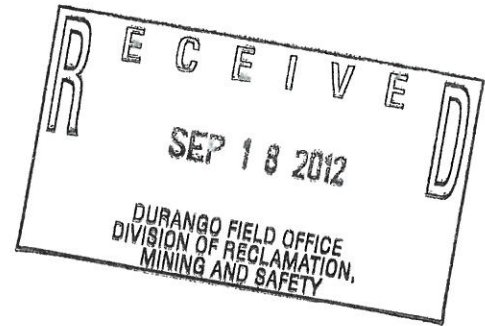




Energy Fuels Resources (USA) Inc.

September 17, 2012

Bob Oswald
Department of Natural Resources
Colorado Division of Reclamation, Mining and Safety
691 County Road 233, Unit A2
Durango, Colorado 81301



Dear Bob:

Re: Monitoring Well Installation, Sunday Mines Group, Hard Rock/Metal Permit Numbers M-1977-285 (Sunday), M-1977-416 (Carnation), M-14978-039 HR (St Jude), M-1980-055 HR (Topaz), and M-1981-021 (West Sunday), San Miguel County, Colorado

Energy Fuels Resources (USA) Inc. (Energy Fuels) began installing six new monitoring wells described in Chapter 11 of the approved Environmental Protection Plan (EPP) on September 5, 2012. This work is being supervised by Tyler Johnson, Geologist, of Energy Fuels. He may be reached at 303.389.4163 or tjohnson@energyfuels.com should you wish to reach someone in the field.

The wells include five wells to assess the potential effects of underground mining on groundwater including an upgradient monitoring well, two intermediate monitoring wells, and two compliance wells. The sixth well will be installed at the Topaz Mine Developmental Rock Area (DRA) to assess potential leachate generation from the DRAs at the Sunday Mines Group. Lithological logging of drill cuttings and down-hole geological methods will be used to identify the proper stratigraphic location of the screened intervals for the wells. Pumping tests will also be completed at each monitoring well to measure aquifer characteristics including transmissivity and hydraulic conductivity.

Once installed, the wells will be monitored on a quarterly basis in accordance with the procedures outlined in Section 11.2.3 of the EPP. Well monitoring will include measurement of the static water table, purging the well, measurement of field parameters, and collection of samples for laboratory analyses. Laboratory data reports will be submitted to the Division of Reclamation, Mining and Safety (DRMS) and the Bureau of Land Management (BLM) within 30 days of receipt. The results will be compiled and evaluated in the Annual Report to DRMS that is also copied to the BLM.

Interim permit limits for the Sunday Mines Group, as discussed in the approved EPP, will be established after collection of five quarterly groundwater samples. These limits will be used for compliance purposes until ambient groundwater quality is adequately characterized through collection of 8 to 10 quarterly samples. Once ambient ground water quality is adequately characterized, the final permit limits will be established. Due to expected spatial variability in water quality within the Salt Wash Member of the Morrison Formation, permit limits at the compliance wells will be established based on an intrawell statistical analysis of data collected from the compliance groundwater wells. This approach is detailed in Section 11.2.4 of the approved EPP and in the U.S. Environmental Protection Agency's 2009 guidance document, "Statistical Analysis of Groundwater Monitoring Data at RCRA Facilities."

Please feel free to contact me directly if you have any comments or questions.

Yours very truly,

ENERGY FUELS RESOURCES (USA) INC.

A handwritten signature in blue ink that reads "Christy Woodward". The signature is written in a cursive, flowing style.

Christy Woodward, PE
Environmental Coordinator

Cc: James Blair, U.S. Bureau of Land Management
F. Filas, D. Frydenlund, P. Buck, D. White, T. MacKinnon (Energy Fuels)