Texas Mining and Reclamation Association

What's New in Texas Uranium

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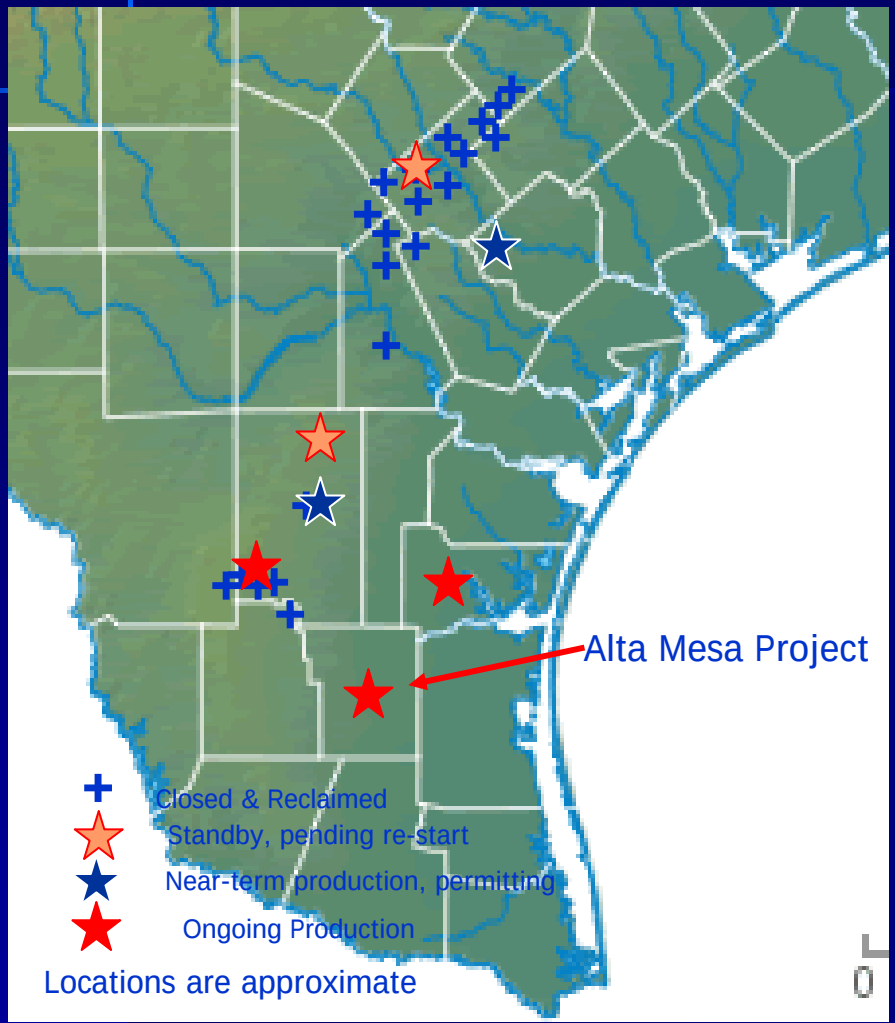
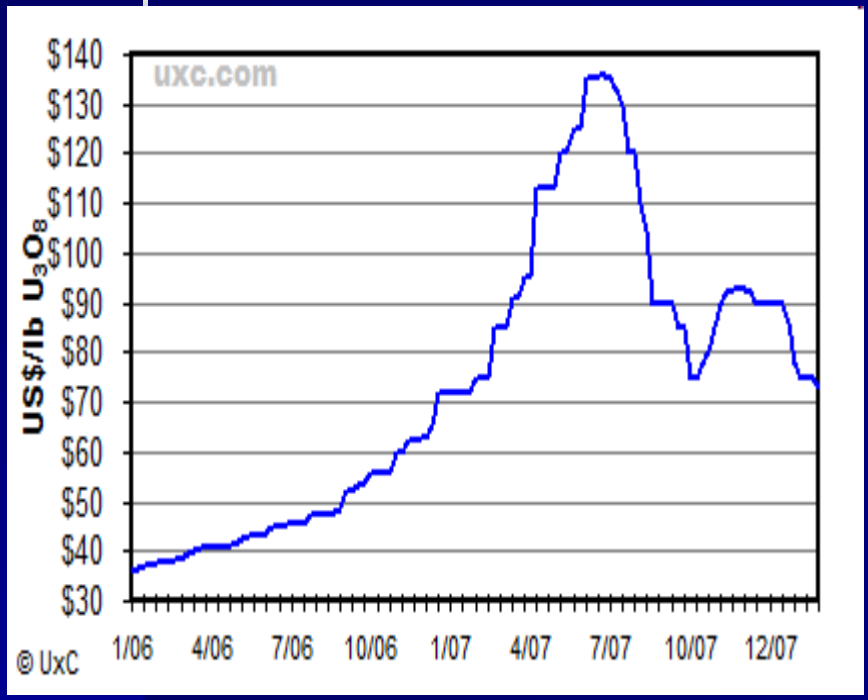
Uranium Mining in Texas



- Uranium Mining in Texas has been around for almost 40 years.
- From the late 1960's through the early 1990's most of the uranium was recovered using conventional mining.
- Texas ISR Uranium
  - Over 10 companies had ISR operations
- By 1999, all uranium recovery operations shut down due to prices.
- 2004, ISR operations re-started.

Why Texas Uranium?



Spot uranium price since January 2006
Source: UxC.com 2008

- Rising prices provided an opportunity to develop historic resources.
- According to the EIA
  - In 2003, Texas had 23 million lbs est. U resources.
  - These resources are available at $50/lb market.
  - Do not account for new resources.
  - Costs do not reflect cost increases.
- Texas regulatory environment is established and well understood.
- Texas's legacy with energy and natural resources provides a good fit with uranium development.

Texas Uranium

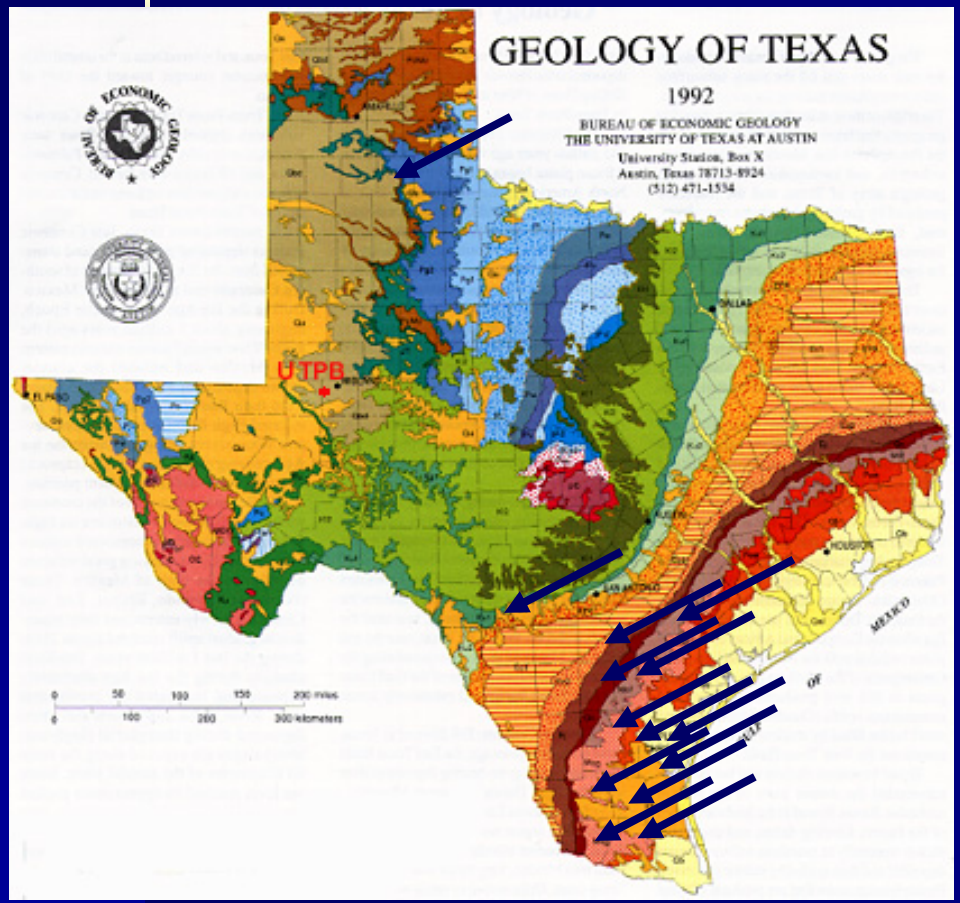
Wellfield development activity in South Texas

- In 2007, Texas became the #2 producer in the United States
- Texas contributed 32% of U.S. Production in 2007.
- Uranium industry employment increased by 50%.
  - Increased production
  - Exploration activity.

Uranium Recovery in Texas

- It is expected that future production in Texas will be ISR.
- ISR has been a demonstrated success story in the State
  - There have been approximately 20 facilities.
  - Most of those have been decommissioned and released.
  - Approximately 60 production areas with groundwater restored and released.
- Currently, 3 operating ISR uranium facilities.
- Also, 2 projects have submitted applications for Area Permits.

Exploration Prospects



Texas Uranium Exploration Permits		
Permit No.	**Permittee**	**County**
118	URI, Inc.	Duval
121A	URI, Inc.	Kleberg
122A	URI, Inc.	Duval
123A	UEC	Goliad
124B-1	S.TX Mining Venture	Duval
125A-1	Mestena	Brooks & Jim Hogg
126A	UEC	Karnes
127	UEC	Goliad
128	UEC	Zavala
129	UEC	Goliad
131	URI, Inc.	Jim Wells & Duval
132	URI, Inc.	Duval & McMullen
133	URI, Inc.	Jim Wells & Neuces
134	Signal Equities LLC	Atascosa
135-1	Signal Equities LLC	Live Oak
136	UEC	Briscoe
Pending	Signal Equities LLC	Bee
Pending	S. TX Mining Venture	Brooks, Starr & Hidalgo
Pending	Manti Operating Co	Karnes
Pending	URI, Inc.	Duval

Exploration in Texas

Drilling activities in South Texas

- Exploration activities
  - Developing historic resources
  - Greenfield exploration
  - Project development.
- Uranium exploration is regulated by the Texas Railroad Commission (TRC).
- Exploration permits also encompass delineation drilling within active wellfields regulated by TCEQ.

Permitting and Licensing

- Increased activity presents increased permitting and licensing work.
- For a new project, the operator will need the following major authorizations:
  - Exploration Permit - TRC
  - Area Permit – TCEQ
  - Production Area Authorization – TCEQ
  - Radioactive Materials License – TCEQ
  - Disposal Well (if required) –TCEQ
- Adding to the process:
  - Contested Case Hearings
  - Legal challenges

Texas Regulatory Environment

- In 2007, significant changes occurred in the regulatory program that regulates uranium recovery.
  - 80th Legislative Session
- The radioactive materials licensing program was transferred.
  - Formerly Texas Department of State Health Services.
  - Currently Texas Commission on Environmental Quality.
- Agreement State for radioactive materials
  - Maintains licensing, inspection and enforcement for
    - ISR facilities (surface and processing facilities)
    - Conventional mills
    - Byproduct disposal
- TCEQ remains the delegated agency for UIC programs

Changes to the Regulatory Environment

- Along with the movement of the program from DSHS to TCEQ, several other changes occurred.
- Increased public participation in ISR permitting
  - Expiration dates added to ISR Area Permits.
    - 10 year terms for new permits (5 year for existing Permits).
    - Renewals trigger opportunity for public hearings.
  - Restoration table amendments
  - Revisions to groundwater restoration financial surety.
  - Monitor well placement for new production areas.
    - Allows for Independent 3rd Party review en-lieu of public hearings.
- Clarification of regulatory authority with Groundwater Conservation Districts
  - TRC – Activities related to exploration permits.
  - TCEQ – Activities related to uranium recovery.

Moving Forward

TRC Inspection of exploration areas.

- TCEQ
  - Developing updates to rules.
    - Phase I rulemaking - completed
      - Rules transfer from DSHS to TCEQ
    - Phase II rulemaking – development.
      - Financial responsibility
      - Production Area Authorizations
      - Permitting process
      - Reporting requirements
      - Groundwater Restoration
  - Staffing
    - Transferring staff from DSHS to TCEQ
    - Hiring new staff.
- TRC
  - Developing updated rules – withdrawn
    - Classification of confidential information.
    - Groundwater information
    - Fee setting
  - Staffing
  - Inspections

Future Issues

- Groundwater Management
  - Since late ’90’s, Texas has changed the way groundwater is managed.
    - Local controlled Groundwater Conservation Districts
    - Each enacted by legislation & confirmed by local election.
    - Regulates groundwater use and consumption
    - Primarily addresses large groundwater users
- Not all counties in the State are included in a Groundwater District.
  - Eventually, by local choice or legislative action, all areas will be included in a Groundwater District.
  - It is expected that Groundwater Districts will become far more important in the future.
- Groundwater Districts will be an important part of the development of new and existing uranium facilities.

Conclusion

- Texas agencies are working hard to prepare for the influx of new license and permit applications
- Agencies are staffing up with competent people
- Increased interest
  - New operators
  - Prospective jobs
  - Awareness
  - A priority to the State for economic development
- Regulatory certainty is a priority

“URANIUM IS BECOMING THE NEW TEXAS GOLD”

- September 17, 2006 San Antonio Express News