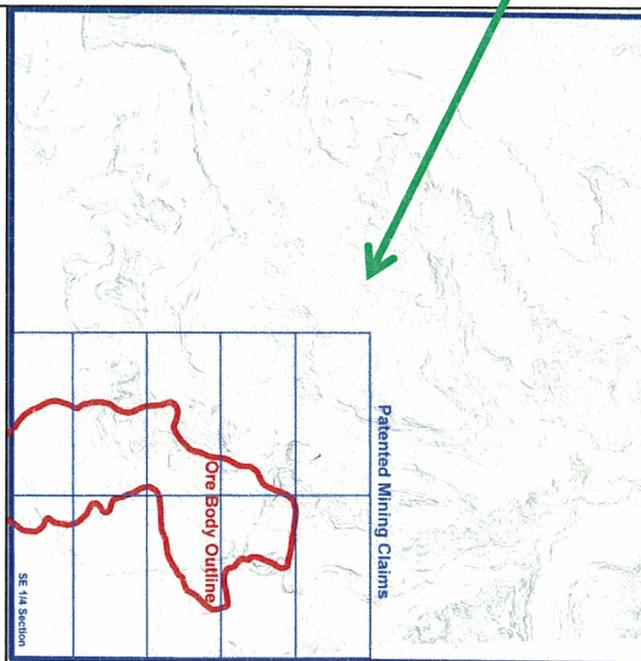
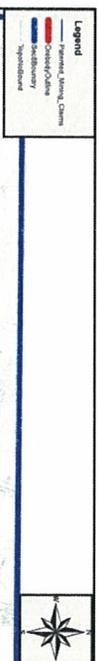
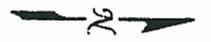
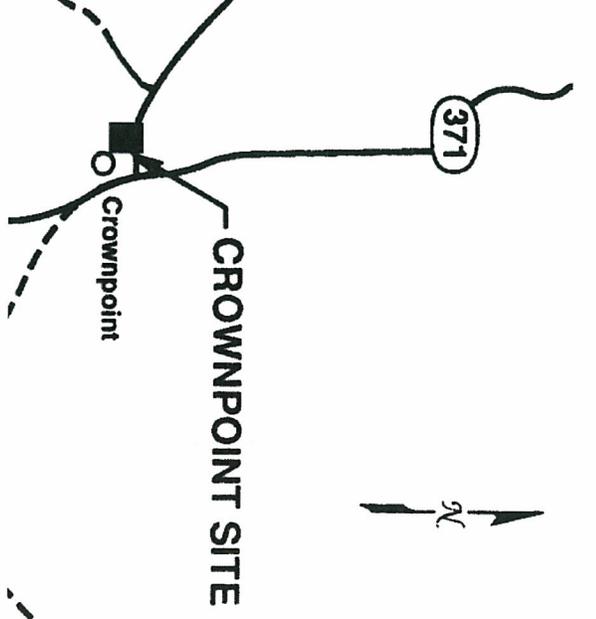
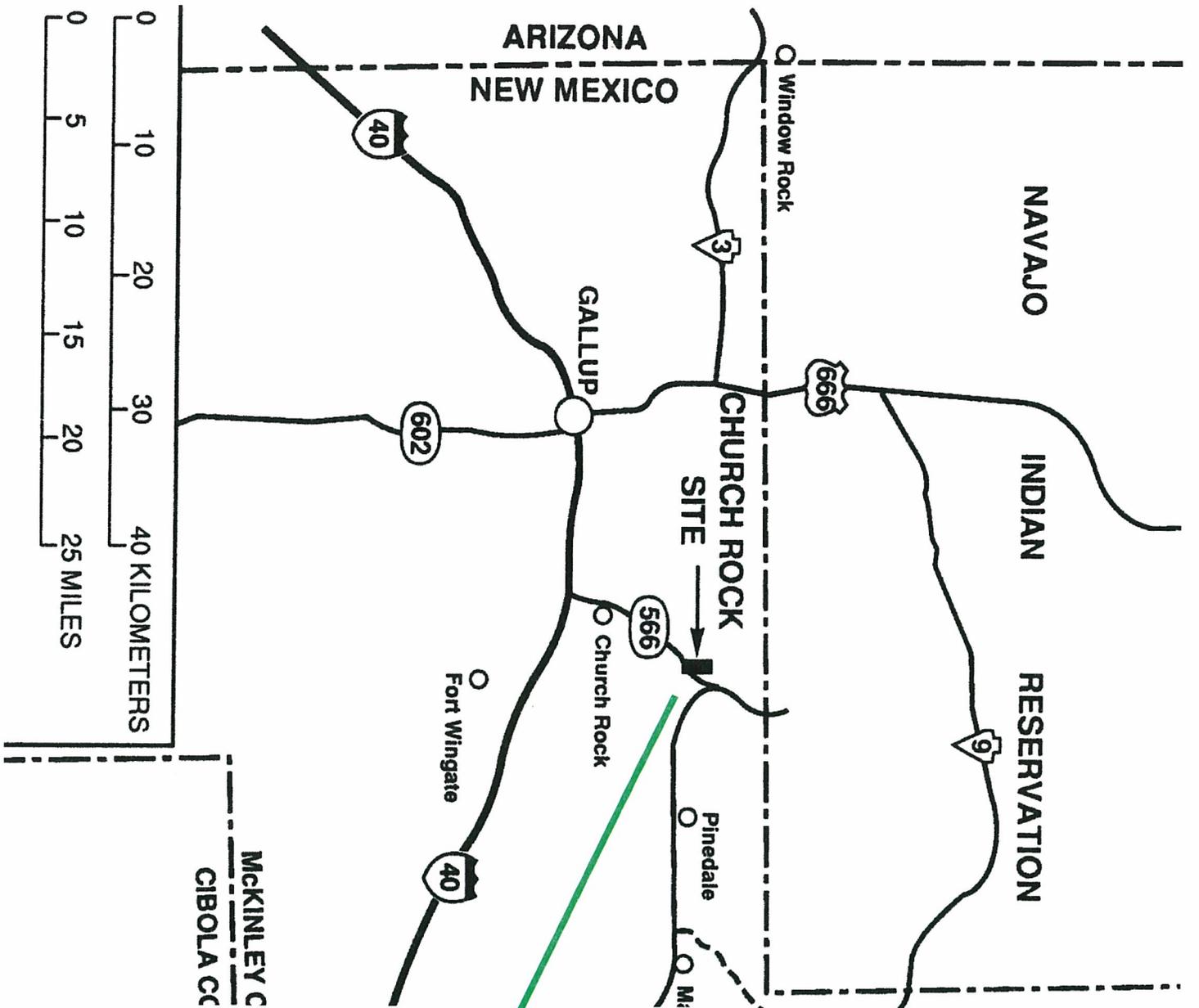




URANIUM RESOURCES, INC. SECTION 8 ISR PROJECT REGULATORY UPDATE

October 2011

Mark S. Pelizza
Sr. Vice President
Health, Safety,
Environment and
Public Affairs



URR
UNIVERSITY OF NEW MEXICO

CHURCH ROCK PROJECT

Historic Resource Outline

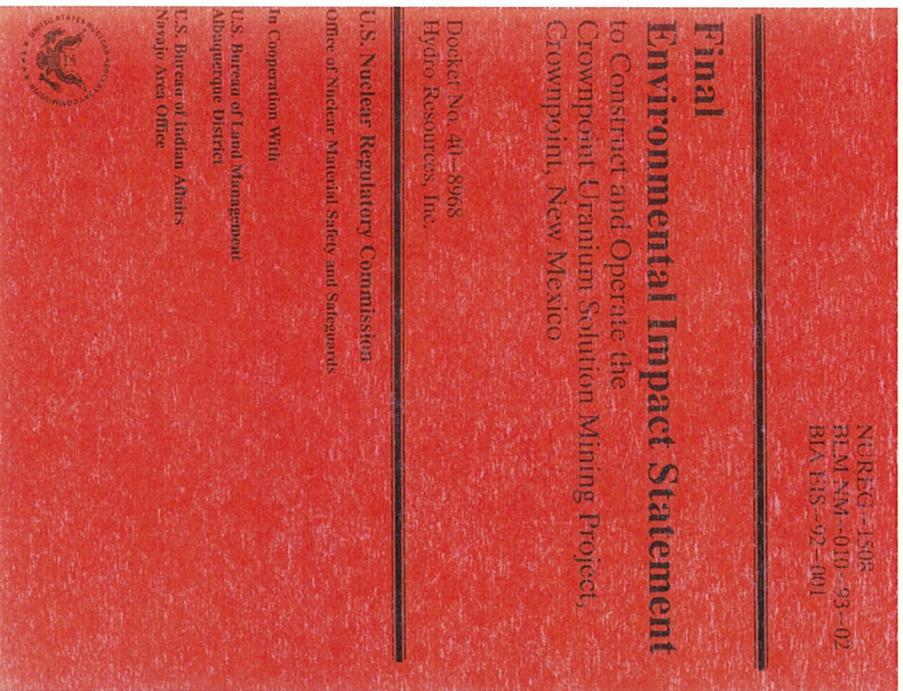
T16NR191GV Section 8

0 600 1,200 Feet

January 2011

Mckinley County, NM

CHURCHROCK/CROWNPOINT PROJECT



1989

- UIC Permit issued by NMED

1998

- NRC license issued

May 2010

- 10th Circuit upholds NRC license

June 2010

- 10th Circuit rules Section 8 is not Indian lands. UIC Permit by NMED is upheld

Dec 2010

- Supreme Court denies plaintiff's petition for rehearing on NRC license

Status

- Both UIC permit and NRC license confirmed in timely renewal status
- NRC license reactivation process underway
- UIC Permit renewal underway; Plaintiff filed complaint against NMED – URI has intervened

Capability

- Currently fully licensed to begin development of Churchrock Section 8, which has 6.5 million pounds of in-place mineralized uranium material



Expertise: In-Situ Recovery

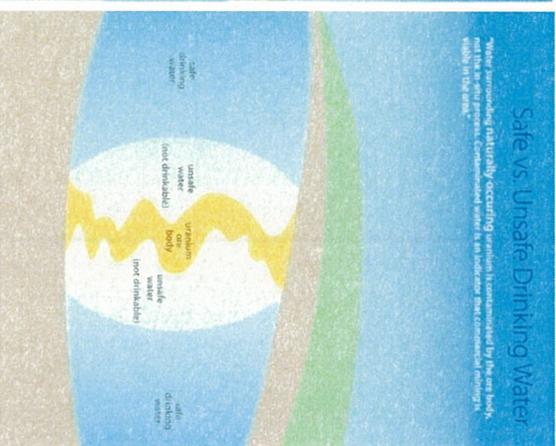
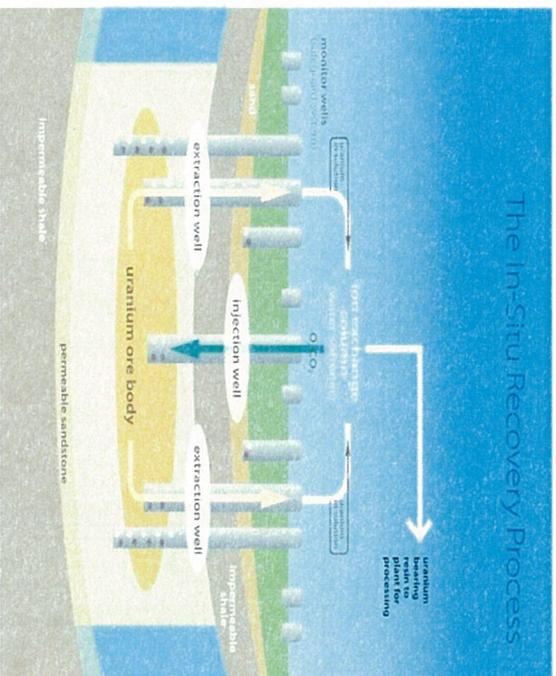
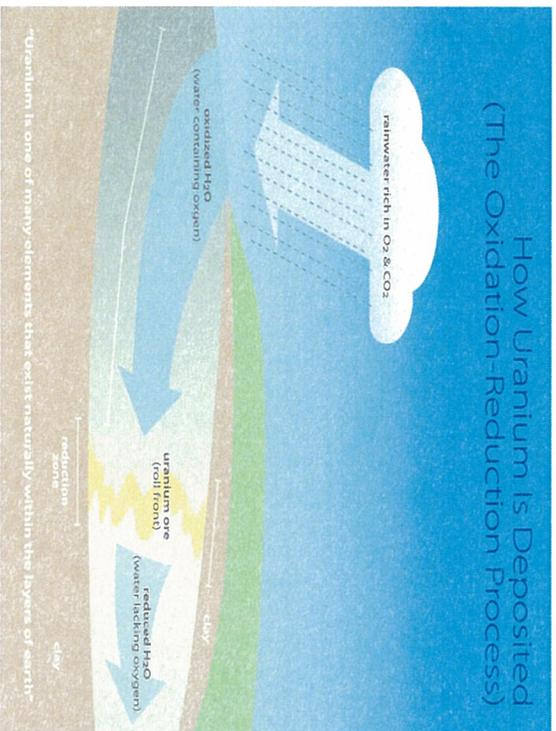
Non-invasive mining process

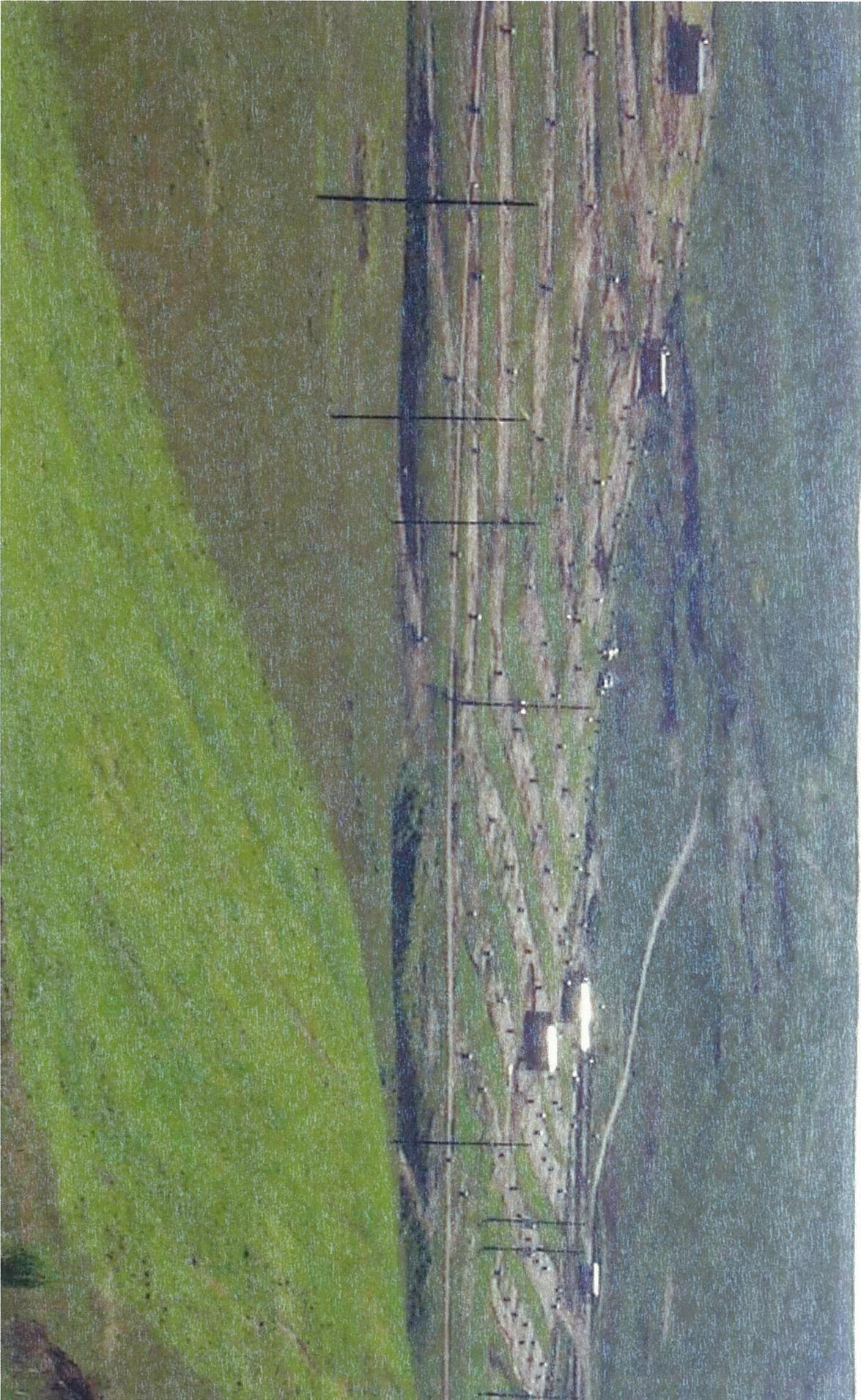
Uranium extracted by reversing the natural deposit process

Existing groundwater fortified with oxygen leaches the uranium from sands

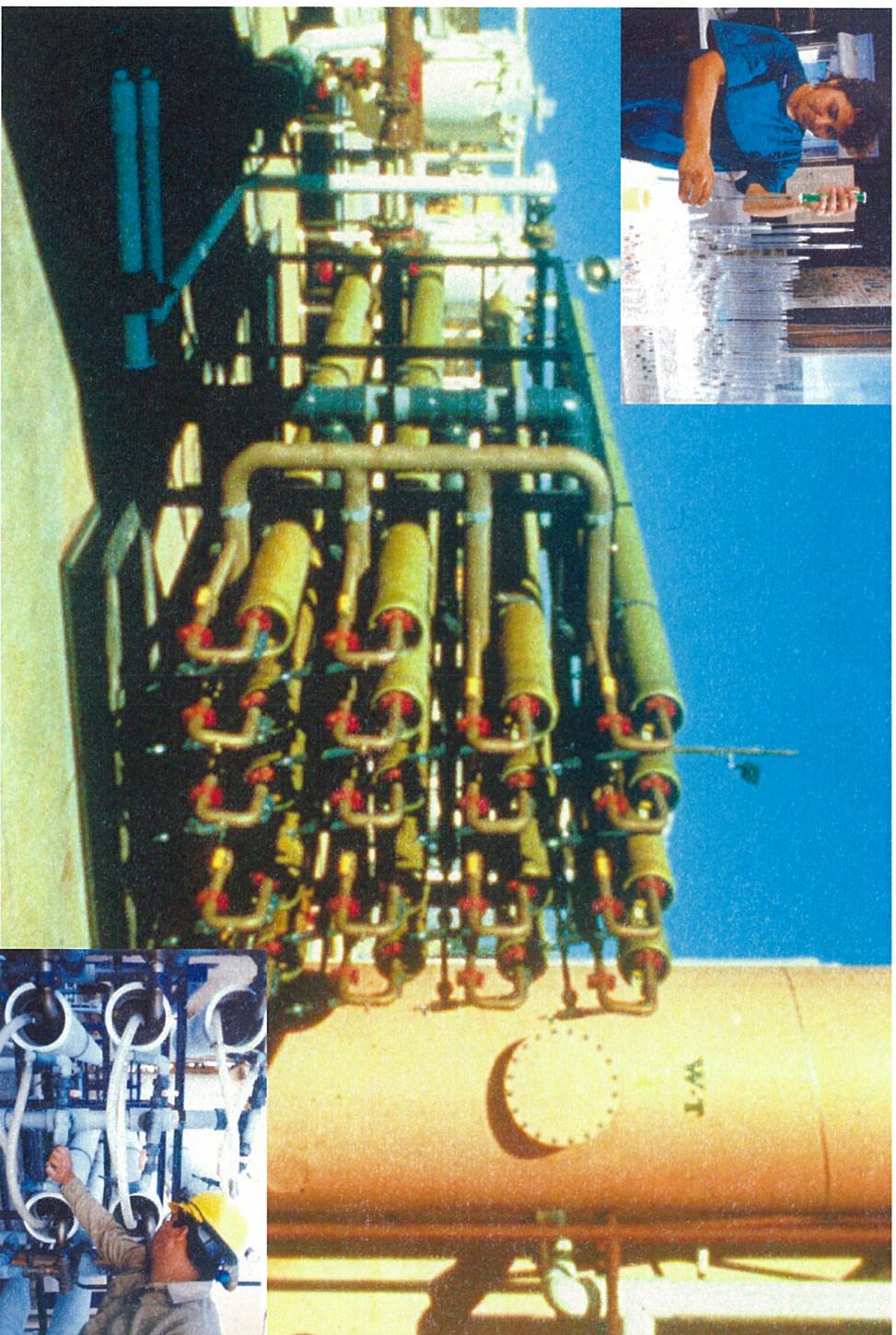
Leached solution passed over ion exchange resin (much like in a domestic water softener) to recover uranium

Groundwater restored to pre-mining state





REVERSE OSMOSIS RESTORATION



RECLAMATION BONDING



****** Before any uranium mining activity can begin at a site, state and federal regulatory agencies require that groundwater restoration and surface reclamation be fully bonded with cash or cash equivalent to pay the cost of a third party contractor to conduct and complete the activity if necessary******



COMPLETED REGULATORY REVIEWS

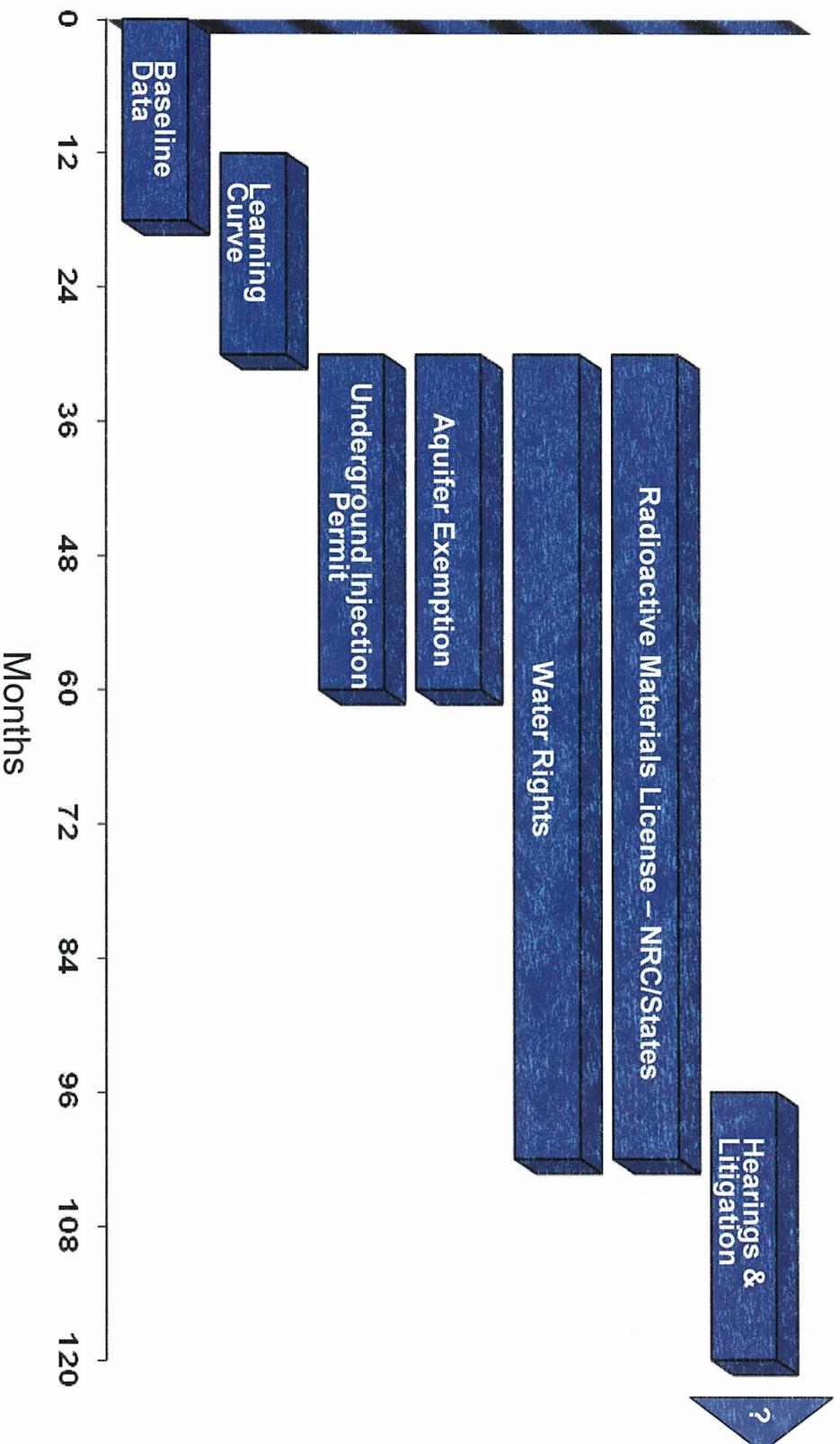


-  **U. S. Nuclear Regulatory Commission Licensing**
-  **New Mexico Environment Department Discharge Plan (UIC Permit)**
-  **U. S. Environmental Protection Agency Aquifer Exemption**
-  **State Engineer Water Rights**
-  **McKinley County Water Board**



PERMITTING & LICENSING

LONG LEAD TIMES





NRC LICENSING – 25 YEARS

- ☉ 1986: CR property purchase
- ☉ Two years of baseline data collection
- ☉ 1988: NRC Application file
- ☉ 1994: 1997 FEIS process
- ☉ 1998: License issued
- ☉ 1998-2001: Hearing Phase 1 – Sec 8
- ☉ 2005 -2006: Hearing Phase 2 - Sec. 17, Crownpoint and Unit I
- ☉ 2007-2010: 10 Circuit Court litigation
- ☉ 2010: US Supreme Court petition denied
- ☉ October 2011: NRC Reactivated the License and Timely Renewal affirmed



THE ADMINISTRATIVE LAW PANEL

Judge Robin Brett Ph.D., Harvard University (1963)

 Geologist USGS

 Director of the Earth Science Division of the National Science Foundation

 Chief of the Geochemistry Branch of the Johnson Space Center

 Awarded the Exceptional Scientific Achievement Medal in 1973

 Leadership positions on various scientific committees and panels, published

 Over 130 scientific papers and abstracts on geology, geochemistry, mineralogy, and petrology

Judge Richard F. Cole Ph.D., Univ. of North Carolina (1968)

 Teaching, administrative, and engineering positions in the US and Guatemala with the University of North Carolina, Pennsylvania State University, and the State of Pennsylvania

 Leadership positions and committee assignments with numerous professional associations

 Diplomat of the American Academy of Environmental Engineers

JURISDICTIONAL DISPUTE – 18 Years



- ⦿ EPA declined to issue this aquifer exemption claiming that Section 17 was Indian Country
- ⦿ NMED issued a ruling that it was not Indian country
- ⦿ 1995: NMED again asked EPA to extend Section 8's aquifer exemption to include the Section 17
- ⦿ EPA rejected this request and directed that HRI must obtain a federal UIC permit
- ⦿ 1992: HRI requested that NMED extend DP558 Section 17 which is split estate property where the mineral is owned in fee and the surface is held in Trust by the U.S. Government for the Navajo Nation
- ⦿ 1997: EPA determined that Section 17 was Indian country, but nevertheless treated its status as "in dispute" and that Section 8's status as Indian country was "in dispute"
- ⦿ **Litigation commenced and all state work on the renewal ceased**



JURISDICTIONAL DISPUTE – 18 Years

- ⦿ **2000: The appeal to the U.S. Court of Appeals 10th Circuit remanded the issue to EPA to determine if Section 8 is a dependent Indian community**
- ⦿ **2007: EPA determined that Section 8 was Indian Country**
- ⦿ **2008: Decision appealed to U.S. Court of Appeals 10th Circuit**
- ⦿ **2009: Court upheld EPA ruling and appeal to U.S. Court of Appeals 10th Circuit en banc**
- ⦿ **2010: Full Court ruled that Section 8 was not Indian Country, no appeal to US Supreme Court**
- ⦿ **2010: NMED acknowledged jurisdiction allowing renewal process to proceed**
- ⦿ **May 2011: 1996 Timely Renewal status affirmed**

WATER RIGHT APPROVAL – 8 YEARS



- ④ **1991: Application G-190-S was filed to transfer water from United Nuclear to HRI for in situ uranium recovery**
- ④ **1993: Application G-190-S was denied – insufficient water**
- ④ **1993: Application G-11-A filed**
- ④ **1997: Hearing process on G-11-A Application began covering Jurisdiction, Feasibility, Non-Impairment, and Conservation of Water and Public Welfare**
- ④ **1999: approval of G-11-A granted water rights to conduct the Churchrock ISR**



County Water Board Review

 **2005: The McKinley County Water Advisory Board reviewed the proposed mining operation because of public controversy regarding the safety of the water supply.**

 **After review of materials provided and investigation into the assertions made by those opposing in-situ recovery mining, the Water Board discovered no evidence that would suggest that the mining operation would impair the water supply.**