

Uranium Resources, Inc.
Third Quarter 2008 Earnings Teleconference/Webcast
November 10, 2008

Operator: Greetings, and welcome to the Uranium Resources third quarter 2008 earnings conference call. It is now my pleasure to introduce your host, Ms. Deborah Pawlowski, Investor Relations for Uranium Resources. Thank you, Ms. Pawlowski. You may begin.

Deborah Pawlowski: Thank you, Doug, and good morning, everyone. We certainly appreciate your time today and your interest in Uranium Resources. On today's call we have President and CEO, Dave Clark; Rick Van Horn, Executive Vice President and Chief Operating Officer; and Tom Ehrlich, Chief Financial Officer. Dave is going to cover some comments regarding the release and the Company's outlook, and Tom Ehrlich then will do a brief review of the financials. Then we'll open it up for Q&A. If you don't have the release, it can be found at our website, which is www.uraniumresources.com.

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, where we regularly post information and at the SEC's website, 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. Given all that's happened in the world in the last few weeks and months, and in the uranium market, in particular, I'm just going to try to give everybody an overview of what we've been doing in the past few months and, more importantly, where we go from here.

As I said on the August call, I believe we need to make do with what we have, and that includes our cash, our production, our people and our assets. We also said at that time we would only be investing in new wellfields or putting money in the ground if we get a significant margin for it given market risk, technical risk and geologic risk. As far as what we have, obviously, we have cash at this point in time. We are doing everything we can to slash all non-essential spending, which only makes sense in this environment. We'll make new investments, only as they advance the Company's strategy. Our initial goal is to make it through at least the end of 2010 on the cash we have in hand.

As for production, we have been reducing capital expenditures, but we have not been putting money in the ground and taking that market and project risk. In all projects, be it Kingsville Dome or Rosita or Vasquez, you tend to end up with an average recovery from a project. Some of those wellfields end up being a lot better; some of them end up being worse. At this point in time, and you don't know that (whether the wellfields are strong or weak) until you really put the money into the ground, we're not willing to take that risk. So we are not going to develop new wellfields; we will continue to produce existing wellfields to the degree that they generate positive cash.

The people of this Company have always been considered its strength, given their expertise. This Company has been in business for 31 years. We have some very good, young, talented middle managers. Mining uranium is not easy. We have certainly proven that over the last several years as have most other companies. But we need to maintain, moving forward, that core group of expertise so that we can be a viable Company down the line. This Company also has considerable assets, not only pounds in the ground - 100 million pounds plus in New Mexico – but an NRC license too. We have licensed plants in Texas, but we also have limited reserves in Texas. Part of what we need to be doing, and we are working on, is how to monetize non-core assets? And I think that calls for seeking business solutions. It doesn't require diluting shareholders. That is, again, a guiding principle of the Company at this point.

As far strategy, it remains the same. It's rebuild our resource base in Texas where we can utilize our licensed plants and realize the value of those plants. There are other companies in Texas who are trying to develop resources without licensed plants. I think there needs to be, again, a business solution in Texas where there's a consolidation of the business there.

In New Mexico we need to continue advancing towards production in that state. The oral arguments for the Tenth Circuit Court were heard on May 12th. The window we were expecting at that time was two to six months. So it's now been six months; we have still not heard a word. We don't know how long that takes. We're not sure what the delay means but it certainly is something we're looking forward to prevailing on, as we've discussed on past calls. We're also still waiting on a drilling permit to evaluate whether we have some ISR reserves on non-Indian country. We think we're close to that. We've received a draft permit for that, and we're expecting that (permit) any day.

The election also is going to cause political changes in New Mexico. We don't know if Governor Richardson, who is a supporter of President-elect Obama, will leave New Mexico. That seems to be the indication in the state. That would bring on the Lieutenant Governor, who we had seen is far more pro-business. There are also other elected officials in New Mexico who are term-limited, who could also remove some of the opposition that we have been facing. We need to continue to build political support in New Mexico. One of the biggest issues in New Mexico – like every other state, in this economy – is jobs and revenue. I think this is an easier time to address uranium because it can be part of the solution, not just part of the problem. And as we've stated in the past, part of our strategic plan is to acquire (properties) and build our reserves; so to build our 100 million pounds up to 200, 300 million pounds. And that is best done in a bear market, not in a bull market.

Now, obviously, the October credit crisis affected the general markets; it's affected the economy. It forced additional uranium sales to drive down spot prices and that downward price has put downward pressure on long-term prices as well, and the spot and long-term prices are crucial to us. So we sell half of our production under a spot contract to Itochu, and the other half under a long-term price indicator to U.G. We're now getting in the mid upper \$30's from Itochu. We're getting in the low to mid \$60's from U.G.

The problem is that it squeezes our margins. We have to make investment decisions 12 to 18 months before we recognize the final production from a wellfield. So wellfields that

were brought on line this year had been developed, or the money was starting to be put in the ground, way before the market declined. So that's part of the risk we have with the existing contract mix we have. So, again, that's one of the reasons why we stopped putting money in the ground. We do expect at some point the uranium market to turn around, and I'll talk about that a little bit later. But at this point, though, we won't put any more money at risk unless we have substantial margin, or can expect a substantial margin.

Recent actions taken. We stopped, again, new wellfield development. The existing wellfields will continue to produce as long as they produce cash. If they don't produce cash, if they are near depleted reserves, we will shut them down. If they still have sufficient reserves, we will shut them in; bring them back later. We're slashing all non-essential costs. We have closed our Corpus office. We closed our Albuquerque office. We have reduced our salary and hourly workforce from 190 to 86. We're in the midst of reorganizing senior management. We're going to take this Company down to its bare essentials and everything is on the table, including a salary reduction program. Our objective is to maintain the core assets that we have, not just reserves in the ground, licensed facilities, but the core people that we need to move forward so that we can position this Company for the next bull market.

As far as the uranium market, the best I can say is the invisible hand is still at work these days. The demand side fundamentals continue to improve, even with this economy. In the US, President-Elect Obama made the famous statement last week that, "If you want to build a coal plant, go ahead, but it will bankrupt you." At the same time, the supply side of the industry is facing a lot of serious challenges, not just technically, but politically and economically. So as the demand the demand side of the market continues to improve, the supply side of the market appears to be contracting. And I think, and at least in my opinion, that sets up the next bull market. It's not a question of if that will happen; it is when it will happen.

From the demand side of the market, concern over the last year or so, maybe longer, initially was, the speed of the renaissance, will that be delayed? Will there be regulatory hurdles? There was new construction risk. Nobody wanted to be first. There was concern about infrastructure bottlenecks. And certainly recently in this economy, what about cost? Are these investments too big to make? As far as the speed of the renaissance, I'll make a couple comments. What I was sensing from utilities for a long period of time was a reluctance to be the guinea pig. We are going to be building reactors in this country that have never been built. So we need to finish the certification process for the GE and Westinghouse designs, and then somebody has to be first. The industry, to its credit, has been addressing, and government as well, has been addressing those issues.

New START is an organization that was organized to work together, along with the DOE's nuclear power 210 program (corporate operating experience program), to get these two reactor designs certified and to see the construction of the first two plants. So instead of one company taking the risk, all the companies will be involved to get these plants certified and built. I also sense that this fear is gone and that's giving way to pride. I was at the NEI meeting a couple weeks ago, and I hear anecdotal evidence that, instead of people fearing to be first, they want to be the leader in industry. Then the economy changed, but where everybody was reluctant to be that guinea pig, now there

seems to be a race to get those loan guarantees that the government set up and to bring plants on line.

Outside the US, it was announced last week by China, which I think continues to be the driver of this industry. They announced that they now expect to have 70,000 megawatts installed capacity by 2020. This is a further increase of past pronouncements. The last one was 45,000 megawatts. Now that's a big number compared to the current installed capacity of 8500 megawatts. So, in the next 11 years, they expect to raise their installed capacity by almost eight, nine-fold. In one part of that announcement they said it's not just the problem they're having with pollution from coal, it's also infrastructure problems. Last winter they had a much colder winter than normal. And you have transportation problems with coal and freezing coal piles, and they lost capacity with coal because of cold weather - Interesting in a world of global warming concerns. India's also announced last week that they plan to have 40,000 megawatts of installed capacity by 2020, and they currently have 6,100 megawatts of installed capacity. So that's a substantial increase in both China and India by 2020. In 11 years, their fleet will be larger than the current US fleet, and they will not stop there. They will continue to build to 2030.

Now with all those demand requests for reactors, it then becomes a question of infrastructure. I think I discussed on the last call, Mitsubishi Heavy Industries doubling their capacity, making the commitment, spending \$.5 billion to increase or double their capacity. There was just an announcement in the last few weeks that Areva and Northrop Grumman are going to use Northrop's Newport News facilities to build a reactor and heavy equipment (for it) in the US. So it would not only be additional capacity, but it will be homegrown so we don't have to import the large components for a new nuclear reactor. And it's been more of my contention, if the demand's there, the infrastructure will be built, and the supply side of the industry seems to be doing that.

With all the positives on that uranium side, it's still a very negative environment for coal, in my opinion. Vice President-elect Biden came out and said there would be no new coal plants built. President-elect Obama said that you can build a coal plant, but it will bankrupt you. The problem that utilities face on the coal side is similar to the cost on the nuclear side. The majority of the investment decision for nuclear – the rule used to be 80-20 – 80% is the upfront capital to build the plant, and then 20% is the operating maintenance and fuel. It's the exact opposite for coal, where 80% of the cost is the operation of the plant and 20% is for its capital. Moving forward, I think that gives nuclear a distinct advantage because it caps off what the capital will be, moving forward. It may be expensive up front, but at least you know what your capital investment will be, and then you have much lower operating, maintenance and fuel costs moving forward.

The problem with coal these days is you don't know what that capital investment is going to be if you have to go back and retrofit for clean coal technology. So you have an uncertainty as to the capital investment, and you also have an uncertainty as to the cost of the coal. Coal had doubled in price on the spot market over a year. A large part of the cost of coal is the transportation from the mine site to the utility. So there's uncertainty on all sides for coal, which again, is the advantage of nuclear. I also think there's been a response to the cost factor from a nuclear development standpoint. There's certainly an economy of scale for people wanting to bring on 1,500 megawatt reactors, the largest reactors there are. There's been a significant move also to mid-size

reactors of 500, 600, and 700 megawatts, not only for developed countries but for developing countries who don't need a large multi-billion dollar reactor.

And that's not the only thing moving forward. There are also mini reactors, and the one that gets the most press these days is Hyperion, who has a 25 megawatt reactor that cost \$25 to \$30 million. It operates for like six to 10 years. You can transport it on the back of an 18-wheeler. Their intent is to build 4,000 of these initially and then, ultimately, in the long-term 400,000. It runs on a 10% enriched uranium hydride. So that is something that will address the major cost component of building nuclear power plants, which, when you build a plant, it's \$3, \$4 or \$5 billion. It's a significant investment compared to a utility's market cap. So these smaller reactors and the new technologies could be a significant player in the future. Toshiba also has a much smaller reactor, which is a 200-kilowatt reactor, which is basically 2,000 100-watt light bulbs. So, again, as the industry reactor manufacturers look at the factors facing nuclear power, certainly making smaller reactors with less costly investment is something that will allow nuclear to exploit its advantages over coal.

On the supply side, there remains a lot of technical risk, not just Cigar Lake and the Dominion of Uranium One. There are certainly technical considerations for Olympic Dam, which came out with a new plan with no cost attached to it last week. This would be a five-stage development of Olympic Dam, starting in 2015 and ending in 2025. Part of their problem is, if they buy products, it's not just uranium products; it's also copper, and the price of copper has come down more 50% over the last couple months as well.

Other aspects of the supply side is: prices go up; costs go up. So the cost structure of the industry has increased substantially because a lot of it is labor, and equipment, supplies, and energy, costs have gone higher, too. We see that anecdotal evidence coming out of Kazakhstan, where their cost is not in the teens or the \$20's anymore; it could be significantly higher than that. Part of that is because of the 1100% increase in sulfuric acid last year. Not just the shortage; the cost of sulfuric acid anywhere. Obviously, as the economy slows, the prices come down and that helps those factors, but there are certain things that just don't disappear, and costs do remain high.

There's also a heavy debt load by a lot of companies in this industry that took on the debt to develop projects that could face technical risks. And many of these companies are un-hedged, so in a falling market, they have to service debt. So there are a lot of problems on the supply side of the industry. Obviously, I don't believe the supply will come on as quickly as in the past because of the lower prices and because of these technical risks. That said, the demand for primary production under the 2007 WNA Report, the upper case scenario, I think this was before the Chinese and India additions to their planned capacity, called for three times primary production by 2030 and that's not all that far away. And that's a lot of demand in a demand side of the market that is only increasing, not decreasing.

So how do we position URI for all this? I think there are advantages and disadvantages when markets are in bull market phases and bear market phases. Generally, when prices go up, costs go up. We were facing – if you listened to these conference calls over the last couple years – competition for people, supply and pipe. We deal in Texas where we're dealing with the oil and gas industry. Other competitors, so the cost of leases went up; the cost of equipment went up. We had shortages of drill rigs, of PFM logging tools. There were shortages everywhere, which drove our costs up. And,

frankly, there was few business deals to be had because everybody was trying to advance what they had without very much cooperation in the industry. When you have a bear market as we have, those shortages are basically eliminated. The costs start to come down. Of course, the asset values come down with that also. But I think it improves the environment for lower cost business solutions to advance the Company's strategy. We can acquire assets at lower prices. We can monetize non-core assets to continue our business.

Our objectives are these: We want to position the Company as best as we can for the restart that will come with the next bull market. We have remaining wellfields to be developed. We have not talked about Rosita. We have, obviously, had a lot of technical problems with Rosita Wellfield 8. Part of the problem is that it is a shallow deposit, so we don't get the hydrostatic head to get oxygen and solution. We tried various oxidants. We were able to double the parts per million recovery from that, but as prices started to go down and further techniques would have been applied, we did not think it was wise at this point in time to spend cash to continue working with Rosita Wellfield 8. There are other technical solutions. You can artificially raise the water table to increase oxygen absorption and uranium recovery, so there are avenues left but not in this price environment and not with this uncertainty. Again, one of the guiding principles is to conserve cash, not to use cash to burn it by putting it in the ground.

We have limited reserves at Kingsville Dome but a couple wellfields that can be developed with additional license and permitting activities. We've been drilling at Marshall. We've had promising results there. It will take time to evaluate the ISR amenability of that deposit, but it is certainly something we think, if it is ISR amenable and technically feasible, it is something that we can bring on within a couple of years timeframe. We're also looking for business solutions, again, in Texas, either joint venturing, acquiring reserves, or utilizing our plants; recognizing the value in those plants. They are licensed facilities that add value. And where parties were less amenable to discuss, again, common solutions in the past, I think we all face the same problems and there will be ways to work together in Texas.

We also need to advance our New Mexico resources and source development. I do think that is easier in a bad economy. New Mexico has the same problems as everybody else. The number one issue is jobs. They are facing losses of revenue and taxes. The politicians are looking for solutions. The argument for uranium is being heard. The argument against it becomes harder to make because people want to know the facts. Is this a possible way to increase jobs, increase revenue to the state? So the arguments are being heard.

There was a workshop a couple weeks ago at Sandia Labs to look at the reclamation of ISR projects, which is one of the major concerns in New Mexico. It wasn't only the Sandia Labs, but at Los Alamos Labs, which carry a high integrity in the State of New Mexico, amongst the people there. They provide a lot of jobs. They believe that ISR mining is technically feasible and environmentally sound, along the lines we've discussed in the past. So then we see a lot of movement in New Mexico to build the support we need to bring the New Mexico reserves on line. Bottom line: When the market returns, we plan to be ready by continuing our strategy to rebuild Texas reserves and bring on New Mexico.

That's basically where we are and where we are going at this point in time. And at this point, I'll turn it over to Tom to review the financials.

Tom Ehrlich: Thank you, Dave. In going over our third quarter of 2008 production cost and financial statement information, I'll begin with production. We produced 62,700 pounds in the third quarter. The majority of that was produced from the Kingsville Dome project, which is about 45,200 pounds. We also had just under 10,000 pounds from Vasquez and just under 8,000 pounds produced during the quarter from our Rosita project. Production costs during the quarter were \$68.52 a pound. Operating costs and DD&A were roughly split equally between that. Our operating costs were 34.78 a pound; our depreciation and depletion were in the \$33.74 a pound range.

At the end of the quarter we had 33,600 pounds of inventory; the average cost of that inventory on the books at September 30th was \$57.35. Our sales revenue for the third quarter of '08 was \$4 million on 66,300 pounds, which would be an average sales price of \$60.71. As Dave said, we have had sales in the month of October. An average price on those sales was \$56.76. That – the sales were 38,700 pounds, generating about \$2.2 million of revenue, again, which will be recorded in the third quarter.

Looking at our cost of uranium sales for the quarter, our direct cost of uranium sold was \$3.6 million, just under \$55 a pound. Our direct operating cost was 26.42 a pound and our DD&A costs were \$28.47. Also during the quarter, we incurred exploration costs of just under \$1 million, specifically \$962,000. Again, these activities were primarily related to exploration work done on the Marshall project in South Texas that David mentioned earlier.

The largest component of our cost of sales for the quarter was a \$10.9 million expense related to an impairment provision recorded this quarter. The charge resulted from our quarter-end determination that our net book value of our uranium properties were in excess of their estimated fair market values at the end of the quarter. Now the fair value of each project was calculated by projecting the estimated future cash flows based upon projections for current and future production, costs, sales, prices and the full cycle economic estimates, taking into consideration the full life of the project. Based on this analysis, the net property values at Kingsville Dome and Rosita were written down by \$4.6 million and \$6.3 million, respectively, at September 30th of '08.

The biggest or significant driving factor for the impairment in Kingsville was, as Dave said, the decline in the uranium prices that occurred between the second and third quarters. Of the \$4.6 million write-down for Kingsville Kingsville Dome, around 60% of that was directly attributable to the drop in uranium prices. As uranium prices dropped, the projected cash flows related to the future production drops with that and it resulted in a (lower) net present value of those cash flows. The balance of the write-down resulted from changes in future production costs in uranium production. The impairment provision for Rosita resulted primarily from the changes that we saw in production cost estimates from that project based upon the experience that we had to bring that production on during the quarter. Royalties and commissions expense was \$369,000 for the quarter, which equates to a \$5.56 a pound charge, or approximately 8.7% of sales.

Our corporate expenses, including G&A, for the third quarter totaled about \$2 million. The breakdown of those major categories were non-cash stock compensation expense of about \$300,000; personnel costs, i.e. salary and burden, of about \$750,000;

consulting and professional fees of about \$250,000; and then legal, accounting, other public company expenses of \$250,000.

Moving on to our sources and uses of cash during the quarter, our cash balance at the end of September was about \$13 million. This is down \$3 million from what we had at the end of June of '08. During the quarter, we used cash flow from operations of \$1.7 million. We also had capital expenditures of about 1.4 million during the quarter, the majority of these being at Kingsville Dome for wellfield development evaluations of about \$200,000, and again, development costs at our Rosita and South Rosita projects of about \$870,000.

Finally, our last bit of investing activities were related to the surety obligations that we have at our South Texas projects, and that resulted in a cost of about \$100,000 during the quarter. Dave?

David Clark: I think we're ready for questions.

Operator: Our first question comes from the line of David Talbot with Dundee Securities.

David Talbot: Good morning, gentlemen. I'm just wondering what sort of arrangements you've made as far as delivering into contracts at this point?

David Clark: We have what are basically production-based contracts, so what we produce, we deliver in full. There's not a production quantity limitation or obligation. It is simply whatever we produce is sold.

David Talbot: You talked about monetizing non-core assets. Do you have a breakdown of what you would consider a core or a non-core asset at this point, or are you going to keep that close at hand?

David Clark: I think it's close at hand. There are multiple, and it's not just from a negotiating standpoint, there are multiple considerations there. As we constantly monitor the environment moving forward, you know, which way do we want to go? There's going to be certain strategic decisions based on how we want to move forward.

David Talbot: I guess as far as potentially starting up operations again, you know, is there a certain threshold that you're looking for? I imagine you're not going to start up again just to break even, but you'd be hoping for significantly higher prices going forward. Can you perhaps comment on that?

David Clark: Well, I think, as mentioned earlier, the breakdown of our existing contracts, obviously, one is very favorable and one is very not. And part of what we need to do is, I think, is get a better contract mix so that we don't have to produce half our production at a substantial discount to spot market; so that is a consideration, you know, what the realized prices are. And this also affects us as far as leasing and buying reserves because generally royalties are based on what your sales contract is. So this is one of the things we'd like to get done in this period is just better our contract base and, basically, marketing, which has not been a major factor in this Company. It's un-hedged. It's gotten to these contracts to negotiate out of base escalator contracts.

But to the degree that we can improve ourselves and protect ourselves through a down market, to some degree; we simply take what the market gives us and, again, that has led to operational decisions that, you know, you don't even know how they come out until 12 to 18 months down the line. So when prices were going higher, obviously, we were benefiting from higher prices. As prices went lower, decisions we had made all of a sudden looked more risky because of falling prices. So the direct answer to your question, I think, as I said in the August call, we need a significant return and not just 10% or 20%; I think it's a multiple to take on the technical, geologic and market risk. But part of that is also seeing what we can do with our contract base to remove some of that market risk.

David Talbot: I guess just one last question. Taking a look at Rosita, it looks like this is a leach issue that you're having. And what do you see that you could do to turn that around, should you bring it back into production?

Rick Van Horn: We have several things we could do. We tested, as we've said, liquid based oxidants. They work; however, they're more expensive. We have looked at well spacing. Obviously, if you put more wells in to cut the spacing down, that's going to be an increase in cost. And as Dave mentioned, we have the possibility of artificially increasing the water level in the aquifer, which will increase the amount of oxygen that could be dissolved in the water, thus increasing the mining rate. All of these take money and increase the costs somewhat.

David Talbot: Thank you very much, gentlemen. Tough times; hang in there.

David Clark: And just to add to that, it's not a question of, are the reserves there? It's a couple hundred thousand pound ore body reserve in the ground, and we just have to be able to put in solution and get it serviced.

Operator: Our next question comes from the line of Paul Stouse, with Rice Voelker. Please proceed with your question.

Paul Stouse: I was wondering – can you guys comment on any developments that there are at Ambrosia Lake? Last I recall, you guys were waiting on an exploration permit there. And given that you do get that permit, is that something that you'll proceed with, given the capital constraints and given what you know about the geology there?

David Clark: I'll give you an update because I just got the e-mail that we just got the permit this morning. We're heading into the winter months and in New Mexico it's already there. So it's something that would be deferred until spring anyway, since we don't want to be drilling in the snow. So I think we need to see what the environment is at that point in time, but again, it is something that we'd like.

There were several reasons to go after this permit; one, because we think it could be ISR amenable so we need to test that. It is on non-Indian country so that would certainly help. But it's also an environment where we wanted to work with the state to get this permit. Other companies have applied for permits and not got them. We've had a very good relationship with the state so it's as much an effort to work with the state and educate them, the regulators as well, to move forward on this. So it took considerably longer than we were planning. If it had happened sooner, we probably would have drilled it before the onset of winter. But, you know, the decision we made is fine.

Paul Stouse: Is it a project that you guys would proceed with on your own? Or would you seek to attract partners to explore it actually and test it, assuming that you do get that permit?

David Clark: It's big enough to bring on its own. It's one to test ISR amenability on non-Indian country land. So there's, you know, and then we can go into different sections of Ambrosia Lake. So this deposit, it was always seen as a pilot, somehow tied to the Crown Point license. Again, all options are on the table. We need to make an assessment of where we want to apply our capital.

Paul Stouse: Okay, very good. Thank you very much.

David Clark: Frankly, in New Mexico right now, the speculation is whether Governor Richardson will stay or will he go with the Obama Administration. He has not been a vocal opponent of uranium mining, but he has not come out in support of it either. So it's basically been a, we're going to do nothing approach. And that gets us nowhere. So the changing political environment would also help us in how we change, how we might be able to do business in New Mexico.

Paul Stouse: Thanks a lot and good luck with things.

Operator: Our next question comes from the line of Peter Homans with Parkman. Please proceed with your question.

Peter Homans: Hello, David and Deborah. I know it's sort of a rough environment. I think you're doing exactly the right thing to make sure that when the market recovers as it will 100%, they're not going to stop using 190 million tons of uranium a year. So I think you're doing a great job. I had three questions: One - was the cash usage this quarter reflective of what it's likely to be in the coming quarter? Or were you still in the process of cutting so that this quarter will be perhaps a half million to \$1 million less? That's one question.

Second question is, if you wait until spring with Ambrosia, does spring mean – I've been in Santa Fe in March – are we talking spring March or are we talking spring May? And from the moment you sort of get into the ground, how long do you think, conservatively, it takes your engineers to assess the amenability of that property to in situ?

And I guess then the final question. It seems to me that the utility companies and you guys are playing a game of chicken. If I understand correctly, last year there was 230 or 240 million pounds contracted for – against a background of 190 million of usage. What do you think the actual, if you will, overhang that has to clear is? Is it simply the difference between 250 and 190? Or is it bigger or smaller? And how are you looking at, you know, when the national attrition of that excess purchasing works itself off?

David Clark: I'll go in reverse order here. What I've heard from UX and other suppliers who monitor it far closer than I do, is you start getting substantial uncovered demand in the year 2010, 2011. There's another caveat to that. A lot of what utilities think is covered demand could be with suppliers who will not be bringing on those mines. So as far as BHP's announcement, they said that they are signing ten supply contracts, mostly with European, but some US utilities for the initial Phase 1 expansion of Olympic Dam.

Since that is delayed, then a utility thinks they have a supply base, and they actually don't because it's going to be tied to production. So there's those kind of considerations. But I think certainly all I've seen when you get to 2010, 2011, the uncovered supply base is significantly improved.

As far as the your question on utilities – I've been in this business for 31 years, and it's always been the door's opening for one as it's slamming in the face of the other. And what I sense in this industry now is, the price is down and I hear a lot of mining companies saying, you know, if you don't help us, we're not going to be around for you. Well that argument just never has worked for me.

I think we need to be working together, and I sense real supply concerns amongst utilities. We don't need to tell them that. We don't need to whine. There are a number of utilities, including some of the larger US utilities, whose interest – and they've demonstrated this interest – is to do whatever they can to increase the supply base, not just in enrichment where you had three utilities step in and get LES, or thee or four utilities step and get LES off the line to increase the enrichment. I see the same desire in the uranium side of the business. So they have the need, they have the money. I think you will see more utility involvement. Obviously, I don't think it's the same degree as it was in the 70's when they were buying up properties and they took on all kinds of risks in a business that wasn't their core business. But I think there are business solutions that satisfy their needs and help us bring them the supplies that they need.

I guess from a URI standpoint, New Mexico has 600 to 700 million pounds left and it has a great exploration potential still. It is the largest supply base and the largest uranium consuming country in the world. Yes, I think it is in utilities' interest to get that on line and that is certainly something that we're chasing down.

As far as your second, how long does it take? I can let Rick comment on that. But basically the permit is to drill up to 10 holes. We probably won't need all those holes. You then core samples, send them to the lab and however long that takes. Rick?

Rick Van Horn: Well as Dave said, we have a 10-hole permit program. It may take less holes than that to do it. We're going to core the holes, send the core to labs and have leech tests done on the core, do mineralogical work on it. I would estimate somewhere between four to six months of actual testing of the cores to come up with the final answer on how those leeches turn out.

David Clark: As far as your first question, how does the fourth quarter relate to the third quarter? In the third quarter we're still making investments. In Rosita we were still bringing on a couple of wellfields, so we were putting capital in the ground. At this point, we're not spending anything as far as new wellfield development. And certainly the cost cutting we are doing is going to be more significant in the fourth quarter than the third because it will be over three months versus a work in progress over the previous three months.

Peter Homans: Thanks very much. I think you are doing a great job and, you know, making the right decisions.

Operator: There are no further questions in the queue at this time.

David Clark: Thanks for everybody's interest in listening this morning. Again, I think that it has been a very challenging year, to be sure, especially the last three months. We're trying to do everything we can to recognize the value of this Company. It has too many assets and too many good people to not get it right. And, as I said earlier, uranium mining is not easy, but hopefully we're on the right track, and we do appreciate the feedback that we get from investors and the suggestions they make, and hopefully, you'll continue to have some faith in what we do. Thank you very much and hope you have a good day.