

Uranium Resources, Inc.
Rio Algom Termination Conference Call
June 26 2008

Operator: Greetings, and welcome to the Uranium Resources Conference Call. It is now my pleasure to introduce your host, Ms. Deborah Pawlowski, IR for Uranium Resources. Thank you, you may begin.

Deborah Pawlowski : Thank you, Ryan, and good morning everyone. We certainly appreciate your time today and your interest in Uranium Resources. On the call we have President and CEO, Dave Clark; Rick Van Horn, Executive Vice President and Chief Operating officer; Tom Ehrlich, Chief Financial Officer, and April Wade, Vice President of Communications and Government Relations. Dave and Rick are going to cover some comments regarding the release that you should have received this morning. That can be found on our website, www.uraniumresources.com, if you don't have it. Then we'll open it up for Q&A.

As you are aware we may make some forward looking statements during the formal presentation and the Q&A portion of this teleconference. Those statements apply to future events which are subject to risks and uncertainties as well as other factors that could cause the actual results to differ materially from where we are today. These factors are outlined in the release as well as in documents filed by the company with the Securities and Exchange Commission. You can find those at our website or the SEC's website, which is www.sec.gov. So please review our forward looking statements in conjunction with these precautionary factors.

With that let me turn it over to Dave to begin the discussion.

David Clark: Thanks Debbie. Good morning everyone. I'm just going to open with a few comments to review the RAML transaction as it developed and subsequently was terminated, and then turn it over to Rick for some updates on what we're doing in Texas. Then we'll open it up to questions so we'll give you plenty of time to ask whatever you need to.

The RAML deal began about a year ago when requests for proposals were put out by BHP to sell their Rio Algom property. URI submitted its binding offer in July, 2007. At that point in time, uranium prices were \$120 and the DOW Jones was at 14000. Obviously, it was a bit of a different globe than today. It took us through the end of September to complete due diligence and then negotiate the

deal, which was signed on October 12, 2007. At that point in time, we started to negotiate with all the companies in New Mexico that would have an interest in this mill. As I've said often, we all have a common interest, but each company basically has its own specific needs.

We were proceeding, mainly along toll milling agreements which would include up-front payments to help us with the acquisition costs as well as milestone payments, the licensing process and the construction of the mill itself. Our original intent was to close the deal by January or February, 2008. That may have been optimistic, but that was our hope. We ran into a problem in November, 2007, when the auditors for BHP would not stand behind the Rio Algom audit; and we had to go back and re-audit. That was not completed until the end of February, 2008. By that time, the uranium markets and the capital markets were pretty much in a free-fall with a cooling of investor interest in uranium. That not only hurt us, but also the people we were trying to work deals with as well, all our potential partners.

After finishing the audit, we extended the closing date from June 1 to August 1, 2008, so we could get the concurrence from the NRC. Ironically, the notice for a public hearing was filed last Thursday, a little bit too late for our purposes.

It became clear that the ability for us to close this under the original terms and conditions was just not there. We have concluded, with BHP, that it was in both our interests to terminate the agreement.

We remain under a confidentiality agreement with BHP, so I'm not going to talk about any of our discussions with them or any other companies. I will say it is not the fault of anyone or the company's. In the end, I think it was bad timing. If we had been able to come to market with this 9 or 12 months ago, there's no doubt in my mind this deal would have been consummated.

Where do we go from here in New Mexico? As I said recently, the RAML site is the best site; it is not the only site. We will be looking at all other alternatives. There are other companies there that have sites that, though they don't have a Possession Only permit or any kind of NRC licensing, they have issues with water rights. The RAML site remains available; so that is one of the alternatives. But under the terms and conditions we had under this previous deal, that's not going to work. Certainly, it remains an alternative down the line.

As far as our efforts in New Mexico, we're going to focus on unlocking more of our value there. There has not been any production. We are trying everything we can to move towards production. We are waiting for drill permits to test amenability for ISR mining at Ambrosia Lake. We're awaiting the Tenth Circuit Court of Appeals ruling. If that becomes favorable that could allow us to start mining at Church Rock. We're also waiting for an outside study to present to the public on the legacy issues that was funded by the industry and performed through the State.

With regard to the new well site at Rosita, the initial problem encountered was low flow rates, which we identified as resulting from poor well completion for many of the wells. The solution to that was simply to go back and rework the wells. We pulled the screens, under-reamed the holes, and reset the screens. That raised the flow rates to levels we needed to start up the wellfield, which we have done over the last several days by injecting oxygen. It is standard operating procedure on any wellfield start-up to watch it for the first 2-3 weeks to see if it is operating correctly and then determine what its decline curve is going to be. This is not unique to Rosita, but is what we go through on every wellfield.

With that, I'd like to turn it over to Rick and have him discuss some of our efforts in South Texas. We are there to rebuild the core of our business by trying to add reserves and focus on getting our core business operating well.

Richard Van Horn: We currently have four drills working on exploration properties. We recently started drilling the South Rosita property that we picked up a couple of months ago. It was a contiguous property to existing ones. Now we are drilling the ore out to extend the well rings, and bring this into production by the end of 2009.

We're also working on the Marshall property. We have two rigs working there and have been doing exploration work for the past three and one-half weeks. This is an effort to build our reserve base and provide the source of material for further production.

Discussions are in process with several parties on the acquisition of new leases to open more areas for exploration. These are, primarily, large blocks of land that will provide good targets for our

exploration activities. As Dave said, we started at Rosita last week with the addition of oxygen and are tweaking it right now to maximize the flow rate.

David Clark: I think we're ready for questions

Operator: Thank you ladies and gentlemen. At this time we'll be conducting the question and answer session. We have our first question coming from the line of Jimmy Gibert with Rice Voelker.

Jimmy Gibert: Can you talk to us, Dave, about what you think will happen to the Rio Algom mill site now. What can BHP do with it, and is there a time-frame there for something to happen?

David Clark: There's a limit to what I can talk about, other than what I've talked about before. But they do have an NRC approved plan to finish the reclamation on that property. In this country, once you finish that off, you have the option to turn it back to DOE, which is what happens to old mill sites. Then it is held by the government forever. I don't know what their specific plans are at this time, other than I know it remains an option to be the mill site the industry needs. It's simply not under the terms and conditions that we negotiated.

Jimmy Gibert: I think they'd certainly like to sell it still.

David Clark: It's a big company so they have different issues. With big companies, it's usually about a question of liability more than money. So it's an evaluation on their part of what's in their best interest. That's really all I can say.

Jimmy Gibert: We know a little about Ambrosia Lake, but of your other reserves in New Mexico, how much of that presents an opportunity for in-situ mining versus conventional mining?

David Clark: The way Rick always describes it, every resource there can be conventionally mined. It's a question of what is ISR amenable. What can you go down with oxygen or acceptable oxidant and get the uranium put into solution. So all our properties to the west, which include Church Rock and Crown Point, and as far east as West Largo appear to be ISR amenable. When you get to the

southeast of that then it becomes conventional mining resources. I'm not sure if that specifically answers what you're looking for.

Jimmy Gibert: Well, the point is that there is a great deal of opportunity in New Mexico for ISR mining.

David Clark: Correct.

Jimmy Gibert: You mentioned in the press release that the exploratory drilling permits should be done sometime in the fall at Ambrosia Lake. Do you have a time-line for how long you think it would take after those permits are awarded? Could you talk about the process of getting to actual production at Ambrosia Lake, how long would that take, and what steps that have to be taken there?

Richard Van Horn: Our permit is for ten holes. We know the ore body is there from previous drilling. We plan to core the ore body and, assuming we get permission in the fall, that should be done by year-end. These cores will then be sent to a lab to determine whether they can be leached with oxygen or if they are primarily ores to be mined conventionally. The primary focus of this program is to determine whether or not these are in-situ reachable ores. After that, if we determine they are, then we go through the whole process, much like in Texas, to permit these and go through the public hearing process. It is approximately a two-year process from top to bottom, start to finish.

Jimmy Gibert: Okay. We read some reports this week discussing some reactors around the world that have been out of commission for various reasons, one in Japan due to some earthquakes, and the negative effect that has had on the price. They also mentioned reactors in the UK and Germany. Can you tell us what you know about that and how you think it's affected the market?

David Clark: As far as the market impact, it would have short-term effects. Most of those reactors were in Japan. Given their inventory policy, I'm not sure how that would change their short term activity in the marketplace. When you look at the fleet of reactors around the world, there are always some reactors that are down for extended maintenance work, changing steam generators, or anything else. I saw that report as well. From the uranium market perspective as a whole, I think

investors in the industry itself have been aiming to conclude that the down-side risk isn't as great as the up-side potential. So when you see positive stories like that coming out, you take interest in it.

Operator: Our next question comes from the line of Jack Salzman with Kingspoint Capital Management.

Jack Salzman: Thanks. David, can you could give us a feel for the balance of the year, in terms of cash flow and expenses. Do you expect to be neutral or, hopefully, have a positive cash flow for the balance of the year? Or is there a tendency that you may have to go to the markets again to raise some cash? My second question is can you give us your expectations for uranium pricing for the balance of the year?

David Clark: I'll start with the first one. We have no need, as far as I know, for additional raises this year. We are generating cash from operations. We are going to focus, as we have been for the last several months, on rebuilding Texas operations and optimizing that, driving costs down. I think we're in good shape there. We raised the money that we needed to acquire properties. Those we have acquired and are negotiating to acquire, which will substantially rebuild our business. That was a need we identified at that time and we're putting that money to good use.

As far as where I see the market, it's just an expansion of what I was saying to Jimmy a couple of minutes ago. There is a long-term expectation, if you look a lot at the changing price forecasts right now, that \$50 always seems to be the key. Now that you have a spot price that starts with a five, psychologically, inside the industry and investor community, people tend to think that there's limited down-side risk. The long term fundamentals for uranium simply say that there's a lot of up-side potential. I don't know what that is, but I just don't see a lot of down-side. What I have been hearing in the marketplace and from investors is that they sense there is a firming here as the market turns around.

Typically, the third quarter is the weakest quarter of the year. People don't expect something to happen until the fall. In this market when you do get to the fall, it usually increases because utilities start looking to buy not only for this year's needs but next year's needs. That's why you usually get

some firming. Whether that plays out or not, I don't know. I'm just giving you what the typical seasonal factors are in this market.

Jack Salzman: Okay. Thanks very much.

Operator: As there are no further questions, I'd like to turn the call back to management for any concluding remarks.

David Clark: Thank you very much. Again, thank you for your interest in this company. We remain committed in New Mexico. We have a lot of opportunity there to unlock our assets and move forward. We are working through community relations and with regulators and local Federal/State politicians to advance the interests of all uranium companies in New Mexico and to bring production back there. In Texas, we are focusing on rebuilding our core business. We are adding to our resource base, looking to optimize operations and drive costs down. That's where we stand and we're looking forward to talking to you on the second quarter call in five or six weeks. Thank you very much.