



October 01, 2014

David R. Otori
Senior Reclamation Specialist Mining
and Minerals Division
New Mexico Energy, Minerals, & Natural Resources Dept.
1220 So. St. Francis Drive
Santa Fe, NM 87505

Subject: Renewal Application for Mine Standby Status

Mr. Otori:

Please find enclosed the Application for Renewal of Standby for the Mt. Taylor Mine.
Included in this package are:

- Six paper copies of the Final Renewal Application for Mine Standby Status for Mt. Taylor Mine with the economic viability analysis and the public notice text in both English and Spanish,
- One copy of "News Articles Relevant to Economic Viability of the Mt Taylor Mine Owned by Rio Grande Resources"
- A check for \$5000 for the fee required under 19.10.5 NMAC.

The Evidence of Required Public Notification will be sent to MMD electronically within the next few days.

An electronic copy of the Application for Renewal of Standby for the Mt. Taylor Mine for MMD use and distribution to the website has been sent by e-mail attachment.

If you have any questions, please call 505-287-7971. Thank you for your assistance in preparation of this application.

Respectfully submitted,
Rio Grande Resources Corporation



J.C. Lister
Mine Manager

Enclosures:

- Six copies of permit application for distribution
- News Articles Relevant to Economic Viability of the Mt Taylor Mine Owned by Rio Grande Resources
- Check for \$5000

APPLICATION FOR RENEWAL OF STANDBY

MINE PERMIT C 1002RE

MT. TAYLOR MINE

SAN MATEO, NEW MEXICO



OCTOBER 12, 2014

Rio Grande Resources Corporation (RGR) is hereby making application to renew Standby status of Permit No. C 1002RE for the Mt. Taylor Mine, according to the conditions of Permit Revision 98-1 dated December 18, 1998 and for compliance with 19.10.7.701 I and 19.10.5.505 NMAC of the New Mexico Mining Act Rules.

The Mt. Taylor Mine is located near San Mateo, New Mexico in the East 1/2 of Section 24, Township 13 N, Range 8 W. The site is accessible from State Highway 605 to Milan, New Mexico 22 miles from Exit 79 on highway I-40. The mine is located approximately one mile northeast of San Mateo.

HISTORY OF MT TAYLOR MINE PERMIT AND STANDBY STATUS

The Mt. Taylor Mine was put on inactive status by the prior owners, Chevron Resources Corporation, in January 1990 due to low uranium market prices. Rio Grande Resources Corporation acquired the mine property in 1991, and maintained the mine in inactive status in anticipation of more favorable market conditions.

RGR owns both the land surface and the minerals of the entire permit area. Of the 4006.7 acres included in the permit area, the mine surface facilities are located on 285.6 acres, of which approximately 148 acres are disturbed land and the remaining 137.9 acres are undisturbed.

RGR submitted its application for an Existing Mine Permit in December 1994. The Mining and Minerals Division (MMD) approved the Mt. Taylor Mine Permit No. C 1002RE as an existing mining operation on July 28, 1995. On December 18, 1998 the MMD approved the closeout plan and financial assurance for the mine.

Section 19.10.7.701.1 I NMAC states that Standby Status can be granted for a maximum term of five years; the Director may renew the standby status for no more than three additional five-year terms. RGR submitted the first application for standby status of the Mt. Taylor Mine on March 25, 1999. MMD approved standby status on October 7, 1999 under permit revision 99-1, for a term that ended on October 7, 2004. RGR applied for a five-year renewal of standby status on September 24, 2004; MMD approved this first renewal of standby status on July 27, 2005, under permit revision 04-1, for a term that ended on July 5, 2010. RGR submitted its application for a second five-year renewal of mine standby status on June 16, 2010. The second renewal of standby status was approved on January 30, 2012, but the term of this renewal ends on October 12, 2014 per Condition Y of the Director's order. In Condition BB of that order, the Director required RGR to submit an updated reclamation (closeout) plan and associated cost estimate by July 30, 2012; RGR submitted the updated closeout plan and cost estimate in July 2012 with revisions in December 2013.

REQUESTED TERM OF STANDBY (19.10.7.701.B(1) NMAC)

Some improvement in uranium price has occurred since RGR acquired the mine, including a price spike in 2007. Recently, the spot market price of uranium has increased from its low of \$28 per pound to \$34 per pound on 9/15/2014. RGR expects that the uranium market will continue slow but steady

improvement over the next few years. In anticipation of that market improvement, RGR is planning to return the mine to operating (active) status.

All of the Mine Units listed in the 98-1 Revision are expected to remain on standby for the following five years or until RGR's application to return the mine to active (operating) status has been approved, whichever comes first.

RGR intends to bring the mine back into operation, as shown by its **APPLICATION FOR REVISION OF MINE PERMIT #C1002RE FROM STANDBY TO ACTIVE STATUS, April 2003, Rev.1 November 2013**. The application for revision of the mine permit to active status is in technical review by MMD and is expected to then go through the public participation process in accordance with 19.10.9 NMAC. This application for standby renewal is being submitted only because approval of revision to active status is not expected to occur before the term of the current standby period expires on October 12, 2014.

MINE SITE UNITS ON STANDBY

Mine Unit

The Mine Unit consists of all subsurface components of the Mt. Taylor Mine, including shafts and underground workings. The underground mine workings, including all drifts, stopes, and haulageways and other openings for ore extraction are shown on Figure II of the Site Assessment, submitted in 1994. These underground workings follow the ore body at depths of 3100-3200 feet below ground surface.

The Mt. Taylor Mine has two shafts, the main production or haulage shaft (24-foot shaft) and a manway/ ventilation shaft (14-foot shaft). In addition, two 10 ¾ -inch I.D. utility conduits extend from ground surface to mine level. The shafts and conduits penetrate all the geologic units and aquifers down to the ore level in the Westwater Member of the Morrison Formation.

When the mine was placed on standby, the hoisting equipment was made inactive. Therefore, during standby there is no access to the mine unit facilities below ground surface, and no maintenance is performed. The shafts and other above-ground facilities are maintained by mine staff.

The ore consists of uranium oxide minerals in a sandstone matrix. There is no acid generation or other toxic drainage potential (19.10.7.701 B(2) NMAC) from the mine during standby.

Mine Dewatering and Mine Water Treatment Unit

These mine facilities include deep wells for removing water from the mine, a Mine Water Treatment Unit (MWTU) covering 28 acres, and a 4.3-mile treated water discharge pipeline. When the mine is operating, these facilities are used to pump, treat, and discharge up to 7,200,000 gallons per day. However, during mine standby, no mine water is being discharged, and these facilities are not in operation.

During initial mine operations, water was pumped from up to 22 deep wells to dewater the mine. These wells are located concentrically around the shafts, as shown in the Closeout/ Closure Plan (CCP) on

Figure 1-2 and Table 2.3. In addition, two deep monitoring wells (SM in Table 2.3) near the production shaft were installed for pre-mining pumping tests and to measure water levels in and below the mine horizon. During standby, only well #2a is operated to supply water for standby operations. This water meets the human health standards in 20.6.2.3103 A NMAC without treatment. No maintenance is performed on the other wells.

During operations, mine water is treated in the MWTU then pumped through a 4.3-mile long, 24-inch pipeline and discharged to San Lucas Canyon at Outfall 001 under authority of NPDES Permit (# NM0028100). The pipe consists of 1/4-3/8 inch thickness steel sections welded in the field. This pipeline is not in operation during standby, and no maintenance is performed.

The MWTU covers 28 acres of land surface within the Mine Permit boundary. The MWTU includes eight hypalon or clay-lined treatment ponds with a total storage capacity of 62.3 acre-feet (20.3 million gallons), the sediment dewatering area just east of Pond #1 referred to as Area A, and water treatment equipment and buildings within these 28 acres. Table 2.4 of the CCP lists the physical dimensions and radium concentrations of the MWTU ponds. The ponds are below-grade basins excavated into native soil and rock. Pond #2 currently serves as a retention pond for runoff from the mine service and support area and holds a few inches to a few feet of water for evaporation; otherwise, the ponds are not in use and contain no standing water. Other than pond #2, no maintenance is performed on the MWTU ponds during standby.

The ion exchange (IX) plant, flocculant treatment facility, and barium chloride treatment facility contain the active treatment components of the MWTU. At the time of this submittal, during Standby status of the Mine Permit, each of these facilities is idle. Chemicals were removed from these facilities in 1990. RGR performs routine maintenance of these facilities.

Runoff and erosional control is managed by mine staff to meet the requirements of NPDES Permit # NMR05GB27.

Service and Support Facilities Unit

Service and support facilities include all surface functions other than mine water treatment and mine waste rock disposal. The location and identification of these facilities are shown on Figure 1-2 of the CCP. These facilities occupy an area of 93 acres.

Service facilities are those units at ground surface that support the overall mine operation but do not provide direct support of underground operations, and that will be either removed from the site or converted to post-mining use after closeout. These facilities include the guard house, fire equipment building, service building, electrical substation, car shop, carpenter shop, electrical building, waste treatment building, storage building, core storage building, water tanks, fuel storage tanks, fan shop, septic tank, and leach field. These facilities are used routinely during standby and are maintained in operating condition by the mine staff.

Support facilities consist of those facilities at ground surface that have a direct function in underground mining operations and that will be either removed from the site or converted to post-mining use after closeout. These units supply air for ventilation; pumping of water from the underground space; cooling

and heating of underground air; and hoisting of personnel, materials and ore to and from the underground mining levels. The present mine support facilities include the compressor buildings, York chiller, cooling tower, pump building, shaft heating building, hoist house, headframes, and exhaust fans. These facilities are not used during standby and are maintained in serviceable condition by the mine staff.

An electrical substation is located at the north side of the service and support facilities area. This substation is not part of the mine permit and is owned and maintained by the Continental Divide Electrical Cooperative and Public Service of New Mexico.

Ore Stockpile

The ore stockpile presently covers 6.8 acres and contains approximately 60,000 tons of low-grade ore. To protect against erosion or leaching of contaminants from the ore stockpile, the entire surface of the ore is covered with approximately two feet of native soil that is supporting well-established volunteer vegetation consisting mostly of grasses. Mine staff routinely inspects the stockpile for any cover breaches or liquid releases. Runoff from the stockpile is retained in the north storm water pond for evaporation (CCP, Drawing MT12-CL-04 and MT12-CL-07).

Waste Pile

The waste pile occupies 11.5 acres in the southwest corner of the surface facility area. Upon resumption of mining operations, waste rock will be placed on this pile until it reaches the maximum build-out configuration. The waste pile contains waste rock, mined during mine development and production, from non-ore bearing formations or below-ore-grade rock in the mine. The mound of material at the southwest corner is primarily shaft muck excavated from strata above mine level, making its radionuclide content essentially background level.

The waste pile also contains a variety of non-rock waste from the mine such as rock bolts, timbers, and other hardware. These materials occur randomly throughout the pile. Waste rock removed from underground mines typically includes non-rock materials that are hoisted with the rock and remain mixed with the rock when placed in the waste pile. This mixture has been in place for up to 34 years with no evidence of settlement, leaching, or instability. Recent radiological surveys (CCP, Drawing MT12-CL-3a) indicate that sediments eroded from the pile slopes have been successfully diverted to and retained in the south storm water pond.

Analyses were performed previously to determine the structural stability (resistance to mass movement) of the pile upon ultimate buildout, the largest size that the pile could have. This condition would include slopes that are higher than those that exist now. The results of these analyses, documented in Appendix B of the CCP, show that the minimum factors of safety are 2.42 under static load conditions and 1.61 under pseudostatic (earthquake) load conditions. These values are well above the minimums necessary (1.00) to ensure stability.

Storm Water Retention Ponds

Two storm water retention ponds capture and retain runoff from areas of the mine surface that contain ore or waste rock. The north pond, 0.9 acres and located between the ore stockpile and the mine water

treatment area, retains runoff from the ore stockpile and holds it until it evaporates. The south storm water retention pond, 1.45 acres, retains storm water from the waste pile and a portion of the service and support facilities area. Presently, Pond #2 in the mine water treatment unit receives most of the runoff from the service and support unit area through a system of subgrade drainage pipes. Storm water diversion and retention structures are maintained by the mine staff.

Access Road

The maintained gravel road, NM 334, is a public road and right-of-way, totaling approximately 4.7 acres, maintained for the State of New Mexico by Cibola County, that provides access to the west edge of the Cibola National Forest; it is not part of the mine permit area.

COMPLIANCE WITH STANDBY STANDARDS OF 19.10.7.701 B NMAC

(1) identify the projected term of standby status;

The projected term of standby will be October 13, 2014 to October 12, 2019 or until approval of RGR's application for revision of the mine permit to active (operating) status, whichever comes first.

(2) describe the measures to be taken to reduce, to the extent practicable, the formation of acid and other toxic drainage and to prevent releases that cause federal or state environmental standards to be exceeded;

No acid generating materials or minerals occur in the ore, waste rock, or pond sediments. MWTU pond sediments contain barium sulfate and flocculant as well as low concentrations of uranium and radium. No acid and/or other toxic chemicals are produced or used even when the mine is operating. MWTU ponds are below grade and protected from surface water runoff by graded berms, and direct precipitation is evaporated. Storm water, containing low levels of radioactive contaminants, is managed with (1) run-off diversion ditches and (2) underground network of 24 inch culverts which discharges into storm water retention ponds for evaporation without detectable releases of these contaminants.

Releases of oil and gasoline are prevented by curbed concrete berms or constructed metal tanks beneath the storage tanks. Used oil is collected and transported to Milan, New Mexico to be recycled.

(3) describe how applicable federal and state environmental standards and regulations will be met during the duration of standby status and provide to the Director a written determination from the Secretary of the Environment Department stating that the permittee has demonstrated that the operation will be expected to achieve compliance with all applicable air, water quality and other environmental standards of the Environment Department during standby status if carried out as described;

Applicable Federal and State environmental standards and regulations will be met during the duration of standby status by complying with Discharge Permit DP-61 and Federal Permits NPDES NM 0028100 and NPDES Storm Water Permit NMR05GB27. The NMED Secretary's letter dated May 27, 2011 states that RGR will "...be expected to achieve compliance with all applicable air, water quality and other

environmental standards if carried out as described in the NMMA permit application for standby status and all applicable state and federal air, water quality and other environmental permits..”

The mine area has not been further disturbed since the 1998 mine permit or the NMED May 2011 letter was issued. All conditions described in the permit and in subsequent standby applications were deemed by NMED to be satisfactorily addressed then and have not changed since.

(4) describe how waste and storage units, leach piles, impoundments and pits will be stabilized during the duration of standby status;

The mine waste pile has remained stable in its present configuration since the start of standby in 1990, as shown in the stability analysis described above. Volunteer vegetation and top surface grading have minimized pile slope erosion, and no repairs have been required during the standby period. Routine maintenance by mine staff will maintain pile stability.

The MWTU impoundments remain dry except for pond #2, which receives runoff diverted from the service and support area. Pond #2 is a below-grade basin for which stability is not an issue.

(5) describe how the applicable requirements of the Act and 19.10 NMAC will be met during the term of the standby status for the operations proposed for standby status.

RGR will continue to comply with the conditions and provisions of the Mine Permit, provisions and conditions of the Permit Revision 98-1, and the updated (Rev. 1 2013) Closeout/ Closure Plan and will remain in compliance with NMAC 19.10. Part 7 of the New Mexico Mining Rules. The mine area has not been further disturbed since the 1998 mine permit was issued. All conditions described in that permit and in subsequent standby applications were deemed by MMD to be satisfactorily addressed then and have not changed since.

(6) provide an analysis of the anticipated future economic viability of the units proposed for standby status.

In the Mt. Taylor Mine ore bodies, RGR has the largest uranium deposit in the United States, which is well over 100,000,000 pounds of U₃O₈. The current market price does not permit a viable mining operation now, primarily because of the emotional post-Fukushima retreat from nuclear power in Japan and Europe as well as federal government sales of uranium into the market. As the fear subsides and is replaced by more rational thinking as the minimal radiological impact is acknowledged, uranium prices are beginning to recover (spot market price of uranium on September 15, 2014 was \$34.00, up \$6 from the low of \$28 earlier in 2014). Additionally, in the future the demand for clean nuclear power generating plants will increase as low-cost coal reserves are depleted, coal emissions are further limited, and demand for base-load electric power increases. These conditions as well as the existing mine facilities and the high grade ore reserves of the Mt. Taylor Mine will increase the value of the mine and lead to resumption of operations in the relatively near future.

An updated analysis of future economic viability is contained in Attachment A.

PUBLIC NOTICE (19.10.7.701 C and 19.10.9.901-903 NMAC)

A public notice, complying with 19.10.9.901-902 NMAC, has been distributed according to the requirements of 19.10.9.903 NMAC. Copies of the notice in English and Spanish are included in Attachment B, along with proof of distribution in Attachment C.

APPLICATION FEE (19.10.7.701 F NMAC)

Payment of the application fee of \$5000 is attached to this application.

CLOSEOUT PLAN

The closeout plan (CCP), entitled **MT. TAYLOR MINE CLOSEOUT/ CLOSURE PLAN, July 2012, Revision 1, December 2013**, with errata and addenda through April 2014 has been submitted and reviewed by MMD and other state agencies. This CCP represents reclamation plans for current conditions of the Mt Taylor Mine. Approval of the CCP is pending.

ATTACHMENTS

ATTACHMENT A FUTURE ECONOMIC VIABILITY ANALYSIS OF MINE OPERATIONS

ATTACHMENT B PUBLIC NOTICE (ENGLISH VERSION and SPANISH VERSION)

ATTACHMENT C EVIDENCE OF REQUIRED PUBLIC NOTIFICATION

Attachment A
Analysis of Future Economic Viability
Mt Taylor Mine
October, 2014
Per 19.10.7.701 B (6) NMAC

This analysis of the anticipated future economic viability (EVA) of all mine units of the Mt Taylor Mine, San Mateo, NM proposed for renewal of standby status is based on current, publicly available information. The rule at 19.10.7.701 B (6) NMAC contains no criteria or guidance for the form or content of an EVA. No confidential information has been used in this analysis.

The purpose of this EVA is to demonstrate that Rio Grande Resources Corporation (RGR) has legitimate reasons to retain mine units during the standby period, instead of performing closeout of those units. RGR has based its EVA on:

- Uranium market information
- Relative value of the Mt Taylor Mine compared to other US uranium mines
- Actions previously taken or in progress by RGR to return the Mt Taylor Mine to operating (active) status.

URANIUM MARKET INFORMATION

Uranium prices declined since the early 1980s to levels that could not sustain the cost of mining. Consequently, the Mt Taylor Mine was deactivated by Chevron in 1990, and RGR has maintained the mine since then on inactive/ standby status. RGR purchased the mine in 1991, while it was inactive, because RGR believed that the mine would be a good investment to have when the uranium market recovered. That recovery had taken longer than expected due to nuclear reactor incidences and a prolonged worldwide recession. These negative factors drove the spot market price steadily down to \$28.00/lb. in early 2014. However, during recent months the price has increased to \$34.00 (9/15/2014) and is expected to continue to rise due to:

- a) Rising demand, especially from China, India, and other developing countries

- b) Slow development of new mines worldwide as existing mines deplete their reserves
- c) The end of US purchases of Russian highly enriched uranium in December, 2013
- d) Production difficulties at Canadian and Australian mines
- e) Political instability in African and central Asian countries that have been producing a large percentage of uranium in recent years.

The reasons are documented in the attached “NEWS ARTICLES RELEVANT TO ECONOMIC VIABILITY OF THE MT TAYLOR MINE OWNED BY RIO GRANDE RESOURCES” and in the exhaustive evaluation of possible market conditions under several scenarios in the International Atomic Energy Administration’s publication “Analysis of Uranium Supply to 2050”, which can be downloaded at:

http://www-pub.iaea.org/MTCD/publications/PDF/Pub1104_scr.pdf.

RELATIVE VALUE OF THE MT TAYLOR MINE

The Mt Taylor Mine has well over 100,000,000 lbs. of proven, recoverable uranium within the boundaries of the mine permit area. This resource is the largest known uranium deposit in the U.S.

The Mt Taylor Mine is an existing mine. Development costs, which are a major cost for a new mine, were incurred decades ago and do not have to be repeated, saving not only money but time, as well. The mine has been maintained in excellent condition, a fact that has been witnessed by all who have visited the mine. To place the mine back into operation, some upgrades and replacement of equipment will be needed, as described in the “Application for MMD Permit Revision and Modification of DP-61, Mt. Taylor Mine, April 2013; Rev 1, November, 2013”. However, these costs are small compared to the cost to develop a comparable new mine.

ACTIONS TAKEN TO RETURN MT TAYLOR MINE TO OPERATING (ACTIVE) STATUS

RGR’s commitment to returning the mine to active status was behind its decision to acquire the mine in 1991. Only market conditions have prevented the company from doing so sooner. Since 2011, RGR has taken the following actions to return the mine to operating (active) status:

- a) Conducted field tests of ion exchange resins for use in the reactivated Mine Water Treatment Unit, requiring a new discharge permit (DP-1712) that was approved and implemented. The tests were successfully completed and DP-1712 has been terminated.
- b) Prepared and submitted of its “Application for MMD Permit Revision and Modification of DP-61, Mt. Taylor Mine, April 2013; Rev 1, November, 2013” to revise the mine permit to active status. The work to prepare this application began in 2012. The application has been under review by

MMD since April 2013, when the application was submitted. The application describes a number of upgrades to bring the mine into compliance with current environmental standards.

- c) Acquired two addition sections (approximately 1280 acres) of mineral rights adjacent to or close to the existing mine area. This acquisition was made in an August 2014 land swap arrangement with Uranium Resources Inc. (URI), by which RGR traded some of its mineral holdings in Texas for these two sections previously held by URI.
- d) Initiated planning for additional exploration work on the existing mine permit area.

These actions have required a substantial investment from RGR and provide tangible evidence that RGR has evaluated the Mt Taylor Mine, believes it can be profitably operated in the future, and is committed to placing the mine back into operation. By taking these steps, RGR has placed its own financial resources in play, demonstrating its belief in the future economic viability of the Mt Taylor Mine.

Attachment B
PUBLIC NOTICE (ENGLISH VERSION and SPANISH VERSION)

Mt Taylor Mine
October, 2014
Per 19.10.9.903 NMAC

LEGAL NOTICE

Rio Grande Resources Corporation (RGR) submitted a Standby Status Renewal Application on or before October 12, 2014 as a revision to its existing Mine Permit No. C1002RE, for its Mt. Taylor Mine in accordance with the provisions of the New Mexico Mining Act, sections 60-1 through 69-36.20, NMSA 1978, as amended, and the New Mexico Mining Act Rules (Rules), 19.10.5 and 19.10.7 of the New Mexico Administrative Code (NMAC). The Mt. Taylor Mine is located in Section 24, T13N, R8W, NMPM in Cibola County, near the village of San Mateo. The mine is an existing uranium mining operation using underground mining techniques to extract uranium ore from depths of over 3000 feet below ground surface using room-and-pillar and stope mining methods. There are no milling facilities within the proposed Standby area. Uranium ore was first produced from the Mt. Taylor Mine in 1979 until September 30, 1982 and again from October 1985 until January 1990. The Mine has been inactive since January 1990 until the present. Standby Status is a technical change only and does not indicate a change in the intended mining activity at the mine. Standby Status was originally approved by the Mining and Minerals Division (MMD) of the New Mexico Energy, Minerals & Natural Resources Department (EMNRD) on October 7, 1999 for a 5 year term. Standby Status was renewed on July 5, 2005 for an additional 5 year term and again on January 30, 2012 for a period ending October 12, 2014. The current application is for renewal of Standby Status for an additional 5 year term ending either on October 12, 2019 or when the mine permit is revised to active (operating) status, whichever comes first.

The proposed Standby Status Renewal Application includes the underground Mine Unit and mine surface facilities consisting of the 28-acre Mine Water Treatment Unit, the Services and Support Facilities Unit covering 93 acres, a 6.8 acres Ore Stockpile, an 11.5 acre Waste Pile, two Storm Water Retention Ponds totaling 2.35 acres, and a 4.7 acre Access Road.

The Rules require Standby Status to be approved by the EMNRD and requires this Standby Status Renewal Application to be available for public review and comment.

The Applicant's Address:

Mt. Taylor Mine
Rio Grande Resources Corporation
P. O. Box 1150
Grants, New Mexico 87020

A copy of the Standby Status Application is available for public inspection at the Public Library in Grants, New Mexico and also at the MMD offices at the address below. The application may also be viewed on the MMD website at:

<http://www.emnrd.state.nm.us/MMD/MARP/MARPMainPage.htm>

(Click on Pending Permit Applications, then scroll down to Pending Mine Applications, Regular Existing)

Written comments may be submitted to:

Director, Mining and Minerals Division
Energy, Minerals and Natural Resources Department
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Procedure Requesting a Hearing

Any interested person may request that the Director conduct a public hearing on the proposed Permit Revision. Such request must be made to the Director (see address above) within 30 days of the date of the newspaper publication of the notice of the Standby Status Renewal Application unless the Director determines a longer period in which to make the request is appropriate and such period is specified in the published notice. If a hearing is timely requested, the Director shall set a hearing unless the request is clearly frivolous. The Director may hold a public hearing absent of any request.

Procedure for Submitting Comments

All interested persons may submit written comments regarding the Standby Status Renewal Application to the Director. Written comments must be received by the Director prior to the close of the hearing record following any public hearing that is held. If no public hearing is held, written comments will be considered only if they are received by the Director within 60 days after the newspaper publication of the notice of the Permit Revision or within 60 days after the person filing the comment received notice of the Revision, whichever is later.

AVISO LEGAL

Río Grande Resources Corporation (RGR) consignó la Aplicación de Renovación de su Status en Espera el día 12 de Octubre del 2014, o antes de la mencionada fecha, como una revisión de su existente Permiso de Mina No. C1002RE, para su Mina Mt. Taylor en conformidad con las disposiciones de la Ley de Minas de Nuevo México, secciones 60-1 hasta la 69-36.20, NMSA 1978, modificada y los Reglamentos (Normas) de la Ley Minera de Nuevo México números 19.10.5 y 19.10.7 del Código Administrativo de Nuevo México (NMAC-siglas en Ingles). La Mina Mt. Taylor está localizada en la Sección 24, T13N, R8W, NMPM del Condado de Cibola, cerca del pueblo de San Mateo. La mina posee operaciones mineras de extracción de Uranio empleando técnicas mineras subterráneas para la extracción de Uranio mineral (en estado natural, sin procesar) a profundidades de más de 3000 pies debajo de la superficie del suelo empleando los métodos de minería de anchurón y pilar y la excavación escalonada. No hay equipos de molienda (trituración) dentro de la propuesta área de Espera. El Uranio mineral fue producido por primera vez en la Mina Mt. Taylor desde 1979 hasta el 30 de Septiembre de 1982 y posteriormente desde Octubre de 1985 hasta Enero de 1990. La Mina ha estado inactiva desde Enero de 1990 hasta el presente. El Estatus de Espera (o estar preparado para) es solo un cambio técnico y este no indica un cambio en la actividad de minería previsto para la mina. El Estatus de Espera fue originalmente aprobado por la División de Minería y Minerales (MMD - siglas en Ingles) del Departamento de Energía, Minerales y Recursos Naturales de Nuevo México (EMNRD - siglas en Ingles) en Octubre 7 del 1999 por un periodo de 5 años. El Estado de Espera se renovó el 5 de Julio del 2005 por un periodo adicional de 5 años, y otra vez en Enero 30 de 2012 por un periodo terminando Octubre 12 de 2014. La aplicación corriente, es para la renovación al permiso de Estatus de Espera (de mina) por un periodo adicional de 5 años, terminando en la fecha Octubre 12 de 2019 o cuando el Permiso de la Mina esta revisado a su estado Activo (en funcionamiento), cualquiera que ocurra primero.

La propuesta de la Aplicación de Renovación de su Estatus en Espera incluye la Unidad Mina Subterránea, y la infraestructura de soporte de superficie de la mina la cual consta de Área de Tratamiento de Agua - 28 acres, la Unidad de Servicios e Instalaciones de Apoyo - 93 acres, Pila Reserva de Mineral - 6.8 acres, Montón de Roca de Residuos - 11.5 acres, dos Estanques de Retención de Agua de Tormenta - 2.35 acres en total, y un camino de acceso - 4.7 acres.

Los Reglamentos requieren que el Estatus de Espera sea aprobado por el EMNRD y requieren que la Aplicación de Renovación de su Status en Espera sea presentada a evaluación y comentario pública.

Dirección del Solicitante:

Mt. Taylor Mine
Rio Grande Resources Corporation
P. O. Box 1150
Grants, New Mexico 87020

Una copia del Plan de Cierre y Clausura está disponible para la inspección pública en la Biblioteca Pública en Grants, Nuevo México y también en las oficinas de MMD en la dirección abajo. La aplicación también se puede verse en el sitio Web MMD:
<http://www.emnrd.state.nm.us/MMD/MARP/MARPMainPage.htm>

(Haga clic en Aplicaciones de Permiso Pendientes [Pending Permit Applications], entonces voluta a Aplicaciones de Mina Pendientes [Pending Mine Applications], seleccione existente y regular [Regular-Existing]).

Los comentarios escritos se pueden someter a:

Director, Mining and Minerals Division
Energy, Minerals and Natural Resources Department
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Procedimiento que Solicita una Audiencia

Cualquier persona interesada puede solicitar que el Director conduzca una audiencia pública sobre la Revisión de Permiso propuesta. Tal petición se debe hacer (véase las direcciones arriba) entre 30 días de la fecha de la publicación de este Aviso de Aplicación de Renovación de su Status en Espera en el periódico, a menos que el Director determine un período más largo a solicitar una audiencia sea apropiado y tal período se especifica en el aviso publicado. Si una audiencia es solicitada en una manera oportuna, el Director debe programar una audiencia, a menos que la solicitud sea claramente frívola. El Director podrá celebrar una audiencia pública ausente de cualquier petición.

Para Someter Comenta

Todas las personas interesadas podrán presentar comentarios por escrito al Director con respecto a Aplicación de Renovación de su Status en Espera. Los comentarios escritos deben ser recibidos por el Director antes del final del registro de audiencia después de cualquier audiencia pública es sostenido. Si no hay audiencia pública, escrito comentarios serán considerados sólo cuando se hayan recibido por el Director dentro de 60 días después de la publicación del periódico de la notificación de la revisión del permiso o dentro de 60 días después de que la persona que presenta el comentario recibió aviso de la revisión, lo que sea posterior.

Attachment C
EVIDENCE OF REQUIRED PUBLIC NOTIFICATION

Mt Taylor Mine
October, 2014
Per 19.10.9.903 NMAC

NEWS ARTICLES RELEVANT TO ECONOMIC VIABILITY OF THE MT TAYLOR MINE OWNED BY RIO GRANDE RESOURCES

Highlights added



September 8, 2014

Uranium Resources to Add Properties Near Its South Texas Processing Facilities

Uranium Resources, Inc. entered into an Asset Exchange Agreement with Rio Grande Resources Corp., whereby a wholly owned subsidiary of URRE (the Company) will acquire from Rio Grande Resources certain uranium properties located in South Texas near URRE's processing facilities. "We are pleased to execute a strategic, creative, non-cash land exchange transaction with Rio Grande Resources. We are adding several high quality, mid-term, in-situ recovery projects within the highly prospective South Texas uranium province." These properties cover approximately 8,834 acres and include the Alta Mesa Este, Sejita Dome and Butler Ranch projects, which are mid-term, in-situ recovery uranium projects located within approximately 75 miles of either URRE's Rosita processing plant or Kingsville Dome processing plant. There is no cash nor common stock consideration to effect this land swap agreement.

<http://www.businesswire.com/news/home/20140908006409/en/Uranium-Resources-Add-Properties-South-Texas-Processing#.VA8RofldWSo>

Uranium Enters Bull Market Amid Russian Sanctions, Strike

Sep 16, 2014

Uranium entered a bull market amid new sanctions against Russia over its conflict with Ukraine and a labor strike at the world's biggest mine in Canada. The atomic fuel has advanced 21 percent in New York from a May 20 low of \$28 a pound, according to data from Ux Consulting Co. in Roswell, Georgia, which provides research on the nuclear industry. Prices closed 1.8 percent higher at \$34 yesterday and have averaged \$31.87 in 2014.

The U.S. and European Union stepped up their sanctions last week on Russia, which provides enrichment services to western utilities, stoking concern the Ukraine crisis may deepen. In Canada, the United Steelworkers union said Sept. 12 that it had reached a "tentative" agreement with Cameco (CCO) Corp. to end a two-week strike at McArthur River.

“The market may need some more time to digest the recent announcements about McArthur River and additional Russian sanctions to determine any additional impacts on price,” Ux Consulting said in a note dated Sept. 15. Uranium declined as much as 60 percent since March 2011 when an earthquake and tsunami caused the meltdown of Tokyo Electric Power Co.’s Fukushima Dai-Ichi plant and led to the shutdown of **Japan**’s nuclear fleet. The nation is seeking to restart reactors as it conducts safety checks, while producers from Kazakhstan to **Australia** cancel projects and close mines.

Russian Sanctions

The U.S. on Sept. 12 expanded sanctions against Russia to include OAO Sberbank, the country’s largest bank, because of the fighting in eastern Ukraine. The EU added 15 companies such as Gazprom Neft and OAO Rosneft, and 24 people to its own list of those affected by its restrictions. In Canada, voting on Cameco’s new labor agreement will happen once workers are back on the job, the United Steelworkers said Sept. 12. The Saskatoon, Saskatchewan-based producer said Aug. 27 it had started shutting down the mine after receiving a strike notice from the union. An agreement to end the strike will be negative for the uranium sector, Rob Chang, the head of metals and mining at Cantor Fitzgerald in Toronto, said in a Sept. 12 note. The brief shutdown may affect about 900,000 pounds of supply, he said.

Uranium prices may average \$32.50 a pound during the fourth quarter, according to the median estimate of five banks compiled by Bloomberg since May.

<http://www.bloomberg.com/news/2014-09-16/uranium-enters-bull-market-amid-russian-sanctions-mine-strike.html>

Japan’s nuclear ramp up to weigh on Asia oil and gas market September 13, 2014

The **approval in Japan to restart nuclear reactors**, the first since the earthquake and tsunami that led to the Fukushima Daiichi nuclear plant disaster in 2011, is another bearish development for oil and gas markets in Asia, the most important market for Middle East producers. **Japan’s Nuclear Regulation Authority, last week gave final approval to restart two reactors** at Kyushu Electric Power’s Sendai plant, about 1,360 kilometres south of Tokyo. The plant’s two reactors had been shut down after the Fukushima disaster, along with 48 others across the country. Now, the Sendai plant is the first to have met the much tougher standards set by the authority, which was set up after the disaster with a strict safety mandate. The Sendai reactors still must get approvals from city and regional governments before they can resume operations, but they are expected to be clear to start producing electricity again from early next year.

Sendai is one of 10 utilities that have applied so far to get safety approval for 20 reactors.

The shutdown of Japan’s nuclear power sector has hit the country hard, both economically and environmentally. According to the International Energy Agency, Japan’s carbon dioxide emissions rose by 70 million tonnes, or 5.8 per cent, in 2012, a rate of growth that had not been seen in two decades, as fossil fuels were burnt to make up for the loss of 90 per cent of the electricity generation that had been coming from nuclear power. About 30 per cent of Japan’s total electricity had been

supplied by the nuclear sector before the Fukushima disaster. Japan's prime minister, Shinzo Abe, has been making great efforts to soothe public opinion to start getting nuclear capacity back online. The increase in fossil-fuel imports was also a large contributor to Japan's record trade deficit of ¥6.9 trillion (Dh236 billion) in 2012. The most expensive and least efficient method of power generation is oil-fired, which accounts for about 15 per cent of Japan's power generation and will be first to be substituted, says Laszlo Varro, the head of power, coal and natural gas analysis at the IEA.....

<http://www.thenational.ae/business/energy/japans-nuclear-ramp-up-to-weigh-on-asia-oil-and-gas-market>

Uranium Prices Will Head Higher Due to This Supply Crunch

September 12, 2014

With nuclear power bouncing back worldwide, and the number of global uranium mines declining, the signs are building that uranium prices are poised to head higher. After stabilizing under \$30 per pound, prices have begun to rebound, posting their largest gain in more than 30 months. Since Aug. 4, the cost of uranium has climbed by 13.91%. And given the current labor unrest in Canada, that could be just the beginning of the move... At the end of August, **Cameco Corp.** (NYSE: CCJ), the main Canadian supplier, locked workers out at the McArthur River mine and Key Lake mill in the Athabasca basin after a strike notice from the union. As of today, talks to end the first strike in the company's history have still not been scheduled. And while both management and analysts have stated the disturbance will have little impact in Cameco's ability to fill orders, the strike/lockout has had an immediate impact on prices nonetheless.

Due in part to the strike, uranium prices have jumped from \$28 a pound this summer to more than \$32 on Sept. 10. Prices are higher even though the supply remains ample, even if the calculations go no further than the uranium Cameco has in its own stockpiles. The company can get by on its existing inventory and other sources to meet its sales obligations.

Uranium Prices: The Atomic Beat Goes On

Nonetheless, the market reaction does point to a simple ongoing fact when it comes to uranium prices: A crunch in supplies is certainly coming – as more nuclear power plants are planned and added internationally. That means any interruption of production anywhere in the world will have an effect on prices. You see, while the supply side of the equation has buttressed prices, a demand side push is expected as well, especially given the faster than expected move by Japan to reenter the nuclear power market after Fukushima. In short, the atomic beat goes on... even in places like Japan.

Here's why...

As desirable as it is to develop a safer alternative, nuclear power is still one of the bedrocks of the power generation that fuels the world economy. All told, 442 nuclear power plants across the globe provide roughly 16% of its electricity generation. That figure is going to be impossible to finesse or eliminate... even under the best-case scenarios for the development of wind, solar power, and other forms of alternative energy. According to the International Energy Association, world electricity

demand is likely to grow 2.7% a year from now until 2015, and then at 2.4% annually until 2030 – making nuclear power even more of a necessary evil. The result: The nuclear industry is experiencing a major global power surge.

Worldwide, 70 reactors are already under construction, with 553 more reactors planned. Add it all up and that's more than double the number of nuclear plants in the world today. What's more, New Delhi has just signed a major uranium (and coal) importing agreement with Australia, marking both a new departure for India and the first ever such trade agreement to South Asia for Canberra. All of these will work to eventually create a constriction of supply. Of course, there hasn't been a uranium supply issue for some time. However, the difference this time around involves the sources of new supply.

The truth is there are now far fewer uranium mines operating than there were a few decades ago. This certainly will have much to do with the anticipated rise in prices. Unlike other energy sources, a price increase in uranium is less of an issue for end users. This is because the actual cost factor for the fuel in the production of power is lower than with any other generating system. True, given the construction demands, time delays, and required regulatory oversight, a nuclear plant is an expensive asset to put on line. Yet once it's built, electricity can be produced more cheaply than any other alternative. Environmental questions remain, as do concerns over the ability of plants to withstand earthquakes, tsunamis, and other fits of Mother Nature. Nonetheless, nuclear is on its way back, leading to a concerted move on the supply side to increase the availability of uranium via new mining initiatives.

The Upside for Uranium Investors

All of this should be welcome news for energy investors. Once again, while the industry giants like Cameco are grabbing the major headlines, smaller mining companies are quickly coming on the scene to help address the looming shortfall in supply. In this case, investors would be wise to target companies similar to the ones we've been pursuing in oil and gas – that is, well-run, smaller companies that can outperform bigger competitors by bringing in extraction at lower cost. This results from several factors, the most important being lower overhead and regionally confined production, processing, and distribution.

There will undoubtedly be a number of these companies emerging over the next several years.

<http://wallstreetexaminer.com/2014/09/uranium-prices-will-head-higher-due-to-this-supply-crunch/>

Despite price dip, uranium demand, production continues to rise – UN atomic watchdog

10 September 2014

A new report by the International Atomic Energy Agency (IAEA) published today found that demand for uranium, the raw material used to fuel nuclear power stations, will continue to rise,

despite declining market prices since the Fukushima Daiichi Nuclear Power Plant accident in Japan in March 2011 and lower electricity demand as a result of the global economic crisis.

The *Red Book*, as the [report](#) is known, is a recognized global reference on uranium jointly prepared by the IAEA and the Nuclear Energy Agency of the Organisation for Economic Cooperation and Development (NEA/OECD).

It [found](#) an increase in uranium supply, exploration and production. Some seven per cent more uranium resources have been identified since the last report was published in 2012, adding almost 10 years to the existing resource base.

Global uranium production continued to increase between 2010 and 2012, albeit at a lower rate than in the previous two-year period. The growth in the resource base is mainly due to a 23 per cent increase in uranium exploration and mine development, which totalled \$1.92 billion in 2012.

On the demand side, projections vary from region to region. While the Fukushima Daiichi nuclear accident resulted in a change of policies in many developed countries, nuclear capacity projections, notably in East Asia and non-European Union states on the European continent, continue to grow.

The *Red Book* projects that world nuclear electricity generating capacity by 2035 is expected to increase between 7 per cent on the low and 82 per cent on the high side. This is in line with the IAEA's most recent projections of between 8 and 88 per cent for the year 2030.

More than 20 countries around the globe produce uranium, with Kazakhstan, Canada and Australia as the largest producers, accounting for approximately 63 per cent of world production. The reported growth in production is mainly driven by Kazakhstan, with smaller additions in Australia, Brazil, China, Malawi, Namibia, Niger, Ukraine and the United States.

The continued robust demand for the resource has led to future plans for mining operations in new countries including Botswana, Tanzania and Zambia. And to minimise the social and environmental impacts, efforts are being made to develop safe and well-regulated operations.

The new report provides analyses from 45 countries in order to address questions on global uranium exploration, resources, production and reactor-related requirements. It also offers updated information on uranium production centres and mine development plans, as well as projections of nuclear generating capacity and reactor-related requirements through 2035.

<http://www.un.org/apps/news/story.asp?NewsID=48678#.VVG2qRF0yUk>

Uranium Poised for Bull Market as Producers Trim Supplies

September 03, 2014

Uranium is poised to enter a bull market amid tightening supply as producers shut mines and delay projects, more than three years after the Fukushima nuclear disaster in Japan sent prices lower. The atomic fuel has advanced as much as 18 percent from a May 20 low of \$28 a pound, according to data from Ux Consulting Co. in Roswell, Georgia, which provides research on the nuclear industry. Prices closed 0.5 percent higher at \$32.65 yesterday and have averaged \$31.80 in 2014. Uranium slumped as much as 60 percent since March 2011 when an earthquake and tsunami caused the meltdown of Tokyo Electric Power Co.'s Fukushima Dai-Ichi plant and led to the shutdown of Japan's nuclear fleet. The nation is seeking to restart reactors as it conducts safety checks, while producers from Kazakhstan to Australia cancel projects and close mines.

The reduction in spot supplies has led to increasingly competitive offers and bids in the market place, driving prices higher, Joel Crane, an analyst at Morgan Stanley in Melbourne, said in an Aug. 28 note. While there are signs of restarts in Japan, there is probably a high level of inventory still held by utilities that may weigh on market sentiment, he said. Prices may also be boosted by a sustained shutdown of Cameco Corp.'s McArthur River mine and Key Lake mill in Canada amid strike action, Raymond James Ltd. and Cantor Fitzgerald said Aug. 27. The operation accounts for about 13 percent of global mine output, Morgan Stanley estimates.

<http://www.businessweek.com/news/2014-09-03/uranium-poised-for-bull-market-as-producers-decrease-supplies>

Is Uranium About to Hit \$75?

August 11, 2014 |

Over the next couple of years you could make triple-digit gains in one of the most beaten-down commodities in the world: uranium. It's not going to happen overnight. But as I'm about to show you, higher uranium prices are almost inevitable. In fact, this might be the biggest 'no-brainer' investment I've seen in a while. And before the run is over, we could see prices double... or more.

Let me explain...

Negative sentiment can push asset prices to extreme levels. In some cases, prices can be pushed to levels that don't make any economic sense. Uranium is a case in point. Following Japan's Fukushima Daiichi disaster, public sentiment towards nuclear power has soured to such a degree that many countries have shut down their reactors. Today, spot uranium prices are just under \$30/lb, nearly 80% below the all-time highs hit in 2007.

Here's the problem: According to most industry estimates, the average cost to produce one pound of uranium is about \$75/lb. You don't need an MBA to crunch these numbers. At current rates, miners are losing money on almost every pound of uranium they haul out of the ground. That's exactly why the current situation won't last. Small miners will go bust. Larger producers will cut back production.

Eventually, the laws of economics dictate that prices will rise to meet the cost of production — that's more than 150% over today's levels. At the exact same moment, demand is starting to pick up. Just a few weeks ago, Japan's Nuclear Regulatory Authority gave the OK to start up two nuclear reactors. Europe's reliance on Russian natural gas may also put a halt on plans to phase out atomic power. In addition to demand growth from developed markets, emerging countries are increasingly turning towards nuclear energy to fuel economic expansion. China aims to increase the number of atomic power stations in the country from a current 15 to 71 by 2020. India is expected to sign a trade deal early next month to begin importing uranium from Australia.....

Why are these Wall Street money managers quietly building positions in uranium miners? I'd say it could mean only one thing: they see a giant rally ahead.

<http://www.fool.ca/2014/08/11/is-uranium-about-to-hit-75/>

Are You Ready for Doubles and Triples in Uranium Mining Stocks

Source: JT Long of The Energy Report
Jeb Handwerger

July 11, 2014 (www.investorideas.com newswire)

Are you brave enough to buy straw hats in winter?

From uranium to oil services to lithium, savvy investors can find innovative ways to make money based on fundamental supply and demand rather than emotion and fashion. In this interview with The Energy Report, Gold Stock Trades editor Jeb Handwerger outlines the trends that will shape the future of energy commodity investing, and names some of the best examples of shabby chic stocks worth more than their current price tags.

The Energy Report: Jeb, in past interviews you have talked about the boost that the end of the Russian nuclear material purchase agreement would have on uranium prices. But lately, the price has dropped. What is causing the most recent decline?

Jeb Handwerger: The end of the Russian highly-enriched uranium (HEU) agreement did, indeed, kick off a strong Q1/14 for uranium prices. Many juniors had phenomenal returns. Some doubled, some tripled during those months. But since March, we've hit new lows in the uranium price, and many of the gains made in the Q1/14 rally have been given back. Some prices have even hit below the 2013 lows.

The uranium spot price has been in a seven-year downtrend. When you get to a bottom, you sometimes have false starts, and you bounce along. That's exactly what we're dealing with in 2014. Market sentiment is still extremely negative, but the smart, long-term investors who look at the supply/demand fundamentals over a three- to seven-year horizon have a different perspective than short-term traders looking for a quick turnaround profit. We think this is an excellent time for

fundamental investors to get into the space. The longer the base, the more time investors have to acquire positions in the high-quality junior uranium miners that are literally trading for pennies.

The real concern is Japan. Many expected Japan to restart nuclear reactors faster than it has. Even though Japan has released an energy plan with nuclear as a major cornerstone, it takes time for nuclear reactors to restart. That leaves Japan, its businesses and its citizens paying ridiculously high electricity costs for imported natural gas.

TER: Have you seen any signs that Germany might restart production

JH: The key is the battle of wills going on in Eastern Europe right now. When German Chancellor Angela Merkel had a knee-jerk reaction after the Fukushima reactor disaster, deciding to rely on renewables rather than nuclear energy, what she really did was make the large German economy dependent on nuclear power from France and natural gas from Russia, through Ukraine. The result is skyrocketing electricity costs and increased political risk.

Now we have had the wake-up call I have been warning about from Russia. President Vladimir Putin has Western Europe in a very vulnerable situation if he decides to turn off the taps. This may force a change in sentiment in Germany, which may want to rethink nuclear. It's becoming a real energy security crisis there.

TER: In a past interview with The Mining Report, you said that China is on a commodity buying spree. Can China's nuclear construction pull the uranium sector up without Japan and Germany

JH: Over the long term, yes. Currently, China uses only a fraction of what the developed countries in Europe and the U.S. use. That's going to change over the next generation. The Chinese can no longer rely on dirty coal. Coal has created environmental havoc in major cities, where it is becoming difficult to breathe.

Nuclear is going to be extremely important for the Chinese over the next generation. That is where the major growth is going to be. China National Nuclear Power Co. recently announced plans to raise up to 16.25 billion yuan (2.6 billion) in an initial public offering to fund nuclear-power projects. That's significant news. It tells me the Chinese are willing to invest because they realize the critical nature of clean energy, of being able to provide enough energy without compromising air quality. Long-term contrarian uranium investors still see nuclear as the key clean baseload power source because renewables are not able to make that gap.

A recent documentary called "Pandora's Promise" showed former anti-nuclear environmentalists speaking out for atomic energy because they have realized it is the only practical way to reduce fossil fuel consumption and, thus, carbon emissions. Remember, nuclear reactors today do not use the same technology as 20, 30 or 40 years ago. New nuclear will utilize small, modular reactors that are safer, more efficient and more adaptable than massive, expensive, meganuclear plants.

TER: Is the U.S. getting serious about the need for domestic sources for the uranium to feed these modular reactors

JH: Yes. The U.S. is the largest consumer of nuclear power. It uses about 55 million pounds (55 Mlb) of uranium per year, but only about 4 Mlb are produced domestically. That has to change. It will change over the next generation, because we can't rely on the cheap, secondary supplies that Russia gave us for close to 20 years.

Now that that cheap resource is not available, the U.S. will have to turn to domestic uranium producers....For the first time in over 30 years, new nuclear reactors are being built in the U.S. Many of the older reactors will have to be replaced with newer reactors. There is going to be a need for new domestic uranium producers that can produce at a low cost.....

Many of the uranium producers selling into the spot price will be under price pressure. However, new producers with attractive long-term agreements have time. The short term looks ugly, but the long term looks exceptionally exciting. This appears to be the time for contrarian value investors to continue to accumulate.....

TER: Rick Rule has called uranium the most hated commodity, and one of the best buying opportunities. What do you tell people who are looking for the courage to be contrarian when everyone else is running the other way

JH: Right now, being a uranium investor is extremely difficult. The spot price continues to hit lows. No one wants to touch it. There's an old saying that to be rich in the market you have to buy straw hats in the winter and winter coats in the summer. There's no doubt about it, the spot price has taken a nasty tumble. But this may be the shakeout that allows long-term value investors to accumulate uranium miners at exceptionally low prices. There is major capital on the sidelines. There is going to be a supply shortfall, and the uranium price is going to rally. But it takes patience and courage to look at a sector when no one else is willing to pay attention to it.

What we saw earlier this year, when some uranium miners doubled and tripled, is just the beginning. There are going to be false starts as we come off the bottom and bounce along. This is where the timid give up. Every time the price bounces and drops back, investors lose hope and get discouraged. The real winners in this game are the investors who are able to withstand the volatility.

We're just beginning to see base metals and commodities turning the corner from the financial crisis of 2008. The overall economy is just beginning to show signs of improvement. That's going to be good for energy and commodities. Sometimes, you have to look for the commodities that have been beaten down and are trading at decade lows, but are growing increasingly in demand. There is no doubt that uranium fits that bill....

<http://www.menafn.com/1093894524/Jeb-Handwerger-Are-You-Ready-for-Doubles-and-Triples-in-Uranium-Mining-Stocks>

THE COMING NUCLEAR ENERGY CRUNCH

THE GUARDIAN

July 2, 2013

By Nafeez Ahmed

As the British and American governments signal their renewed commitments to nuclear power as a clean, abundant source of energy that can fuel high growth economies, a new scientific study of worldwide uranium production warns of an imminent supply gap that will result in spiraling fuel costs in the next decades.

The study, based on an analysis of global deposit depletion profiles from past and present uranium mining, forecasts a global uranium mining peak of approximately 58 kilotonnes (kton) by 2015, declining gradually to 54 ktons by 2025, after which production would drop more steeply to at most 41 ktons around 2030. The peer-reviewed study, published in the journal *Science of the Total Environment*, concludes:

"This amount will not be sufficient to fuel the existing and planned nuclear power plants during the next 10–20 years. In fact, we find that it will be difficult to avoid supply shortages even under a slow 1%/ year worldwide nuclear energy phase-out scenario up to 2025. We thus suggest that a worldwide nuclear energy phase-out is in order."

But just last week, in response to dire warnings of power blackouts within two years - the same time uranium production will peak according to this study - the UK government announced £10 billion in financial guarantees to the nuclear power industry. Now Energy Secretary Ed Davey promises, "Prices aren't going to spike: the lights are going to stay on because we've got a very well thought-through plan." The decision reinforces the government's focus on nuclear power as central to its national energy strategy. According to the government's high-nuclear scenario, nuclear power could provide 86% of the UK's electricity at 75GW of capacity by 2050.

The new study acknowledges the dawn of a new production period in the last five years, during which a total of 250 ktons of uranium has been produced, but points out that increasingly producers must extract lower grade uranium which generates less energy than higher grades. On average, it finds, only 50-70% of initial uranium resource estimates can be extracted.

Developing a model based on precise data about extraction rates and deposits for individual mines in Canada and Australia, the study concludes that planned new mines can only "partially compensate" a production decline from all mines currently in operation.