	\$1.56	\$645.84
Concrete slab at SJ shaft (task deleted)	30x20	Slab has been removed (per SR-1, 2012)	0.00		\$0.00	\$0.00
Denison-owned powerlines	4800 LF	Powerline or telephone line, overhead, wood - Single pole	4,800.00	LF	\$2.60	\$12,470.40
Denison-owned non-PCB transfr.	20x20x48 in	Hazardous waste removal - Drum solids/liquids, per drum, (7+ drum job)	10.00	DRUM	\$315.79	\$3,157.90
Misc debris, parts, fans, etc.	20x20x10 ft mass	Push demolished materials/rubble/debris into pit - Max. 200 ft. push	148.00	CY	\$0.69	\$101.68

Job Hours: 48.00

Subtotal
(unadjusted): \$23,838.07

Total Cost
(adjusted for location): \$23,099.09