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lost creek isr, llc

July 30, 2012

Melissa L. Bautz
Senior Environmental Analyst
State of Wyoming
Department of Environmental Quality
Land Quality Division
510 Meadowview Drive
Lander, WY 82520

**RE: Status Report on Plugging of Historic Exploration Holes
WDEQ-LQD Permit to Mine 788,
NRC License SUA-1598, Docket 40-9068 (License Condition 10.10)**

Dear Mrs. Bautz,

Lost Creek ISR, LLC (LCI) over the past two years, per our agreement with your office, has attempted to locate and re-abandon numerous historic exploration holes located within the monitor well ring of the first mine unit at the Lost Creek Project. Please find attached to this cover letter a table and associated map describing the current status of each historic hole.

LCI has attempted to utilize numerous technologies to assist with locating either the historic hole or the back filled drill pit, including; ground penetrating radar, surface conductivity, and radiometrics. Unfortunately, due to the relatively small size of the drill hole and the lack of physical differences between the back filled areas and the native soil, each of these methods failed to produce useful results. LCI has found that physically probing the ground with a sharp rod, called a T-probe, resulted in the highest success rate. The T-probe method utilized the following steps:

1. Survey in the location of the historic hole using the coordinates provided by previous project managers.
2. Complete a visual inspection to determine if there is evidence of either the historic hole or its mud pit. Changes in vegetation and surface texture were key aids.
3. Use T-probes to begin exploring the area starting with the most likely areas and working out to the margins. A 4" grid was used in order to avoid missing the hole.

4. Given the relative softness of the soil, when the T-probe hit a hard object it was nearly always a concrete plug. The prober would attempt to excavate the plug using a hand shovel in order to verify he had actually hit the hole and not another object.
5. The location of the hole was resurveyed in and recorded using state of the art GPS equipment.
6. A drill rig was placed on the hole to wash out to the total depth. Grout was then tremmied into the hole following the procedures approved for grouting exploration holes. The surface was capped with cement followed by approximately 2 feet of native soil and finally the site leveled.

We estimate that we have dedicated well over 1,000 hours of man-power to attempt to locate 181 historic holes. As a result of that effort we were able to find and successfully re-abandon 86 holes. Additionally, six holes were located in an area with no rig access and were not plugged. However, in the future when rigs can access the area the six holes will be plugged. In a few instances the rig washed down deeper than the total depth indicated in historic records. We assume this is because of errors in historic data.

A total of six historic holes were directional holes and were not re-plugged because we do not have directional boring equipment available. In three instances, the rig was unable to wash or drill to the bottom of the hole due to collapse of the hole plug or other down hole obstructions that could not be pushed to the side or retrieved. In these cases the driller washed out the hole as deep as possible and then grouted the hole to surface.

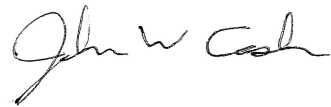
It is likely that we will find a few additional holes during future work within MU1. If additional holes are found during construction, the holes will be washed out and plugged to surface as described above. However, LCI believes that additional efforts to locate historic holes have little chance of success and we therefore propose to halt this program within MU1.

If you have any questions regarding this letter please feel free to contact me at our Casper Office.

Sincerely,

Lost Creek ISR, LLC

By: Ur-Energy USA Inc., Manager



John W. Cash

Vice President of Regulatory Affairs, Exploration and Geology

Cc: Ms. Ramona Christensen, LQD-Cheyenne Office,
Mr. Mark Newman, U.S. BLM, Rawlins Office
Tanya Oxenberg, PhD, U.S. NRC

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