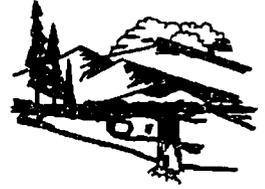




Department of Environmental Quality



To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Matthew H. Mead, Governor

John Corra, Director

March 31, 2011

Ms. Jean Lawlor, P.G.
Cameco Resources, Inc.
550 North Poplar Street, Suite 100
Casper, WY 82601

RE: Ruth ISL Operation, Permit No. 631

Dear Ms. Lawlor:

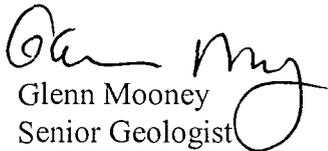
Attached is a copy of my report on the 2011 Annual Inspection of the Ruth ISL Operation. This inspection was conducted March 16, 2011, in your presence and Bryan Soliz also of Cameco.

My report also contains a review of the 2010 Annual Report for Permit No. 631. My review of this report did not turn up any issues for which responses are needed. This closes out my review of the Annual Report.

I have reviewed the reclamation bond and propose to recommend to the Director that it be increased to \$183,000.00, based on information provided by Cameco.

Please feel free to call if you have any questions.

Sincerely,


Glenn Mooney
Senior Geologist

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Attachments

cc: Cheyenne File
NRC-MD w/attach.

631ANcvlet11.11gm

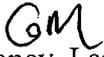
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MAR 31/11



ANNUAL INSPECTION REPORT

SUBJECT: Power Resources Inc.'s Ruth Project

PERMIT NO.: 631

INSPECTOR:  Glenn Mooney, Land Quality Division

PERSON CONTACTED: Jean Lawlor and Bryan Soliz, Cameco Resources, Inc.

DATE OF INSPECTION: March 16, 2011

Introduction

The Ruth ISL project was formerly a test uranium in situ leach (isl) project operated by Uranerz, USA under Research and Development License No. 9. After completion of the test in situ leach (isl) project the groundwater was restored to DEQ's and the NRC's satisfaction.

Uranerz applied for an expanded commercial-scale isl mining permit encompassing the existing site plus several hundred additional acres for future mining. This permit application was approved December 26, 1990.

On March 5, 1991, Permit No. 631 was transferred to Pathfinder Mines Corporation (Pathfinder).

Pathfinder sold the property to Power Resources Incorporated (PRI) and Permit No. 631 was transferred to PRI on November 29, 2001.

Inspection

At this time the operation consists of two buildings, the plant building, and a small warehouse, along with two evaporation ponds, two topsoil stockpiles, and the access road. The well field wells were abandoned in January of 2000.

Plant Building

Externally, the plant building remains basically unchanged from previous years. The remains of a tiny wooden lean-to shed which collapsed several years remains partially attached to the northwest corner of the metal plant building.

Inside the plant building were four large tanks and three resin columns which the PRI representatives stated were empty of resin. An electrical panel which once controlled the pumps

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in the well field also remained. A metal warehouse-shop building also remains, along with two small wooden sheds.

Most of the junk scattered around the buildings was removed several years ago. The main items stored outside are a number of barrels filled with concrete used as weights to hold down equipment during abandonment operations when the well field wells were cemented shut.

Wellfield

According to the 2000 Annual Report, four wells remain intact, including the plant building supply well and several regional monitor wells. At least one of the remaining wells will be turned over to the surface owner for his use as a stock well.

Evaporation Ponds

The leak detection system in the two lined evaporation ponds consists of underliner tubes accessible by capped pipes next to the edges of the pond liners. The moisture detection wires that had been installed in each tube to allow checking for moisture by attaching them to an ohmmeter have been removed.

In the past, some water was found occasionally in the leak detection tubes, but analysis of the water determined each time that the water was condensate and not the result of a leak in the pond liner.

The pond contained each contained less than two feet of water. According to the 2009 Annual Report, the NRC allowed discontinuation of monitoring the leak detection tubes beginning in 2005.

Topsoil Stockpiles

Inspection of the two topsoil stockpiles located next to the plant and pond areas found both were well-grassed and had the required topsoil identification signs.

Signs

A permit identification sign with the correct information was located near the plant building and next to the entrance gate. Topsoil identification signs are in place on the project's topsoil stockpiles.

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Compliance

There are no outstanding violations at the Ruth Project. No enforcement action was taken as a result of this inspection.

Annual Report

The 2010 Annual Report for Permit No. 631 was received January 3, 2011. It stated no wells had been installed or repaired and no other activities were carried out except quarterly monitoring. During quarterly monitoring, the site security, evaporation ponds fence, and evaporation ponds are checked.

The Report states no mining activity is planned at Ruth through 2011.

A new estimate for the reclamation bond was included with the Annual Report. It included costs based on the most recent Guideline 12 (11/10). Review of the estimate found the assumptions were reasonable and acceptable. PRI used costs encountered at Smith Ranch-Highland for seeding and mulching costs, which at \$685/acre, are reasonable.

The bond calculations were entered into a spreadsheet (attached) and compared to the PRI bond calculations. The only differences were ascribed to differences in rounding. The total bond amounts to \$183,000.00, rounded. A recommendation will be made to the Director to increase the required bond to this amount.

Bond

The existing bond for Permit No. 631 is Letter of Credit No. [REDACTED] written by the Royal Bank of Canada in the amount of \$181,000.00. As noted above, a recommendation will be made to the Director to increase the bond coverage to \$183,000.00.

No photographs were taken.

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