

Statement of
Harold R. Roberts, Executive Vice President, Denison Mines (USA) Corp.
Subcommittee on National Parks, Forests and Public Lands
Natural Resources Committee
United States House of Representatives
November 3, 2011
Concerning
H.R. 3155, Northern Arizona Mining Continuity Act of 2011

Mr. Chairman, members of the committee, I appreciate the opportunity to speak to the Committee today. My name is Harold R. Roberts. I am Executive Vice President, U.S. Operations for Denison Mines (USA) Corp. Denison is a publicly traded company with uranium recovery operations in the western U.S., as well as properties in Canada, Mongolia, and Zambia. Our holdings in the U.S. include three operating uranium mines in Utah, two operating mines in northern Arizona, and the only operating uranium mill in the U.S., located in southeastern Utah. We currently directly employ over 350 people in our U.S. mining and milling operations. I am here today to voice our support for H.R. 3155, the Northern Arizona Mining Continuity Act of 2011 and to express our concerns about the negative impact from the Department of Interior's plan to withdraw from mineral entry over one million acres in northern Arizona. This action will have long lasting negative effects on our company, other exploration and mining companies, and most importantly will negatively impact the long time residents and citizens of the Arizona Strip.

On the Arizona Strip, Denison currently employs 60 people, earning from \$35,000 to \$115,000 per year, plus benefits. The Company also hires an additional 15 subcontractors. In addition to our two operating mines, the company has plans to open mines on three additional ore deposits in the next two years. While the withdrawal will not affect the currently operating mines, it potentially jeopardizes plans for the three additional ore deposits controlled by Denison, and possibly takes those properties from us and eliminates future jobs. The two current mines will be mined out in one to three years, and the new mines are critical to maintaining and growing the current work force.

The uranium deposits in northern Arizona, called breccia pipes, are unique in that the ore grades are some of the highest in the U.S., the surface disturbance for a fully developed mine is relatively small, less than 20 acres, the mines are generally dry, and the time span from development through full reclamation is less than six to eight years. Once fully mined out, the

reclaimed sites exhibit no evidence of past activity and are returned to the original land use. In fact, the Bureau of Land Management's own Draft Environmental Impact Statement on the withdrawal stated that there is no contamination of the Colorado River watershed from uranium mining, stating:

"It is also important to recognize that, there is currently no conclusive evidence from well and spring sampling data that (modern) breccia pipe uranium operations in the north Parcel have impacted the chemical quality of groundwater in the regional R-aquifer."

Denison acquired the Arizona mines from my former employer, Energy Fuels Nuclear, who discovered, permitted, operated, and successfully reclaimed five breccia pipe mines in northern Arizona in the 1980s and early 1990s. The reclaimed mine sites demonstrate that these deposits can be developed with little or no impact to the environment, while still providing high paying jobs to the local and state economies in Arizona and Utah. The current perception that uranium mining cannot be conducted with little or no impact to the environment of northern Arizona is not supported by the history of similar operations. In the 1980s, at the time Energy Fuels was operating on the Arizona Strip, similar cries for protection of the area were heard. Working with environmental groups and federal and state legislators, a landmark compromise between the environmental and mining communities resulted in legislation designating nearly 300,000 acres of Bureau of Land Management lands and more than 800,000 acres of National Forest lands as wilderness. The Arizona Wilderness Act of 1984 (P.L. 98-406) also added more than a million acres of land to the National Wilderness Preservation System, and provided that mining and grazing be allowed in those areas released for multiple use and not designated as wilderness, if conducted in a responsible and sustainable manner. The Act specifically directed that nearly half a million acres of Bureau of Land Management Lands and 50,000 acres of Forest Service lands be released from wilderness study area status ***with the understanding and intention that uranium mining would be allowed on the Arizona Strip and in the Kaibab National Forest.***

Since the passage of the Act, uranium mining activities in Northern Arizona have a proven track record of production and reclamation that has **not** impacted the Grand Canyon. Rather than respect a longstanding and carefully crafted compromise agreed to by **all** parties, the current Administration would rather march forward with their goal of locking up even more federal lands to responsible, authorized multiple use in the West. The Administration is effectively eliminating high paying local jobs instead of stimulating job growth and the local depressed economy of northern Arizona and southern Utah.

The proponents of the Arizona Strip withdrawal talk of stopping uranium mining in the Grand Canyon. This is a convenient, self serving distortion of the truth. There currently is no mining in the Grand Canyon, nor are there plans for future mining in the Grand Canyon National Park.

The ore from Denison's Arizona Strip mines is shipped for processing to the White Mesa Mill located near Blanding, Utah. The Mill currently employees 150 people, approximately 60% of

who are Native American. Ore from the Arizona Strip mines currently supplies approximately 25% of the conventional ore feed to the Mill, and because of the high grade, provides approximately 45% of the uranium production. Loss of this ore production will have a significant impact on the White Mesa Mill operations. In the long term Denison is counting on our Arizona Strip production, as well as other companies' future mines on the Arizona Strip to continue to provide a significant volume of the feed to the White Mesa Mill.

The proponents of the withdrawal promote the erroneous theory that the withdrawal will not impact the long term exploration potential of the area. This could not be further from the truth. The withdrawal area was carefully chosen by the Department of Interior, and environmental groups, to encompass all of the proven breccia pipe uranium deposits, and to cover all of the area of the highest known occurrences of mineralized breccia pipes. The withdrawal area covers the largest percentage of mining claims in the region, which is not surprising in that the mining companies only staked claims in the areas of highest potential.

As a reasonable person, I find it incredible that the Secretary of Interior would announce earlier this year that the Final Environmental Impact Statement would have the full withdrawal area as the preferred alternative, before the final document was published and without regard to any of the no impact findings on the historical mining activities by the Departments experts. This is clearly in conflict with the intent of the National Environmental Policy Act, and in conflict with the Department's procedures. I also find it curious that the Secretary would choose to ignore the wishes of his own BLM Resource Advisory Council whose members voted in August to overwhelmingly oppose the withdrawal. The withdrawal decision should be based on sound science and factual findings, not on the baseless claims of environmental groups, special interests and their vote-seeking elected officials.

As a taxpayer and businessman, I also find it incredible that the Secretary and this Administration would spend possibly millions of dollars on an Environmental Impact Statement, and then totally ignore its findings and the hard work put forth by the employees of the Bureau of Land Management and the U.S. Geological Survey. This action results in a total waste of taxpayer dollars and is an outright slap in the face to those hard working employees.

Mr. Chairman, I would be pleased to answer any questions from the Committee.