

**Uranium Resources Inc.
Q4 08 Earnings Teleconference/Webcast
March 11, 2009**

Operator: Welcome to the Uranium Resources, Inc., Fourth Quarter and Year-End 2008 Earnings Release Conference Call. It is now my pleasure to introduce your host, Ms. Deborah Pawlowski, IR for Uranium Resources.

Deborah K. Pawlowski: Thank you, Jackie, and good morning everyone. We appreciate your time today and your interest in Uranium Resources. With me on the call is 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 provide some comments regarding the company and today's release as well as the outlook, and Tom will then do a brief review of the financials. After that, we will open it up for Q&A. If you don't have the news, it can be found at our website, which is 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 as well as 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.

Dave Clark: Thanks, Debbie. Good morning, everybody. Thank you for your time and your continued interest in URI. I know this is advertised as a look-back to the fourth quarter in 2008 and what kind of the year that was, but I really want to spend my time today looking forward to where we are going from here. I think this is going to be a very important year for URI. And I also think it has a very decent chance of being a very good year. So, I want to spend the next couple of minutes really sharing what my vision is and how I expect this year will unfold.

As normal, we'll start with a general market analysis and outlook and then discuss our strategy in Texas, our objective there, and how we expect the industry to consolidate in Texas this year. Then I'll go into a discussion of all that's happening in New Mexico, including what I see as the driving force that's going to help us get into production there.

As far as the market itself, I've been in the uranium industry for more than 30 years, and it has always been a market that's traded on its own, separate from economic cycles. Nuclear power plants are base-load plants; you need uranium to fuel those. Uranium always had its own market. As many of you've heard me say in the past, the market has never been in balance. It has a history of extreme moves, and I don't see anything that's going to change that.

Demand for uranium is still growing. Secondary supplies are still being depleted. It's all being driven by the concerns about global warming. So I think the future of nuclear power itself is still very bright.

What we have seen over the last year, certainly, is a closer tie between the economic cycle, the stock market as a whole, and the uranium market. First, we had the hedge funds come and buy 20 million pounds or more. That certainly threw the market to the upside. Then as the economic woes started to come in, they liquidated and drove the market down.

The bigger economic question is, what may happen with this economy? Is it going to be any kind of threat to the nuclear renaissance? That really is a big question as far as I am concerned.

And I have to say so far, I think the answer, surprisingly, is that it hasn't had an effect. If anything I'd say nuclear power is accelerating. We're seeing moves in Italy to bring back nuclear power after closing down their reactor 20 years ago. The same thing with Sweden, to remove the restrictions on not only continuing operations of existing plants, but also building new ones, and Germany may be soon to follow.

As I have discussed in the past, China and India are definitely leading the way, and there is nothing to change their rapid deployment. Even with the economic uncertainty, nuclear power seems to be going ahead. I think there are two reasons for that.

The first is that there is definitely an outright war on coal. Candidate Obama said, go ahead and build your coal plants, they will bankrupt you. And now as President, Obama will be seeing the EPA declare CO₂ a pollutant. He's already put in his proposed budget of cap-and-trade. The cost of coal is going up. The problem is nobody knows by how much. There's a lot of uncertainty in coal.

The other aspect in nuclear power, which I've heard nothing about, comes from what's going to happen with this economy and the threat of inflation. Warren Buffett came out two days ago and said we might return to the inflation rates of 1970s. Certainly with loose money, high inflation could be down the road. Nuclear has a definite built-in inflation hedge versus coal, if that's the environment you get. That is mainly because 80% of the cost of nuclear power is the upfront CapEx cost to build the plant. Then 20% of the cost is the operating and maintenance, moving forward. It's the exact opposite with coal. It costs 20% to build the plant, 80% is the fuel.

If you are moving into an environment with rapid inflation, higher coal prices, cap-and-trade, carbon as a pollutant, coal could have a problem moving down the line. Obviously, the big economic question is where are we in the world right now? Are we simply in a deep recession that's going to have recovery in 2009-2010, or is it something now significantly worse than that? How that affects our market is what will impact electro-unit demand down the line. Will it impact and slowdown the nuclear renaissance? Frankly, the jury is still out on that. As a uranium mining company, we have to determine and make predictions on where things are going to go in future. So, with the macroeconomic uncertainty, how do we move forward?

As I said in the opening, I think the uranium market still has very strong fundamentals, demand is rising, and secondary supplies are being depleted. We are going to need additional production under any scenario. The low prices are leading to delays and cancellations. Dominion of Uranium One is basically put on hold and may not operate. You may not see Olympic Dam go to the original plan to go up to 66 million pounds. Those are pounds in the out years that were being counted on, but given the high cost and low prices for copper and uranium they may not move forward with that. They have had continued delays with Cigar.

If you look at the supply curve moving forward, most forecasts are based on the marginal cost to production that may come in at \$50. I think in a \$40 market, which is where we're at now, that's the low end of what I think needs to be paid for uranium to give you the supply that you need. On the top end, you have \$70 a pound in the long-term price, and that is said to reflect the long-term fundamentals. So, the reality of the current market is that you're looking at a price of \$40 to \$70.

Moving forward, and this is not a prediction, it is done on the premise that you hope for the best and plan for the worst. The assumption I make moving forward is you have to plan as if you're going to produce into a \$40 market. That's how we will adjust our strategy and then position the company for the next price hike, when it comes. Given the current conditions, that can be sooner versus later.

The central question for URI is how do we build a company of great value in a \$40 market? Can we do that? And I think the answer is definitely, yes. That's the general market outlook. Now I want to talk a little bit about Texas, and then I'll move onto New Mexico.

Looking at our Texas operations, it is something that has generated positive cash flow for us over the last several years. We have had limited reserves there. We've known that. We made the decision in October to shut down production and not take the risk of putting money in the ground. Basically, because it makes no economic sense to deplete our reserves at break-even prices. We want to conserve the remaining reserves we have so that when the market turns around, we have reserves to start those plants up with.

We continue to mine. We thought originally that might end at the end of February. We still have two wellfields operating. They will continue to go on as long as they are on a break-even cash basis. We expect the production could go a couple weeks more and end up in range of 25,000 to 30,000 pounds. An important consideration for us in shutting down production is that it allows us to really focus on the groundwater restoration on three projects. To do that, you generally circulated fixed pour volumes of water that passes through reverse osmosis units. That's how you clean up the groundwater. You go into all the parameters, take you back towards baseline.

The restoration of groundwater is the key issue for ISR mining, obviously. The condition of the groundwater is what's left after you're done. So it's important not only in Texas, but also in New Mexico. We want to focus on doing the best job we can at restoring groundwater in the most effective manner we can in Texas. We want to become leaders in that field of ISR restoration technology.

We've started a project with Texas A&M. They are coming to Kingsville Dome, and on a mined-out wellfield, are trying to use hydrogenated water to enhance bio-remediation. That means you feed anaerobic bacteria into the groundwater, hydrogen, and that helps consume the oxygen. Once the oxygen is gone, the uranium precipitates out water. So it's a promising technology that Texas A&M is leading. We should be beginning injection this week. I'm not sure if it is or not, you can ask Rick later.

We're also working with other ISR operating companies. It's in our common interest to develop the best technology we can to restore the groundwater. We're doing this not just because it is our obligation, but also because it has strategic purposes. The objective is to demonstrate that we can clean up groundwater in Texas, because that will help us demonstrate to the people in New Mexico that it can be done safely and well.

As far as the Texas uranium industry itself, I see there are a lot of valuable pieces in Texas that can be pulled together to form a very profitable company. That's going to require consolidation in the industry there. There are several companies that have reserves, but they don't have any licensed plants. URI has two of the four licensed processing plants. We have limited reserves. What does that mean for us? Frankly, we can either be buyers or sellers. In other words, we can look to monetize assets or rebuild our capacity to generate profits and cash flow out of Texas. All the companies in Texas are in same situation, with all looking to survive this market, this economy. You rely on the best assets you have. I think that's what's going to drive the consolidation in the industry in Texas. So stay tuned.

Turning to New Mexico, the big picture in New Mexico is that you have a state that has 600 million pounds or more of uranium reserves. It has great exploration potential. That's the good side. The bad side is that it has no production. It has had little, relatively little, activity and has had no clarity on the issues that need to be resolved.

The two main issues are the Navajo ban, which has effectively blocked us from starting up our Churchrock project, and the fact that there is no uranium conventional mill in New Mexico, which does not help the people with conventional reserves, including us. It has left investors trying to handicap the potential in New Mexico against all the challenges that are there. There really has not been a roadmap that can be offered to help you analyze that. I do think that is all changing now. I think there are clear signs of how we can move forward. All I can do is tell you how we see this all unfolding over the next year or two.

From our perspective, the market assumption is a \$40 market, so can we build our assets based on the \$40 market in New Mexico? For us the answer is yes and that's based on our ISR technology. Our focus has always been that first project which is Churchrock, and everything we've said publicly really talks about Churchrock. It's a 15 million pound deposit. It will be producing 1 million pounds a year. We had Itochu as a partner, and we've been waiting for a ruling from the Tenth Circuit Court of Appeals.

The fact is, Churchrock itself is only the first piece of the Crownpoint Uranium Project. The main asset of that is the NRC license that gives us the ability to build a plant. We could do that today, if we chose. That could process up to three million pounds per year. Churchrock and Crownpoint are 34 million pounds of in-place reserves that could be fed through that plant. The license also includes 27 million pounds of Unit 1 where we don't have a lease because of the Navajo ban. If you put those two or those three projects together, they would add up to 61 million pounds of reserves that would go through this plant.

When you look at other reserves that not only we, but also others own in the area and are not leased like Unit 1, it adds up to more than 200 million pounds that would go through this plant. This project is the largest project in the U.S., which is the largest uranium consuming country in the world. It is a project of national importance, and that's what we intend to focus on now, to build demand for that project. We think that give us the help we need to resolve local issues.

When you look at New Mexico, the opportunity this year is that it is a resource state. The bad economy is really hurting New Mexico. The effect of that is that it is opening up mines. People all over, not just politicians, but people who've been in opposition, want to be educated about uranium issues. They don't want to just reject the economic benefits uranium mining can bring out of hand just because there are people opposed to it.

The bad economy has brought us new opportunity to make our case. When you look at the main issues in New Mexico, there are basically two. There is a legacy problem with past mining and there are safety concerns of future mining. Navajos have a nexus between the two. They simply say that until you clean up the problems in past, we're against future mining. Now the industry has always talked about science being on our side. At the same time, our opposition has given you gut-wrenching stories of about how bad a uranium mining can be.

There legacy issues out there are real and must be dealt with. If they're not dealt with, it just feeds the story that the anti-uranium group gives you. That story goes something like this. Before the uranium mining companies came everything was great. We had no problems. Groundwater was fine. Then uranium companies came and they promised us good paying jobs and they promised to pay taxes. But, they never really told us about the risks. They never told us that they knew the dangers. Then after they mined, the boom was over, the jobs were lost, the animals started to die, and people started to get cancer. And we're left with this huge mess in the ground that's going to take generations to clean up.

Now when you look at the legacy problem, some of that is true. When uranium mining started in 1950s, there were no environmental laws. You were allowed to smoke in the mines. These things that you've heard ad nauseum in the past did leave a mess. There was nothing to prevent that. A lot of the cleanup has been done. I think what's said needs to be done is over exaggerated. But while this story does ring true for the past, it has no bearing on the future, because it's based on lies and mistrust.

Now what we need to do as an industry and what we have been doing, is to educate the population. We need to tell a story that is equally compelling as to why science is on our side in dealing with the issues. That story goes something like this. As uranium mining companies, we explore for poisoned water. It's laden with heavy metals and the silent killer radiation. The fact is that if it isn't poisoned before we find it, it isn't economic. We're only interested in finding and developing poisoned aquifers that in many cases were being used by the local population before there was any uranium mining, without any thought that it was dangerous.

We then take that poisoned water and we create jobs, we pay taxes, we support the Little League and we add millions of dollars to local economies that are, as in cases of our projects, all in rural areas that need economic development. That includes the Navajo nation. What's more, before we mine one pound of uranium, we cap cash bonding to cover the groundwater restoration and reclamation of the surface facilities. Before we even start, it is paid for and put in financial surety.

When we are done, what happens? Yes, the jobs are gone, but there is still poisoned water. We haven't changed the utility. We've given economic benefits to the local area. The fact is nothing is going to change that poisoned water being there. The same natural processes that deposited it there in the first place are the same things are going to keep it there. The fact is that in 40+ years of ISR mining, there has never been an excursion offsite from an ISR facility. That is the story that we need to tell. That is the story I think the people are very receptive to, and it's based on fact not just fears.

We are getting valuable help in that area. Sandia and Los Alamos Labs are studying the use of monitored natural attenuation, which is a theory that is used for the clean up of weapons plants and old uranium mill sites. That is a fancy word, monitored natural attenuation, but you already know what it means, because I just told you. Basically, it means the natural processes that put the uranium there in the first place, will keep it there once we're done mining. This is helpful because it is what happens. It is what we said when we talk about the science being on our side.

When you look at New Mexico and how it affects our strategy, the economy is giving us this new opportunity to make our case. The election cycle, along with term limits, is also giving us the chance to see new political leadership in New Mexico. It gives us a chance to educate the new people and new leaders coming in on the economic benefits and how this can be done safely. We begin with safety, then we talk about economic benefits and how we move forward.

From our strategic standpoint, our goal has been to build 200 to 300 million pounds of reserves. We will do that. We will focus on the Crownpoint uranium project, which gives us the lowest cost production, and then we will resolve the issues. If we can do all those things, production will return to New Mexico and Uranium Resources will be the one leading the charge, because we do already have the largest reserve base, which we are looking to increase. We have the only NRC operating license in New Mexico and with ISR technology, we can produce in this market.

Just like in Texas, I expect a lot of things to be happening in New Mexico this year. We're going to be looking for every opportunity we can to enhance the value of what we have. We began that with the announcement last night that we've terminated the joint venture agreement with Itochu for the development of the Churchrock project. That agreement was entered into in December 2006. It called for the Preliminary Investment Decision (PID) two years ago. We have continued to extend that because we got economic benefits from it, getting \$2.10 a pound more from parts of our Texas production that has given us close to 600,000 pounds of revenue. The fact that we're shutting down production, we've had lot of discussions with Itochu about that. Their interest was to extend the PID for several years. Our interest was to get something in return for granting them a free option. They came up with lot of ideas. We've worked closely with Itochu and have had a lot of meetings. At the end of the day, we couldn't come up with something that compensated us fairly for the free option they were having. In this timeframe, we expect to resolve the issues in New Mexico. We think that if we're going to spend the money and make the effort to resolve the issues and win at the end of the day, we should get 100% of the benefit at the end. That's the reason that agreement was terminated. We continue to have a lot of discussions with Itochu in both Texas and New Mexico. They are a company we are close to, and hopefully, we can work something out, moving forward.

With a 100% of the project back, if there is a ruling in our favor from the Tenth Circuit Court, then we have 100% of that project. The oral arguments were last May 12. We are coming up on one year on that decision. Your guess is as good as mine when that gets ruled. The story really hasn't changed. We'd expect that whichever side did not prevail at the Appeals Court would take it to the Supreme Court. The big picture is this: it's not just winning the right to mine eight million pounds in Churchrock, when we have more than 100 million pounds in New Mexico that can be developed if we resolve the Navajo issue. The main objective is to resolve that issue. If we can get a small victory in the meantime, that will be good. But we really want to work to resolve that issue.

As a company, we need to make do with what we have. We have sufficient cash, we believe, to get through 2010. There are lot of changes that could come by the end of 2010 in New Mexico just because of the elections and the change in the public's perceptions of uranium. We have to make a decision in Texas as to whether we're going to be a buyer or seller. That really flows into New Mexico having the assets we need to resolve the issues for 2010 and beyond.

But as I said at the opening, I think it's going to be very important year for us. I hope you agree that it could be a very decent year, indeed a very good year for us. So, with that, I'll turn it over to Tom to review the financials, Tom?

Tom Ehrlich: Thank you, Dave. In reviewing our recent results, I'll start with production. We produced 41,200 pounds in the fourth quarter, bringing our total production for the year to just over 300,000 pounds. The majority, or 254,000 pounds, were produced from our Kingsville Dome project, 37,000 pounds were from Vasquez, and about 10,000 from Rosita.

As Dave said, production in the fourth quarter was lower than what we had seen in the prior three quarters as a result of our winding down production, not bringing on new wellfields, and not putting on new capital development. Our direct production cost for the fourth quarter was about \$33 a pound, with direct production costs for the year just under \$48 a pound.

At the end of the year, we had just over 36,000 pounds of uranium inventory, which was carried at an average cost per pound of about \$33.50. Of the inventory that we had at year-end, almost 28,000 pounds were sold in January of 2009 to our two customers at an average price of just over \$51. Our sales revenue for the fourth quarter of 2008 was about \$2.2 million, on just under 39,000 pounds, at an average sales price of \$56 to \$76 per pound. Sales for the entire year were about \$18.6 million, on roughly 285,000 pounds, which saw us realizing an average sales price of just under \$65.

Looking at our cost of sales, specifically our cost to produce uranium sales, for the quarter and the full year, our direct cost of uranium sold in Q4 2008 was \$2.1 million, or just over \$53 a pound. For the full year, our similar costs were \$13.8 million, or just under \$49 a pound. The direct operating cost of sales for 2008 related to our operating costs were about \$23 a pound, where our DD&A costs were about \$25 a pound.

During 2008, we also incurred exploration expenses of roughly \$1.6 million. These were incurred primarily for activities related to our South Texas exploration projects for the Marshall and the Mosser and certain exploration activities that we had at Kingsville Dome. Our cost of sales for the year included a significant impairment provision of \$16 million related to the carrying value of the company's uranium properties. This charge resulted from our reviewing the net book value of the properties at the end of the year and comparing them to the estimated fair value at that same time. Fair value for each project was calculated by looking at the future cash flows, based on the current projections for future production costs, sales prices, and the full economic estimates for the life of each project. We determined that in the third quarter and in the fourth quarter, the net book value of those projects was above the realizable value, which resulted in the write-downs.

Based upon the analysis of the net property values, Kingsville Dome, Rosita, and Vasquez were written down by roughly \$6 million, \$8 million and \$2 million dollars, respectively, for 2008. The other major component of our cost of sales were our royalties and commissions, which were about \$1.7 million for the year, just under \$6 a pound, or roughly 9.2% of sales.

Going down to our G&A costs, our corporate expenses, including G&A, were about \$11.4 million for 2008. This number is relatively flat compared to our G&A in 2007 of \$11.7. However, our 2008 results include \$1.4 million related to the write-off of the target acquisition costs for the proposed Rio Algom acquisition. During the latter stages of 2008, we implemented significant cost-cutting strategies, which we expect to reduce our G&A costs in 2009.

A breakdown of the major categories for the 2008 G&A expenditures for the year were: non-cash compensation expense of approximately \$2.2 million, personnel costs, salary and benefits of \$3.2 million, consulting and professional services of \$1.5 million, legal, accounting, and other public company expenses of \$1.4 million, and the write-off of the acquisition costs related to Rio Algom potential acquisition was \$1.4 million.

Moving into our cash and cash flows, as Dave said our cash balance at the end of 2008 was about \$12 million. During the year, we generated cash flow from operations of about \$1 million. We had capital expenditures, primarily for uranium property and plant equipment, of \$10.5 million during the year, and that was used at Kingsville Dome for wellfield development and evaluation. There were drilling costs of just under \$4 million and development costs at our Rosita and Rosita South projects of about \$5 million. In addition, we had additional investing activities. We increased our restricted cash by about \$600,000 during the year related to collateral to support financial surety obligations for our South Texas projects.

Finally, our finance activities. In 2008, we raised about \$13 million in May from the private placement in which we sold about 3.3 million shares at a gross price of \$4.34. We also had certain finance activities to raise some capital through the exercise of stock options during the year.

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

Operator: Our first question is coming from David Snow of Energy Equities.

David Snow: Good morning. I'm trying to remember the historic contracts at \$14 a pound. Your release says this action eliminated the potential for reinstatement of the original 2003 delivery contracts. How did that go away if you reversed this joint venture?

David Clark: There were certain conditions that if, in the Preliminary Investment Decision, we didn't want to go forward and they did want to go forward, or something to that degree, that you could revert it back to those original contracts.

Tom Ehrlich: That's precisely it. If Itochu were to make a positive investment decision, and we were going to make a negative investment decision, meaning that the joint venture did not go forward, then the terms and conditions of the original sales contracts would have been reinstated from that point going forward.

David Snow: So you didn't reinstate the original contracts, right?

Tom Ehrlich: That is correct. We did not.

David Snow: And the chance to do that is now gone.

Tom Ehrlich: Correct.

David Snow: So are you out of the \$14 contracts in the fixed delivery obligations?

Tom Ehrlich: Well, we have been out of those since we renegotiated the contracts. However, pending the outcome of the joint venture decisions, they've allowed for the opportunity for us to step back into those. With this decision, it eliminates the opportunity for us to be required to step back into those old contract terms.

David Snow: So you're out of the old contracts altogether?

Tom Ehrlich: Yes.

David Clark: And part of that, the renegotiation of that \$14 contract was the new pricing structure in Texas and the joint venture at Churchrock. Those two were tied together.

David Snow: You're benefiting twice; you got out of any of those contracts and you're 100% in New Mexico.

Tom Ehrlich: Now, David, remember, we were not under the conditions of those old contracts. The specter of them being reinstated is what we got out from under.

David Snow: So you won twice and lost on the \$2.10 on some of the Texas production?

Deborah Pawlowski: Correct.

David Snow: Did I hear that in New Mexico, you would also be a buyer or seller? I wasn't sure if I heard that right.

David Clark: What you heard me say is that we will enhance what we have. Our objective is to build our reserve base from 100 million to 200 million.

David Snow: . Your alma mater (Ux Consulting), TradeTech, and maybe your own website, had your talk in South Africa, where you thought the price might go to \$80 a pound, but you're base modeling cases in the \$40 range. Can you give us the upside synopsis there again?

David Clark: To give clarity to planning, it's the assumption that nothing may change in your \$40 market. I think that's the low end of what the market would be. Let's proceed forward on that basis, given all the uncertainty in the uranium market and the economy as a whole. Proceed on that basis; that's not my prediction of where the market goes. Again, I think as long as the price is at \$40, the more cancellations and delays you're going to see. At the same time, the reactors are coming online, the demand is going up, and the secondary supplies are being depleted. I think that's all the formula for another price spike. But when that comes, I don't know. Where we are as a company, right now, it's not important. What is important is to take advantage of the current conditions, which allows us to advance our strategic plan.

David Snow: Are you totally in spot prices? I'm still trying to go back to the old contracts and figure it out?

David Clark: What we have as the blended price is around \$50. Part of that is the UG contract based on \$6.50 off a long-term price, which is at \$70, and the other is, let's say, \$7.50 off the spot price for Itochu.

Operator: Our next question will be coming from Lynn Hedegard, a Private Investor.

Lynn Hedegard: I'd like to know if you've considered any options for acquisitions or being acquired?

David Clark: That's not something we usually comment on. Given the economy and the market, you can make a case that all companies are undervalued at this point in time. From our perspective, I've laid out where I think we build value in this company and we'll follow that strategy.

Lynn Hedegard: But are there any partnerships that you're entertaining at this point? Do you have any letters of intent?

David Clark: Yes, we do. We wouldn't comment on that. I think it's a great question, because the way I view it, I think we are close to having what we need to resolve the issues in New Mexico on our own. It will become a question of timing. Do we want to bring in partners just to give us additional security, or do we want to resolve the issue ourselves, which I think gives us an excellent value for our projects. That's something you play by ear as you move forward. But at this point in time, as I discussed, in Texas and New Mexico, I think there is a consolidation of the industry in both places, and we expect to be a participant in that.

Lynn Hedegard: One last question. You mentioned technology you're developing for cleaning up the groundwater. Do you see that as a product or service that you can monetize and actually gain revenue from?

David Clark: I'm not sure. It's a possibility, but I'm not leaning to that. I think we are working with other ISR companies now, because it's in our interest to do that. In doing it that way, since we all have different operating parameters and different experience, I'd rather share the information and lower the cost for all of us, than each of us working separately, finding something, and then charging somebody else for use of that technology.

It is in all our best interests. There is a lot of interest from the national laboratories and government agencies to resolve this issue. So moving to the patent side, I'd rather have a free exchange of information to do the best job we can, because it's in everybody's interest, including the public's.

Lynn Hedegard: Are there any companies, either private or public, that are working to develop a service that they would intend to bring to market on restoration technology?

David Clark: There are different technologies. We're trying hydrogen with Texas A&M. There are other substrates that other companies are trying. The principle is to increase anaerobic bacteria activity so that it consumes oxygen. There may be other ways. Now that we have laboratories involved, there's government financing to do this. It's just really giving it a good hard look and seeing what can be done.

What generally happens is you have to take the water back to baseline. But the bigger issue is you have to leave it with the same utility it had before we started. As I said earlier, the water is already poisoned. It can't be used. We have to leave it in a condition where it's poisoned and can't be used. You want to make sure that it does not migrate offsite; which with natural attenuation, tends to be what happens. So we need to demonstrate that's what happens.

When you get into the restoration parameters themselves, it gets into very, very small numbers. A lot of times, it's a distinction without a difference. If you cannot get all the way down to 0.001 or whatever, and you can get down to 0.0015, the opposition says you didn't get it good enough. Well we want to get it as good as we can, and we want to make sure it has the same utility.

If there are private companies that are looking into that technology, it helps. There are three operating ISR producers in the U.S.; you might double or triple that amount, given the activity in New Mexico and Texas and Wyoming and Nebraska. So, it will be those companies that we are dealing with. And if those companies are leading in the technology, like we're trying to do, I think it'll probably more come from us in the private sector; other companies might involve us. Does that answer your question?

Lynn Hedegard: Yeah, I guess one other thing. Is Ariva or any of the other global concerns involved in any of it?

David Clark: Ariva has properties in Wyoming, which they have restored. So they have done a lot of work in the technology of it. When you look at the U.S., we use a lixiviant for it, the substance that puts the oxygen in the water or use oxygen to dissolve the uranium in water.

In Kazakhstan, you use acids. In Australia they also use acid in some of the projects. We can't use acid here. So it's a different mining technology and, therefore, different restoration factors for other companies. The option is pretty much what's used in the U.S., but it's our market.

Operator: Thank you. We have a follow-up question coming from David Snow at Energy Equities.

David Snow: Just to understand, these contracts go in Texas as long as you have any production there, or what's the duration?

David Clark: Both the UG and Itochu contracts were for 3 million pounds apiece. Half the production. They are not production contracts, so the fact that we're shutting down production, means there's no obligation to deliver.

David Snow: How much did you deliver versus the three million each?

David Clark: We can get you that number David. Off-hand, it's probably between 1 million and 1.5 million pounds. It's what we've produced since 2004.

David Snow: You mean to each one?

David Clark: Total.

David Snow: And then if you were to resume operations in the future, would you still have that 3 million pounds – the 1.5 or 2 million left at those prices?

David Clark: We will have that unless we renegotiate the contracts.

David Snow: But it would sound like that would give you an advantage in acquiring in Texas. You not only have a mill, but you also have prices that are right now above the market.

David Clark: We are looking at everything we have and getting value out of everything we have. I'll leave it at that.

David Snow: You were thinking that if Bill Richardson went to Washington, it would put a deputy under him in charge, and unfortunately, he didn't pay his taxes or whatever happened. What political faces are going to help you if any?

David Clark: Well, Governor Richardson is term-limited. So he will be gone at the end of 2010.

David Snow: That's a long way away, though. Are there new faces around that would help you in addition to that?

David Clark: Lieutenant Governor Diane Denish is very pro-business. She's a Democrat. I think she intends to run for Governor. She was preparing to takeover Richardson's seat. She got involved with the uranium issue. She understands it. She's got a mining background. Her family's got a mining background. So it can go a long way.

Governor Richardson hasn't come out against uranium mining. So it's not that he has hurt it. He has slowed things down in New Mexico to some degree, but what we need is a very pro-business environment and a re-look at it. It's a political issue along with the Navajo.

David Snow: So it's pretty much at the end of 2010, the election that you're focusing on in the change of the guard down there.

David Clark: Correct.

Operator: Thank you. There are no further questions. I'd like to hand the floor back over to Mr. Clark for any closing comments.

Dave Clark: Well, as I was saying, thank you again for your time and I hope you look forward to what I think can be a very important year this year. So thank you very much.