Uranium Potential and Socio-Political Environment for Uranium Mining in the Eastern United States with Emphasis on the Coles Hill Uranium Deposit

IAEA-CN-175/91
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Uranium Provinces and Districts

“On a worldwide basis most of the prominent uranium provinces are associated directly or indirectly with Precambrian terrane.”

~Franz J. Dahlkamp
Coles Hill Airborne Radiometric Response
**Significant Resources**

- Marline and Union Carbide drilled 210 holes to define the deposits
  - 182 rotary percussion
  - 74 diamond drill holes
- $43 million in expenditures (1982 US$)
- 69,592 feet of drill core on site
  - 65,082 of historical
  - 4,510 ft of new
- 133,936 ft of percussion holes drilled
  - 124,799 ft of historical
  - 9,137 ft of new
- Current resource Canadian National Instrument (NI) 43-101 completed in 2009
World Class Deposits

- Two delineated ore bodies; North and South
- Combined current resource of 119 million lbs $\text{U}_3\text{O}_8$
  - 0.06% average grade at 0.025% cutoff
- Higher grade zones near surface
  - 0.22% zones on surface create many options for development
- Potential for resource expansion along strike, laterally and at depth
- Close to roads, rail, gas pipeline, electricity and skilled labor
S-603  Box#27: Depth 265' to 274'

Average $U_3O_8$ in this ten feet of core is 0.679% with a high of 1.72% at 271'
Current Total Resource Base: Measured and Indicated

- Resource study prepared by Behre Dolbear, PAC and Marshall Miller June 30, 2008

<table>
<thead>
<tr>
<th>Cutoff %U₃O₈</th>
<th>MM Tons</th>
<th>Average Grade %U₃O₈</th>
<th>MM Pounds %U₃O₈</th>
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<tbody>
<tr>
<td>0.100</td>
<td>7.03</td>
<td>0.216</td>
<td>30.4</td>
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<tr>
<td>0.075</td>
<td>25.4</td>
<td>0.119</td>
<td>60.4</td>
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<tr>
<td>0.025</td>
<td>98.7</td>
<td>0.060</td>
<td>119.0</td>
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- Higher grade zones provide numerous options for development
Coles Hill has a high-grade core that could allow development flexibility depending on the uranium price environment

High grade core of 0.1% (in red) surrounded by lower grade halo (0.025%)
Plan View of deposit from merged block model, 0.1 wt% $U_3O_8$ Grade Shell
World Class Deposit

Undeveloped Deposits by Size

- Aldonsky District (Russia)
- Cigar Lake (Athabasca)
- Itataia (Brazil)
- Imouraren (Niger)
- Severinskoye (Ukraine)
- Kiggavik-Sisson Schultz (NWT)
- Coles Hill (Virginia)
- Yeelirrie (Australia)
- Trekkopje (Namibia)
- Kharasan (Kazakhstan)
- Jabiluka (Australia)
- Budenovskoye (Kazakhstan)
- West Mynkuduk (Kazakhstan)
- Michelin (Labrador)
- Dornod (Mongolia)
- South Inkai (Kazakhstan)
- Valencia (Namibia)
- Kintyre (Australia)
- Valhalla/Skal (Australia)
- Skull Creek (Colorado)

High-Grade Undeveloped Deposits

<table>
<thead>
<tr>
<th>Deposit</th>
<th>Location</th>
<th>Grade % U3O8</th>
<th>Mine Method</th>
<th>Estimated Resource (mm lbs)</th>
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<tbody>
<tr>
<td>Budenovskoye</td>
<td>Kazakhstan</td>
<td>n/a</td>
<td>ISL</td>
<td>78</td>
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<tr>
<td>West Mynkuduk</td>
<td>Kazakhstan</td>
<td>n/a</td>
<td>ISL</td>
<td>68</td>
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<tr>
<td>Cigar Lake</td>
<td>Athabasca</td>
<td>20.67%</td>
<td>UG</td>
<td>226</td>
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<tr>
<td>Millenium</td>
<td>Athabasca</td>
<td>3.77%</td>
<td>OP</td>
<td>38</td>
</tr>
<tr>
<td>Shea Creek</td>
<td>Athabasca</td>
<td>2.15%</td>
<td>UG</td>
<td>28</td>
</tr>
<tr>
<td>Midwest</td>
<td>Athabasca</td>
<td>2.00%</td>
<td>OP</td>
<td>43</td>
</tr>
<tr>
<td>Jabiluka</td>
<td>Australia</td>
<td>0.52%</td>
<td>OP</td>
<td>84</td>
</tr>
<tr>
<td>Four Mile West</td>
<td>Australia</td>
<td>0.37%</td>
<td>ISL</td>
<td>32</td>
</tr>
<tr>
<td>Skull Creek</td>
<td>Colorado</td>
<td>0.30%</td>
<td>UG</td>
<td>44</td>
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<tr>
<td>Kiggavik-Sisson Schultz</td>
<td>NWT</td>
<td>0.24%</td>
<td>OP</td>
<td>148</td>
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<tr>
<td>Roca Honda</td>
<td>New Mexico</td>
<td>0.20%-0.23%</td>
<td>UG</td>
<td>32</td>
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<tr>
<td>Kintyre</td>
<td>Australia</td>
<td>0.20%-0.40%</td>
<td>OP</td>
<td>53</td>
</tr>
<tr>
<td>Coles Hill (high-grade core)</td>
<td>Virginia</td>
<td>0.22%</td>
<td>OP/UG</td>
<td>30</td>
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</tbody>
</table>

Source: Ux Consulting Company, LLC and Virginia Uranium
Virginia Energy Plan
Issued September 2007

• “There are sufficient resources to support a uranium mining industry in Pittsylvania County with enough to meet the fuel needs of Virginia's current generation” (p. 101)

• “Virginia should assess the potential value of and regulatory needs for uranium production in Pittsylvania County.” (p.169)

Virginia’s Uranium Studies

1981: Virginia General Assembly approved House Joint Resolution No. 324 Requesting Virginia Coal & Energy Commission (“CEC”) to evaluate uranium

1983: Uranium Administrative Group (“UAG”) established in SB-155 that finds that a preliminary study

“…has not identified any environmental or public health concern that could preclude uranium development in Virginia.”

1984: Recommendation by 16 of 18 (89%) UAG members “We conclude that the moratorium on uranium development can be lifted…”

2008: CEC creates uranium mining sub-committee to evaluate uranium development again

2009: CEC expected to engage National Academy of Sciences (“NAS”) for evaluation study

2011: NAS study results expected
Virginia's Nuclear Heritage

- Dominion Resource's four nuclear power plants providing 35% of Virginia's electricity supply needing about 1.6 MM lbs of U₃O₈ annually(*):
  - Surry-1 (816 MWe; built December 1972)
  - Surry-2 (815 MWe; built May 1973)
  - North Anna-1 (925 MWe; built June 1978)
  - North Anna-2 (917 MWe; built December 1980)

- New nuclear power plant for North Anna-3 proposed
  - Early site permit obtained from US NRC on 11/20/2007
  - Combined Operating License
    - Submitted 2007
    - Issuance targeted for 2011

- Strong AREVA nuclear infrastructure
  - Commercial nuclear fuel production facility
  - Engineering and services
  - Heavy equipment manufacturing partnership with Northrop Grumman

- Strong naval nuclear infrastructure
  - Babcock & Wilcox naval nuclear fuel facility
  - Northrop Grumman naval shipbuilding and maintenance facilities
  - Largest naval base in the world
    - Shipbuilding since 1767
    - Home base to five nuclear powered aircraft carriers
    - Commissioned latest aircraft carrier in 2009

(*) per 2007 Virginia Energy Plan
<table>
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<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>5-year avg</th>
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<tbody>
<tr>
<td>Total US Purchases (1)</td>
<td>56,552</td>
<td>64,102</td>
<td>65,749</td>
<td>66,539</td>
<td>50,983</td>
<td>60,785</td>
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<tr>
<td>US Mine Production (2)</td>
<td>2,200</td>
<td>2,452</td>
<td>3,045</td>
<td>4,692</td>
<td>4,541</td>
<td>3,386</td>
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<tr>
<td>% Purchases</td>
<td>4%</td>
<td>4%</td>
<td>5%</td>
<td>7%</td>
<td>9%</td>
<td>6%</td>
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**Notes**

“The potential to mine Virginia uranium is therefore strategically important and warrants careful analysis”
- Virginia Energy Plan (p.42)
Uranium Resources in Virginia
World-Class Deposit

www.VirginiaUranium.com

Fuel for America
Jobs for Southside