



Uranerz Energy Corporation
(an Energy Fuels Company)
1701 East "E" Street
Casper, WY 82605
307-265-8900
www.energyfuels.com

June 21, 2017

Mr. Mark Rogaczewski
Department of Environmental Quality – Land Quality Division
2100 West 5th Street
Sheridan, WY 82801

Re: Unplanned Release Report, Permit to Mine No. 778, Uranerz Energy Corporation (an Energy Fuels Company)

Dear Mr. Rogaczewski,

In accordance with the Permit to Mine No. 778, Volume XIV Mine Plan, Section 3.19.2, Uranerz Energy Corporation an Energy Fuels Company (Uranerz) notified the Wyoming Department of Environmental Quality (WDEQ) and the Nuclear Regulatory Commission (NRC) of an unplanned release which occurred June 12, 2017 at Nichols Ranch. A verbal report of the incident was provided on June 13, 2017 to BJ Kristiansen, WDEQ/LQD, and Ron Linton, NRC. A follow-up email was provided on June 13, 2017 to WDEQ/LQD and the NRC project managers as well as to Joe Hunter, WDEQ/WQD. Additionally, Uranerz completed the online WDEQ/WQD spill report, incident ID number: 170621-0808.

Approximately 4500 gallons of injection solution was released from well N1C-047, near Header House 4 of Production Area #1. The well is located in Township 43 N, Range 76 W, Section 17, NWNW. The unplanned release was the result of wind blowing the well box off of the well breaking the "tree" of the well. Once the release was discovered the well was immediately shut down and the tree was repaired. The well was brought back online with no additional leaks or problems occurring. The well is equipped with a leak detection system that failed to alarm. Upon investigation, it was determined that the wind was blowing hard enough that the water was not landing inside of the well box leak containment. This prevented enough water from being contained to trip the leak-detect system. The system was tested after the release and before bringing the well online and was found to be functioning appropriately. During the follow up investigation it was discovered that the latches on the well box that connect the well box to the base were not latched. Corrective actions taken includes training employees to ensure latches are properly installed and utilized as well as completing documented semi-annual inspections of wells to ensure that latches functional and being used properly. The release did not enter a draw and did not leave the permit area. A field map of the unplanned release is attached.

A daily sample of the injection stream was collected on the day of the release and analyzed for uranium content. The sample was non-detect of U3O8. An injection stream sample was also taken which indicated a concentration of 326 pCi/L of radium-226. In addition, four (4) soil samples were also collected (0-6 inches depth). Three were taken within the release area where water pooled and one was taken nearby as a background location. The samples were sent to a third party laboratory for analysis of



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natural uranium and radium-226. It will take approximately 30 days to receive results from the laboratory. The results will be reviewed and the unity rule for radium benchmark will be applied to determine if cleanup will occur prior to decommissioning. Records pertaining to unplanned releases, including this report, are maintained on site and are available for review upon request.

Uranerz will include this release in the 2016/2017 Annual Report to the WDEQ/LQD.

If you have any questions regarding the provided information, please contact me at 307-232-6671 or by email at alinard@energyfuels.com.

Sincerely,

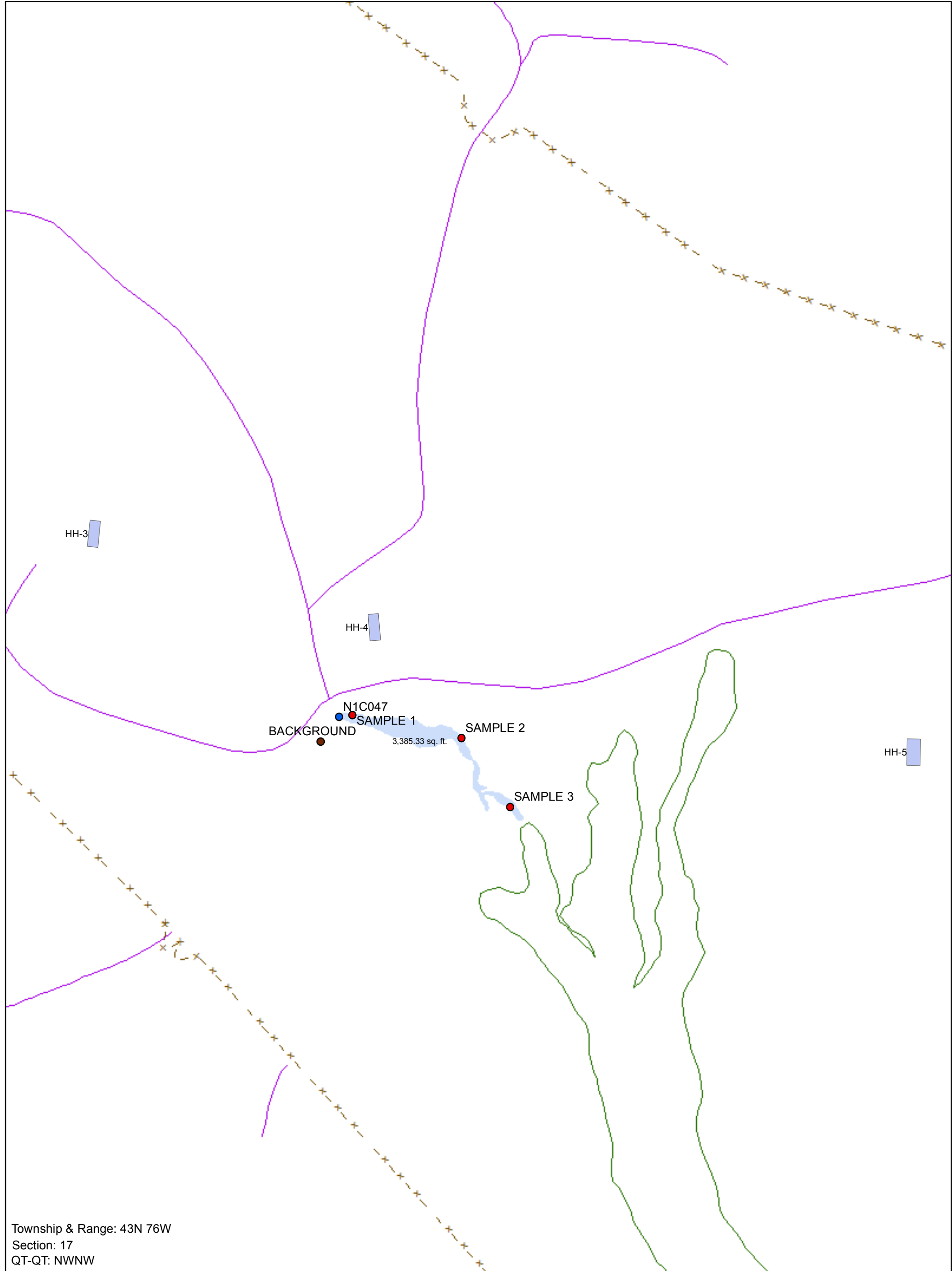
A handwritten signature in blue ink, appearing to read 'A. Linard', enclosed in a blue oval.

Aaron Linard
Environmental, Safety, and Health Manager and Radiation Safety Officer
Uranerz Energy Corporation (an Energy Fuels Company)

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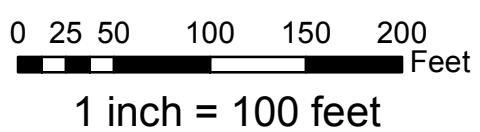
Attachment: Release Location Map


cc: BJ Kristiansen, WDEQ/LQD Project Manager,
Ron Linton, NRC Project Manager (3 copies),
Joe Hunter, WDEQ/WQD



Township & Range: 43N 76W
 Section: 17
 QT-QT: NWNW

- Legend**
- BACKGROUND SAMPLE
 - N1C047
 - SAMPLE 1
 - SAMPLE 2
 - SAMPLE 3
 - Header House Location
 - Spill 06_13_2017
 - Roads
 - Major Drainage NR
 - × — Wellfield Fence





Nichols Ranch ISR Project
N1C-047 SPILL
06/13/2017

By: T. Boam	Date: 6/19/2017
Contour Interval: N/A	Revision Date:
Scale: 1 inch = 100 feet	Dwg. Datum: UTM 1927 ZONE 13
Exhibit Number:	