

8. RECLAMATION PERFORMANCE SURETY ESTIMATE:

In accordance with SUA-1341 License Condition 9.5 as required by 10 CFR 40, Appendix A, Criterion 9 an updated reclamation/restoration surety estimate for July 1, 2012 through June 30, 2013 is provided in Appendix 3. Significant changes have been made to the 2012-2013 surety estimate to account for Christensen Ranch (CR) Mine Unit 10 (MU10) and Mine Unit 11 (MU11) wellfield development. Mining in MU10 is anticipated to begin in December of 2012. No mining (lixiviant injection) in MU11 is planned until the 2013-2014 reporting period. Uranium One does not plan any development activities in the CR Mine Unit 9 until 2014. Changes directly related to expansion and development has been highlighted in gray throughout the surety estimate worksheets.

Worksheet 1: Groundwater Restoration

- Estimated well numbers and wellfield area for MU8 have been adjusted to reflect current conditions. Estimates for MU10 operations have been added. No costs have been added for MU11 since lixiviant injection is not planned until the next reporting period.
- Costs for the groundwater restoration of MU10 have been added. Lixiviant injection (subject to WDEQ approval) is anticipated in the first module of MU10 in December of 2012.
- Credit for completion of groundwater sweep for Christensen Ranch Mine Units 2-6 has been granted by the WDEQ but has not been authorized by NRC; therefore, separate WDEQ estimates and NRC estimates are provided.

Worksheet 2: Plant Equipment Removal and Disposal

- During the 2012-2013 reporting period Uranium One plans to add an additional 9 wellfield module buildings.

Worksheet 3: Building Demolition and Disposal

- During the 2011-2012 reporting period Uranium One added a resin transfer bay to the Restoration Extension portion of the CR satellite plant. This additional volume has been accounted for.
- During the 2012-2013 reporting period Uranium One plans to construct an additional 9 wellfield module buildings in MU10 and MU11.

Worksheet 4: Pond Reclamation Cost

- Uranium One plans to reline Pond A and Pond C during the 2012-2013 reporting period. Associated costs and materials for reclamation of these two ponds has been added.

Worksheet 5: Well Plugging and Abandonment

- The number of wells for CR MU8 has been increased from 842 to 856 to reflect the actual number of wells installed during the current 2011-2012 reporting period. The average well depth has also been increased from 330' to 375'.
- The estimated number of wells to be completed during the 2012-2013 reporting period for MU10 and MU11 has been added.

Worksheet 6: Wellfield Equipment Removal & Disposal

Section I: Wellfield Piping

- The length of wellfield pipeline for CR MU8 has been increased from 230' to 800'.
- The estimated length of wellfield pipeline for MU10 and MU11 has been added.
- The average outside diameter (OD) for wellfield piping for MU7 and MU8 has been reduced from 3" to 1.0" to reflect Uranium One's current construction methods.

Section II: Production Well Pumps

- The number of production well pumps has been revised to reflect the current number for CR MU8.
- The estimated number of production wells and pumps for CR MU10 and MU11 has been added.

Section III: Buried Trunkline

- Trunkline footage for CR MU8 has been decreased from 57,750' to 43,500' to reflect the actual footage constructed.
- Estimated trunkline footage for CR MU10 and MU11 has been added.

Section V: Manholes

- The number of manholes has been increased from 13 to 15 for CR MU8 to reflect the actual number
- The estimated number of manholes CR MU10 and MU11 has been added.

Worksheet 7: Topsoil Replacement & Revegetation

Section III: Wellfields

- Estimated affected acreage for CR MU10 and MU11 has been added.
- Radiation and Survey & Soil Analysis costs for MU10 and MU11 have been added.

Section IV: Roads

- Estimated affected acreage for new roads associated with CR MU10 and MU11 has been added.

Section V: Other

- Estimated affected acreage for CR MU10 and MU11 has been added.

Section VI: Remedial Action

- Estimated acreage requiring remedial reclamation activities for CR MU10 and MU11 has been added.

Worksheet 8: Miscellaneous Reclamation

- For CR MU8 Sections I, II, III, V and VI have been adjusted to reflect actual numbers.
- Costs for CR MU10 and CR MU11 construction and development have been added throughout.

Table 1, Summary:

- In surety estimates prior to 2011, the costs were inflated from September 2006 levels to reporting period levels based the current Consumer Price Index (CPI). In light of the of the fact that a number of costs were updated in Sheets 2-6 in the last surety update, Uranium One chose to apply the inflation adjustment only to Sheet 1 "Groundwater Restoration" which had not had any costs escalated. For this surety estimate update Uranium One has again used the September 2006 and the current CPI to adjust ground water restoration costs. For Sheets 2 through 6, the September 2011 and July 2012 CPI were used to account for inflation.
- The overall difference from all the changes made to Worksheets 1 through 8 amounts to an increase for the WDEQ surety estimate amount of \$3,250,762 and an increase of \$3,244,552 to the NRC estimate.

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Willow Creek Project
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In summary, the new grand total for surety estimate for WDEQ is \$19,710,164 and the NRC estimate is \$19,553,442. This represents an increase of \$3,250,762 for the WDEQ estimate and an increase of \$3,244,552 for the NRC estimate, over the currently approved amount of \$16,459,402. Uranium One respectfully requests that WDEQ approve the new surety amount of \$19,710,164. Due to the differences between WDEQ and NRC surety estimates, Uranium One will carry an Irrevocable Standby Letter of Credit issued in favor of the WDEQ for the highest surety estimate of \$19,710,164.