

The Coles Hill Progress



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On the Record With Walter Coles



Chairman
and CEO

As we enter our fourth year of being in business, this is a good time to review where we stand and where we are going. The independent studies we have long recommended are being conducted under the

direction of the Virginia Legislature – one by the National Academy of Sciences (NAS), the other by Chmura Economics and Analytics in Richmond. Many additional studies – in hydrology, air quality, archeology, animal and plant ecology – will be conducted by independent certified consultants as we look to the future.

Ironically, several of the individuals and groups that have fiercely opposed the work of Virginia Uranium are the same ones that are calling for additional studies.

It is difficult to take these folks seriously in light of their telling behavior at the public forum the NAS sponsored in Danville in December. When a speaker asked audience members to stand who would support the Coles Hill project if the NAS found that it could be done safely, no one from the opposition stood up.

Clearly, it doesn't matter to these irresponsible opponents what the scientists at NAS have to say. They have prejudged all this and simply

Continued on page 3

Hundreds Turn Out for NAS in Danville and Richmond



Strong Support for Coles Hill on Display

Nearly 175 members of the Southside community turned out on December 13 for the Danville National Academy of Sciences' (NAS) Town Hall meeting on uranium mining in Virginia. A similar crowd attended a second NAS Town Hall in Richmond on February 7. Uranium mining supporters demonstrated a strong showing in both crowds, wearing red, white and blue stickers emblazoned with the words "Jobs" and "Energy."

Uranium mining supporters presented compelling testimony in Danville and Richmond. Proponents of the mine offered convincing arguments favoring the opportunity for jobs and energy independence. "We urgently need to move forward with the Coles Hill uranium project if it can be done safely with sensible regulations," Pittsylvania County Supervisor Coy Harville told the NAS panel in Danville. "This region is in the grips of a plague of problems," Harville continued. "If uranium mining and milling can be done safely," he stated emphatically, "then

Continued on page 2

Virginia Beach Study Fails to Define Risks to Water Supply, New Study Commissioned

A recently released study conducted by Michael Baker Corp. for the City of Virginia Beach failed to determine any risk to the City's water supply resulting from a hypothetical breach to tailings management systems at Coles Hill in the event of a catastrophic storm. In his presentation before the National Academy of Sciences, Virginia Beach's director of public utilities admitted to the study's shortcomings by saying "this is not an iPhone...it is a Motorola Startac."

The Virginia Beach analysis did not define the likelihood of a catastrophic weather event occurring. More importantly, the study analysis stopped upstream of the Virginia Beach water supply. It did not model the water quality impacts of a storm upon Lake Gaston, stopping upstream at the Kerr Reservoir. Specifically, the study concluded "Although not directly related to water quality impacts in Norfolk, Virginia Beach, and Chesapeake water systems, Virginia Beach should cooperate

Continued on page 2

Colorado Approves Uranium Mill



On January 5, the Radiation Program of the Colorado Department of Public Health and Environment (CDPHE) announced the approval of a radioactive materials license to Energy Fuels Resources Corp for the Piñon Ridge Uranium Mill. The mill must obtain additional permits before it can become operational, including transportation and air emissions permits. Energy Fuels Resources also owns two fully permitted uranium mines near the mill site that would serve as the primary source of most of the

uranium ore. In printed reports, company executives have indicated that this license approval constituted the most significant hurdle to building the mill. If Piñon Ridge succeeds in obtaining all approvals, it will be the first new facility of its kind in the United States in 30 years.

Energy Fuels has demonstrated it can build and operate the mill in a manner that is protective of both human health and the environment.

– Steve Tarlton, CDPHE
Radiation Program Manager

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Continued from page 1

this project will be the biggest economic shot in the arm that this community and much of this region has ever seen.”

In Richmond, Joann Star was one of several citizen speakers concerned about energy independence. “In the 21st century,” Star claimed, “uranium – not oil – will be at the center of the energy chess board.” Star continued, “China could easily afford to buy the entire uranium mining industry and corner the market, as they have done with rare earth [minerals].”

At separate points during the evening in Danville, more than half of the crowd stood when residents speaking in favor of the Coles Hill project asked for those who supported the safe and environmentally responsible development of Coles Hill to stand and be recognized. Interestingly, opponents refused to stand when asked to show support for mining and milling should the NAS study indicate it could be safely conducted.

A highlight of the Richmond Town Hall was testimony from the esteemed Dr. Patrick Moore – Greenpeace co-founder, and world renowned “sensible environmentalist.”

Dr. Moore, speaking on behalf of the Virginia Energy Independence Alliance, testified to the safety of uranium mining and milling, indicating that he has “visited mining operations, including uranium mining operations, around the world – in Southeast Asia, Africa, South America, all

through North America and Europe.” “We have seen the changes that have occurred with the concept of sustainable development and ecological restoration over the past thirty years,” said Dr. Moore.

Opponents of uranium mining continued to promote fictitious claims at both Town Hall events. Jack Dunavant, of

Southside Concerned Citizens, asserted that tailings will contaminate “air and land for hundreds of miles around the mine site.” Naomi Hodge-Muse, President of the Martinsville & Henry County Sierra Club stated that uranium mining would destroy the quality of life in Virginia. “It will shut down pharmaceutical companies. It will shut down beverage companies. We will destroy a \$6.5 billion farming and agricultural [industry],” she said. Such unsubstantiated claims are unlikely to influence the highly credentialed NAS study panel.

Several speakers in both Danville and Richmond lamented the staggering amount of misinformation that has infiltrated the public discourse about uranium

mining. “I hope this scientific study will address some of the pseudoscience that has erupted in this debate,” said Pittsylvania County public school science teacher Larry Aaron in Danville. “I believe the science will lead us in the right direction, whatever direction that is,” he concluded.



“URANIUM MINING IS CARRIED OUT SAFELY IN MANY COUNTRIES AROUND THE WORLD.”

PATRICK MOORE,
CO-FOUNDER, GREENPEACE

Virginia Beach Study Fails to Define Risks to Water Supply

Continued from page 1

with upstream interests that may want to use the model and data to better understand the environmental and water quality impacts above Kerr Dam.”

The Virginia Beach City Council voted in February to fund a subsequent study to model the impacts to Lake Gaston. VUI

Project Manager Patrick Wales has stated that the risk to Virginia Beach’s water supply is minimal if not nonexistent, pointing out that a Nuclear Regulatory Commission license would require any tailings management system to be secure for 1,000 years.

What Others Are Saying... About Investing in Uranium

"WITH THE MINE SUPPLY GAP AND CHINA'S EVER INCREASING PLANS FOR CAPACITY BUILD-OUT, WE BELIEVE THAT INVESTORS CANNOT AFFORD TO MISS THIS." *CIBC World Markets analyst Ian Parkinson*

"MEETING AN 80 PERCENT CLEAN ENERGY GOAL BY 2035 IS AMBITIOUS; HOWEVER, IF CURRENT AND SUCCESSIVE ADMINISTRATIONS BECOME INCREASINGLY INVOLVED IN WORKING WITH A COOPERATIVE CONGRESS IN BIPARTISAN DISCIPLINE, A NATIONAL ENERGY POLICY COULD MEAN EXCELLENT POTENTIAL RETURNS FOR URANIUM INDUSTRY STAKEHOLDERS AND INVESTORS."

Dave Brown, Uranium Investing News

"IF YOU TAKE A LOOK AT THE TRENDLINES OF THE NUMBER OF REACTORS THAT ARE IN OPERATION AND THAT ARE BEING PLANNED, BUILT AND PROPOSED, THIS CONTINUES TO RISE MONTH AFTER MONTH WITHOUT EXCEPTION." *David Talbot of Toronto, Ontario-based Dundee Securities*

"SUFFICE IT TO SAY THAT A SLATE OF NEW NUCLEAR PLANTS MEANS A ROBUST DEMAND FOR URANIUM FOR YEARS TO COME. THERE ARE FEW COMMODITIES POSITIONED AS WELL FOR THE NEXT SEVERAL YEARS." *Robert Mitchell, a general partner at Portal Capital*

On the Record With Walter Coles

Continued from page 1

want to frustrate and delay the process. They substitute speculation for science, obscure facts with fear, and try to confound and delay at every turn. The common reference to "paralysis by analysis" is apt, because that is indeed the tactic. Under this familiar approach, the object of additional studies is not the pursuit of truth but the passage of time.

From the start, we have maintained an orderly course aimed at doing what's best for the community as well as the company. Developed properly, the Coles Hill uranium deposit is one of the richest and most accessible in the world. With nuclear power now widely in demand globally and increasingly in the US as a sustainable energy source, the Coles Hill deposit presents an enormous opportunity to create jobs and economic growth in Southside Virginia while helping America become more energy independent.

The Virginia Coal and Energy Commission, on behalf of the Virginia Legislature, is the sole official entity comprehensively and impartially examining the uranium mining issue. Depending upon the findings by these authoritative independent studies, the General Assembly may consider in 2012 whether to remove the current statutory moratorium and allow an appropriate regulatory program for the mining of uranium. Such an action will only

begin the lengthy process of determining whether to allow uranium mining and milling at Coles Hill. Once a state regulatory program is established, both federal and state permits would be required.

But even at that point, uranium mining and milling could occur only after extensive regulatory processes conclude and only if permits are issued as a result of those proceedings. It will be a painstaking process with opportunities for careful analysis and public comment at every juncture. This is the thorough, science and fact-based method by which important economic and environmental issues are addressed every day in America consistent with primary concern for the health and safety of all citizens.

Unless impartial studies suggest there is no safe and healthy way to mine uranium in Virginia, the General Assembly would be unwise to further delay putting in place the extensive regulatory safeguards and processes that, in tandem with federal protections, will ensure the health and safety of Virginians. Those safeguards will enable the Commonwealth to properly determine and develop the benefits of the Coles Hill uranium deposit for job creation, economic growth, energy independence and national security.

VUI Visits Texas Uranium Producer

Three members of the Virginia Uranium team met with officers of Uranium Energy Corporation (UEC) late last year to observe the uranium production facilities at UEC's Palangana project in South Texas. Using In-Situ recovery (ISR) methods, the project is the first new ISR mining enterprise to produce uranium in the United States in five years.

"Seeing world-class operations at work is essential for our company as we consider the best strategies for developing the Coles Hill project," said Walter Coles, Jr., executive vice president of the company. "While ISR is not an option for us, the careful implementation of the latest technology in environmental issues, as well as in processing, is essential to our company as we move forward."

While in South Texas, the VUI team, including Walter Coles, Walter Coles, Jr., and Henry Hurt, also visited the reclaimed Panna Maria uranium mining site that was active in the late 80s and early 90s. "It was gratifying to see the successful reclamation of the whole area," said Walter Coles, VUI Chairman. "We are confident that we will be able to achieve the same ultimate results with the Coles Hill project."

Members of the VUI team have in the past visited mining operations at various sites in the United States as well as in Canada and France.

