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LOST CREEK ISR, LLC

June 26, 2015

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

**RE: MU-109 Excursion Monthly Report #1
Lost Creek ISR Project PT788**

Mr. Wood,

This is the first monthly report on the excursion at monitor well MU-109 for the Lost Creek ISR Project. The excursion was originally confirmed on May 27, 2015 with 24-hr notice and 5-day reports submitted on May 28, 2015 and June 1, 2015, respectively. The location of the well is provided on the attached map "HH1-6 Patterns and Wells". The following information has been included in accordance with the requirements for monthly reports in the Operations Plan Section 3.6.4.3:

- *Concentrations of UCL Parameters for MU-109 and Vicinity*

Data provided on **Table 1** below includes MU-109 and wells in the vicinity of MU-109 including:

- M-109 (monitor ring well to the south)
- M-110 (monitor ring well to the southwest), and
- MO-108 and KPW-1 (Monitor cluster to the north)

The Upper Control Limits (UCL) are the LQD-approved values calculated per well group (M, MO, and MU) that were provided on Table 4-12 (June 2013 revision) from the Mine Unit 1 package. Data for MU-109 shows a sharp decreasing trend since the corrective action was implemented. The data for the vicinity wells is very stable and reveal no increasing trends.

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TSX: URE

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TABLE 1: UCL Data

Client Sample ID	Well Type	Collection Date	Alkalinity (mg/L)			Chloride (mg/L)			Sp. Cond. (µS/cm)		
			Assay	UCL	% Diff	Assay	UCL	% Diff	Assay	UCL	% Diff
MU-109	MU1 Underlying	1/8/2015	82	206	-60	8.2	21	-61	444	659	-33
MU-109	MU1 Underlying	1/22/2015	84	206	-59	7.8	21	-63	447	659	-32
MU-109	MU1 Underlying	2/5/2015	89	206	-57	7.8	21	-64	459	659	-30
MU-109	MU1 Underlying	2/20/2015	91	206	-56	7.4	21	-65	455	659	-31
MU-109	MU1 Underlying	3/10/2015	63	206	-69	9.7	21	-54	421	659	-36
MU-109	MU1 Underlying	3/25/2015	59	206	-71	10.9	21	-49	419	659	-36
MU-109	MU1 Underlying	4/13/2015	71	206	-66	10.0	21	-53	432	659	-34
MU-109	MU1 Underlying	4/23/2015	82	206	-60	12.0	21	-44	464	659	-30
MU-109	MU1 Underlying	5/7/2015	88	206	-57	18.2	21	-15	490	659	-26
MU-109	MU1 Underlying	5/21/2015	114	206	-45	30.1	21	41	601	659	-9
MU-109	MU1 Underlying	5/26/2015	158	206	-23	39.3	21	85	732	659	11
MU-109	MU1 Underlying	6/4/2015	177	206	-14	43.9	21	106	804	659	22
MU-109	MU1 Underlying	6/11/2015	172	206	-16	34.7	21	63	764	659	16
MU-109	MU1 Underlying	6/18/2015	162	206	-21	27.5	21	29	695	659	5
MU-109	MU1 Underlying	6/25/2015	157	206	-24	27.3	21	28	680	659	3
M-109	MU1 Ring	1/7/2015	116	186	-38	5.6	21	-73	600	1012	-41
M-109	MU1 Ring	1/20/2015	109	186	-42	6.1	21	-70	561	1012	-45
M-109	MU1 Ring	2/4/2015	106	186	-43	5.7	21	-72	537	1012	-47
M-109	MU1 Ring	2/17/2015	103	186	-45	6.0	21	-71	527	1012	-48
M-109	MU1 Ring	3/6/2015	112	186	-40	6.4	21	-69	590	1012	-42
M-109	MU1 Ring	3/24/2015	111	186	-41	6.2	21	-70	575	1012	-43
M-109	MU1 Ring	4/7/2015	112	186	-40	6.1	21	-70	580	1012	-43
M-109	MU1 Ring	4/21/2015	116	186	-38	6.0	21	-71	606	1012	-40
M-109	MU1 Ring	5/5/2015	119	186	-36	5.7	21	-72	602	1012	-41
M-109	MU1 Ring	5/20/2015	120	186	-36	5.8	21	-72	595	1012	-41
M-109	MU1 Ring	6/3/2015	121	186	-35	6.1	21	-70	592	1012	-42
M-110	MU1 Ring	1/7/2015	107	186	-42	5.8	21	-72	538	1012	-47
M-110	MU1 Ring	1/21/2015	109	186	-41	6.2	21	-70	543	1012	-46
M-110	MU1 Ring	2/4/2015	112	186	-40	6.2	21	-70	554	1012	-45
M-110	MU1 Ring	2/17/2015	111	186	-40	6.3	21	-69	541	1012	-47
M-110	MU1 Ring	3/6/2015	108	186	-42	6.5	21	-68	526	1012	-48
M-110	MU1 Ring	3/24/2015	115	186	-38	6.9	21	-66	568	1012	-44
M-110	MU1 Ring	4/7/2015	110	186	-41	6.3	21	-69	528	1012	-48
M-110	MU1 Ring	4/22/2015	107	186	-43	6.0	21	-71	529	1012	-48
M-110	MU1 Ring	5/5/2015	107	186	-42	6.1	21	-70	525	1012	-48
M-110	MU1 Ring	5/20/2015	115	186	-38	5.6	21	-73	510	1012	-50
M-110	MU1 Ring	6/4/2015	114	186	-39	5.1	21	-75	523	1012	-48
MO-108	MU1 Overlying	1/8/2015	107	182	-41	6.7	21	-68	514	922	-44
MO-108	MU1 Overlying	1/22/2015	106	182	-42	7.0	21	-67	514	922	-44
MO-108	MU1 Overlying	2/5/2015	106	182	-42	6.6	21	-69	514	922	-44
MO-108	MU1 Overlying	2/20/2015	106	182	-42	6.9	21	-68	513	922	-44
MO-108	MU1 Overlying	3/11/2015	101	182	-44	6.4	21	-70	506	922	-45
MO-108	MU1 Overlying	3/25/2015	100	182	-45	7.4	21	-66	504	922	-45
MO-108	MU1 Overlying	4/13/2015	105	182	-42	7.0	21	-67	503	922	-45

Client Sample ID	Well Type	Collection Date	Alkalinity (mg/L)			Chloride (mg/L)			Sp. Cond. (µS/cm)		
			Assay	UCL	% Diff	Assay	UCL	% Diff	Assay	UCL	% Diff
MO-108	MU1 Overlying	4/23/2015	100	182	-45	6.0	21	-72	501	922	-46
MO-108	MU1 Overlying	5/7/2015	102	182	-44	6.2	21	-71	491	922	-47
MO-108	MU1 Overlying	5/21/2015	102	182	-44	7.3	21	-66	494	922	-46
MO-108	MU1 Overlying	6/5/2015	109	182	-40	7.3	21	-66	491	922	-47
KPW-2	MU1 Underlying	1/8/2015	102	206	-51	4.8	21	-77	472	659	-28
KPW-2	MU1 Underlying	1/22/2015	104	206	-49	5.0	21	-77	475	659	-28
KPW-2	MU1 Underlying	2/5/2015	101	206	-51	5.4	21	-75	471	659	-29
KPW-2	MU1 Underlying	2/20/2015	103	206	-50	5.2	21	-76	478	659	-27
KPW-2	MU1 Underlying	3/10/2015	102	206	-50	5.4	21	-74	474	659	-28
KPW-2	MU1 Underlying	3/25/2015	101	206	-51	5.7	21	-73	470	659	-29
KPW-2	MU1 Underlying	4/13/2015	108	206	-48	6.0	21	-72	476	659	-28
KPW-2	MU1 Underlying	4/23/2015	111	206	-46	5.0	21	-77	464	659	-30
KPW-2	MU1 Underlying	5/7/2015	104	206	-50	5.2	21	-76	461	659	-30
KPW-2	MU1 Underlying	5/21/2015	107	206	-48	5.2	21	-75	437	659	-34
KPW-2	MU1 Underlying	6/5/2015	105	206	-49	5.3	21	-75	421	659	-36

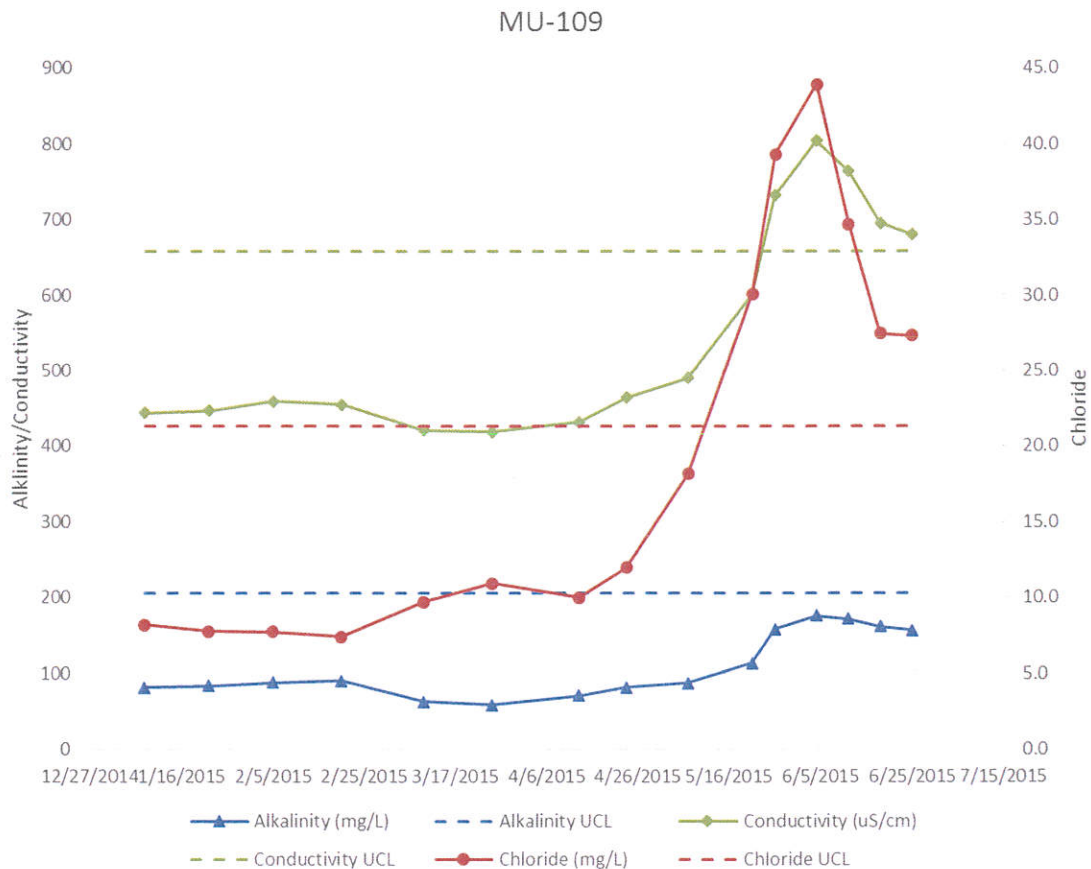
Italics: Percent difference is between 0% and 20% over the UCL

Bold: Percent difference is greater than 20% over the UCL

- *Evidence the Excursion is Being Controlled*

As shown in the data chart below (**Figure 1**), the concentrations of UCL parameters are returning to the nominal state. This demonstrates that the repair of the pump 1P074 and the adjustments in production in the vicinity are effective in reversing the trends of UCL parameters from increasing to sharply decreasing. The well will remain on excursion status until three consecutive weekly samples do not meet the excursion criteria.

FIGURE 1: MU-109 UCL Data Trends



- *Review of Adequacy of the Bond*

Since the excursion is being controlled, the current, approved bond as provided in the 2014 Annual Report is adequate.

- *Corrective Actions Taken*

The pump that was replaced in 1P074 is working effectively and the flow balance continues with increased production in the area. Sampling of MU-109 has occurred on a weekly basis and will

continue until the excursion has been fully corrected. Since the well currently remains on excursion status, in accordance with OP 3.6.4.3 the MU-109 sample will be analyzed for LQD Guideline 8 parameters on a weekly basis.

Please contact me at the Casper office if you have any questions regarding this submittal.

Regards,



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

Attachments: Map as stated

Cc: John Saxton, NRC Project Manager (via email)
Theresa Horne, Ur-Energy Littleton Office (via email)

Header House 1-6 Patterns and Wells

