




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

The Division of Reclamation, Mining and Safety has conducted an inspection of the mining operation noted below. This report documents observations concerning compliance with the terms of the permit and applicable rules and regulations of the Mined Land Reclamation Board.

MINE NAME: Sunday Mine Exploration-Phase 2	MINE/PROSPECTING ID#: P-2009-003	MINERAL: Vanadium and uranium	COUNTY: San Miguel
INSPECTION TYPE: Surety Release Inspection	INSPECTOR(S): Bob Oswald	INSP. DATE: July 20, 2012	INSP. TIME: 13:00
OPERATOR: Denison Mines (USA) Corp. dba Energy Fuels Resources (USA)	OPERATOR REPRESENTATIVE: Phillip Kibel (present)	TYPE OF OPERATION: MP - Mineral Prospecting	

REASON FOR INSPECTION: Surety Release Requested	BOND CALCULATION TYPE: None	BOND AMOUNT: \$23,399.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: U.S.BLM	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: August 13, 2012

GENERAL INSPECTION TOPICS

This list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each. No problems or possible violations were noted during the inspection. The mine operation was found to be in full compliance with Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for the Extraction of Construction Materials and/or for Hard Rock, Metal and Designated Mining Operations. Any person engaged in any mining operation shall notify the office of any failure or imminent failure, as soon as reasonably practicable after such person has knowledge of such condition or of any impoundment, embankment, or slope that poses a reasonable potential for danger to any persons or property or to the environment; or any environmental protection facility designed to contain or control chemicals or waste which are acid or toxic-forming, as identified in the permit.

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>NA</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>NA</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>NA</u>	(SF) PROCESSING FACILITIES----- <u>NA</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>NA</u>	(FW) FISH & WILDLIFE----- <u>NA</u>	(RV) REVEGETATION---- <u>Y</u>
(SM) SIGNS AND MARKERS----- <u>NA</u>	(SP) STORM WATER MGT PLAN---- <u>NA</u>	(SB) COMPLETE INSP---- <u>NA</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>NA</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>NA</u>	(OD) OFF-SITE DAMAGE----- <u>NA</u>	(ST) STIPULATIONS----- <u>NA</u>

Y = Inspected and found in compliance / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

OBSERVATIONS

This was an inspection performed by the Division in response to a financial warranty release request received from the operator. This inspector met the operator's representative (named on page one) at his Egnar office, and both parties proceeded to the project site. The operator was present throughout the inspection. All activity was carried out on land managed by BLM; however, no person from BLM was present during the inspection.

This project involved vertical drilling from multiple sites, many of which required construction of short access roads. Drilling activities were carried out in 2009, with reclamation occurring soon afterward. All 19 drill sites and their access roads were located on the ground and inspected. Though there were site-specific differences in revegetation success, all sites were observed to be adequately reclaimed, including closure or plugging of drill hole collars, burial or backfilling of drill cuttings, removal or burial of drill mud, removal of debris or contaminants, surface grading and recontouring of drill pads and access roads, scattering of slash and woody debris, and revegetation with several of the approved species. Species that were observed included indian ricegrass, four-wing saltbush, rabbitbrush, and squirreltail. Recontouring and grading created a roughened surface that will discourage future redisturbance of the drill pads and temporary access roads by offroad vehicles. Erosion appeared to be controlled. Weeds did not appear to be a problem: there were no noxious weeds observed, and annual weeds were present in only a few sites. There were no problems noted.

Photos that are considered to be representative of the reclaimed sites are included in this report.

This project is bonded under a statewide prospecting bond. It is the Division's decision that the reclamation is adequate to approve the release request. Copy of this report will be sent to the BLM office, seeking their concurrence, prior to issuing a final decision.

For questions about this report, please contact this inspector at the Division's Durango Field Office:
DRMS – Durango Field Office
691 CR 233, Room A-2
Durango, CO 81301
Telephone 970-247-5193.

Inspection Contact Address

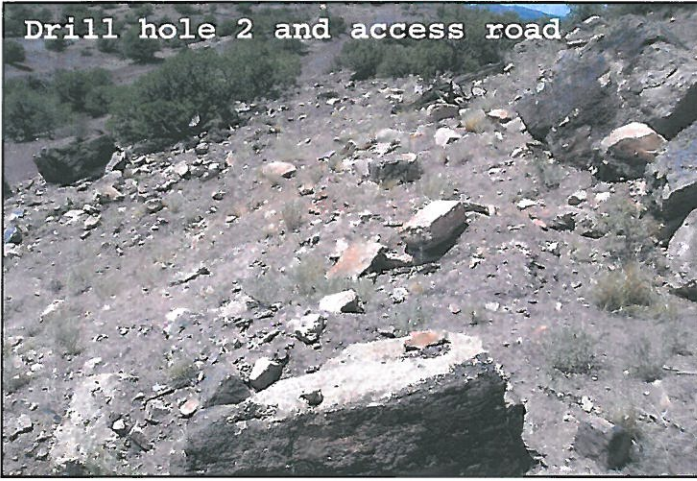
Christy Woodward
Energy Fuels Resources (USA)
225 Union Blvd., Suite 600
Lakewood, CO 80228

Cc: Phillip Kibel
Denison Mines (USA) Corp. dba Energy Fuels Resources (USA)
9244 West Highway 141
Egnar, CO 81325

Ec: James Blair, BLM Dolores office (delivered electronically)

PHOTOGRAPHS

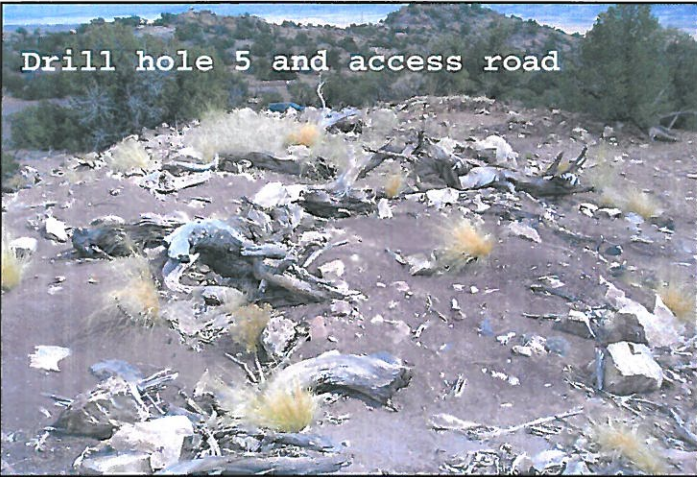
Drill hole 2 and access road



Drill hole 3



Drill hole 5 and access road



Drill hole 9



Drill hole 14



Drill hole 19

