Appendix 3

2014 Inspection of Tailings Impoundment Embankments

TELESTO
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September 30, 2014

Oscar Paulson
Sweetwater Uranium Facility
Kennecott Uranium Company
P.O. Box 1500
Rawlins, WY 82301-1500

RE: 2014 INSPECTION OF TAILINGS IMPOUNDMENT EMBANKMENTS

Dear Oscar:

Introduction. On June 27, 2014 I inspected the tailings impoundment embankments at the Sweetwater Uranium Facility, both inside and outside the impoundment. The purpose of the inspections is to identify conditions that may adversely affect performance of the embankments.

Embankments Observation. I observed the interior of the embankments by driving slowly along the crest, and walking the interior of the tailings impoundment. I observed the exterior of the four tailings embankments by walking and driving around the exterior perimeter. The tailings regrading effort that occurred from 2006 through 2008 lowered the formerly elevated beach portions of the tailings and installed a number of evaporation lagoons internal to the impoundment. This enhanced evaporation of tailings fluid as well as water from the Battle Spring Aquifer that is being pumped into the impoundment as part of the facility's Corrective Action Program. The elevations of fluids in the impoundment are below the surrounding ground elevations, which vary from approximately 6,635 feet above mean sea level at the impoundment's southwest corner to 6,660 feet at its northeast corner. Consequently, there is almost no potential for tailings fluid to escape through the embankments, even in the event of a hypothetical, catastrophic failure of an embankment.

The embankment ranges in height at its exterior perimeter from about 25 feet at its northeast corner to about 50 feet at its southwest corner. No significant evidence of either settlement or displacement of the embankment was observed during the June 2014 field visit. In fall 2013 and spring 2014, Kennecott Uranium Company repaired the rills along the outside of the embankments. Repairs made in the fall of 2013 were performed by filling rills with clean fill with a front end loader from the top of the embankment. Repairs made in the spring of 2014 were performed with a bulldozer operating on the outside slope of the embankment. In particular, he repairs along the east and south sides looked to be holding up very well at the time of the inspection.

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The attached photographs show observed features along each face. Photographs are described in the attachment.

All sides of the embankment, both inside and outside, appear to be in relatively good condition, and repairs that have been made look very good.

If you have any questions regarding this inspection and any observations or recommendations, please do not hesitate to contact me.

Best regards,

Telesto Solutions, Inc.

Adam Hoffman
Associate, Senior Engineer

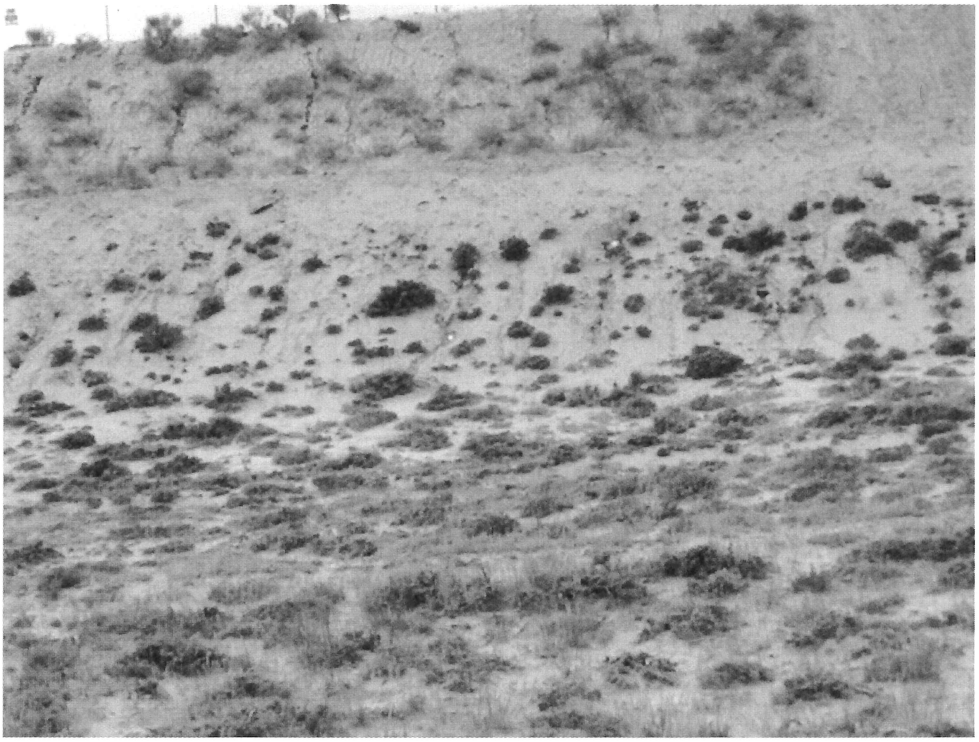
Attachment

Attachment 1

Photographs

Photograph 1 Exterior of the west embankment.

Photographs 2 Exterior of the south embankment.
Note: Areas where rills were repaired on the embankment's outside slope with the bulldozer are visible on the left side of the image.



Photographs 3 Exterior of the east embankment, minor rills.

Photograph 4 Exterior of the north embankment.