



Douglas A. Ducey
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY



Misael Cabrera
Director

Air Quality Field Inspection Report

Company Name: Energy Fuels Resources (USA) Inc.	Inspection Report No.: 279724
Place Name: Canyon Mine Place ID No.: 827	Inspector(s): Travis Behrens
County: Yavapai	Arrival Date and Time: 3/20/2017 9:45 AM
Physical Location: Hwy 64 to FR 305, Tusayan, AZ 86023	Reason for Inspection: <input type="checkbox"/> Complaint Complaint No.: <input checked="" type="checkbox"/> Routine Inspection <input type="checkbox"/> Follow-Up Original Inspection Report No.:
Mailing Address: P.O. Box Blanding, UT 84511	
Coordinates (for new locations): Latitude: Deg.: Min.: Sec.: Longitude: Deg.: Min.: Sec.:	
Permit No.: 62877 Permit Expiration Date: 10/13/2021	Was Inspection Announced? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Onsite Contact Person(s)/Title(s): David Turk, Compliance, H&S Manager Ty Fisher, Safety Director	Ops. Status: Shaft Development, No uranium Mining
	Type of Source: Mine shaft development
Other Names: Energy Fuels Nuclear, Denison Mines	Last Inspection: February 24, 2016, Insp ID: 252475
Inspection Report Issued: Via email at facility	Facility Initial:  ADEQ Initial: 
Results of Inspection: <input type="checkbox"/> No deficiencies were noted during the course of the inspection. No ADEQ action will result from this inspection. <input checked="" type="checkbox"/> Potential deficiencies were noted during the course of the inspection. Additional correspondence regarding this inspection may be forthcoming.	
Comments: ADEQ issued the source an air quality permit on October 13, 2016, this is a renewal of permit #52522. The source is developing the mine shaft and has not started uranium mining operations. This inspection was conducted at the request of the Air Quality director. EFRI representatives stated the Canyon Mine shaft is still being developed and no uranium ore mining is occurring. The shaft is at approximately 1435 feet deep, going to approximately 1440 feet. A vent shaft will be developed in the near future. The vent shaft is also an emergency escape shaft. The ADEQ inspector met Mr. Turk at FR 305 & Hwy 64 and followed him to the mine site. Upon entering the site, the site roads are were moist and had a hard crust. The ADEQ inspector observed Land Sharks water evaporators operating in the evaporation pond. The Land Sharks create a water mist to enhance evaporation. During the inspection the water mist from the Land Sharks was drifting outside the evaporation pond perimeter, but was not drifting outside the property line.	

Mr. Fisher stated the units are turned off when the water mist drifts may have the probability to drift outside the evaporation pond due to windy conditions. During the inspection the ADEQ inspector did not observe any mist or particulate escaping the property line. Mr. Turk stated that due to the recent storm events, there has been a large influx of water in the evaporation ponds so they are currently pumping water from the evaporation ponds into water tankers where the water is being directly transported to the mill in Blanding, Utah. Since The beginning of March 2017, there have been 136 water shipments taken from the evaporation pond.

The ADEQ inspector reviewed the most recent visible emissions observations, as required by the permit. There were no visible emissions observed in the observations. The site has been wet/moist from the recent storms and has been watered on days where there has not been any precipitation.

March 30, 2017

Upon further review by management, it was determined the Land Shark evaporators create particulate matter (PM) they are required to be included in the permit

Attachments:

Notice of Inspection Rights

Small Business Bill of Rights

Photograph Log

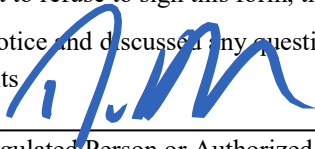


ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY NOTICE OF INSPECTION RIGHTS

FACILITY INFORMATION	ADEQ INFORMATION
Facility Name (Customer): Canyon Mine	Date of Inspection: 3/20/2017 9:45 AM
Facility Location (Place): Hwy 64 to FR 305, Tusayan, AZ 86023	County: Mohave
	Inspector: Travis Behrens
Mailing Address: P.O. Box Blanding, UT 84511	Telephone: (602) 771-4697
	Accompanied by:
Responsible Party: Energy Fuels Resources (USA) Inc.	
On-Site Representative: David Turk	ADEQ Follow-up Contact: Naveen Savarirayan
Title: Env. Compliance, EH&S Manager	Air Quality Inspections & Field Services Unit
Telephone: 435.678.4113	Title: Manager
Email: dturk@energyfuels.com	Telephone: (602) 771-2285
<p>The ADEQ representative(s) identified above were present at the above address on the above listed date and time. Upon entry to the premises, the ADEQ representative(s) met with me, presented photo identification indicating that they are ADEQ employees and explained:</p> <p><input checked="" type="checkbox"/> That the purpose of the inspection is to determine:</p> <p><input checked="" type="checkbox"/> Compliance with Title 49 of the Arizona Revised Statutes, Title 18 of the Arizona Administrative Code* and/or:</p> <p>Arizona Revised Statutes: Title 49, Chapter 3 Arizona Administrative Code: Title 18, Chapter 2 Permit/Agreement Number: 62877</p> <p><input type="checkbox"/> Qualification for a license issued pursuant to:</p> <p>Arizona Revised Statutes: Title 49, Chapter 3 Arizona Administrative Code: Title 18, Chapter 2</p> <p><input type="checkbox"/> That this inspection is conducted pursuant to the authority granted in Arizona Revised Statutes § 49-104(B)(8) and/or:</p> <p>Arizona Revised Statutes: § 41-1009 Arizona Administrative Code: Title 18, Chapter 2 Permit/Agreement Number: 62877</p> <p><input checked="" type="checkbox"/> That the state shall not be barred by the statutes of limitations of actions, according to A.R.S. § 12-510, except as provided in A.R.S. § 12-529 concerning certain claims based on navigability of watercourses. According to 28 U.S.C. § 2462, the U.S. government must commence an action within 5 years after the date the claim first accrued.</p> <p><input checked="" type="checkbox"/> Possible applicability of Small Business Bill of Rights pursuant to Arizona Revised Statutes § 41-1001(21)</p> <p>That the fee for this inspection is: No fee for the inspection</p> <p>*The Arizona Revised Statutes (A.R.S.) can be found on the internet: www.azleg.state.az.us/ArizonaRevisedStatutes.asp while the Arizona Administrative Code (A.A.C.) can be found at www.azsosaz.gov/public_services/Table_of_Contents.htm</p>	

While I have the right to refuse to sign this form, the ADEQ representatives may still proceed with the inspection

☒ I have read this notice and discussed any questions or concerns with the ADEQ representatives and I have received the Small Business Bill of Rights



3/20/2017

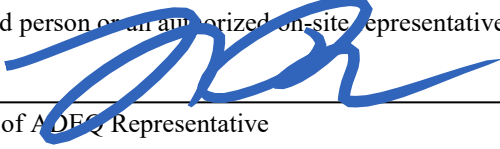
Signature of Regulated Person or Authorized On-Site Representative

☐ The regulated person or authorized on-site representative refused to sign.

Name of Regulated Person or Authorized On-Site Representative

Title

☐ The regulated person or an authorized on-site representative was not present at the facility.



3/20/2017

Signature of ADEQ Representative

INSPECTION RIGHTS

- ☒ I understand that I can accompany the ADEQ representative(s) on the premises, except during confidential interviews.
- ☒ I understand that I have right to, on request:
- Copies of any original documents taken during the inspection, and that ADEQ will provide copies of those documents at ADEQ's expense;
 - A split of any samples taken during the inspection, if the split of the samples would not prohibit an analysis from being conducted or render an analysis inconclusive;
 - Copies of any analysis performed on samples taken during the inspection and that ADEQ would provide copies of this analysis at ADEQ's expense;
 - Copies of any documents to be relied on to determine compliance with licensure or regulatory requirements if the agency is otherwise permitted by law to do so.
- ☒ I also understand that:
- Each person who is interviewed by an ADEQ inspector during the inspection must be informed that:
 - participation in an interview is voluntary, unless legally compelled to participate;
 - they have the right to have an attorney or other experts in their field present during the interview to represent or advise the regulated person;
 - the ADEQ inspector may not take any adverse action or treat less favorably or draw any inference as a result of the regulated person's decision to be represented by an attorney or advised by any other experts in their field;
 - statements made by the person may be included in the inspection report; and
 - they have the right to 24 hours to review and revise any written witness statement drafted by the ADEQ inspector on which the ADEQ inspector requests that person's signature.
 - If the information and documents provided to the ADEQ inspector become a public record, trade secrets and proprietary and confidential information may be redacted, unless the information and documents are not confidential pursuant to statute.
 - Each person interviewed during the inspection must be informed that statements made by the person may be included in the inspection report;
 - Each person whose conversation is tape recorded during the inspection must be informed that the conversation is being tape recorded;
 - If an administrative order is issued or a permit decision is made based on the results of the inspection, I have the right to appeal that administrative order or permit decision. I understand that my administrative hearing rights are set forth in Arizona Revised Statutes § 41-1092 et seq. and my rights relating to an appeal of a final agency decision are found in Arizona Revised Statutes § 12-901 et seq;
 - If I have any questions or concerns about this inspection, I may contact the person listed as the ADEQ Follow-up Contact on the front of this form; ADEQ's Ombudsman at (602) 771-4322 (toll free inside Arizona at (800) 234-5677, extension, 771-4322); or the Arizona Ombudsman-Citizens' Aid office at (602) 277-7292 (toll free at (800) 872-2879);

If I have any questions concerning my rights to appeal an administrative order or permit decision, I may contact ADEQ's Office of Administrative Counsel at (602) 771-2212 (toll free inside Arizona at (800) 234-5677, extension 771-2212).

41-1001.01. Regulatory bill of rights; small businesses

A. To ensure fair and open regulation by state agencies, a person:

1. Is eligible for reimbursement of fees and other expenses if the person prevails by adjudication on the merits against an agency in a court proceeding regarding an agency decision as provided in section 12-348.
2. Is eligible for reimbursement of the person's costs and fees if the person prevails against any agency in an administrative hearing as provided in section 41-1007.
3. Is entitled to have an agency not charge the person a fee unless the fee for the specific activity is expressly authorized as provided in section 41-1008.
4. Is entitled to receive the information and notice regarding inspections and audits prescribed in section 41-1009.
5. May review the full text or summary of all rulemaking activity, the summary of substantive policy statements and the full text of executive orders in the register as provided in article 2 of this chapter.
6. May participate in the rulemaking process as provided in articles 3, 4, 4.1 and 5 of this chapter, including:
 - (a) Providing written comments or testimony on proposed rules to an agency as provided in section 41-1023 and having the agency adequately address those comments as provided in section 41-1052, subsection D, including comments or testimony concerning the information contained in the economic, small business and consumer impact statement.
 - (b) Filing an early review petition with the governor's regulatory review council as provided in article 5 of this chapter.
 - (c) Providing written comments or testimony on rules to the governor's regulatory review council during the mandatory sixty-day comment period as provided in article 5 of this chapter.
7. Is entitled to have an agency not base a licensing decision in whole or in part on licensing conditions or requirements that are not specifically authorized by statute, rule or state tribal gaming compact as provided in section 41-1030, subsection B.
8. Is entitled to have an agency not make a rule under a specific grant of rulemaking authority that exceeds the subject matter areas listed in the specific statute or not make a rule under a general grant of rulemaking authority to supplement a more specific grant of rulemaking authority as provided in section 41-1030, subsection C.
9. May allege that an existing agency practice or substantive policy statement constitutes a rule and have that agency practice or substantive policy statement declared void because the practice or substantive policy statement constitutes a rule as provided in section 41-1033.
10. May file a complaint with the administrative rules oversight committee concerning:
 - (a) A rule's, practice's or substantive policy statement's lack of conformity with statute or legislative intent as provided in section 41-1047.
 - (b) An existing statute, rule, practice alleged to constitute a rule or substantive policy statement that is alleged to be duplicative or onerous as provided in section 41-1048.
11. May have the person's administrative hearing on contested cases and appealable agency actions heard by an independent administrative law judge as provided in articles 6 and 10 of this chapter.
12. May have administrative hearings governed by uniform administrative appeal procedures as provided in articles 6 and 10 of this chapter and may appeal a final administrative decision by filing a notice of appeal pursuant to title 12, chapter 7, article 6.
13. May have an agency approve or deny the person's license application within a predetermined period of time as provided in article 7.1 of this chapter.
14. Is entitled to receive written notice from an agency on denial of a license application:
 - (a) That justifies the denial with references to the statutes or rules on which the denial is based as provided in section 41-1076.
 - (b) That explains the applicant's right to appeal the denial as provided in section 41-1076.
15. Is entitled to receive information regarding the license application process before or at the time the person obtains an application for a license as provided in sections 41-1001.02 and 41-1079.
16. May receive public notice and participate in the adoption or amendment of agreements to delegate agency functions, powers or duties to political subdivisions as provided in section 41-1026.01 and article 8 of this chapter.
17. May inspect all rules and substantive policy statements of an agency, including a directory of documents, in the office of the agency director as provided in section 41-1091.
18. May file a complaint with the office of the ombudsman-citizens aide to investigate administrative acts of agencies as provided in chapter 8, article 5 of this title.
19. Unless specifically authorized by statute, may expect state agencies to avoid duplication of other laws that do not enhance regulatory clarity and to avoid dual permitting to the extent practicable as prescribed in section 41-1002.
20. May have the person's administrative hearing on contested cases pursuant to title 23, chapter 2 or 4 heard by an independent administrative law judge as prescribed by title 23, chapter 2 or 4.

B. The enumeration of the rights listed in subsection A of this section does not grant any additional rights that are not prescribed in the sections referenced in subsection A of this section.

C. Each state agency that conducts audits, inspections or other regulatory enforcement actions pursuant to section 41-1009 shall create and clearly post on the agency's website a small business bill of rights. The agency shall create the small business bill of rights by selecting the applicable rights prescribed in this section and section 41-1009 and any other agency-specific statutes and rules. At the request of an authorized on-site representative of the regulated small business, the agency shall provide a written document of the small business bill of rights. In addition to the rights listed in this section and section 41-1009, the agency notice of the small business bill of rights shall include the process by which a small business may file a complaint with the agency employees who are designated to assist members of the public or regulated community pursuant to section 41-1006. The notice must provide the contact information of the agency's designated employees. The agency notice must also state that if the regulated person has already made a reasonable effort with the agency to resolve the problem and still has not been successful, the regulated person may contact the office of ombudsman-citizens aide.

Air Quality Field Inspection Photograph Log

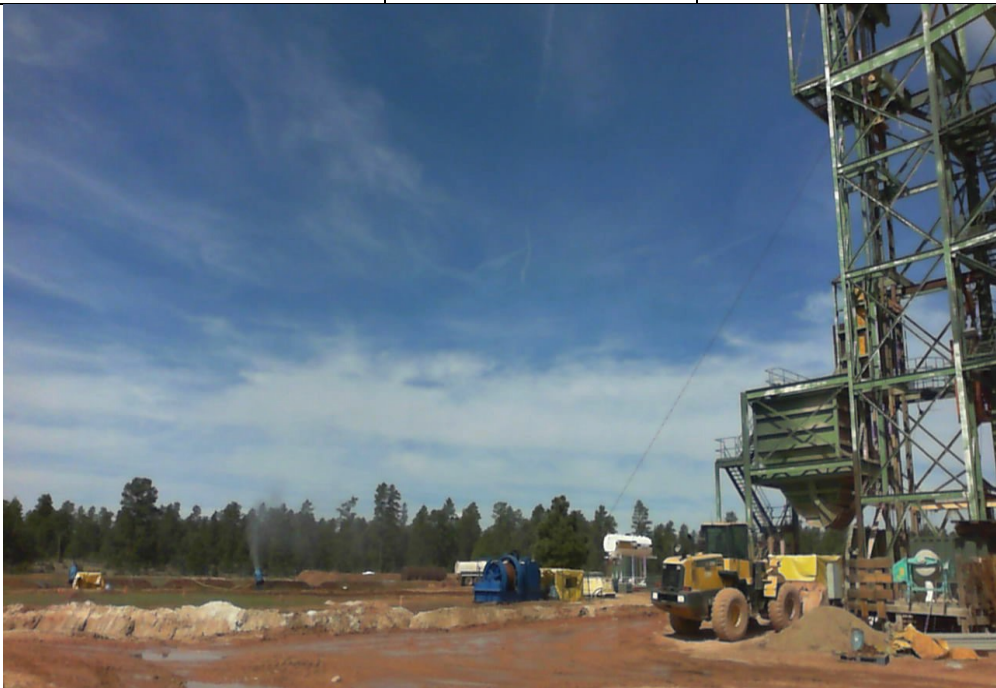

Site Location: Canyon Mine - Hwy 64 to FR 305, Tusayan, AZ 86023		Photographer: Travis Behrens	Camera: Surface Tablet
Weather: clear			
Photo No. 1	Date: 3/20/2017		
Direction Photo Taken: Northeast			
Photo Description: Land Sharks in use for evaporation during inspection. There was no water evaporation drifting outside the property line.			

Photo No. 2	Date: 3/20/2017	
Direction Photo Taken: West		
Photo Description: Evaporation pond with Land Shark running.		

Photo No. 3	Date: 3/20/2017	
Direction Photo Taken: West		
Photo Description: Water tanker that is pumping water from evaporation pond. The water tanker is hauls the water directly to the mill in Blanding, Utah.		

Photo No. 4	Date: 3/20/2017
Direction Photo Taken: North	
Photo Description: Water tank where water is put into site water truck to water haul/roads and mine site when there is no precipitation.	

A wide-angle photograph of a mining or construction site. In the foreground, there is a large, dark, irregular pile of material, possibly coal or ore, on a dirt surface. The middle ground features a large, cylindrical green water tank, a white trailer, and other smaller structures and equipment. A line of tall, dark evergreen trees forms the background under a bright blue sky with scattered white clouds. A large, dark, curved object, likely part of a piece of machinery, is visible in the upper left corner of the frame.

Photo No. 5	Date: 3/20/2017	
Direction Photo Taken: East		
Photo Description: Waste rock pile that has a very stable crust.		