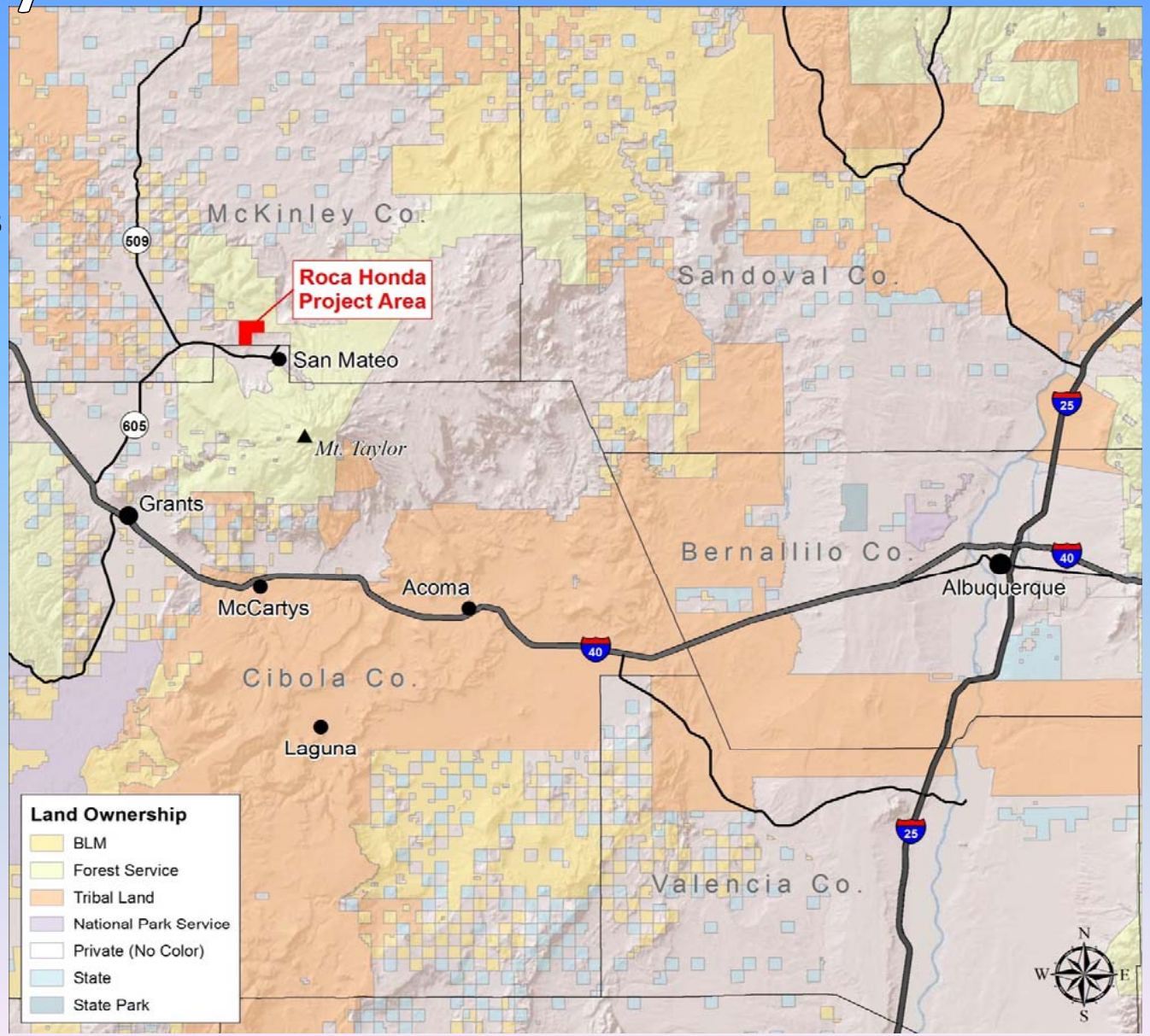
ROCA HONDA RESOURCES LLC MINE PROJECT
SECOND MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE
July 8-9, 2013
Farmington, NM

RHR
ROCA HONDA RESOURCES LLC.

A JOINT VENTURE BETWEEN SUMITOMO CORPORATION OF AMERICA AND STRATHMORE RESOURCES, US LTD.

RHR Property Location

- **Located in McKinley Co.**
- **22 Road Miles from Grants**
- **3 Miles from San Mateo**
- **9.5 Miles from Mt. Taylor**



Roca Honda Resources Project

Economic Impacts for the State of New Mexico*

The estimated employment and labor income (2012 dollars) impacts for Cibola and McKinley counties include:

Mine Construction Impacts

- 639 direct jobs with labor income of $32,800,000
- 920 total jobs with labor income of $36,000,000

Mine Operations Impacts

- 2,460 direct jobs (224 jobs per year) with labor income of $184,500,000
- 4,123 total jobs (375 jobs per year) with labor income of $241,300,000

The estimated employment and labor and income impacts in the rest of the state (31 counties) include:

Mine Construction Impacts

- 102 jobs with labor income of $4,700,000

Mine Operations Impacts

- 460 jobs (42 jobs per year) and labor income of $18,000,000

The project will generate significant tax revenue for New Mexico. In addition, royalties are paid to the state on land leased from the state. Over the life of the RH project these taxes and royalties are estimated to be:

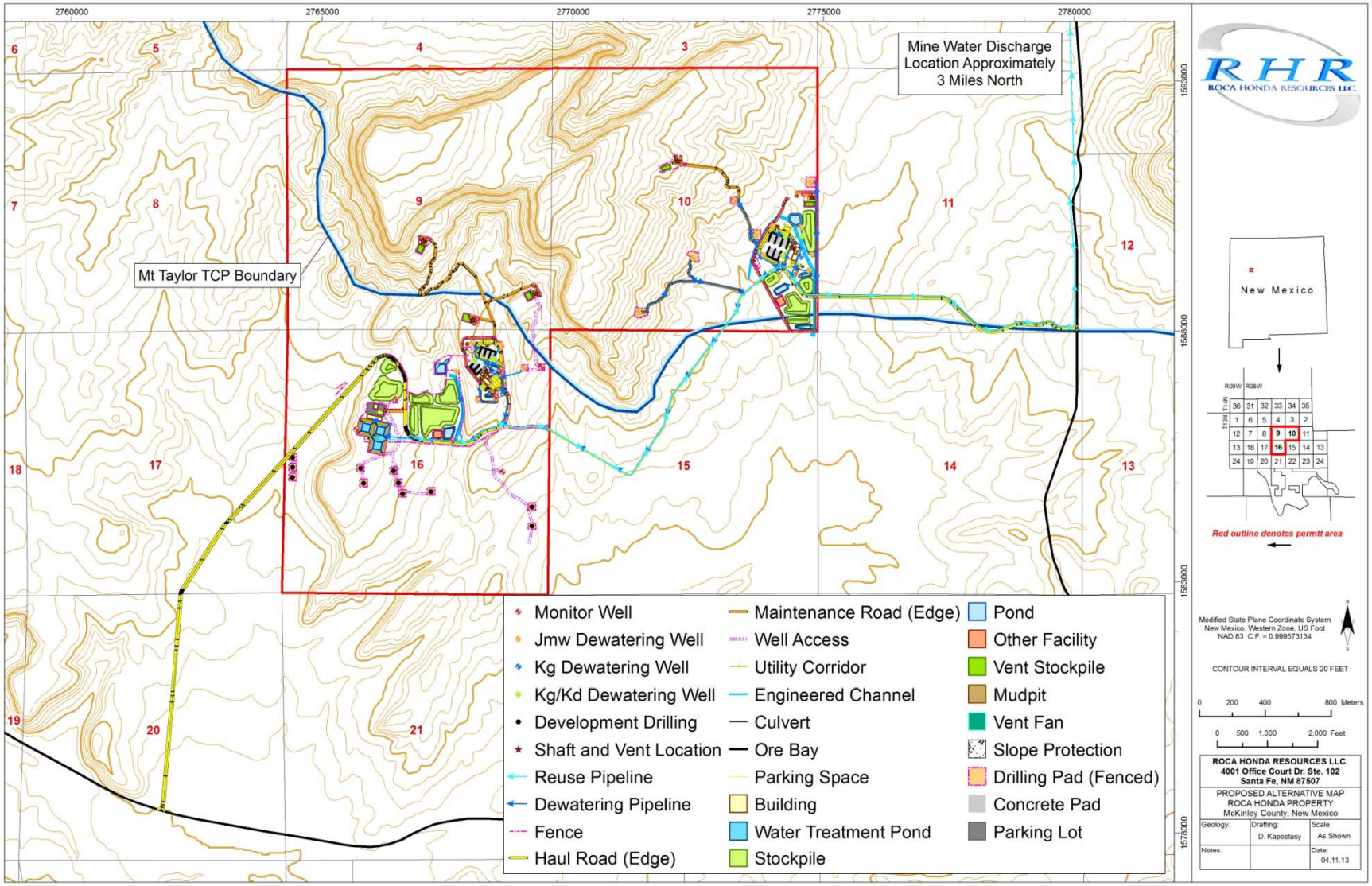
$30,500,000 in NM severance taxes
$13,100,000 in NM resource excise
$3,300,000 in NM conservation taxes
$6,500,000 in NM royalty payments
$53,400,000 in total royalty and tax payments

In addition to the production taxes and royalty payments, the labor income of workers is estimated to produce tax revenue to New Mexico as follows:

$19,700,000 in gross receipts taxes
$8,900,000 in personal income taxes
$1,900,000 in corporate income taxes
$30,500,000 in total taxes

*Information provided by New Mexico State University Arrowhead Center, November 2012

RHR Surface Facilities



Roca Honda Mine Surface Disturbance

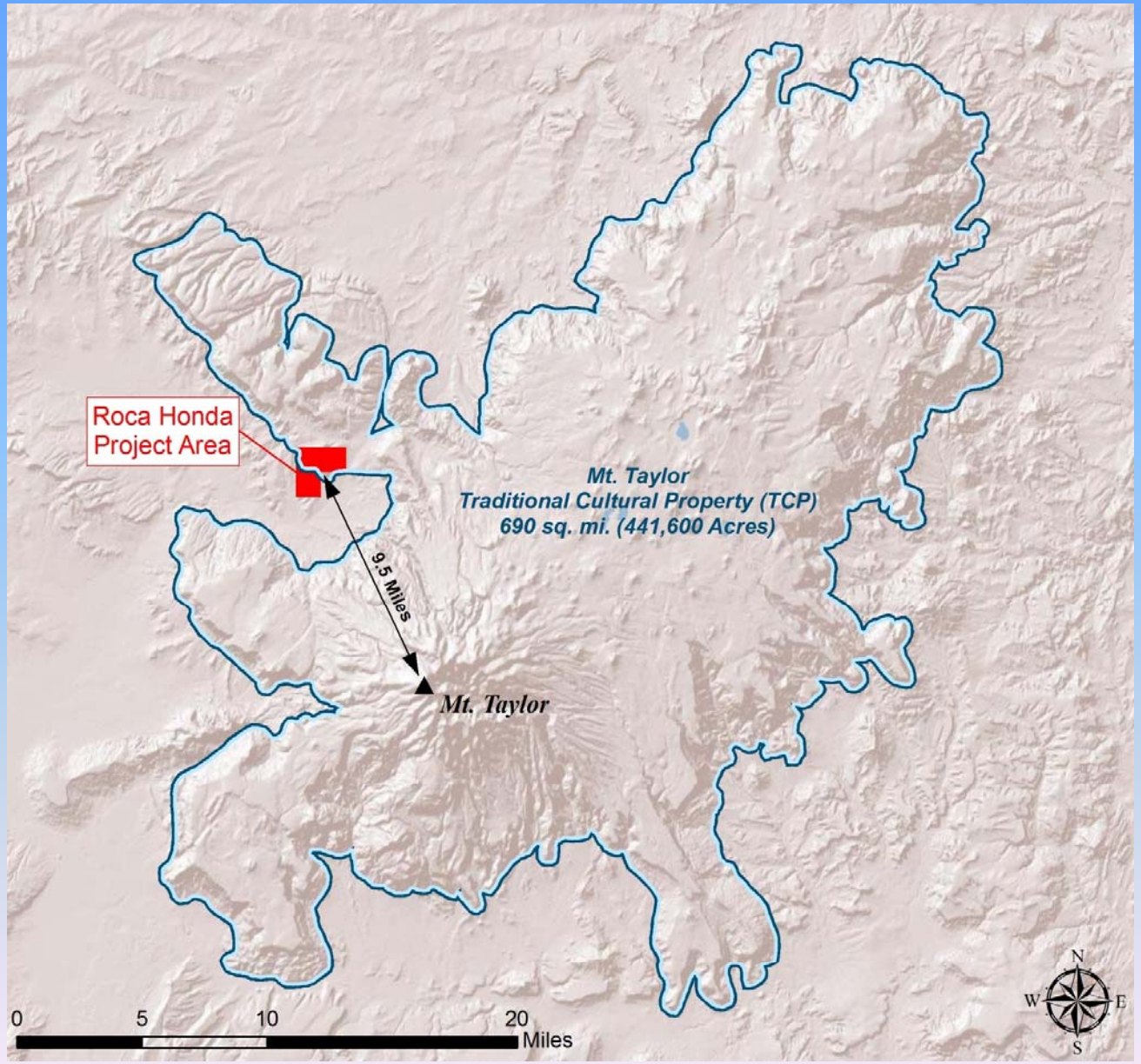
Area	Land Owner	Total Size	Surface Disturbance (in TCP)
Section 9	Forest Service	640 acres	12 acres (4)
Section 10	Forest Service	640 acres	71 acres (64)
Section 11	Forest Service	640 acres	8 acres (4)
Section 16	State	640 acres	100 acres (0)
Sec. 17, 20 & 15	Private	1,920 acres	14 acres (0)
Mt. Taylor TCP	Various	441,600 acres	72 acres

- **Total surface disturbance = 205 acres**
- **Surface disturbance within Mt. Taylor TCP**
  - **72 acres or 0.016% of the entire TCP**
- **Only 2 eligible archeological sites *might* be disturbed during construction**
- **2 ineligible archeological sites *will* be disturbed during construction**
- **Following mining, disturbed areas will be reclaimed**
  - **All buildings, structures, facilities removed**
  - **All stockpiles removed**
  - **Land graded and seeded**
  - **Returned to the pre-mining land use of grazing**

Mt. Taylor Traditional Cultural Property (TCP)

RHR Mine Proposed Action
73 Acres in the TCP Disturbed

One-Shaft Alternative
23 Acres in the TCP Disturbed



Conservation of Water

The Roca Honda Mine will only release clean water to the natural water cycle. The water will be treated on site in a water treatment plant so that the discharged water meets water quality standards specified by the US Environmental Protection Agency and the State of New Mexico. The treated water will be used to irrigate local fields and pasture. Water that is not used by plants will either enter the shallow aquifers, evaporate and return to the atmosphere, or flow downstream.

Impacts of Mine Water Removal

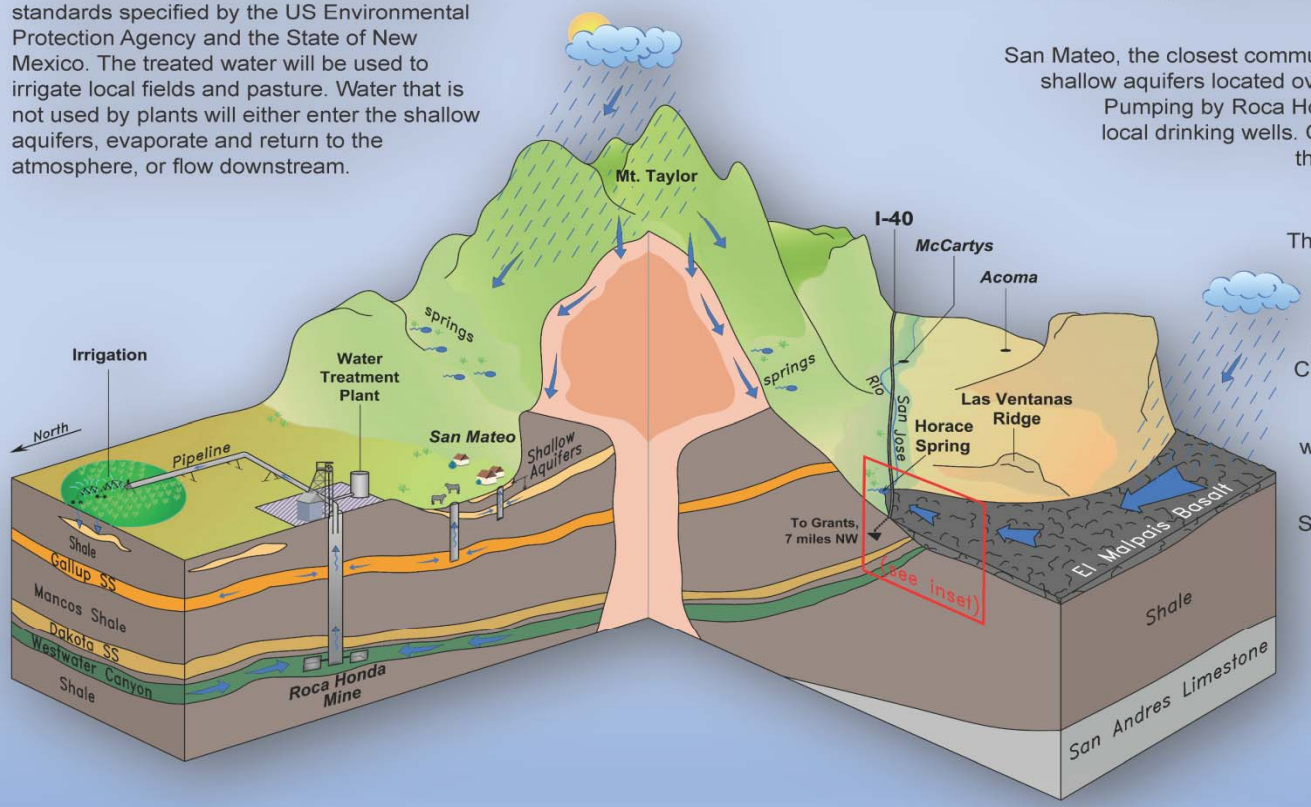
Geologic investigations, groundwater studies, and groundwater modeling demonstrate that pumping water from the deep Westwater Canyon sandstone will have little to no effect on local springs, streams, or wells, which produce water from aquifers that are located high above the Westwater Canyon.

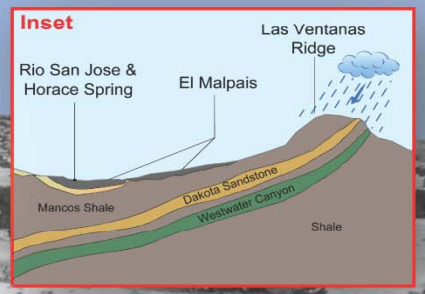
Wells

San Mateo, the closest community to the mine, pumps drinking water from shallow aquifers located over 1,500 feet above the Westwater Canyon. Pumping by Roca Honda will not impact these wells or any other local drinking wells. Only three domestic wells, further away from the mine, may be impacted by mine pumping.

Springs

The springs on Mt. Taylor flow from the porous volcanic rocks that capture rainwater and channel it to the springs. These rocks are located high above the mine and have no connection to groundwater in the Westwater Canyon. Horace Spring and the Rio San Jose obtain most of their water from streambed alluvium, and in the case of Horace Spring, water flows out of the overlying Malpais. The inset shows that the rocks of the Westwater Canyon are located 200 feet below Horace Spring and separated from it by a thick shale. Geologic studies show that there is no connection between groundwater in the Westwater Canyon and Horace Spring or the Rio San Jose.





The Roca Honda Mine

The Roca Honda Mine will be a conventional underground mine that will produce uranium ore from a sandstone called the Westwater Canyon, over 2,000 feet below ground level. The Roca Honda Mine operations will meet modern federal and state regulations designed to protect the environment, cultural resources, workers, and the public. In order for the miners to work safely underground, it will be necessary to remove water from the Westwater Canyon sandstone in the area of the mine by pumping.

Roca Honda Resources Project Statistics

Second Meeting for the Economic and Rural Development Committee

July 8-9, 2013 Farmington, NM

Project Information	
18' diameter shaft (2100' depth) with underground dual decline access.	6 ventilation raises (2 are emergency escape ways)
Construction and development period of 4 years.	Maximum of 278 mine employees (hourly + staff)
Life of mine production is approximately 9 years.	Mining method step room-and-pillar or drift-and-fill
Final reclamation approximately 2 years following production.	Simple payback occurs four years and one month (49 months) after ore production begins.
Mining rate of 1040 tons of ore per day (life of mine average). 24/7 operation with 3 shifts per day.	

Total Resource	Tons	Pounds	Grade	Comments
43-101 resource	**3,525,140**	**28,675,268**	**0.407**	Cut-off grade of 6' of 0.13% U_3O_8
Mine recoverable resource	**3,321,145**	**28,053,662**	**0.422**	
88% mining extraction	2,931,541	24,764,567		
17% dilution	500,954			
94% milling recovery		23,278,704		
Payable U_3O_8 Recovered	**3,432,495**	**23,278,704**	**0.339**	Approximately 7 pounds U_3O_8 per ton milled.

Mine Costs and Revenue	
Capital Costs & Bonding	$360,500,000
Section 9 Royalty	$4,200,000
Mine Operating Costs	$408,707,000
Gross Revenue ($75 per pound U_3O_8)	$1,745,903,000

Tentative Mine Construction and Development Schedule	
Q4 2009	NM Mine Permit Application Submitted
Q1 2013	DRAFT Environmental Impact Statement (DEIS)
Q4 2013	EIS FINAL / NM Mine Permit Approved
Q1 2014	Submit Financial Assurance (bonding)
Q4 2014	Start Shaft and Surface Facility Construction
Q4 2017	Shaft Construction Complete/Start Mine Development
Q4 2018	**First Ore Mined**

Roca Honda Resources Project Fact Sheet

Second Meeting for the Economic and Rural Development Committee

July 8-9, 2013 Farmington, NM

Strathmore Resources, (US) Ltd., Santa Fe, New Mexico office was established in April 2005. Between April 2005 and December 2012 the following has been contributed to the State of New Mexico:

- **Over $18.5 million has been spent in New Mexico.**
- **Approximately $7.6M (of $18.5M) was spent in the Grants, New Mexico area.**
- **In Excess of $1.6M in New Mexico Gross Receipt Taxes have been paid through its contractors to the state.**
- **Roca Honda Resources (RHR) has a Santa Fe payroll of over $800,000 a year.**
- **Over 45 New Mexico firms have been contracted since April 2005.**
- **RHR's mine permit was submitted October 2009 and our Environmental Impact Statement is in progress. RHR's expected construction costs are over $300 million, and we expect to employ 278. Total RHR revenue will exceed $1.7 billion.**
- **To date over $32 million has been spent on the Roca Honda Project.**