

MITIGATION PLAN FOR PUMPING PRODUCTION WELLS

The production wells used to supply raw water to the Piñon Ridge Mill, which is owned and operated by Energy Fuels Resources Corporation (Energy Fuels), will be pumped at varying rates, as necessary to maintain a steady-state condition with recharge balancing pumping rates. Pumping rates may need to be reduced during drought conditions when recharge may not be as great. If the production wells cannot provide the full amount of water needed for the mill, the balance of the water will be imported from offsite sources.

Energy Fuels will graph the productivity, static water levels, and water quality of the five offsite wells and Stone Spring over time with the permission of the well and spring owners (see attached consent form). Production well pumping rates, piezometer water levels, and water quality analyses will also be graphed over time along with monthly precipitation levels. Recharge to the wells and springs in the area is expected to vary depending on the amount of precipitation received over time. Copies of this information will be provided to the well owners and Montrose County annually, and more frequent updates will also be available upon request.

If any of the offsite water sources exhibit a “significant” decrease in productivity or deterioration in water quality, a third-party consultant, mutually approved by the operator and the well or spring owner, will be hired at the expense of Energy Fuels to determine the likely cause for the change in conditions and recommend mitigation measures. If requested by the well owner, Energy Fuels will also provide the well owner with a temporary potable water supply consisting of a storage tank, pump, and delivered water pending a finding by the third-party consultant. The term “significant,” as used above is defined as the following set of conditions:

1. A 25 percent loss in productivity at a well based on pre-operational monitoring during the same season or a 30 percent increase in total dissolved solids, sulfate, or other major ion compared to pre-operational monitoring; and
2. A correlatable loss in saturated thickness of the aquifer at the production wells based on the information collected at the observation piezometers.

If the third-party consultant finds that the loss in productivity and/or the deterioration in water quality is attributable to operation of the production wells, Energy Fuels will take immediate steps to correct the situation. Pumping rates will be reduced as described above and, if appropriate, Energy Fuels will establish an alternate water supply for the well and/or spring owner in accordance with the commitments made in the letter from Energy Fuels to the Montrose County Land Use Department, dated June 29, 2009.

Consent Form for Water Sampling Piñon Ridge Mill Groundwater Sampling Program

Energy Fuels Resources Corporation (“Energy Fuels”) would like to invite you to help in a groundwater monitoring program to find out if groundwater usage at the Piñon Ridge Mill is affecting the amount of groundwater or the quality of groundwater that is available from your existing well or spring (the “Monitoring Program”). Energy Fuels has agreed with Montrose County to conduct the Monitoring Program during the operating life of the Piñon Ridge Mill. This monitoring is free for your well or spring. By joining in the Monitoring Program you will know the capacity of your well to produce groundwater or the flow rate of your spring and the quality of water in your well or spring. This will help Energy Fuels and Montrose County to determine if any remedial action is needed. The time it will take for Energy Fuels to do the testing will about one hour per monitoring event.

Benefits. I understand that I will receive information about the amount of water my well can produce or the flow rate of my spring and the quality of my water. If high levels of metals or other materials are found in my water, I will receive information on how to reduce exposure.

Risks There are no risks in joining in the testing portion of the Monitoring Program.

Procedure/Tests. A qualified representative of Energy Fuels will conduct the Monitoring Program on my well or spring.

Participation. I understand that my allowing Energy Fuels to conduct the monitoring of my well or spring is not mandatory. Giving any information is voluntary and even if I agree to participate and sign this form, I can stop at any time. I understand that I must sign this form to have my well or spring monitored.

Results. I understand every effort will be made to send the results of the monitoring in writing to me within 3 months. Results that are of importance will be reported to me as soon as they are available.

Confidentiality. All personal information will be protected by law. Monitoring results may be shared with other federal, state, and local public health and environmental agencies. These agencies must also protect this confidential information.

Contact. If I have any additional questions, I may contact: Zach Rogers at Energy Fuels at (303) 974-2140 or Steve White at Montrose County at 970-249-6688.

Consent or Election not to Participate

I, (print) _____, agree to have my well or spring water included in the Monitoring Program.

I, (print) _____, elect to not have my well or spring water included in the Monitoring Program.

Signature: _____

Date: _____

Address: _____

City State Zip code: _____

Phone #: _____

Witness: _____

(Print name)

(Signature)

**Summary of Groundwater Monitoring Agreement
Between
Energy Fuels and Montrose County**

Wells:

With permission of the owners, wells will be monitored prior to mill operations and during mill operations to determine whether their water productivity and/or quality are impacted by operation of the production wells.

Monitoring of the wells will include pumping each well at full capacity of the pump/valve system for approximately 20 minutes, and measuring and recording the pumping rate every five minutes. Water quality field parameters (pH, specific conductivity, temperature, oxidation reduction potential (ORP) and dissolved oxygen (DO)) will also be recorded on five minute intervals. Should pumping cause the water level to drop to or below the pump's intake level, the rate will be adjusted to continue pumping without running the well dry. If accessible, static water levels will be taken prior to the start of the pumping test and after the test is completed. The off-site wells will be monitored for productivity and water levels on a quarterly basis during the pre-operational period and during the first two years of mill operations.

Thereafter, the wells will be monitored annually for productivity and water levels.

Water sampling and analysis will be conducted on an annual basis during both the pre-operational and operational periods. The water sample will be collected during the second half of the flow test.

Samples will be analyzed for the suite of parameters shown in Table 1, which is the same parameter suite that will be analyzed for the groundwater samples collected from monitoring wells at the mill.

Sampling frequency may be increased at a well if water production or quality exhibits a significant change over time. A water sample will also be collected any time that a water quality field parameter (other than temperature) changes by 20 percent or more between monitoring events.

Springs:

With permission of the owners, springs will be monitored quarterly for flow rate during the pre-operational period and during the first two years of mill operations. Thereafter, flow monitoring will continue on a semiannual basis (late spring and early fall) during mill operations. Flow measurements will be taken after any stored hydraulic head is first dissipated.

Sampling and analysis will be performed on a semiannual basis both prior to operations and during operations. Sampling will take place in the late spring, when flow is expected to be highest, and in late fall during the low-flow season. Samples will be analyzed for the suite of parameters shown in Table 1, which is the same parameter suite that will be analyzed for the groundwater samples collected from monitoring wells at the mill.

TABLE 1
PROPOSED GROUNDWATER MONITORING PARAMETERS

Parameter	Laboratory Analytical Method	Reporting Limit
pH (field)	--	--
Specific conductivity (field)	--	--
Temperature (field)	--	--
ORP (field)	--	--
Dissolved oxygen (field)	--	--
Total Suspended Solids	SM2540D	1 mg/L
Total Dissolved Solids	SM2540C	10 mg/L
Total Alkalinity	A2320B	1 mg/L
Carbonate	A2320B	1 mg/L
Ammonia as Nitrogen	A4500-NH3 G	0.05 mg/L
Silica	200.7	0.1 mg/L
Total Organic Carbon	SM5310B	1 mg/L
Sulfate	SM4500-SO4 D	1 mg/L
Chloride	SM4500-Cl	1 mg/L
Nitrate/Nitrite	353.2	0.1 mg/L
Calcium	200.7	1 mg/L
Potassium	200.7	1 mg/L
Sodium	200.7	1 mg/L
Magnesium	200.7	1 mg/L
Sulfide	376.2	0.1 mg/L
Fluoride	SM4500-F C	0.1 mg/L
Aluminum	200.7	0.1 mg/L
Arsenic	200.8	0.001 mg/L
Barium	200.7	0.1 mg/L
Boron	200.7	0.1 mg/L
Cadmium	200.8	0.005 mg/L
Cesium	200.8	0.01 mg/L
Chromium	200.7	0.05 mg/L
Copper	200.7	0.01 mg/L
Iron	200.7	0.03 mg/L
Lead	200.8	0.001 mg/L
Manganese	200.7	0.01 mg/L
Mercury	245.1	0.001 mg/L
Molybdenum	200.7	0.1 mg/L
Nickel	200.7	0.05 mg/L
Selenium	200.8	0.001 mg/L
Uranium	200.8	0.0001 mg/L
Vanadium	200.7	0.1 mg/L
Zinc	200.7	0.01 mg/L
Radium-226	903.1	0.2 pCi/L
Radium-228	904.0	0.2 pCi/L
Gross Alpha	900.0	2 - 4 pCi/L
Gross Beta	900.0	2 - 4 pCi/L

NOTES:

ORP: Oxidation Reduction Potential