

From: Tim McCullough (USA - Casper) <Tim.McCullough@uranium1.com>
Sent: Thursday, March 14, 2013 7:28 PM
To: Linton, Ron; Spitzberg, Blair; Gersey, Linda
Cc: Bill Kearney (USA - Casper); Barry Koch [USA - Christensen Ranch]; Rick Kukura (USA - Casper); Larry Arbogast (USA - Christensen Ranch)
Subject: FW: CR Pond 2 Leak Notification

Ron, Blair and Linda;

This notification is to inform you that routine monitoring of the leak detections systems at the Evaporation Pond CR-2 at the Christensen Plant site at the Willow Creek Uranium Project has shown some potential leakage concerns. Due to the occurrence of fluid (water) in the leak detection systems at Pond CR-2 water samples were obtained on March 7, 2013 from the leak detection systems and the pond itself. The comparison between the water quality in the leak detection systems and the pond gives rise to a potential leak at the pond. The analytical results showed the uranium to be 11.0 mg/L associated with the pond sample and 8.2mg/L to 10.2 mg/L associated with the leak detection systems.

The flow of plant bleed and permeate waste water to the pond has been discontinued the pond is currently being pumped down to assess the condition of the liner. Pond CR-2 contains approximately 7.3 feet of water. This contents of pond CR-2 has begun to be pumped to Pond CR-3 which has sufficient spare capacity to store the water. In accordance with License Condition 11.4 the water in the leak detection systems will be analyzed for chloride, conductivity, pH and uranium on a weekly basis.

During the initial investigation a small hole was identified in the pond liner approximately 6" below the water level and will be patched when the contents of the pond are low enough.

Pond CR-2 was initially constructed and lined in 1988. There is ample storage remaining in the other three lined ponds to accommodate anticipated waste water flow volumes for several months. A written report containing more details and potential repairs, if required, will be submitted with 30 days.

If you have any questions don't hesitate to contact me.

Regards

Tim McCullough
Willow Creek Manager of Mine Site SHE

907 North Poplar
Suite 260
Casper, WY 82601
Phone: 307-464-1427 ext. 28
Cell: 307-462-3998