

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING & SAFETY

Department of Natural Resources

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Uranium Mining in Colorado **2008** *(Updated 08-25-08)*

Recent Activity

The Uravan mineral belt is the oldest uranium mining area in the U.S., and historically the most productive uranium and vanadium region in Colorado. The Uravan mineral belt has about 1,200 historic mines that produced over 63 million pounds of uranium and 330 million pounds of vanadium from 1948 to 1978.

Englewood-based Cotter Corporation, a subsidiary of General Atomics Corporation of San Diego, produced uranium and vanadium ore from four mines in the Uravan mineral belt near Nucla and Naturita in Montrose County in 2005. The company closed all four of these mines in November 2005, laying off 49 workers at mine sites on the Western Slope and more workers at its ore processing mill in Cañon City. The mines were closed because the company was not able to make them profitable despite high prices for uranium and vanadium. Higher energy costs and the long haulage distance (about 300 miles) from the mines to the mill played a large role in the economic difficulties of the operations. Cotter's Cañon City uranium ore mill is one of only four uranium mills in the U.S. The nearest mill outside Colorado is in Blanding, Utah, and is owned and operated by Denison Mines (USA) Corp.

The Colorado Geological Survey (CGS) estimates 2005 total Colorado production to be 255,544 pounds. All this production came from the four Cotter mines. The 2005 uranium production has a gross value of \$7.3 million based on the average 2005 uranium (U_3O_8) price of \$28.52 per pound. The uranium-vanadium ore was trucked from the Western Slope mines to Cotter's mill in Cañon City where it was processed to yellowcake uranium concentrate and vanadium concentrate. The yellowcake is sold to an enrichment plant in Illinois for further processing.

Colorado ranks third among the states for uranium reserves, behind Wyoming and New Mexico.

2007-2008 Activity

There was no uranium production in 2006 based on the Cotter closure. Denison Mines (USA) Corp., formerly International Uranium (USA) Corporation, is presently producing from three mines. Bluerock Energy has begun limited production at its permitted site.

The Division has 105 total uranium prospects in Weld, Summit, Fremont, Grand, San Miguel, Mesa, Montrose, and Moffat counties. 94 prospects are active, three are awaiting warranty (which means activity on the ground cannot occur), and 8 are under review. As of June 2, 2008 all new prospects and modifications to existing ones must meet the requirements of Senate Bill-228. The requirements are that certain aspects of the notices are not covered by confidentiality and part of the public record. To view these notices go to the DRMS website: <http://www.mining.state.co.us/> and click on the prospecting notices on the right hand banner.

There are 34 permitted and active uranium projects in Colorado. One 112 DMO permit was approved on February 21, 2008 and is awaiting reclamation warranties. Another uranium ore stockpile removal was permitted as a 110 DMO on August 18, 2008. Only three mines are now producing ore. There is one application beginning the review process now and a list of permits and operators is attached.

The Division of Reclamation, Mining and Safety anticipates that additional uranium mines may resume operations.

Mine permitting and regulations have changed significantly since the last uranium boom in the 1970's. The Division's rigorous permitting and bonding requirements (which have changed significantly since some of these uranium mining operations were previously in production) could be controversial and cause some concern with potential uranium mine operators. Environmental groups monitor all mining activities.

Regulatory Oversight

There are more than 1,700 active mines that affect more than 110,000 acres in the state. The Colorado Mined Land Reclamation Act requires that anyone who plans to conduct prospecting or mining operations in Colorado file for a reclamation permit with the Mined Land Reclamation Board. The Board was created in 1976 to carry out the mandates of the Mined Land Reclamation Act. The Board works with the Division of Reclamation, Mining and Safety to enforce reclamation laws. The Division holds over \$400 million in bonds and sureties for these sites.

Ronald W. Cattany, Director

Active Uranium Permits*

(updated: 08-25-08)

<i>Permit No.</i>	<i>Permittee</i>	<i>Type</i>	<i>County</i>	<i>Status**</i>
M-1977-300	Cotter Corporation	UG	Jefferson	Active
M-1977-248	Gold Eagle Mining, Inc.	UG	Montrose	Active
M-1977-284	Cotter Corporation	UG	Montrose	Active
M-1977-293	Nuvmco	UG	Montrose	Active (reclaimed)
M-1977-305	Cotter Corporation	UG	Montrose	Active (reclaimed)
M-1977-306	Cotter Corporation	UG	Montrose	Active
M-1977-307	Cotter Corporation	UG	Montrose	Active (reclaimed)
M-1977-308	Cotter Corporation	UG	Montrose	Active
M-1977-310	Cotter Corporation	UG	Montrose	Active
M-1977-500UG	Blue Rock Energy	UG	Montrose	Active
M-1978-116	Cotter Corporation	UG	Montrose	Active
M-1978-222UG	Nuvmco	CO	Montrose	Active (reclaimed)
M-1979-094HR	Cotter Corporation	SR	Montrose	Active
M-1979-118HR	Cotter Corporation	UG	Montrose	Active
M-1984-014	Cotter Corporation	UG	Montrose	Active
M-1997-032	Denison Mines (USA) Corp.	UG	Montrose	Active
M-2005-050	Blue Rock Energy	UG	Montrose	Active
M-1977-004	Homestake Mining Company	SR	Saguache	Active/Final Reclamation
M-1977-285	Denison Mines (USA) Corp.	UG	San Miguel	Active/Producing
M-1977-288	Umetco Minerals Corp.	UG	San Miguel	Active
M-1977-297	Gold Eagle Mining, Inc.	UG	San Miguel	Active
M-1977-311	Cotter Corporation	UG	San Miguel	Active (reclaimed)
M-1977-416	Denison Mines (USA) Corp.	UG	San Miguel	Active
M-1977-417	Sutherland Drilling	UG	San Miguel	Active
M-1977-451	Cotter Corporation	UG	San Miguel	Active
M-1977-501UG	Urralburu Mining Company	UG	San Miguel	Active
M-1978-039HR	Denison Mines (USA) Corp.	UG	San Miguel	Active
M-1978-311	Gold Eagle Mining, Inc.	UG	San Miguel	Active
M-1978-342	Gold Eagle Mining, Inc.	UG	San Miguel	Active
M-1980-055HR	Denison Mines (USA) Corp.	UG	San Miguel	Active/Producing
M-1981-021	Denison Mines (USA) Corp.	UG	San Miguel	Active/Producing
M-1989-068	B-Mining Company	UG	San Miguel	Active
M-2007-044	Energy Fuels	UG	Mesa	Approved 2-21-08
M-2008-012	Nuvmco	UG	Montrose	Under review -DMO
M-2008-050	Nuvmco	SR	Montrose	Approved 8-18-08 (Reclamation project only)

* *Excludes prospecting permits that are confidential*

** *Refers to permitting status not minerals production activities (except where noted)*

UG Conventional underground mine (not in-situ)

SR Conventional surface mine

CO Combination UG/SR