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LOST CREEK ISR, LLC

February 13, 2017

Brian Wood
State of Wyoming
Department of Environmental Quality - Land Quality Division
510 Meadowview Drive
Lander, WY 82520

**Re: Notification of Release – HH1-8 Valve Station (Report 26)
Lost Creek ISR Project Permit #788**

Dear Mr. Wood,

In accordance with Wyoming Department of Environmental Quality Land Quality Division (WDEQ-LQD) regulation, Lost Creek ISR, LLC ("LCI") hereby provides a written report detailing a release of injection fluid that was reportable to WDEQ. Using the spill report webpage, LCI notified WDEQ-Water Quality Division (WQD) of the spill on February 6, 2017 (Incident ID 170206-1603). Additionally, LCI notified WDEQ-LQD (Brian Wood) and NRC (John Saxton) of the release via email on the same day it was reported to the WQD. The release volume was initially estimated at approximately 3,200 gallons. However, approximately 3,360 gallons were recovered via water truck. With very little infiltration due to the frozen ground, the net released volume was likely less than the reportable limit of 420 gallons. The release occurred in the HH1-8 valve station vault just to the north of HH1-8 at T25N R92W Section 18 SE of SE qtr-qtr. The release was contained within the vault.

The release was discovered by a wellfield operator on the morning of February 6, 2017. The restoration injection trunk line was leaking into the vault from a small hole in a poly fusion weld. The release was contained within the valve station vault. Concentration of uranium (as U_3O_8) in a fluid sample taken from the line on the day of the release was approximately 0.5 ppm.

The immediate action to stop the flow into the vault was to close valves at other valve stations on the line up and downstream. The fluid that was contained within the vault was collected by vacuum truck and released into the Storage Ponds for disposal to the Class I disposal wells.

Lost Creek ISR, LLC is a wholly-owned subsidiary of Ur-Energy Inc.

TSX: URE

www.ur-energy.com

If you have any questions regarding this letter or require additional information please feel free to contact me at the Casper Office.

Sincerely,



Michael D. Gaither
Manager EHS and Regulatory Affairs
Ur-Energy USA, Inc.

Cc: Nancy Williams, LQD District II Supervisor (via e-mail)
John Saxton, NRC Project Manager (via e-mail)
Bernadette Baca, NRC Inspector (via e-mail)
Theresa Horne, Ur-Energy, Littleton (via e-mail)