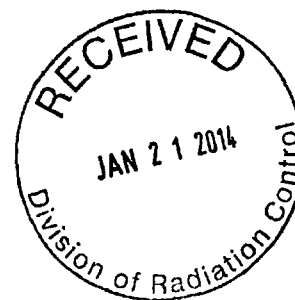


January 20, 2014



**VIA EMAIL AND FEDERAL EXPRESS**

Rusty Lundberg  
Utah Department of Environmental Quality  
Division of Radiation Control  
State of Utah Office Park  
195 North 1950 West  
Salt Lake City, UT 84116  
rlundberg@utah.gov

**DRC-2014-001221**

Re: Shootaring Canyon Uranium Milling Facility; Request for Extension of Time Regarding Radioactive Materials License UT 0900480 and Ground Water Quality Discharge Permit UGW17003

Dear Mr. Lundberg:

Pursuant to Utah Administrative Code 313-19-34(2), Uranium One Americas, Inc. ("U1 Americas") and Black Range Minerals Utah, LLC ("Black Range Utah") on January 15, 2015, submitted a letter to you requesting a Notice of Change of Control and Ownership Information relating to the Shootaring Canyon Uranium Mill and Radioactive Material License UT 0900480 and Ground Water Quality Discharge Permit UGW170003 (collectively the "Mill Permits") for your approval (the "Transfer Request Letter"). As the Transfer Request Letter indicated this request was submitted pursuant to an Asset Purchase Agreement, dated October 25, 2013, Black Range Utah has agreed to purchase all of Uranium One Americas' assets relating to the Shootaring Canyon Uranium Mill, including the Mill Permits ("Proposed Transaction").

The approval by the Director of the Utah Division of Radiation Control (the "Director") of the transfer of the Mill Permits from U1 Americas to Black Range Utah as requested in the Transfer Request Letter is a precondition to the closing of the Proposed Transaction.

This letter is being sent as the follow-up letter referred to in the Transfer Request Letter in which we also noted that on December 12, 2011, Radioactive Material License UT 0900480 was extended until 30 April 2014. As previously mentioned, Black Range Utah has entered into the Proposed Transaction with the express intention of recommencing operations at the Shootaring Canyon Uranium Mill in the near to medium term. As such, with this letter we hereby request that, concurrent with the Director's approval of the transfer of the Mill Permits from U1 Americas to Black Range Utah, that the Director also approve the extension of the Mill Permits for a further 36 months, to allow Black Range Utah sufficient time to prepare applications to recommence operations at the Shootaring Canyon Uranium Mill.

From the parties' discussions with you in Salt Lake City on November 20, 2013, we understand that the approval of our requested extension may be dependent on the potential economic viability of the recommencement of operations at the Shootaring Canyon Uranium Mill. As such please find enclosed two documents that outline Black Range Utah's parent company, Black Range Minerals Limited, proposed strategy and timelines for the development of its uranium assets in the US, which includes the recommencement of operations at the Shootaring Canyon Uranium Mill. This strategy and economic

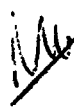
model is submitted in two parts. The first part is labeled **Appendix A** and is entitled: **Black Range Minerals Limited's Proposed Strategy to Resume Production From the Shootaring Canyon Mill, Utah (Appendix A)**. The second document includes the potential economics of such an operation, using consensus uranium price forecasts and is titled: **"Appendix B; Confidential; (Protected Records Pursuant to Utah Government Records Access and Management Act, Title 63G, Chapter 2); Black Range Minerals Limited's Preliminary Economic Model to Resume Production From the Shootaring Canyon Mill, Utah"**.

In order to ensure the confidential status and protection afforded by the Utah Government Records Access and Management Act ("GRAM") we have enclosed **Appendix B** in a separate envelope and labeled it: **Appendix B; Confidential – Protected Records under the Utah Governmental Records and Access Act; Black Range Minerals Limited's Preliminary Economic Model to Resume Production From the Shootaring Canyon Mill, Utah**.

Pursuant to Utah Code 63G-2-309(1)(a)(i), we advise you that we claim business confidentiality for the material contained in **Appendix B**. In support of this claim, we hereby inform you that the material contained in **Appendix B** is very commercially sensitive business information derived from Black Range Minerals Limited's proprietary analysis of publically available economic data as applied to properties currently owned by Black Range or to be acquired by it pursuant to the Proposed Transaction. As such we believe the methodology used in the analysis generated by Black Range Minerals Limited is a "trade secret" as defined in Utah Code 13-24-2 and, also is protected "commercial information" under Utah Code 63G-2-305(2). Thus, the protective record status afforded by GRAM should be imposed upon the material contained in **Appendix B** in accordance with Utah Code 63G-2-305(1). Accordingly, we also request that you treat **Appendix B** as a protected record under GRAM and keep **Appendix B** segregated in it's separate envelope as required by GRAM.

Thank you for your assistance with the Proposed Transaction. We look forward to working with the Division of Radiation Control to achieve both approval of the transfer of the Mill Permits and the extension of those permits. If any additional information is needed, please do not hesitate to contact us.

**Black Range Minerals Utah, LLC**



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Michael Haynes, President  
Phone: (303) 279-4934  
Email: [mhaynes@blackrangeminerals.com](mailto:mhaynes@blackrangeminerals.com)

Enclosures: Appendix A- via FedEx and email  
Appendix B – via FedEx only

Cc: Uranium One Americas, Inc. Attn: Norman Schwab

**APPENDIX A**  
**BLACK RANGE MINERALS LIMITED'S PROPOSED STRATEGY TO RESUME**  
**PRODUCTION FROM THE SHOOTARING CANYON MILL, UTAH**

**SUMMARY**

Black Range Minerals Limited ("BLR Limited") holds a 100% interest in the Hansen/Taylor Ranch Uranium Project in Colorado ("the Hansen Project"), which hosts a JORC mineral resource estimate (Indicated and Inferred) of approximately 90.9 million pounds  $U_3O_8$  at a grade of 600ppm (0.06%)  $U_3O_8$ , making it one of the largest uranium projects within the USA. BLR Limited is seeking to secure all permits to commence mining at the Hansen Project by 2016, and anticipates commencing production shortly thereafter.

In order to develop the Hansen Project, BLR Limited has been commercialising the proprietary Ablation pre-concentration process methodology. Scoping studies have indicated that the 39 million pound Hansen Uranium Deposit, the largest of several deposits within the Hansen Project, can be developed at both low capital and operating costs by utilising Ablation and transporting a comparatively small quantity of high-grade, high-value concentrate to a conventional processing facility for recovery of yellowcake.

To ensure availability of capacity at a conventional processing facility, Black Range Minerals Utah, LLC ("Black Range Utah") (together with BLR Limited "Black Range"), a 100% owned subsidiary of BLR Limited, recently entered into binding agreements to acquire the Shootaring Canyon Uranium Mill ("Shootaring Mill") from Uranium One Americas, Inc. ("U1 Americas"), together with all of U1 Americas' conventional uranium mining assets in the US. These assets include the previously mined Velvet-Wood Uranium Deposit in Utah that contains resources of 5.2 million pounds of  $U_3O_8$  at a grade of 2600ppm (0.26%)  $U_3O_8$ .

Black Range anticipates recommencing mining operations at the Velvet-Wood Deposit contemporaneously with commencement of production from the Hansen Uranium Deposit; also utilising Ablation to deliver concentrates to the Shootaring Mill for conventional processing and recovery of yellowcake.

Black Range's proposed operation will comprise:

- (i) Concurrently mining ore from the Hansen and Velvet-Wood Deposits;
- (ii) Ablating ore at both mine sites and transporting uranium concentrates produced at both sites to the Shootaring Mill; and
- (iii) Producing yellowcake at the Shootaring Mill, from the Ablation concentrate
- (iv) Selling the yellowcake that is produced at the Shootaring Mill

Using consensus price forecasts for uranium (refer Appendix B Table 1) and the assumptions outlined in Appendix B, such an operation is projected to return net cash flow (excluding capital expenditure, royalties and taxes) of approximately US\$600 million over an initial 7-year mine life. Delivery of any additional ore to the Shootaring Mill, potentially from additional acquisitions Black Range makes or from third parties utilising Ablation, is likely to have a very positive effect on the already very robust economics of re-starting the Shootaring Mill, as would any extension of the mine-life at the Hansen Project.

## HANSEN PROJECT

### Location

The Hansen Project is located approximately 30 miles northwest of Cañon City in Colorado, USA. BLR Limited holds a 100% mineral interest in approximately 13,000 acres, centred on the advanced Hansen Uranium Deposit (Figure 1).

The Hansen Deposit was discovered in 1977 and fully permitted for mining in 1981. More than 1,000 holes were drilled and three feasibility studies completed. However, due to the collapse of the global benchmark uranium price, the Hansen Deposit was never brought to production. Black Range is targeting initial production from the Hansen Deposit, as it is the largest and most technically advanced of all of the deposits within the Project.

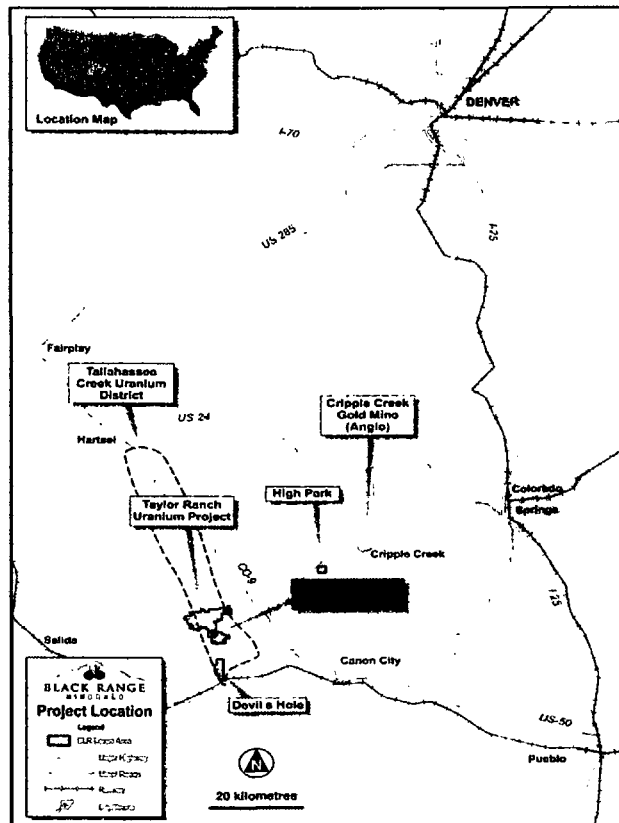


Figure 1. Location of the Hansen Project in Colorado.

### Resources

The Hansen Project hosts a JORC mineral resource estimate (Indicated and Inferred) of approximately 90.9 million pounds  $U_3O_8$  at a grade of 600ppm (0.06%)  $U_3O_8$ , making it one of the largest uranium projects within the USA.

Mineral resources at the Project are contained within a series of deposits, the largest and most advanced of which is the 39.4 million pound Hansen Deposit which grades 640ppm (0.064%)  $U_3O_8$ .

The mineral resource estimate for the Project is summarised in Table 1 below:

**Table 1. JORC-Code Compliant Mineral Resources at the Hansen/Taylor Ranch Project**

JORC Classification – Mineral Resources	Million Tonnes	Grade (% U <sub>3</sub> O <sub>8</sub> )	Million Pounds U <sub>3</sub> O <sub>8</sub>
<b>At 250ppm U<sub>3</sub>O<sub>8</sub> (0.025%) Cut off</b>			
Indicated	28.93	0.062	39.75
Inferred	40.06	0.058	51.18
<b>Total</b>	<b>68.99</b>	<b>0.060</b>	<b>90.92</b>
<b>At 750ppm U<sub>3</sub>O<sub>8</sub> (0.075%) Cut off</b>			
Indicated	7.71	0.121	20.52
Inferred	8.86	0.119	23.33
<b>Total</b>	<b>15.58</b>	<b>0.120</b>	<b>43.85</b>

**Economic Study into the Initial Development of the Hansen Deposit**

In 2012 independent engineering firm TREC Inc. completed a scoping study into the development of the Hansen Deposit. The study considered alternatives to mine approximately 750,000 tons of ore per annum at an average grade of 0.127% U<sub>3</sub>O<sub>8</sub> to recover circa 2 million pounds of U<sub>3</sub>O<sub>8</sub> as yellowcake per annum.

The preferred development strategy comprised:

- (i) mining a high-grade component of the Hansen Deposit using underground borehole mining;
- (ii) utilising Ablation to pre-concentrate the mined ore so that only a small quantity of high-grade, high-value concentrate needs to be transported off-site to a conventional processing facility; and
- (iii) milling ore through an existing facility to produce yellowcake.

The projected economics of the proposed development approach were extremely encouraging, with low estimates of both capital and operating costs.

The capital cost was estimated to be US\$73.5 million, as outlined in Table 2 below:

**Table 2. 2012 Capital Cost Estimates to Develop the Hansen Deposit**

Item Description	Cost (\$M)
UBHM Slurry Handling	3.09
Ablation	34.11
Material Handling	1.91
Water Treatment	12.07
Site Wide	7.34
Engineering and Installation	15.00
<b>Subtotal Capital Cost:</b>	<b>73.52</b>

Subsequent analysis by Black Range, including information gathered from the ongoing development of the Ablation technology, indicates that the projected capital cost can be reduced to approximately US\$45 million (refer Appendix B Table 4).

Operating costs were estimated to be approximately \$30/lb of U<sub>3</sub>O<sub>8</sub> produced as yellowcake, as outlined in Table 3 below:

**Table 3. 2012 Operating Cost Estimates to Develop the Hansen Deposit**

<b>Life of Mine Operation Costs</b>	<b>Cost per Metric Tonne Ore</b>	<b>Cost per lb U<sub>3</sub>O<sub>8</sub></b>
Salaries and Wages (Mine)	\$8.16	\$3.07
UBHM Operating Costs	\$35.58	\$13.38
Ablation Operating Costs	\$8.32	\$3.13
Material Handling	\$0.51	\$0.19
Water Treatment	\$0.33	\$0.12
Mill Operating Costs	\$21.64	\$8.14
Site Wide	\$5.28	\$1.99
<b>Total</b>	<b>\$79.83</b>	<b>\$30.01</b>

In light of this favourable economic assessment Black Range entered into a 50%:50% joint venture with Ablation Technologies LLC, whereby the two companies are jointly developing Ablation for application to mineral deposits, particularly uranium deposits. Ablation is a low cost method of concentrating uranium mineralisation by applying a physical, grain-size separation process to ore slurries. No chemicals are added in the process, yet very high mineral recoveries can be achieved with considerable mass reduction, to separate a high-grade, high-value ore product from a coarse-grained barren “clean sand” product. Significant progress has been made and the joint-venture is now close to commercializing the technology.

#### **Permitting**

Black Range Limited is advancing mine permitting for the Hansen Deposit as quickly as possible – with a view to obtaining all permits required to commence mining by early 2016.

Following ongoing mine design work it was identified that additional water monitoring wells were required for the proposed mining operations. Five new water monitoring wells were recently installed immediately adjacent to the Hansen Deposit. An additional four quarters of baseline environmental data need to be collected from these new wells and integrated with data from Black Range’s ongoing surface and ground-water monitoring programs before mine permit applications can be submitted. It is anticipated that mine permit applications will be submitted late in 2014 or early in 2015.

## VELVET-WOOD DEPOSIT

Under the binding agreements Black Range has entered into with U1 Americas, Black Range will have the right to earn up to a 100% interest in U1 Americas' conventional mining assets in the US, including the Velvet-Wood Deposit.

### Location

The Velvet-Wood Deposit is located in eastern Utah approximately 25 miles southwest of La Sal Junction (see Figure 2).

Between 1979 and 1984 approximately 400,000 tons of ore were mined from the Velvet Deposit at grades of 0.46%  $U_3O_8$  and 0.64%  $V_2O_5$  (recovering approximately 4 million lbs of  $U_3O_8$  and 5 million lbs of  $V_2O_5$ ). As such considerable underground infrastructure, including a 12' x 9' decline to the ore body, is in place. This deposit provides a near-term production opportunity.

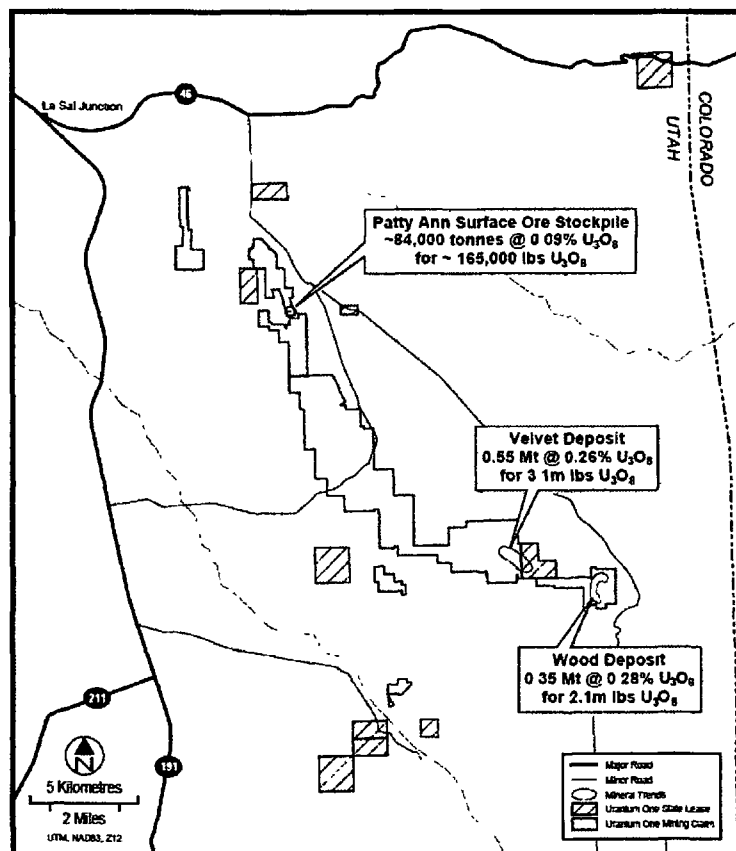


Figure 2. Location of the Velvet-Wood Deposit and Patty Ann Stockpile and surrounding land

### Resources

Un-mined NI 43-101 compliant mineral resources at the Velvet-Wood Deposits comprise 5.2 million pounds of  $U_3O_8$  at a grade of 0.26%  $U_3O_8$  (see Table 4).

**Table 4. NI 43-101 mineral resource estimates for the Velvet and Wood Deposits**

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes	Grade (%U <sub>3</sub> O <sub>8</sub> )	lbs U <sub>3</sub> O <sub>8</sub>	Tonnes	Grade (%U <sub>3</sub> O <sub>8</sub> )	lbs U <sub>3</sub> O <sub>8</sub>	Tonnes	Grade (%U <sub>3</sub> O <sub>8</sub> )	lbs U <sub>3</sub> O <sub>8</sub>	Tonnes	Grade (%U <sub>3</sub> O <sub>8</sub> )	lbs U <sub>3</sub> O <sub>8</sub>
Velvet	328,914	0.27	1,966,036	56,246	0.41	508,708	157,765	0.17	604,116	542,926	0.26	3,078,860
Wood				342,010	0.28	2,111,206	9,999	0.16	34,500	352,009	0.28	2,145,706
<b>TOTAL</b>	<b>328,914</b>	<b>0.27</b>	<b>1,966,036</b>	<b>398,256</b>	<b>0.30</b>	<b>2,619,914</b>	<b>167,764</b>	<b>0.17</b>	<b>638,616</b>	<b>894,934</b>	<b>0.26</b>	<b>5,224,566</b>

**Mine Plan**

During 2007 and 2008 U1 Americas conducted several studies into the recommencement of mining operations at the Velvet and Wood Deposits. It planned mining the Velvet Deposit followed by the extension of underground infrastructure across to the adjacent Wood Deposit.

These studies contemplated a 7 year underground mining operation, recovering a total of 3.9 million lbs of U<sub>3</sub>O<sub>8</sub> over the life of the mining operation. Utilizing contract mining, such an operation required very low upfront capital of ~US\$2.5 million. A summary of the projected economics of the proposed operation, as detailed in the 2008 study, is presented below (Table 5).



**Table 5. U1 Americas economic parameters for mining the Velvet and Wood Deposits**

Budget Period		Year 1 2009	Year 2 2010	Year 3 2011	Year 4 2012	Year 5 2013	Year 6 2014	Year 7 2015	Total
Development - Ore	ft	4,200	24,151	21,670	22,775	39,429	40,690	8,975	161,890
Development - Waste	ft	2,000	6,000	6,000	6,853	3,178	2,570	341	26,942
Manpower	No	8	8	8	8	8	8	2	8
Tonnage	(t)	15,478	115,686	80,248	91,101	157,715	162,760	35,900	658,888
Grade	(%)	0.33%	0.31%	0.28%	0.20%	0.36%	0.27%	0.27%	0.29%
Uranium Mined	(klbs)	102	721	447	370	1,151	878	195	3,864
Ore buying rate from White Mesa	\$/ton	177	232	213	152	294	209	218	
<b>Revenue from Uranium</b>	<b>\$'000</b>	<b>2,737</b>	<b>26,860</b>	<b>17,102</b>	<b>13,852</b>	<b>46,291</b>	<b>33,957</b>	<b>7,829</b>	<b>148,628</b>
<b>Cost by Element</b>	<b>\$'000</b>	<b>5,206</b>	<b>12,103</b>	<b>10,493</b>	<b>12,248</b>	<b>16,908</b>	<b>15,726</b>	<b>4,461</b>	<b>77,145</b>
Salaries & Benefits	\$'000	425	612	631	651	671	693	179	3,861
Equipment & Materials	\$'000	574	2,247	1,759	1,737	2,375	2,445	531	11,669
Reagents	\$'000	86	27	28	29	29	30	8	237
Contract Services	\$'000	4,109	7,064	6,967	6,871	6,777	6,684	1,648	40,120
Utilities	\$'000	58	102	116	132	150	170	48	775
Capex Drop Out	\$'000	(411)	(1,016)	(1,045)	(1,193)	(553)	(448)	(59)	(4,725)
Mining G&A	\$'000	365	3,067	2,037	4,021	7,459	6,152	2,106	25,207
<b>Operating Profit (pre tax)</b>	<b>\$'000</b>	<b>(2,469)</b>	<b>14,757</b>	<b>6,609</b>	<b>1,604</b>	<b>29,383</b>	<b>18,231</b>	<b>3,368</b>	<b>71,483</b>
<b>Capital Expenditure</b>	<b>\$'000</b>	<b>2,429</b>	<b>2,720</b>	<b>1,187</b>	<b>3,594</b>	<b>1,775</b>	<b>1,500</b>	<b>80</b>	<b>13,287</b>
Permitting	\$'000	301	11	11	11	11	12	3	359
De-watering	\$'000	279	47	71	70	70	70	18	625
Electricity Supply	\$'000	21	22	22	20				85
Water Supply	\$'000	222							222
Ventilation Supply	\$'000	558	1,386		2,300				4,244
Buildings & Workshops	\$'000	252							252
Administration Capital	\$'000	150							150
Portal Construction	\$'000	78							78
Development - Waste	\$'000	411	1,016	1,045	1,193	553	448	59	4,725
Mobile Equipment	\$'000	62							62
Trackless Equipment	\$'000	51	205						257
Mining Equipment	\$'000	45	34	38					117
Ongoing Capital (5% Opex)	\$'000					1,141	970		2,111
<b>Free Cash Flow (pre tax)</b>	<b>\$'000</b>	<b>(4,899)</b>	<b>12,036</b>	<b>5,422</b>	<b>(1,990)</b>	<b>27,608</b>	<b>16,731</b>	<b>3,288</b>	<b>58,196</b>
Operating Costs (\$/t)	\$/ton	336	105	131	134	107	97	124	117
Operating Costs (\$/lb)	\$/lb	51	17	23	33	15	18	23	20

Black Range considers that the utilisation of Ablation at Velvet-Wood will significantly reduce transport and processing costs. Furthermore, the economics of developing this mine will almost certainly be enhanced if yellowcake is produced on an owner-operator basis, rather than utilising toll-milling as proposed in U1 Americas' study. Black Range intends undertaking further economic studies to assess these scenarios shortly after closing the acquisition of the Shooting Mill.

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**APPENDIX B CONFIDENTIAL  
(PROTECTED RECORDS PURSUANT TO UTAH GOVERNMENT  
RECORDS ACCESS AND MANAGEMENT ACT,  
TITLE 63G, CHAPTER 2) BLACK RANGE MINERALS LIMITED'S  
PRELIMINARY ECONOMIC MODEL TO RESUME PRODUCTION  
FROM THE SHOOTARING CANYON MILL, UTAH**

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