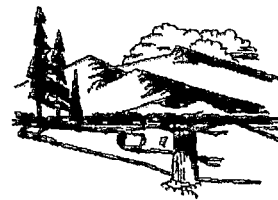




Department of Environmental Quality

*To protect, conserve and enhance the quality of Wyoming's
environment for the benefit of current and future generations*



Matthew H. Mead, Governor

Todd Parfitt, Director

August 10, 2018

Mr. Leland Huffman
Manager of Operations, Wyoming
AUC LLC
500 Shoreline Blvd, Suite 800N
Corpus Christi, TX 78401

RE: 2018 Annual Inspection Report, AUC LLC, Reno Creek ISR Project, PT0824

Dear Mr. Huffman:

Attached is a copy of the 2018 Annual Inspection Report for the Reno Creek ISR Project. The inspection was conducted with your assistance on August 2, 2018.

If you find incorrect or misleading statements in the report, please respond in writing. A copy of this report will be placed in the permanent inspection file for the Reno Creek ISR Project as will any written comments you may have.

Please contact me at (307) 675-5619 if you have any questions.

Sincerely,

Luke McMahan, PG
Project Geologist
WDEQ-LQD District 3

\lm

Attachment: 2018 Annual Inspection Report

cc: Don Lowman, U.S. NRC, Two White Flint North, Mail Stop T-8F05, 11545 Rockville Pike,
Rockville, MD 20852-2738



MSK
8/13/18

IN SITU MINE INSPECTION REPORT

Wyoming Department of Environmental Quality, Land Quality Division
2100 West 5th Street Sheridan, WY 82801
Phone: (307) 673-9337 FAX: (307) 672-2213



Permit Number:	PT0824	Permittee:	A U C LLC
Inspection Date:	8/2/2018	Inspector(s):	Luke McMahan
Report Date:	8/10/2018	Participant(s):	Leland Huffman (UEC), Alan Thompson (LQD)
Last Inspection:	10/10/2017	Current Bond:	\$73,973
Inspection Reason(s):	Annual	Field Conditions:	Clear, calm, dry ~85° F
		Approval Date:	7/17/2015

Status:	Non-Development	Approved Acreage:	6053.22
County:	Campbell	Mineral:	Uranium

Opening Comments

The Annual Inspection for the Reno Creek ISR Project was conducted by Project Geologist Mr. Luke McMahan on August 2, 2018. Mr. McMahan was accompanied by LQD-Uranium Recovery Program Project Geologist Mr. Alan Thompson. The inspection was conducted with the assistance of Mr. Leland Huffman of Uranium Energy Corp (UEC). AUC reported in its 2017 third quarter report that AUC and its parent companies were sold by Pacific Road Resource Funds and Bayswater Uranium Corporation to Uranium Energy Corp (UEC) during the third quarter of 2017. AUC remains as the Permit to Mine and Source Materials License holder, and the operator of the Reno Creek ISR Project.

The Reno Creek Annual Report covering activities from July 17, 2017 to July 16, 2018 was received by LQD District 3 on July 12, 2018. The annual inspection was conducted to verify the information provided in the subject annual report. The annual report indicates that AUC has not created any new disturbance at the site during the reporting period. This inspection has verified that no mining related disturbance has occurred for the Reno Creek ISR Project. Currently, mine related disturbance and on-site equipment consists of 45 monitoring wells, meteorological and air monitoring stations, miscellaneous materials stored at the staging area located at the former Reno Creek R&D location, and a permit sign located at the entrance to the planned Central Processing Plant (CPP) site. The site of the planned CPP is at the former Taffner residence which is now owned by AUC. The access road and buildings located at the planned CPP site were not constructed in association with the Reno Creek Project, although they may be utilized in development of the CPP site. In correspondence dated October 6, 2015 AUC received authorization from LQD to suspend collection of operational sampling data required in the LQD Permit to Mine until the quarter before AUC begins either production unit or central processing plant construction.

It was found during the inspection that there is limited access to the central part of the permit area (Section 29) due to the need to cross private lands off Clarkellen Road (Section 30) that are not within the permit area. Once project development begins, access is not likely to be an issue, as it is anticipated that access routes to this area will be developed within the permit area. Until that time, it may be necessary to obtain additional access permissions so that all areas of the permit may be viewed. This may consist of a signed access consent for the southwest quarter of Section 30 or may simply require verifying with the land owner that existing two-track access routes within the permit area (such as via Section 28, 31, or 32) may be used. This is not considered a compliance or maintenance item at this time. Identification of existing access routes or potentially new access routes within the permit area that do not require additional access consent will be addressed during the 2018-2019 reporting period.

LMK
8/10/18

Compliance Assessment

Inspection Topic	In Compliance
General	N/A
• Facilities	Yes
No facilities construction has begun for the Reno Creek project. The site for the planned CPP is located at the former Taffner residence which is now owned by AUC. The CPP site currently has a house, shop and small shed present at the site (Photo #2). It was noted that various equipment that was owned by the Taffner's and present at the CPP site during previous inspections had been removed.	
• Signs	Yes
The permit sign was viewed during the inspection and found to display all the appropriate information (Photo #1).	
Well Field Development	N/A
• Monitor Wells	Yes
A total of 45 monitoring wells installed for baseline groundwater characterization are present across the permit area. The wells are completed in the production zone aquifer and in aquifers overlying and underlying the production zone. Wells located in Section 36 were viewed during the inspection. These wells consisted of monitor well cluster #5, monitor well cluster #6, and monitoring wells PZM-19, PZM-20 and PZM-1C. All wells viewed were found to be in good condition and fitted with locked caps (Photos #3 through #10).	

Actions Required

There are no unresolved Maintenance Items

Actions Completed Since Last Inspection

Inspection Topic	Inspection Date	Proposed Resolution Date	Resolution Date
Signs	10/5/2016	7/16/2017	10/10/2017
Post operation sign in accordance with WS 35-11-415.			

Inspection Summary Comments

No compliance violations resulted from this inspection. No maintenance items resulted from this inspection. There was no new development during the reporting period and AUC does not expect to begin facility construction nor wellfield installations during the 2018-2019 reporting period. LQD's review of the reclamation performance bond calculation for the 2018-2019 reporting period has found the amount to be adequate. The Director's Bond Letter setting the bond amount at \$73,973 is forthcoming. This amount represents no change from the amount currently posted with LQD.

Inspection Recipient and Attachment Information

Recipient	Email	Address/Notes
Operator	No	A U C LLC

Attachment Types: ☒ Photo Addendum ☐ Map(s) ☐ Table(s) ☐ Other

Attachment Notes

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Type	FileName	Size (MB)	# Pages
Cover Letter	PT824_Annual IR_cvr.ltr_08.10.18LM.pdf	0.05	1
Photos	PT824_Annual_IR_Photo Log_08.02.18_LM.pdf	1.23	5

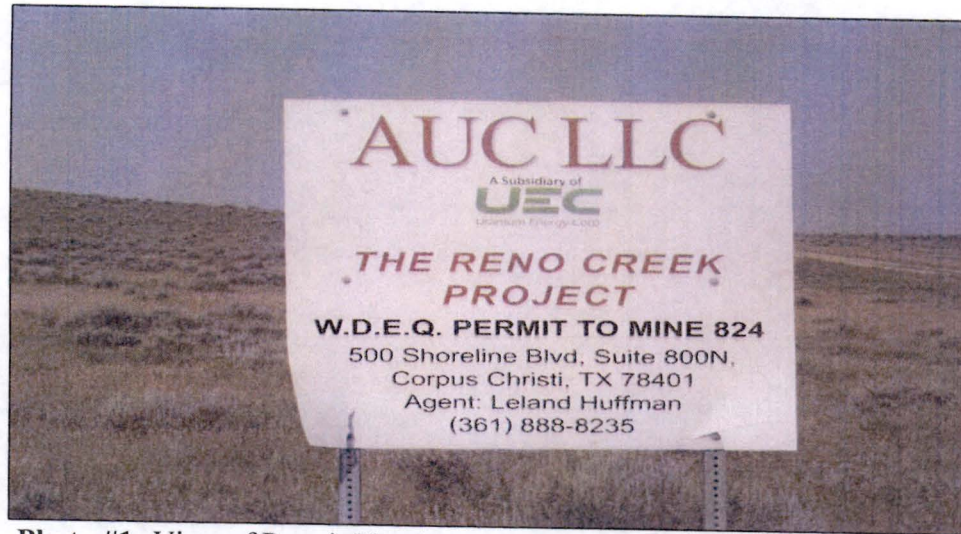


Photo #1: View of Permit Sign located at entrance to planned CPP location.



Photo #2: View of proposed CPP site (former Taffner residence).



Photo #3: View of PZM-5 identification on wellhead cap.



Photo #4: View of monitoring well Cluster #5 (SM5, OM5, PZM5, UM5).

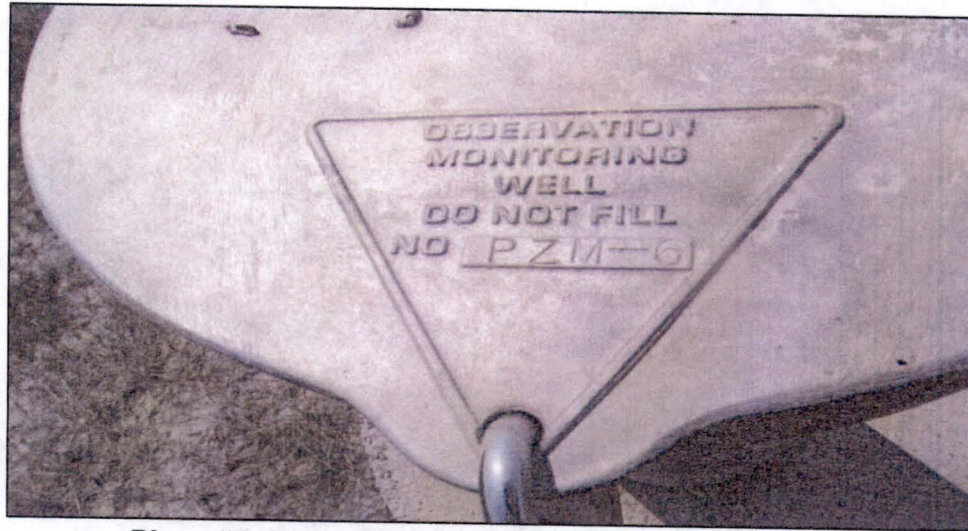


Photo #5: View of PZM-6 identification on wellhead cap.



Photo #6: View of monitoring well Cluster #6 (SM6, OM6, PZM6, UM6).

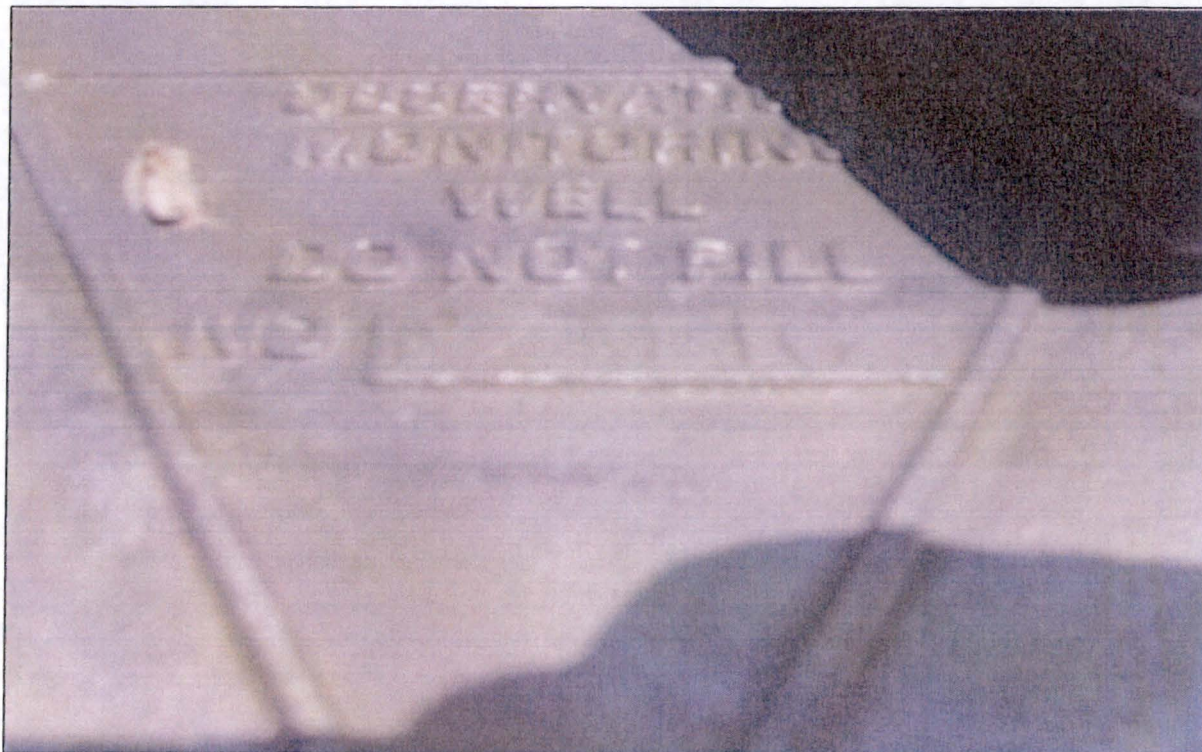


Photo #7: View of PZM-1C identification on wellhead cap.



Photo #8: View of PZM-1C, representative of wells observed; capped, locked, & maintained.



Photo #9: View of PZM-19 identification on wellhead cap.



Photo #10: View of PZM-19, representative of wells observed; capped, locked, & maintained.