

RADIOACTIVE MATERIAL LICENSE NO. UT 1900479 AND  
UTAH GROUND WATER DISCHARGE PERMIT UGW370004

**STATEMENT OF BASIS**

Active Uranium Mill

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

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**Purpose**

This Statement of Basis describes proposed changes to Radioactive Material License (RML) No. UT 1900479 (hereafter License) and the Utah Ground Water Discharge Permit (GWDP) Permit No. UGW370004 (hereafter Permit) for the Dennison Mines (USA) Inc. (hereafter Licensee or Permittee) uranium milling facility near Blanding, San Juan County, Utah. This License authorizes the receipt, storage, processing, and disposal of 11e.(2) byproduct material in accordance with statements, descriptions, and representations contained in the licensee's application, as submitted and approved by the Utah Division of Radiation Control (DRC). The Permit was granted for the operation of a uranium mill and tailings disposal facility by the Permittee.

On June 27, 2012, the Director of the Utah Division of Radiation Control (Director) authorized the Licensee to indirectly transfer control of the License to Energy Fuels, Inc. As a result of the subsequent transfer of control of the License, the Licensee requested amendments to the License and Permit to modify the Licensee's and Permittee's name and mailing address. The Division of Radiation Control has reviewed the amendment requests and has concluded that a public comment period is not necessary, because the changes are considered minor.

In accordance with R313-17-2(1)(a), the Director is required to provide an opportunity for public comment for this License if the changes constitute a proposed major licensing action as described in R313-17-2(1)(a). Proposed changes to the Licensee's/Permittee's name and mailing address are not represented in the major licensing actions listed in R313-17-2(1)(a)(ii)(A) through (J). Changes are typically considered minor in nature by the Director if these result in either a more restrictive license condition, the license condition remains just as protective, or there are administrative changes to clarify the license condition. Therefore, the changes to both the Permit and the License are considered to be minor.

The changes considered below succeed the previous license and will be incorporated into Amendment 5 of the License.

**License Change Summary**

General modifications throughout the License and Permit:

- Minor corrections for typographical and non-substantive errors;
- References to "Executive Secretary" were modified to "Director" in response to changes made to Utah Code Annotated Title 19, Chapter 3, as amended in Senate Bill 21 of the 2012 Utah General Session; and
- References to the "Utah Radiation Control Board" were modified to "Utah Division of Radiation Control" in response to changes made to Utah Code Annotated Title 19, Chapter 3, as amended in Senate Bill 21 of the 2012 Utah General Session.

Specific modifications made to the License are listed by item or license condition in the following table:

<b>License Condition/Item Modified or Permit Modification</b>	<b>Minor/Major Change</b>	<b>Description of Modification</b>
Item 1.0 of UT 1900479 And Permittee Name on UGW370004	Minor	Change Licensee/Permittee name to reflect indirect ownership transfer. Personnel providing oversight of mill operations will remain the same and activities conducted under the License will be conducted with the same commitments and restrictions that the Licensee previously followed.
Item 2.0 of UT 1900479 And Permittee Mailing Address on UGW370004	Minor	After the amendment request was received, the Division received notification that the mailing address of the Licensee's Corporate Office was changing. Since this effects only where mail is sent, this was considered to be a minor change.
9.1	Minor	Previously, the use location was generally stated in License Condition 9.1 of the License and more specifically stated in License Condition 2 of the License. The specific use location was moved to License Condition 9.1 so that the Corporate mailing address could be listed for the mailing address. Since the use location was not modified, this was considered to be a minor change.

		An additional modification was made to License Condition 9.1 to restrict the Licensee from beginning construction of new tailings disposal embankments until after reclamation plan 5.0 is approved by the Director. Since the wording that was added to License Condition 9.1 clarifies the present situation regarding the construction of new embankments and results in an outcome that is as protective or more restrictive than present requirements, the Division considered this to be a minor change.
9.3	Minor	License Condition 9.3 was reformatted and moved to a new section, "Section 13 – Closeout Condition," to allow for expansion of the condition as documents are added and to improve the readability of the License Condition. The License Condition retains the same degree of protection as was in place for Amendment 4; therefore, the Division considers this modification to be a minor change. The empty License Condition 9.3 was marked as "Reserved" and left as an empty place holder in the License.
13.1	Minor	This license condition was reformatted and moved from License Condition 9.3 of the License. Since the License Condition contains the same requirements as previously stated and is as protective as what was previously contained in the License, the Division considered this to be a minor change.

### **Specific License and Permit Changes**

#### 1. General Modifications:

The majority of modifications made in the License amendment and the Permit modification are administrative changes initiated by the Division of Radiation Control. In the 2012 General Session of the Utah Legislature, Senate Bill 21 (SB 21) was passed. As a result of the changes in SB 21, references to the "Executive Secretary" were modified to read "Director." This is a non-substantial change in that the "Executive Secretary of the Utah Radiation Control Board" has historically been the "Director of the Utah Division of Radiation Control." SB 21 replaced references to the "Executive Secretary of the Utah Radiation Control Board" with "Director of the Division of Radiation Control"; therefore, duties and responsibilities previously held by the "Executive Secretary" were transferred to the "Director" of the Division of Radiation Control. The modifications maintain the same level of protection that existed in Amendment 4 of the License; therefore, the changes are considered to be "Minor."

2. License Condition 9.1:

License Condition 9.1 was modified to include the specific address of the location of use which was previously stated in Item 1 of the license. Item 1 of the License previously contained the address of the location of use which should have been listed in License Condition 9.1; therefore, during the modification of the License, a correction was made to insert the mailing address in Item 1 of the License and place the address for the location of use in License Condition 9.1. Since nothing regarding the operations, oversight or location of use was modified, this is considered to be a "Minor" modification.

Additionally, a clarification was added to License Condition 9.1. Wording was added to the License to clarify that prior to new construction of any tailings disposal embankment is prohibited until the reclamation plan is approved by the Director. At this time, the Licensee would not be able to begin new construction of any tailings disposal embankment until approval was granted by the Director. The wording was added to clarify that in order to obtain approval for the new construction, the Licensee must complete and have the reclamation plan approved. This is not adding new restrictions on the Licensee, but is clarifies conditions that must be met prior to the approval of new construction of any tailings embankment. The additional wording provides the same level of protection as previously existed in the License; therefore, the modification is considered to be "Minor."

3. License Condition 9.3:

The information found in License Condition 9.3 of the License is typically found at the end of radioactive materials licenses issued by the Director. Therefore, for consistency, readability, and ease of updating the License Condition, License Condition 9.3 was reformatted and moved to a new section, Section 13, of the License as a "Closeout Condition." The information previously included in License Condition 9.3 was not modified. License Condition 13.1 now contains the information and allows the same degree of protection, but increases the clarity of the License. Since the same degree of protection exists, the modification to the License is considered to be "Minor."

Since License Condition 9.3 was moved, the License Condition was marked as "Reserved" for future use.

4. License Condition 13.1:

License Condition 13.1 contains the information previous found in License Condition 9.3. Please see Item 3 of this document for additional information.

References

Dennison Mills (USA) Corp., Licensee's letters dated May 25, 2012 & June 27, 2012, Radioactive Materials License UT 1900479 – Request for approval of an "indirect change of control" of the License from Dennison Mines (USA) Corp. to Energy Fuels Inc.

DRC, June 27, 2012, Radioactive Material License (RML) Number UT 1900479 – Approval for an indirect transfer of control of RML UT 1900479 from Dennison Mines (USA) Corp. to Energy Fuels Inc.

Dennison Mills (USA) Corp., Licensee's letters dated August 3, 2012, Radioactive Materials License UT 1900479 – Request to change name on RML UT 1900479 from Dennison Mines (USA) Corp. to Energy Fuels Resources (USA) Inc.

Energy Fuels Resources (USA) Inc., Electronic Mail Transmission from David Frydenland to John Hultquist dated August 15, 2012. Radioactive Materials License UT 1900479 – Notice of change of mailing address and Corporate Office information.

Energy Fuels Resources (USA) Inc., Licensee's letter dated August 14, 2012, Utah Ground Water Discharge Permit (UGWDP) UGW370004 – Request to change Permittee's name and mailing address.

Utah Senate Bill 21, 2012 General Session. RML UT 1900479 & UGWDP UGW370004 – Modifications to the Utah Radiation Control Act (Act) found in Utah Code Annotated, Title 19, Chapter 3. Previous references to the Executive Secretary of the Utah Radiation Control Board were modified to read "Director" of the Utah Division of Radiation Control. Duties and responsibilities previously delegated to the Executive Secretary were reassigned to the Director.

Attachment A  
Redline/Strikeout text of Energy Fuels Resources (USA) Inc. 11e.(2) License

Attachment B  
Redline/Strikeout text of Energy Fuels Resources (USA) Inc. UGW370004