VELVET MINE URANIUM PROJECT

SAN JUAN COUNTY, UTAH
USA

43-101 MINERAL RESERVE AND RESOURCE REPORT

PREPARED FOR:
URANIUM ONE AMERICAS

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SECTION 3 SUMMARY

The following report was prepared by BRS, Inc. a Professional Engineering and Natural Resource Corporation duly licensed in the State of Wyoming, USA. The report addresses the geology, uranium mineralization and in-place mineral reserve and resources of the mineral holdings for Uranium One Americas' (Uranium One) Velvet Mine Uranium Project. The portion of the project addressed specifically in this report is located in Sections 2, 3 and 4, Township 31 South, Range 25 East at approximate Latitude 38^{o} 07' North and Longitude 109^{o} 09' West (refer to Figure 1, Location Map). Three-quarters of Section 2 is a State of Utah lease of approximately 494 acres. Uranium One holds 34 unpatented claims in Section 3 and 4 of approximately 676 acres. In total these mineral holdings comprise approximately 1,170 acres.

Contiguous mineral properties controlled by Uranium One but not included in this estimate, include unpatented claims located in Sections 11, and 12 of T31S, R25E and Sections 6 and 7 in T31S, R26E, and these mineral holdings comprise approximately 762 additional acres. (Refer to Figure 2, Drill Hole and Claim Map).

This report is a summary of mineral reserves and resources. The Velvet Mine Uranium Project was extensively explored during the 1970's with the principal exploratory work and drilling completed by Atlas Minerals with additional drilling completed by Minerals Recovery Corporation (MRC). The drilling was completed adjacent to Atlas Minerals' Velvet Mine which was mined in Section 3 up to the property line with Uranium One's current mineral holdings in Section 2. Atlas and MRC conducted extensive drilling on the lands currently held by Uranium One including the delineation of 4 mineralized areas with drilling on a rough grid approximating 100' centers. The available historic data includes radiometric composite data posted on multiple mine maps from some 173 drill holes completed on the property. This historic data was utilized as the basis of the initial evaluation and in the preparation of this report dated March 16, 2007 and was acquired by Energy Metals Corporation (EMC) from Dean Stucker, a mining engineer formerly employed by MRC prior to Uranium One's acquisition of EMC. In addition, verification and exploratory drilling including radiometric and chemical assay data from some 15 drill holes completed in 2007 and 2008 by Uranium One has been incorporated into the amended report presented herein.

Uranium mineral resources and reserves within and in the vicinity of the project are found in the upper Permian Cutler Formation. Many of the other mines in the Lisbon Valley or Big Indian Wash District were located in the basal Moss Back member of the Triassic Age Chinle Formation overlying the Cutler Formation. The Lisbon Valley or Big Indian Wash District produced 5 times as much uranium as any other district in Utah from the period of 1948 through 1988 totaling 77,913,378 pounds U_30_8 at an average grade of 0.30 % U_30_8 (Chenoweth, 1990).

Within the district there is an erosional unconformity between the Permian and Triassic aged beds where the Triassic Moenkopi formation was eroded away before the placement of the Moss Back Member of the Chinle Formation. Most of the ore bodies in the Cutler

occur within six feet of the unconformity. The deposits appear to be located in channel deposits and troughs in the paleotopography, but no pattern or common orientation is evident. Cutler host rocks consist of alternating beds and lenses of light pink, orange, and buff mudstone, calcareous siltstone, and arkosic sandstone. The sandstone beds are well sorted, are fine to medium grained, and are as much as 50 feet thick. The sandstone is comprised of quartz, feldspar, and biotite, with clay as the predominant binder, but locally calcite may be in the cement. Uraninite is the principal uranium ore mineral, with small amounts of coffinite. In addition, vanadium in the forms of montroseite, doloresite, and vanadium clay and/or hydromica was an important by product of the Atlas Minerals' Velvet Mine, adjacent to the current property. The Velvet Mine operated by Atlas Minerals on Section 3 produced approximately 400,000 tons of ore at grades of 0.46 $\%U_3O_8$ and 0.64 $\%V_2O_5$ (approximately 4 million lbs uranium and 5 million lbs vanadium) during the period 1979-1984 (Chenoweth, 1990).

Section 2 of the Velvet Mine Uranium Project is drilled on approximately one hundred foot centers throughout the majority of the mineralized area. The surface topography in this area is characterized by rugged plateaus and steep canyons. Many of the drill locations were constructed on steep benches, with nearly 500' of elevation differential between the highest and lowest drill hole collars on the property. Based upon the type of deposit and the on site knowledge gained by actual mining of the deposit adjacent to the site, the drilling demonstrates continuity to the extent that Atlas and MRC prepared mine feasibility studies and were prepared to initiate mining on the deposit prior to price downturns in the early 1980's. The drilling demonstrates continuity particularly along the mineralized trends. Based on the drill density, the apparent continuity of the mineralization along trends, and 2007/2008 Uranium One verification drilling the mineral resource estimate meets the criteria as measured resources for the New Velvet Area, and indicated mineral resources for the Old Velvet Area under the CIM Standards on Mineral Resources and Reserves. In addition, inferred mineral resources have been defined in accordance with CIM Standards on Mineral Resources and Reserves. Mineral resources are reported based on GT cutoffs of 0.25, 0.50, and 1.00. In addition, probable mineral reserves have been declared in compliance with CIM Standards on Mineral Resources and Reserves.

The data available for this report included data from the previous Atlas mineral holdings in Sections 2 and 3, and data from Uranium One's exploratory drilling program initiated in 2007. Uranium One holds additional mining claims in Sections 4, 11, and 12 of T31S, R25E and in Sections 6 and 7 in T31S, R26E. Although potential exists on all of these holdings, the most significant known mineral resources, apart from Section 2 and 3, occur on the former Uranerz Wood Mine Project now controlled by Uranium One in Sections 6 and 7 in T31S, R26E. Chenoweth, 1990, states, "About 1987, Uranerz USA, Incorporated announced a discovery in the southeastern Lisbon Valley. This discovery on Three Step Hill in Section 7, T.31S., R.26E., is reported to contain some 2.5 million pounds U_3O_8." This published report of mineral resources are of a historic nature and work necessary to independently verify the classification of the mineral resource estimates in accordance with National Instrument 43-101, verified by a qualified person and in compliance with

CIM standards has not been completed. This historical estimate should not be relied upon.

Recommendations for the continuing exploration and development of the Velvet Project include:

1. Complete a 43-101 compliant mineral resource report for the Wood Mine Project based on the foregoing data and verification drilling currently planned for completion.
2. Continue economic feasibility studies for the overall Velvet Mine Uranium Project. Feasibility studies should include underground mining with shipment of ores to the Shootaring Canyon mill and/or tolling at the White Mesa mill.
3. Test by drilling, either from surface or underground once access is established, the potential for expanding defined mineralization and extending mineralization;
    a. East southeast from the known trend, specifically, the southeast ¼ of State of Utah lease ML49377 in Section 2 T31S, R25E and continuing to the Wood Mine Project located in Sections 6 and 7 in T31S, R26E.
    b. West northwest from the Old Velvet Mine to the Bardon Mine located in Sections 4 and 5, T31S, R25E.
4. Complete current metallurgical studies and investigations for incorporation into the project feasibility study.
5. Complete transfer of the mining permit for the Old Velvet Mine, develop and execute a plan for dewatering of the mine to allow access to the remaining mineralized area define within and near the workings and establish access to the New Velvet area utilizing the existing decline where possible.
6. Additional surface drilling within the defined resource area is generally not recommended. While additional delineation of the mineralized zones would be advantageous for detailed mine planning, surface drilling is hampered by physical terrain and somewhat unpredictable downhole drift, limiting its effectiveness and increasing costs. Given the potential of accessing the defining mineralization in both the Old and New Velvet by reestablishing and extending the existing decline, detailed delineation development of the mineralization can be completed underground. Once access is developed, detailed underground sampling is recommended utilizing face sampling and longhole drilling for final delineation of the deposit for mining purposes.

Economic evaluation of the mineralization described herein was completed and is reported in Section 25. Thus, the estimate that follows is a mineral reserve and resource estimate. Previous estimates assumed mining by underground mining methods with conventional mineral processing

The current mineral reserve and resource estimate follows:

The interpreted mineralized trends, shown on Figure 5, 6, and 7 in plan view are based on moderately spaced drill data and the reported continuity of the deposit. As discussed in Section 16 historic data has been verified. Based on the drill density, the apparent continuity of the mineralization along trends, and 2007/2008 Uranium One verification drilling the mineral resource estimate meets the criteria as measured resources for the New Velvet Area and indicated mineral resources for the Old Velvet under the CIM Standards on Mineral Resources and Reserves. The total probable mineral reserves and total measured and indicated mineral resources for the Velvet Project follow. Note that these figures are not additive in that the probable mineral reserve is that portion of the measured and indicated resource that is economic under current cost and pricing conditions.

Total Probable Reserve– 0.32 GT Cutoff

GT minimum	**Pounds % eU_3O_8**	**Tons**	**Average Grade %eU_3O_8**
0.32	1,988,481	375,349	0.265

*numbers rounded

Total Measured and Indicated Mineral Resources – 0.25 GT Cutoff

GT minimum	**Pounds % eU_3O_8**	**Tons**	**Average Grade %eU_3O_8**
0.25	2,474,744	362,566	0.291

*numbers rounded

Inferred mineral resources have also been defined in accordance with CIM Standards on Mineral Resources and Reserves for areas outside the estimation envelope for measured and indicated resources, as discussed in Section 19 follow.

Total Inferred Mineral Resources – 0.25 GT Cutoff

GT minimum	Pounds % eU_3O_8	Tons	Average Grade %eU_3O_8
0.25	604,116	173,906	0.174

*numbers rounded

Resource calculation methods are described in detail in Section 19 of this report.

In addition to these defined mineral resource and reserve areas, Uranium One controls;

- The Bardon and Wood mine areas;
- 2,000 feet along trend between the Old Velvet and Bardon mines;
- 3,000 feet of trend on the undrilled portion of Section 2 east southeast of the New Velvet;
- and portions of more than 2 miles of trend between Section 2 and the Wood Mine.

Historical resource estimates for the Velvet Mine Uranium Project have been previously released by Energy Metals Corporation and/or are available from published literature including Chenoweth, 1990.

SECTION 4 INTRODUCTION AND TERMS OF REFERENCE

This report was prepared by BRS, Inc. for Uranium One to address the geology, uranium mineralization and in-place mineral reserves and resources within Uranium One's mineral holdings known as the Velvet Mine Uranium Project. The Velvet Mine Uranium Project was extensively explored during the 1970's with the principal exploratory work and drilling completed by Atlas Minerals prior to 1980. Atlas conducted extensive drilling on the lands currently held by Uranium One including the delineation of 4 mineralized areas with drilling on a rough grid approximating 100 foot centers. The available historic data includes radiometric composite data posted on multiple mine maps from some 173 drill holes completed on the property. This historic data was utilized as the basis of the initial evaluation and in the preparation of the original 43-101 report dated March 16, 2007 and was acquired by Energy Metals Corporation (EMC) from Dean Stucker, a mining engineer formerly employed by MRC prior to Uranium One's acquisition of EMC. Subsequent to the March 16, 2007 report and with the acquisition of EMC by Uranium One the former EMC holdings were combined with adjacent former US Energy (USE) holdings also acquired by Uranium One. The USE acquisition included the Old Velvet Mine and included all drill data, including geophysical and lithologic logs for some 983 drill holes, drill maps, mine maps and numerous technical reports. In 2007 and early 2008 verification and exploratory drilling including radiometric and chemical assay data from some 15 drill holes completed by Uranium One has been incorporated into the amended report presented herein.

The co-authors of this report, Mr. Beahm and Mr. Anderson, are both Professional Geologists licensed in Wyoming and Professional Engineers licensed in Wyoming, and Registered Members of the US Society of Mining Engineers (SME). In addition, Mr. Beahm is a Professional Engineer licensed in Colorado, Utah, and Oregon. Mr. Beahm is experienced with uranium exploration and development and uranium mining including past employment with the Homestake Mining Company, Union Carbide Mining and Metals Division, and AGIP Mining USA. As a consultant and principal engineer of BRS, Inc., Mr. Beahm has provided geological and engineering services relative to the development of mining permits for ISL operations in the Gas Hills and Powder River Basin, as well as numerous mineral resource and economic feasibility evaluations. This experience spans a period of over thirty years dating back to 1974. Mr. Beahm has direct work experience in the Colorado Plateau Uranium district as an employee of Union Carbide and as a consultant for COCA Mining. Mr. Anderson has completed resource evaluations and participated in confirmation drilling programs on numerous uranium project in Wyoming and Utah recently.

The authors visited the Velvet Mine site several times in the fall of 2007 and early 2008. In 2007 and 2008, the authors and personnel under their direct supervision assisted Uranium One in the exploratory and development drilling completed on the project. Mr. Beahm and Mr. Anderson were directly involved in the Velvet 2007 and 2008 drilling program including, supervision of drilling, logging and recordation of core samples, selection of core samples for testing, and delivery of core samples to Hazen Research for analysis and metallurgical testing, thereby establishing a complete chain of custody.

SECTION 5 RELIANCE ON OTHER EXPERTS

The author has relied on the accuracy of the historical and new data as itemized in Section 4 and various project reports as referenced in Section 23 of this report. The Old Velvet Indicated Mineral Resources was calculated using the data and maps listed in the April 1987 Price report “Updated Measured Geologic Reserves, Measured Mining Reserves and Indicated and Inferred Reserves”.

The location of the unpatented mining lode claims and the state mineral leases, shown on Figure 2, which form the basis of the mineral holdings, was provided by Uranium One and was relied upon as defining the mineral holdings of Uranium One in the development of this report.

Included as Appendix B of this report is a memorandum titled “Velvet Resources, USA. Memorandum”, completed by AMD consulting, Andre Deiss principal. The authors relied upon the information and data provided in this memorandum in the verification of the resource model for the Velvet deposit, as described herein.

SECTION 6 PROPERTY DESCRIPTION AND LOCATION

The Velvet Mine Uranium Project is located in Sections 2, 3 and 4, Township 31 South, Range 25 East at approximate Latitude 38^{o} 07' North and Longitude 109^{o} 09' West (refer to Figure 1, Location Map).

The Velvet Mine Uranium Project Drill Hole and Claim Map, Figure 2, was provided by Uranium One and represents the approximate location of unpatented mining lode claims and state leases held by Uranium One. In addition, copies of location certificates and filings for unpatented mining lode were provided by Uranium One. Said data and mapping was reviewed and found to be complete. In addition, to the mining lode claims three quarters of Section 2 is a State of Utah lease ML 49377 of approximately 494 acres which was obtained by Mr. William Sheriff by competitive bid, and subsequently transferred to EMC prior to Uranium One's acquisition of EMC. Mineral rights for Section 3 and 4 of T31S, R25E are controlled via unpatented claims UT 1-10, UT 19-24, UT 29, TSH 6-9, NOITL TSH 10, Hotspot 42-44, and Velvet 1-9. In total the mineral holdings within the Project area comprise approximately 1,170 acres.

To maintain these mineral rights Uranium One must comply with the state lease provisions including annual payments with respect to State of Utah lease ML 49377; and BLM and San Juan County, Utah filing and/or annual payment requirements to maintain the validity of the unpatented mining lode claims.

The claims were located by Uranium One and the author is not aware of any encumbrances. The claims will remain the property of Uranium One provided they adhere to required filing and annual payment requirements with San Juan County and the Bureau of Land Management (BLM). Legal surveys of unpatented claims are not required and to the author's knowledge have not been completed.

There are no pre-existing mineral processing facilities or related wastes on the property. In order to conduct exploratory logging and drilling of the property, the operator was required to file a Notice of Intent (NOI) to explore, and obtain a permit from the State of Utah Department of Natural Resources, Division of Oil, Gas, and Mining (DOGAM). Exploration on Bureau of Land Management lands also required filing an NOI. Mine development would require a number of permits depending on the type and extent of development, the major permit being the actual mining permit issued by the DOGAM. The mine permit from Atlas' Velvet Mine is current and Uranium One is in the process of transferring the permit for their operations. In addition, BLM would require NEPA clearances on federal lands. Utah is an agreement state with the US Nuclear Regulatory Commission (USNRC). Thus, the Utah Division of Radiation Control would regulate mineral processing activities. To the author's knowledge, there are no other current environmental permits for the project area.

SECTION 7

ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY

The Velvet Mine Uranium Project is located within the Lisbon Valley physiographic province in San Juan County, Utah. The project is approximately 10 miles south of La Sal, Utah.

The site is located at approximate Latitude 38^{o} 07' North and Longitude 109^{o} 09' West, on the southeastern side of the Lisbon Valley on Three Step Hill. The project area is located primarily on a dipping bench above the Lisbon Valley, with elevations averaging 6,800 feet above sea level. The southern portions of the deposit are located beneath another higher bench, with nearly 500' of elevation differential between the highest and lowest drill hole collars on the property. Vegetation is characteristically pinion, cedar, and juniper forest, with some ponderosas in the higher areas. Bare rock with sparse vegetation such as yucca is common, and sagebrush is thick in drainages where soil forms. The site is located on a topographic divide between Big Indian Wash and the Lisbon Valley, both of which are ephemeral drainages. Big Indian Wash is tributary to Kane Springs Creek which enters the Colorado River southwest of Moab, Utah. The Lisbon Valley drains through the Little Indian Canyon into Colorado where it joins the Dolores River, which enters the Colorado River northeast of Moab.

The site is accessible via 2-wheel drive on existing county and/or two-track roads as follows:

Access to the site is along partially paved and otherwise improved county roads proceeding westerly on the Lisbon Valley Road from its junction with Utah Highway 163 5.5 miles south of La Sal Junction.

In addition to access roads, some infrastructure is present on the site. The site is accessible over the multiple drill trails covering the area. An active copper mine, Lisbon Valley Copper Mine, is located 3 air miles north of the property. The presence of the copper mine and other industrial facilities in the area is significant in context of mine permitting in that the Velvet Mine will be compatible with current land use. A power line terminates at the old Velvet Mine portal, which is located in the SE ¼ of Section 3, T 31S, R25E. The Old Velvet Mine portal has been closed. However, Uranium One currently plans to reopen the old Velvet Mine portal to reach the mineralized trends. Personal communication with Tony Bates, an Umetco employee responsible for dewatering and maintenance of the Velvet Mine from 1988-1990, indicated that the portal could be reopened with minimum effort, and that the decline should be in good condition at least until the interface with the ground water table.

SECTION 8 HISTORY

The original locator of this property was Gulf Minerals Corporation (Gulf). The Velvet Mine Uranium Project was initially drilled during the 1970's with the principal exploratory work and drilling completed by Gulf. Gulf sold the property to Atlas in the late 1970's. Atlas' Velvet Mine commenced operations in 1979 in Section 3 and advanced to the property line of the current Uranium One holdings in Section 2. Atlas completed feasibility studies for mining the Section 2 mineral resources including hoisting and haulage of ores to their Moab mill for processing in 1980. These plans were never executed in light of low uranium prices in the 1980's and the property was sold by Atlas Minerals as they were experiencing an economic downturn. Minerals Recovery Corporation (MRC) of Lakewood, Colorado purchased the property from Atlas for approximately $10,000,000.00. MRC was the operating arm of Wisconsin Public Service Company. Additional drill holes were drilled in 1981 and 1984 by MRC. A feasibility study was completed by Minerals Recovery Corp. in 1983. Subsequently Wisconsin Public Service Company exited the uranium business. Atlas closed the Velvet Mine in Section 3 in 1984. The Velvet Mine property was acquired by Umetco Minerals Corp. in 1989. Umetco was interested in the property due to the vanadium content of the remaining reserves. Umetco held the Section 3 property until the mid 1990's at which time the property was transferred to US energy (USE). USE commissioned Roscoe Postle Associates (RPA) to complete a 43-101 report on the Old Velvet Mine along with other holdings in the Lisbon Valley titled "Technical Report on the Lisbon Valley Uranium Properties, Utah, Prepared for U.S. Energy corp., Report NI 43-101, dated September 14, 2005. Subsequently, Wisconsin Public Service allowed their lease on Section 2 to lapse. Mr. William Sheriff secured the Section 2 state lease by competitive bid, staked the adjoining mining claims, and subsequently transferred the property to EMC prior to Uranium One's acquisition of EMC. Thus, Uranium One's current holdings include mining claims and leases from both the US Energy (USE) and Energy Metals (EMC) acquisitions. Finally, Uranium One has staked additional mining claims in the area closing gaps that once existed between the various claim groups and leases.

New Velvet Area - Utah State Lease ML49377 - Section 2, Township 31 South, Range 25 East

Drill hole locations are shown on Figure 2, Drill Hole and Claim Map. The drill maps show the collar locations. All drilling was vertical. Downhole drift is shown on the original data maps. For the current modeling, historic mineral locations were based upon the bottom of hole locations as shown on the original data maps and new mineral locations were based upon the bottom of ore intercept locations. For most drill holes historic and new the bottom of hole is not more than 20 feet below the ore zone. Significant horizontal deviation is therefore not expected between bottom of ore and bottom of drill hole. The drilling delineated 4 strongly mineralized areas with drilling on approximate 100 foot centers. The available historic data includes composite radiometric data posted on multiple mine maps from some 173 drill holes completed on the property. This historic data was utilized as the basis of the initial evaluation and in the preparation of this report dated March 16, 2007 and was acquired by Energy Metals Corporation

(EMC) from Dean Stucker, a mining engineer formerly employed by MRC prior to Uranium One's acquisition of EMC. In addition, verification and exploratory drilling including radiometric and chemical assay data from some 15 drill holes completed in 2007 and 2008 by Uranium One has been incorporated into the amended report presented herein.

The historic mineral resource estimate which follows was completed by MRC. The estimated a 0.40 %eU_3O_8 average grade was calculated considering both mine dilution and mine extraction, with an ore to waste ration of 1 ton ore to 0.5 ton waste. A minimum grade of 0.1% eU_3O_8 and a GT cutoff of 0.40 was applied in the development of an underground mine operation plan.

Tonnage	Grade	Mine Production	Recovered Product
291,000	0.40 %eU_3O_8	2,100,000 Pounds Uranium	1,995,000 (95% rec) Pounds Uranium
291,000	0.55 %eV_2O_5	2,891,000 Pounds Vanadim	1,850,000 (64% rec) Pounds Vanadium

This historic estimate was completed using a polygonal method. The projected mineral resource limits of this estimate and the current estimate were compared and are similar in plan view. This historic estimate is between 7 and 14% higher than the current mineral resource estimate at the .25 and .50 GT cutoff limits respectively.

Cautionary Statement:

> This resource estimate is of a historic nature. Work necessary to independently verify the classification of the mineral resource estimates in accordance with National Instrument 43-101, verified by a qualified person, and in compliance with CIM standards has not been completed. **This historical estimate should not be relied upon.**

Old Velvet Mine Area - Section 3, Township 31 South, Range 25 East

At the Velvet Mine the historic data available for the estimation of resources included both the mined area of the Old Velvet, Section 3, Township 31 South, Range 25 East, and the unmined New Velvet in the adjacent Section 2 along with a limited area within the Old Velvet that was unmined but was closely delineated with underground face and longhole sampling. The historic data consisted of intercept data showing downhole depth, thickness, and grade and location data from drill maps with surface and downhole location and underground face and longhole drill sampling. Copies of lithological and geophysical logs were also available for Section 3 drill holes but not for Section 2. The drillhole maps utilized a common coordinate system for both Section 2 and 3. The maps were rectified including ground surveys on the same datum. Actual production records from the Velvet Mine were available in the Atlas Minerals data acquired with the property; however, a slightly higher production totaling 4.2 million pounds is reported by Chenoweth, 1990 and repeated in the RPA, Lisbon Valley 43-101 report, 2005. Since the

data from both the New Velvet and Old Velvet is on the same basis and the actual mine production from the Old Velvet was known this provides an opportunity to calibrate the resource estimation methodology utilized in the current estimate and at the same time validate the historic data. As such a resource estimate was completed for the Old Velvet area in the same manner as the estimate was completed for the New Velvet area as documented in Section 19 of this report.

The subsequent table shows the results. The estimate/actual production is shown at two GT cutoffs, 0.25 and 0.50. The estimate of total pounds from historic data by current contouring methods yielded differences of 6.9% and 2.0% at the 0.25 and 0.50 GT cutoffs, respectively. In both cases the actual production was slightly less that the total estimated resource which should be expected with consideration of mine extraction.

While the actual cutoff employed in the Velvet mine is not known, Price 1987 employed a 0.60 GT and a minimum mine height of 7 feet which presumably was consistent with the mining practice at the time. In this case the actual tons and pounds are within 10% of the current estimate. The current estimate is conservative with respect to actual production and well within expected accuracy levels for feasibility study and evaluations.

Estimate/Actual Comparison of Old Velvet Reserves

		Tons	#U308	% U308	
Atlas Reported Production		402,882.60	3,765,023.45	0.47	
Atlas Remaining Reserve Est. Price , 1987		66,499.00	541,380.00	0.41	
Total Actual/Est.		469,382	4,306,403	0.46	
	Total Estimated	Resource	From Original	Data	
BRS Estimate 4/18/2008	Min. GT	Tons	#U308	% U308	Average Thickness feet
	@4ft min Height 0.25 GT min	459,940	4,603,521	0.50	5.4
	Difference	2.0%	-6.9%	-9.1%	
	@4ft min Height 0.5 GT min	350,179	4,407,521	0.63	5.7
	Difference	25.4%	-2.3%	-37.2%	
	@7ft Height, min. 0.5 GT	430,044	4,407,521	0.51	7
		8.4%	-2.3%	-11.7%	

Old Velvet - Unmined Mineral Resources - Section 3, Township 31 South, Range 25 East

Unmined resources at the Old Velvet Mine include an undeveloped area (Area III) of the Old Velvet Mine and Areas I, II, IV, and East Side within the Old Velvet that were developed but left unmined (Refer to Figure 7). Areas I, II, IV, and East Side were closely delineated with underground face and longhole sampling as reported by Price, 1987. Subsequent resource estimates by Price, 1987 are of a historic nature. Work necessary to independently verify the classification of the mineral resource estimates in accordance with National Instrument 43-101, verified by a qualified person, and in compliance with CIM standards has been completed as follows.

Old Velvet Area III

Area III was delineated by surface drill holes on approximate 100 foot centers. In addition, the Price, 1987 calculations utilized underground exploration drilling that was not used for the current estimate and could account for the small differences on thickness and grade. Based on the close comparison of the historic numbers with the current estimate, which is 43-101 compliant and is in compliance with CIM standards, confirms the historic estimate from Price, 1987.

The historic resource estimate for Old Velvet Area III by Price 1987 follows*:

GT minimum	Pounds % eU_3O_8	Tons	Average Grade %eU_3O_8	Average Thickness (feet)
0.50	39,081	4,351	0.45	2.6

*numbers rounded

The current mineral resource estimate using the methodologies described in Section 19 for Old Velvet Area III Indicated Mineral Resources follows*:

Old Velvet Area III Indicated Mineral Resources*

GT minimum	Pounds % eU_3O_8	Tons	Average Grade %eU_3O_8	Average Thickness (feet)
Undiluted				
0.50	38,813	5,082	0.382	2.2
Diluted**				
0.50	38,813	9,240	0.210	4.0

*numbers rounded **used in summary

Old Velvet Areas I, II, IV, East Side

The current estimates of Mineral Resources or Mineral Reserves for Old Velvet Areas I, II, IV, and East Side (refer to Figure 7), as defined under NI 43-101 were completed as described below. A historical estimate is available from Price, 1987 who estimated mineral resources areas within the Old Velvet Mine which were developed but left unmined and is discussed in Section 8 of this report. These unmined areas were designated as Areas I, II, IV, and East Side and were sampled underground using a combination of face and longhole drill samples. The data was posted on underground mine maps which was used as the basis for Figure 7. Data and calculations were summarized in the Price, 1987 report.

Areas I, II, IV, and East Side are currently flooded and not accessible for sampling. No samples from the previous work were available for review.

The author has audited the 1987 Price mineral resource estimate and has updated it to a current resource estimate. In the course of this estimate the following checks and calculations were made:

- The data was reviewed to assure that the posted data matched the data utilized in the calculations.
- The area of influence assigned to the data was reviewed and confirmed specifically;
    - Rib and face samples were projected 10 feet into the rib face or through the pillar if other sides of the pillar were accessible and the projection was justified by the data.
    - Longhole samples were projected 10 feet on each side of the longhole fans.
- Density was reviewed; a density of 13 cubic feet per ton was used as compared to the 14.5 cubic feet per ton recommended in this report. This would have the affect of overstating the tonnage by 10% if the 14.5 cubic feet per ton were correct. However, the GT cutoff employed in the estimate was 0.6 as compared to the 0.5 to 0.25 range recommended in this report which would offset this difference.
- Average thickness and grade were compared to all other sources of data including surface drill data.
- Mineralized areas delineated on the mine maps were digitized into AutoCAD and the total area, tonnage, and pounds were calculated and compared to the 1987 Price estimate.

In addition to these checks and confirmations, the current estimate of Old Velvet mineral resources from the historic surface drill data that was compared to the estimate/actual mine production and which is 43-101 compliant and in compliance with CIM standards does include Old Velvet Areas I, II, IV, and East Side.

As further stated in Section 19, the current mineral resource estimate for Old Velvet Area I, II, IV, and East Side Indicated Mineral Resources follows*:

The historic resource estimate for Old Velvet Areas I, II, IV, and East Side, Price 1987*: Table IV, "Velvet Measured Geologic Reserves"*

GT minimum	**Pounds %** eU_3O_8	**Tons**	**Average Grade %eU_3O_8**	**Average Thickness (feet)**
Undiluted				
0.50	541,380	66,499	0.407	5.02

*numbers rounded

The current mineral resource estimate using the methodologies described above for Old Velvet Areas I, II, IV, and East Side Indicated Mineral Resources follows*:

Old Velvet Areas I, II, IV, and East Side Indicated Mineral Resources**

GT minimum	**Pounds %** eU_3O_8	**Tons**	**Average Grade %eU_3O_8**	**Average Thickness (feet)**
Undiluted**				
0.50	508,708	62,001	.410	5.02

*numbers rounded **used in summary

The Price 1987 estimate is 7% higher in tons and 6% higher in pounds than the current estimate. This difference is due to two areas that were included in the Price calculation tables but not drawn on the mine maps and there for not included in the current estimate. Based on the close comparison of the historic numbers with the current estimate, which is 43-101 compliant and in compliance with CIM standards, the historic estimate from Price, 1987 can be confirmed. The Old Velvet Areas I, II, IV, and East Side current estimate is an Indicated Mineral Resource due to the flooding of the Old Velvet workings and no samples from the previous work were available for review.

SECTION 9 GEOLOGIC SETTING

Surfical geology is shown on Figure 3, Geologic Map and Stratigraphic Column. The Colorado Plateau was formed during the Miocene (10-15 million years ago) when most of Utah was uplifted between 7000 and 10000 feet. Subsequent erosion by the Colorado and Green rivers has created an area of deeply incised canyons and high plateaus. In the Grand County/San Juan county area in southeastern Utah there are also meteor craters, salt domes, faults, and folds that have contributed to the present day topography. The dominant feature in the Velvet area is the Lisbon Valley Anticline. The Lisbon Valley Anticline is a northwest/southeast feature about 20 miles long that was formed when salt in the Paradox Formation was mobilized. The up-warping and subsequent erosion of the anticline has exposed Pennsylvanian to Cretaceous age rocks along the length of the anticline. Consolidated rocks that crop out in the Lisbon Valley area range in age from Late Pennsylvanian to early Pleistocene. The oldest, the Pennsylvanian Honaker Trail Formation is exposed in the interior of the anticline with successively younger rocks exposed in the faces of three cuestas along the flanks of the anticline. In the Velvet area the cuestas recede southward step-wise away from the center of the anticline and are known as Three Step Hill. Among the rock units exposed along the Lisbon Valley Anticline are the Permian Cutler Formation, the Triassic Chinle Formation (Moss Back Member) and the Morrison Formation (Salt Wash Member) that contain uranium deposits that have made the Lisbon Valley anticline the most productive uranium producing area in Utah. Since 200 two small earthquakes of magnitude 4.1and 4.5 and have occurred about 20 miles northeast of the Velvet. (Google™, 2007)

The Lisbon Valley Anticline is the dominant structural feature of the area. It extends from near Little Indian Canyon at the southeast end, to the Rattlesnake Ranch on the northwest end a distance of about 20 miles. A narrow anticlinal bulge, extends southeastward across the east flank of Three Step Hill. The Lisbon Valley fault bounds the Lisbon Valley anticline on its northeast flank, placing Jurassic and Cretaceous rocks against Pennsylvanian Honaker Trail Formation rocks. The southwest flank of the anticline forms a broad dip slope. Dips on this flank are as much as 20 degrees close to the axis of the anticline, but decrease to 5-7 degrees in the Velvet Area. The Lisbon Valley fault splits into several smaller faults that in part form the McIntyre Graben. The McIntyre graben is a down-folded and down-dropped block that lies immediately southeast of, and on the same northwest trend as, the Lisbon Valley anticline. The graben is about 11 miles long and from about 1.2 to 3 miles wide. It includes most of Lower Lisbon Valley and the uppermost part of McIntyre Canyon.

Uranium mineral resources and reserves within and in the vicinity of the project are found in the upper Permian Cutler formation. Many of the other mines in the district were located in the basal Moss Back member of the Triassic Age Chinle Formation overlying the Cutler Formation. As shown on Figure 3, Geologic Map and Stratigraphic Column, there is an erosional unconformity between the Permian and Triassic aged beds where the Triassic Moenkopi formation was eroded away before the placement of the Moss Back Member of the Chinle Formation. Observations from the Uranium One 2007 and 2008 coring program on the Velvet project has developed the model that mineralization in

both formations is related to the unconformity, although the location of mineralization with respect to the contact varies from location to location within the district. Most of the mineral resources in the Cutler occur within six feet of the unconformity. Figure 2 in the 1990 Chenoweth report shows geology, mines and ore bodies in the district. Much of the historic mining in the vicinity such as the Bardon, Divide, School Section, Pats, and Service Berry mines are pre-1960 except for the Velvet Mine (1979-1984). With the exception of the Velvet and Bardon mines, most of these are in the Chinle formation and were mined prior to 1941. The discovery of mineralization in the Cutler formation was late, therefore, the Cutler is largely unexplored (Chenoweth, 1990, page 41). Most of the earlier drilling stopped at the base of the Chinle. Further to the east, the discovery of the Uranerz deposit (Wood Mine Project) was reported in 1987 in T31S, R26E, Section 7 (Chenoweth, 1990). The potential for mineralization between the Velvet and Wood Mine is currently unexplored. Limited exploration has been conducted between the Bardon Mine and the Velvet Mine but there remains potential for the discovery of mineralization in this area as well. The Bardon, Velvet and Wood mines are oriented along a common trend beginning in the northwest at the Bardon Mine and proceeding to the southeast through the Velvet Mine to the wood Mine along a distance of more than 6 miles.

Mineral resources and reserves at Velvet appear to be located in channel deposits and troughs in the paleotopography, but no pattern or common orientation is evident. Cutler host rocks consist of alternating beds and lenses of light pink, orange, and buff mudstone, calcareous siltstone, and arkosic sandstone. The sandstone beds are well sorted, are fine to medium grained, and are as much as 50 feet thick. The sandstone is comprised of quartz, feldspar, and biotite, with clay as the predominant binder, but locally calcite may be in the main cement. Uraninite is the principal uranium mineral, with small amounts of coffinite. In addition, vanadium in the forms of montroseite, doloresite, and vanadium clay and/or hydromica was an important by product of the Atlas Minerals' Velvet Mine, adjacent to the current property. The Atlas Minerals' Velvet Mine produced approximately 400,000 tons of ore at grades of 0.46 $\%U_3O_8$ and 0.64 $\%V_2O_5$ (approximately 4 million lbs uranium and 5 million lbs vanadium) during the period 1979-1984 (Chenoweth, 1990).

During operations data shows that dewatering required ~25 gallons per minute. To reopen the mine stored water will need to be removed and treated.

SECTION 10 DEPOSIT TYPES

Uranium mineralization within the Colorado Plateau of Southwestern Colorado and Southeastern Utah have been described as tabular-blanket type deposits that are sub-parallel to bedding planes and/or features such as unconformities. Mineralization is often confined to paleochannels and controlled by lithology, permeability, porosity, and the presence of a chemical reductant, often carbonaceous material (Hasan, 1986). A similar depositional morphology is observed at the Velvet Mine.

Figure 5, Velvet Project GT Map, as well as Figures 6 and 7, show the mineralization of the Velvet area in plan view.

SECTION 11 MINERALIZATION

The ore in the Velvet Mine is in sandstone units within the Cutler Formation. The sandstones are fluvial arkose that has been bleached. The mineral deposits are irregular tabular bodies (Denis, 1982) located at the base, at the top, or close to pinch-outs of the sandstone bodies (Campbell and Mallory, 1979). The major producing zone in the Cutler occurs near the unconformity between the Cutler and the overlying Chinle Formation. The mineralization may extend a short distance into the sandstone of the Moss Back above. The uranium-bearing sandstones are petrologically very similar to other Cutler fluvial sandstones, but contain less calcite and more clay and are slightly coarser grained (Campbell and Mallory, 1979). Uraninite is the principal uranium ore mineral encountered in the reduced ores of the Velvet Area. In areas where the ore lies above groundwater levels oxidized uranium minerals such as carnotite, and tyuyamunite may occur.

Please note the following terminology is used in this report:

1. GT is the grade thickness product.
2. Grade is expressed as weight percent.
3. eU_3O_8 means radiometric equivalent U_3O_8.

Mineral resource and reserve estimates for the Velvet mineralization are based on radiometric data. Radiometric equilibrium was assumed based on chemical assay data from Uranium One's 2007/2008 exploration as discussed in Section 20 of this report. The portion of the project addressed specifically in this report is located in Sections 2 and 3, Township 31 South, Range 25 East at approximate Latitude 38^o 07' North and Longitude 109^o 09' West (refer to Figure 1, Location Map).

Utah State Lease ML49377

The mineral resource estimate contained herein was based on 173 historic drill holes and 15 drill holes from 2007/2008 Uranium One exploration with mineralization as follows.

Historic Drill Holes

Barren	Trace < 0.1 GT	Mineralized 0.1–0.25 GT	Mineralized 0.25-0.5 GT	Mineralized > 0.5 GT	TOTAL
6	30	29	24	84	173
3.5 %	17.3 %	16.8 %	13.9 %	48.6 %	

The historic data available for this evaluation was limited to data from the previous MRC mineral holdings.

2007/2008 Drill Holes

Incomplete	Barren	Trace < 0.1 GT	Mineralized 0.1–0.25 GT	Mineralized 0.25-0.5 GT	Mineralized > 0.5 GT	TOTAL
1	1	6	3	0	4	15
6.7 %	6.7 %	40 %	20 %	0 %	26.7 %	

A description of the basic parameters of the mineralization follows.

Mineralization Thickness and Grade

Mineralized thickness ranges from 1 foot to over 19 feet. Average thickness varies with GT cutoff as follows. Grade varies from the minimum grade cutoff of 0.1 %U_3O_8 to a maximum reported grade of 1.87 %U_3O_8.

	All Holes Not Barren	Mineralized >0.1 GT	Mineralized >0.25 GT	Mineralized > 0.5 GT
Average Thickness	5.9 Feet	6.4 Feet	6.9 feet	7.6 Feet
Average Grade	0.20 %U_3O_8	0.24 %U_3O_8	0.29 %U_3O_8	0.36 %U_3O_8

Width and Trend Length

As shown on Figure 5 and 6 in plan view, a distinct mineralization trend is well defined by the drilling, with the appearance of a meandering channel. Mineralization is within the Permian Cutler Formation. Drilling in the Velvet area is sufficient to define a mineralized trend along a length of approximately 3,400 feet within the Cutler Formation. The base of the mineralization ranges from approximately 757 to 1345 feet from the surface and averages approximately 6.9 feet summed thickness. Individual mineralized zone thickness ranges from 1 to 19 feet thick with an average of 3.8 feet. Within the mineralized zone, individual intercepts were combined to represent the GT for the hole within that zone. The summed GT for the Velvet area ranges from 0.01 to 10.88 with an average of 1.24. The location of the mineralized zone was taken to be the bottom of the mineralization. Drill data demonstrates continuity of mineralization laterally within the Velvet Project as currently defined by drilling.

Economic evaluation of the mineralization described herein was completed and is reported in Sections 19 and 25. Thus, the estimates that follow address both mineral resources and reserves. Previous estimates assumed mining by underground mining methods with conventional mineral processing.

UT Claims

MRC did not hold property outside of Section 2. All other properties currently held by Uranium One in the district were not drilled by MRC. The nearby Wood Mine Project is reported to contain mineral resources of 2,500,000 pounds U_3O_8 in T31S, R26E, Section 7 (Chenoweth, 1990). However, this report of mineral resources is of a historic nature and work necessary to independently verify the classification of the mineral resource estimates in accordance with National Instrument 43-101, verified by a qualified person and in compliance with CIM standards has not been completed. These historical estimates should not be relied upon.

The mineralized trend from the Section 2 mineralization was drilled to its eastern boundary where the old Velvet Mine is located, as shown in Figures 6 and 7. The mineralized trend extends toward the southeast in the general direction of the historic Wood Mine (Uranerz Project) across the remainder of Section 2 and additional mining claims held by Uranium One and others. Historic drilling to the southeast ended with a single line of widely spaced holes exhibiting lower values of mineralization. However, given the defined variation of mineralization width, thickness and grade along the roughly ½ mile of defined mineralization in Section 2 (refer to Figure 6) it is apparent that the limited historic drilling in this area is inadequate to preclude extension of mineralization in this area especially given the know mineralization along this trend in the Wood Mine. Thus, an inferred mineral resource, Velvet Inferred area B, is projected in this area as shown on Figure 6 and it is recommended that additional exploration and/or delineation be completed in this area and extending toward the Wood Mine, either from surface or from underground once access is established.

In addition to this area, 2008 drilling completed to the west of the center of the New Velvet mineralization by Uranium One extended mineralization in this area including a 0.87 GT hole, TS-02-08 (refer to Figure 6). Thus, an inferred mineral resource, Velvet Inferred Area A, is projected in this area as shown on Figure 6 and it is recommended that additional exploration and/or delineation, either from surface or from underground, be completed once access is established, in the vicinity of TS-02-08 and along the projected trend to define potential mineralization.

In addition to these defined areas of inferred mineral resources, Uranium One controls 2,000 feet of trend between the Old Velvet and Bardon mines, 3,000 feet of trend on the undrilled portion of Section 2 east southeast of the New Velvet, and portions of more than 2 miles of trend between Section 2 and the Wood Mine. This report does not address the contiguous mineral properties. Uranium One holds additional mining claims in Sections 4, 11, and 12 of T31S, R25E and in Sections 6 and 7 in T31S, R26E. Although potential exists on all of these holdings, the most significant known mineral resources, apart from Section 2, occur on the former Uranerz Wood Mine Project now controlled by Uranium One in Sections 6 and 7 in T31S, R26E. Chenoweth, 1990, states, “About 1987, Uranerz USA, Incorporated announced a discovery in the southeastern Lisbon Valley. This discovery on Three Step Hill in Section 7, T.31S., R.26E., is reported to contain some 2.5 million pounds U_3O_8.” These reports of mineral resources are of a historic

nature and work necessary to independently verify the classification of the mineral resource estimates in accordance with National Instrument 43-101, verified by a qualified person and in compliance with CIM standards has not been completed. This historical estimate should not be relied upon.

Summary

The interpreted mineralized trends, shown on Figure 5, 6, and 7 in plan view are based on moderately spaced drill data and the reported continuity of the deposit. As shown in Figure 4, 2007/2008 Uranium One exploration verifies historic data. Based on the drill density, the apparent continuity of the mineralization along trends, and 2007/2008 Uranium One verification drilling the mineral resource estimate meets the criteria as measured resources for the New Velvet Area and indicated mineral resources for the Old Velvet Area under the CIM Standards on Mineral Resources and Reserves. In addition, two areas of inferred resources have been defined and are shown on Figure 6.

SECTION 12 EXPLORATION

Data available for the preparation of this report included historic data developed by previous owners of the property and data from Uranium One's 2007/2008 exploration. The relevant exploration data for the current property is the drill data as previously discussed and as represented graphically in the various figures of this report. This data demonstrates that mineralization is present on the property and defines its three dimensional location.

The historic data available for this mineral resource evaluation is based upon drill and mine plan maps prepared by Minerals Recovery Corporation. The drill maps show hole locations at the surface and downhole due to vertical drift, and the thickness and radiometric grade of uranium measured in weight percent eU_3O_8.

The 2007/2008 drill data is based on interpretation of downhole geophysical logs typically consisting of natural gamma, resistivity, SP (Spontaneous Potential Resistivity, SP, assays from air-rotary and core samples were utilized for defining lithology and correlating the logs. Geophysical logging of drill holes completed by Uranium One in 2007/2008 was preformed by Century Geophysical Corporation. Industry standard practice for Century Geophysical logging trucks included calibration of the logging trucks routinely at Department of Energy facilities.

The author has training in the interpretation of geophysical logging data and received certification of same on November 19, 1976 from the Century Geophysical Corporation.

Based upon the confirmation drilling performed by MRC on the Atlas drilling, the consistency between feasibility studies performed by MRC and Atlas, 2007/2008 Uranium One exploration, and the results of the current mineral resource estimate, the data is considered reliable.

SECTION 13 DRILLING

Atlas and MRC conducted extensive rotary and limited core drilling on the lands currently held by Uranium One including the delineation of 4 mineralized areas with drilling on a rough grid approximating 100' centers. Drilling averaged a depth of 1100 ft and ranged from 814 feet to 1400 feet. All of the holes were surveyed for down hole deviation and were posted as collar and bottom of hole on the historic mine maps. Drift ranged from 10 to over 150 ft and averaged 70ft to the northwest, or up dip. The dip of the host formation is approximately 8 degrees. Drilling was conducted vertically although virtually all drill holes drifted up dip. The average vertical declination was approximately 4 degrees from vertical. Because this declination opposed the dip of the formation the effect of dip on true thickness is diminished. Considering the effect of the actual drill hole declination from vertical the correction to true thickness would be less. This means that a 10 foot thickness interpreted from the geophysical log would actually be 9.99 feet. As this level, data correction would be less than the accuracy of the original data, which is interpreted down to one foot, no correction is necessary from the log thickness to true thickness.

The available historic data includes radiometric data from some 173 drill holes completed on the property. In addition, verification and exploratory rotary and core drilling including radiometric and chemical assay data from some 15 drill holes completed in 2007 and 2008 by Uranium One has been incorporated into the amended report presented herein. The Uranium One drilling had the same average drifts as the historic data.

SECTION 14 SAMPLING METHOD AND APPROACH

The historic data available for Section 2, New Velvet was from drill maps with composited mineral intercepts. The historic data available for Section 3, Old Velvet was from drill maps with composite mineral intercepts, drill logs, and multiple reports. The composites would have been made from ½ foot gamma data from down hole logging probes. The companies responsible for the development of this data were actively mining and had completed mining up to the western boundary of the property.

Core samples and ½ foot gamma data from 2007/2008 Uranium One exploration were available and were reviewed. Assay results from the 2007/2008 core samples were available and were reviewed (refer to Section 20 of this report).

The data utilized in this report is considered accurate and reliable for the purposes of completing a mineral resource estimate for the property.

SECTION 15 SAMPLE PREPARTATION, ANALYSIS, AND SECURITY

The Velvet Mine Uranium Project was initially drilled during the 1970's with the principal exploratory work and drilling completed by Gulf. As previously discussed in Section 14 the data is considered accurate and reliable for the purposes of completing a mineral resource estimate for the property.

Core drilling completed during the 2007/2008 drilling program was directly supervised BRS and Uranium One personnel including the author and personnel under his direct supervision. On site personnel completed lithologic logging of rotary and core samples. Upon completion of drilling, geophysical logs of the drill holes were completed by a commercial provider of such services, Century Geophysical. The loggers were contractually required to provide Uranium One with calibration data for their probes. The logs provided by Century Geophysical also have the onsite calibration for each hole and the k-factor for the probe.

Drill core was placed in protective plastic sleeves at the drill site and packaged into core boxes. Mineralized core was subsequently split for analysis and metallurgical testing with half of the core retained. The core splits were delivered to the testing laboratory and testing facility, Hazen Research, by the author and a chain of custody established. In addition, select core samples were chosen for geotechnical testing. It is the author's opinion that the sample preparation, security and analytical procedures were acceptable.

Radiometric Equilibrium

The dominant data available for the evaluation of mineral resources was radiometric equivalent uranium data. This data consisted of radiometric geophysical logging data of each drill hole from which the uranium content was calculated using standard industry methods and calibration. Such calculations of equivalent uranium content from geophysical log data are based on the assumption that the uranium is in radiometric equilibrium with its daughter products. Under certain geologic, hydrologic, and/or geochemical conditions uranium or its daughter products may be mobilized differentially, resulting in an imbalance in the ratio of uranium to its daughter products. When this occurs it is referred to as disequilibrium and difference between radiometric equivalent uranium content and actual chemical uranium content may be positive, enriched, or negative, depleted. Such variations are expressed by a disequilibrium factor (DEF) which is equal to 1 if the deposit is in radiometric equilibrium; greater than 1 if enriched; and less than 1 if depleted. Data from historical core drilling and the 2007/2008 coring program is provided in Appendix A for all samples exceeding 0.02% eU_3O_8. The location of the core holes are highlighted on the Drill Hole Map. Mineralized core samples were available from six separate core holes for which the DEF ranged from 0.81 to 1.59 with a mean value of 1.33.

SECTION 16 DATA VERIFICATION

Historic drill data for each drill hole consisting of radiometric data was posted on drill maps including collar elevation, elevation to the bottom of the mineralized intercept, thickness of mineralization, grade of mineralization, and elevation of the bottom of the hole. Data entry was checked and confirmed. Drill hole locations were digitized from the drill maps to create a coordinate listing and then plotted. The resultant drill maps were then checked and confirmed by overlaying with the original maps.

New drill data included collar elevation, collar location, grade and elevation of mineralized intercepts, elevation of bottom of hole. New drill hole locations were taken from field surveys using modern survey grade GPS equipment. All historic coordinates were converted to match the new Utah State Plane NAD83 coordinate system. This conversion included the re-surveying of a limited number of historic survey monuments and rectification of the historic coordinate system to the Utah State Plane NAD83 coordinate system. With this rectification historic drill holes could be located in the field with an estimated error of less than 15 feet. Further field surveys should be completed to increase the accuracy of historic drill hole coordinates.

A comparison of historic drill hole Sum GT data with 2007/2008 Uranium One drill hole Sum GT data can be seen in Figure 4, Data Verification Map. Figure 4 shows a view of 3 core holes completed in the same general vicinity initially intended to twin hole CL-129. The drill hole locations shown on the figure are the down hole locations accounting for down hole drift. The closest of the 2007/2008 core holes was CL-129T-07A which is approximately 18 feet to the northeast of CL-129. CL-129T-07A had a 2.64 GT as compared to CL-129 with a 3.23 GT. Drill holes Cl-129T-07 and CL-192T-08B deviated approximately 75 feet to the northeast from CL-129, and had GT values of 0.74 and 0.90, respectively. Although the GT of holes Cl-129T-07 and CL-192T-08B are less than the intended twin hole CL-129, their GT values are approximately the same as the closest historical drill hole, considering down hole drift, CL-57 with a GT value of 0.85.

Once the database had been developed and data entry confirmed, each mineralized intercept within an individual drill hole was evaluated on a hole by hole basis and combined to represent a probable mining thickness appropriate for underground mining methods (minimum 4 feet). This process eliminated some thin and/or isolated mineralized intercepts. The resultant data was then utilized to develop the Grade Thickness (GT) map, Figure 5. The GT map was then compared to mine plans available from previous feasibility studies to verify the data.

Density

Eight samples taken from core holes for geotechnical purposes were analyzed for density among other properties. The densities of the eight samples ranged from 123.1 to 163 pound per cubic foot and averaged 136.1 pounds per cubic foot. This converts to an average density of 14.7 cubic feet per tons as compared to the historic number for

resource and reserve calculations of 14.5 cubic feet per ton which is based on mining experience in the district and is recommended for the purposes of this report.

Comparison to Old Velvet Production

Section 8 of this report discusses the history of this project area, historic resource estimates and production. As surface drill data was available for both mined and unmined areas of the project a direct comparison of the current estimation method utilizing historic data with actual production was made. The estimate of total pounds from historic data by current methods was 6.9% and 2.0% less than the sum of the actual reported production and remaining unmined resources, at the 0.25 and 0.50 GT cutoffs, respectively. The comparison of estimated mineral resources to actual production is well within expected limits and verifies not only the historic data but the ability of the resource methodology employed for the purposes of this report to estimate mineral resources in this geologic environment.

SECTION 17 ADJACENT PROPERTIES

In addition, to the subject properties of this report, Uranium One has substantial mineral holdings in the Lisbon Valley and other uranium districts in Utah. Refer to Roscoe Postle Associates, Technical Report on the Lisbon Valley Uranium Properties, Utah, Prepared for U.S. Energy corp., Report NI 43-101, dated September 14, 2005; and Bon, RL and Krahulec, KA, "2007 Summary of Mineral Activity in Utah", Utah Geological Survey 2007. Significant uranium mine developments in the within the Lisbon Valley in which neither the authors nor Uranium One have any material interest include:

- Dension Mines Corp. who owns the White Mesa Uranium Mill located in Blanding, Utah. The White Mesa Uranium Mill has been processing alternative feed nuclear waste and is expected to switch to processing of uranium and vanadium ores in 2008. The White Mesa Uranium Mill has issued a buying schedule and is accepting ore from other companies in addition to captive ore being mined at Denison's Pandora Mine which is also located in the Lisbon Valley (Bon and Krahulec, 2007).
- Energy Fuels Inc. is in the process of rehabilitating the Hecla Shaft located near La Sal, Utah in the Lisbon Valley with the stated goal of developing a 200 ton per day uranium mine operation in 2008 (Bon and Krahulec, 2007).

SECTION 18 MINERAL PROCESSING AND METALLURGICAL TESTING

Mining by Atlas Minerals extended from Section 3 westward to the boundary of the state lease on Section 2. Ores mined from the Atlas Minerals' Velvet Mine were processed for vanadium and uranium. The Atlas Minerals' Velvet Mine produced approximately 400,000 tons of ore at grades of 0.46 $\%U_3O_8$ and 0.64 $\%V_2O_5$ (approximately 4 million lbs uranium and 5 million lbs vanadium) during the period 1979-1984 (Chenoweth, 1990).

Historical feasibility studies completed for mining of the Section 2 mineral resources projected 90% recovery of uranium utilizing an acid leach conventional mill (Redpath, 1980 and MRC, 1983). Past production did recover vanadium as a by-product.

Current metallurgical testing is in progress on core taken from the Velvet deposit in 2007 and 2008 focusing on conventional acid leach processing. Although additional testing of core samples is ongoing to refine the process metallurgy, leach test results for 41 viable Velvet core samples have been completed which showed an average leaching efficiency of 95.4% (Weizenbach, 2008). From these recent tests and other data, Lyntek, 2008, completed a feasibility report for the Shootaring Canyon Mill, owned by Uranium One. In their report Lytek projected a 91% overall recovery for the Velvet mineralized material with an expected acid consumption of approximately 160 pounds per ton. The stated recovery included both leaching efficiency and losses in the mill recovery circuit.

Mineralized material from Velvet could be shipped to the Uranium One owned Shootaring Canyon Mill for processing or toll treated at the White Mesa Mill. Note that the White Mesa Mill is owned by Denison Mines and has published a uranium ore purchase schedule for uranium and/or uranium/vanadium ores. This ore buying schedule is available on their web site www.denisonmines.com along with statement that they will be receiving ores from independent mines in 2008. This buying schedule was utilized in the economic analysis of the Velvet Mine reserves as discussed in sections 19 and 25.

SECTION 19 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

The Velvet Mine Uranium Project is located within the Lisbon Valley Uranium Mining District of Utah. With regard to the socioeconomic and political environment, the Lisbon Valley has been a uranium mining district and production center for over 40 years. Today an open pit copper mine operates within a few miles of the Velvet Uranium Mine Project area. In addition, two uranium mills remain active in the State of Utah, one of which is owned by Uranium One. Although a new mine operation may have detractors, the area has a mining history and a climate generally favorable for mining.

There are no pre-existing mineral processing facilities or related wastes on the property. In order to conduct exploratory logging and drilling of the property, the operator was required to file a Notice of Intent (NOI) to explore, and obtain a permit from the State of Utah Department of Natural Resources, Division of Oil, Gas, and Mining (DOGAM). Exploration on Bureau of Land Management lands also required filing an NOI. Mine development would require a number of permits depending on the type and extent of development, the major permit being the actual mining permit issued by the DOGAM. The mine permit from Atlas' Velvet Mine is current and Uranium One is in the process of transferring the permit for their operations. In addition, BLM would require NEPA clearances on federal lands. Utah is an agreement state with the US Nuclear Regulatory Commission (USNRC). Thus, the Utah Division of Radiation Control would regulate mineral processing activities. To the author's knowledge, there are no current environmental permits for the project area.

Uranium mining in Utah is subject to Mineral Production Tax. Mineral Production Tax Withholding was increased from 4% to its current level of 5% effective July 1, 1993, refer to Utah Senate Bill 180, 1993. On the Section 2 State of Utah lease, a 12.5% royalty is levied on uranium, and a 4.8% royalty applies to vanadium production. Additional state taxes would include property and sales taxes. At the federal level profit from mining ventures is taxable at corporate income tax rates. However, for mineral properties depletion tax credits are available on a cost or percentage basis whichever is greater. For uranium the percentage depletion tax credit is 22% among the highest for mineral commodities, IRS Pub. 535.

The following mineral resource and reserve estimates were completed by Douglas Beahm, P.E., P.G., Principal Engineer, and Andrew C. Anderson, P.E., P.G., BRS Inc.

Assumptions

1. A unit weight of 14.5 cubic feet per ton was assumed, based on data from feasibility studies prepared by previous operators and published reports. This assumption is supported by 2007/2008 core samples (refer to Section 16 of this report).
2. Mineral resource estimates were based on radiometric equivalent data. Radiometric equilibrium was assumed (Refer to Section 20 of this report).

Terminology used in this report

1. GT is the grade thickness product.
2. Grade is expressed as weight percent.
3. eU_3O_8 means radiometric equivalent U_3O_8.

The portion of the project addressed specifically in this report is located in Sections 2, 3 and 4, Township 31 South, Range 25 East at approximate Latitude 38^o 07' North and Longitude 109^o 09' West (refer to Figure 1, Location Map). Three-quarters of Section 2 is a State of Utah lease of approximately 494 acres. Uranium One holds 34 unpatented claims in Section 3 and 4. In total these mineral holdings comprise approximately 1,170 acres.

New Velvet- Utah State Lease ML49377 – Section 2, Township 31 South, Range 25 East

The mineral resource estimate contained herein was based on 173 historic drill holes and 15 drill holes from 2007/2008 Uranium One exploration with mineralization as follows.

Historic Drill Holes

Barren	Trace < 0.1 GT	Mineralized 0.1–0.25 GT	Mineralized 0.25-0.5 GT	Mineralized > 0.5 GT	TOTAL
6	30	29	24	84	173
3.5 %	17.3 %	16.8 %	13.9 %	48.6 %	

The historic data available for this evaluation was limited to data from the previous MRC mineral holdings.

2007/2008 Drill Holes

Incomplete	Barren	Trace < 0.1 GT	Mineralized 0.1–0.25 GT	Mineralized 0.25-0.5 GT	Mineralized > 0.5 GT	TOTAL
1	1	6	3	0	4	15
6.7 %	6.7 %	40 %	20 %	0 %	26.7 %	

A description of the basic parameters of the mineralization follows.

Mineralization Thickness and Grade

Mineralized thickness ranges from 1 feet to over 19 feet. Average thickness varies with GT cutoff as follows. Grade varies from the minimum grade cutoff of 0.1 %U_3O_8 to a maximum reported grade of 1.87 %U_3O_8.

	All Holes Not Barren	Mineralized >0.1 GT	Mineralized >0.25 GT	Mineralized > 0.5 GT
Average Thickness	5.9 Feet	6.4 Feet	6.9 feet	7.6 Feet
Average Grade	0.20 %U_3O_8	0.24 %U_3O_8	0.29 %U_3O_8	0.36 %U_3O_8

Width and Trend Length

As shown on Figure 5, 6, and 7 in plan view, a distinct mineralization trend is well defined by the drilling, with the appearance of a meandering channel. Mineralization is within the Permian Cutler Formation. Drilling and previous mining in the Velvet area is sufficient to define a mineralized trend along a length of approximately 3,400 feet within a single mineralized zone in the upper portions of the Cutler Formation. The base of the mineralization ranges from approximately 757 to 1345 feet from the surface and averages approximately 6.9 feet summed thickness. Mineralization thickness ranges from 1 to 19 feet thick with an average of 3.8 feet. Within the mineralized zone, individual intercepts were combined to represent the GT for the hole within that zone. The summed GT for the Velvet area ranges from 0.01 to 10.88 with an average of 1.24. The location of the mineralized zone was taken to be the bottom of the mineralization. Drill data demonstrates continuity of mineralization laterally within the Velvet mineralization.

No economic evaluation of the mineralization described herein was completed. Thus, the estimate that follows is solely a mineral resource estimate. Previous estimates assumed mining by underground mining methods with conventional mineral processing. The GT cutoff of 0.5 was utilized based upon the anticipated underground mining methods, which allows for extraction with thicknesses greater than 5' with minimum grade at 0.1% eU_3O_8.

Resource Calculation Methods

GT Contour Method

The primary resource calculation method utilized in this report is the GT contour method as follows. Drill data reflecting the summed thickness, grade (eU_3O_8), and GT was then diluted to a minimum 4 foot mining thickness. If the thickness exceeded 4 feet no dilution was added. GT and thickness for the diluted mineralized intercepts were then contoured using standard algorithms creating a three dimensional surface for each parameter. These surfaces were then bounded based upon the geological interpretation of

the deposit. From the contoured GT ranges the contained pounds of uranium were calculated by multiplying the measured areas by GT and density. Similarly, the total tonnage was calculated by contouring thickness and multiplying by area to obtain cubic feet, then converting to tonnage by applying the density factor. Tonnage by GT range was estimated based on the ratio of GT areas to total tonnage and the results summed. Finally, for mine planning and scheduling a three dimensional block model was created using an automated routine that assigned the thickness of mineralization and the GT, reflected by their respective contours, to the centroids of a uniform 10 foot by 10 foot grid. From the thickness and GT contours, average grade, tonnage, and contained pounds was calculated and assigned to each block.

Resource Model Verification Utilizing Geostatistical Resource Estimation Methods

Following the completion of the resource estimate utilizing the GT contour method, AMD Consulting's, principle Andre Deiss, was commissioned to conduct an independent validation of the resource estimate emphasizing the use of Datamine software with Kriging and Inverse Distance Squared (IDS) methods. The main objective of the study was to validate existing resource estimates and if possible apply Geostatistics to the Velvet orebody. A brief summary of the methods and results follows with the full report and figures attached in Appendix B:

"Both the uranium (U3O8) and thickness (T) composites were tested to determine whether Geostatistics could be applied. Experimental variograms were created for both variables and contoured. A two structure spherical variogram model could be fitted in Datamine Studio software. A long range of 144.6 feet and a short range of 69.8 feet were determined. This compares favourably to the ranges of 125 feet and 75 feet utilised by BRS Inc. in the original estimation of the Velvet Resources.

A wireframe model was created in Datamine from the top and bottom positions of each borehole orebody composite. These wireframes were then filled with blocks of cell size 10 feet x 10 feet in the X and Y direction. There is only one cell in the Z direction hence its dimension and it has value of the thickness between the two wireframe surfaces. The Z dimension is equated to the thickness (T) of the orebody.

Three main estimates were run:

- *An Inverse Distance to the power 2 on U3O8, utilising BRS Inc. original search parameters*
- *An Ordinary Kriging run on U3O8, utilising variogram parameters applied to the search*
- *An Inverse Distance to the power 2 on U3O8, utilising SRK Consulting original search parameters*

A minimum of 3 samples and a maximum of 12 were utilized as per original estimate. 3 searches were applied. The first as previously discussed, the second doubling the values and a third tripling the first search ellipses values.

Utilising all available data facilitated the use of Geostatistical processes, which produced search ranges, which in turn could be applied with confidence in the estimation of the Velvet orebody. Furthermore, the methodology applied allowed for a disclosure of an Inferred Resources outside of the previously defined 0.25 GT boundary.

The estimation process has produced comparable results with respect to the BRS Inc. estimation. The exercise has proved that Geostatistics can be applied in varying degrees to the Velvet Orebody. Furthermore it improves the confidence of the Resource categorisation."

The following table as been compiled from the AMD models and compares the GT Contour, Kriging, and IDS results.

New Velvet - Utah State Lease ML49377				
Resource Calculation Method	Pounds eU_3O_8	Tons	Average Grade % eU3O8	Resource Category
GT Contour (BRS)	1,966,036	362,566	0.271	Measured
Inverse Distance Squared Elliptical Search 125 x 75 Feet	1,857,830	294,555	0.315	66% Measured 34% Indicated
Ordinary Krigging	1,841,748	293,093	0.314	73% Measured 27% Indicated
Inverse Distance Squared Elliptical Search 145 x 70 Feet	1,843,897	297,216	0.310	97% Measured 3% Indicated

The following table summarizes the Inferred Resources as per AMD models.

Inferred Resource				
Resource Calculation Method	Pounds eU_3O_8	Tons	Average Grade % eU3O8	Resource Category
Geologic Projection (BRS)	517,500	76,000	0.340	Inferred
Inverse Distance Squared Elliptical Search 125 x 75 Feet	811,529	262,578	0.155	Inferred
Ordinary Krigging - negative krigging weights removed	604,116	173,906	0.174	Inferred
Ordinary Krigging - negative krigging weights NOT removed	1,475,145	403,390	0.183	Inferred
Inverse Distance Squared Elliptical Search 145 x 70 Feet	1,308,085	438,658	0.149	Inferred

New Velvet-GT Method

The current mineral resource estimate for the New Velvet area, Utah State Lease ML49377, utilizing the GT contour method, is recommended for reporting purposes in this report and follows:

New Velvet Measured Mineral Resources*

GT minimum	Pounds % eU_3O_8	Tons	Average Grade %eU_3O_8	Average Thickness (feet)
0.25	1,966,036	362,566	0.271	6.7
0.50	1,836,326	282,745	0.325	6.9
1.00	1,570,664	187,070	0.419	7.1

*numbers rounded

Old Velvet- Section 3, Township 31 South, Range 25 East

The mineral resource estimate contained herein addresses an undeveloped area (Area III) of the Old Velvet Mine and Areas I, II, IV, and East Side within the Old Velvet that were developed but left unmined (Refer to Figure 7). Areas I, II, IV, and East Side were closely delineated with underground face and longhole sampling as reported by Price, 1987. Area III was delineated by surface drill holes on approximate 100 foot centers.

Old Velvet Area III - Resource Calculation Methods

Resource calculations preceded in the same manner as described for the New Velvet Area III (Refer to Figure 7) as described previously. Although a mineral resource classification as measured may be appropriate as discussed above for the New Velvet mineral resources, a classification of Indicated Mineral Resources is recommended for Old Velvet Area III as the data has yet to be verified by surface drilling and is currently inaccessible for underground sampling.

The current mineral resource estimate for Old Velvet Area III Indicated Mineral Resources follows*:

Old Velvet Area III Indicated Mineral Resources*

GT minimum	Pounds % eU_3O_8	Tons	Average Grade %eU_3O_8	Average Thickness (feet)
Undiluted				
0.50	38,813	5,082	0.382	2.2
Diluted**				
0.50	38,813	9,240	0.210	4.0

*numbers rounded
**used in summary

Old Velvet Areas I, II, IV, East Side - Resource Calculation Methods

The following is the current estimates of Mineral Resources or Mineral Reserves for Old Velvet Areas I, II, IV, and East Side (refer to Figure 7), as defined under NI 43-101. A historical estimate is available from Price, 1987 who estimated mineral resources areas within the Old Velvet Mine which were developed but left unmined and is discussed in Section 8 of this report. These unmined areas were designated as Areas I, II, IV, and East Side and were sampled underground using a combination of face and longhole drill samples. The data was posted on underground mine maps which were used as the basis for Figure 7. Data and calculations were summarized in the Price, 1987 report.

The author has audited the 1987 Price mineral resource estimate and has updated it to a current resource estimate. In the course of this estimate the following checks and calculations were made:

- The data was reviewed to assure that the posted data matched the data utilized in the calculations.
- The area of influence assigned to the data was reviewed and confirmed specifically;
    - Rib and face samples were projected 10 feet into the rib face or through the pillar if other sides of the pillar were accessible and the projection was justified by the data.
    - Longhole samples were projected 10 feet on each side of the longhole fans.
- Density was reviewed; a density of 13 cubic feet per ton was used as compared to the 14.5 cubic feet per ton recommended in this report. This would have the affect of overstating the tonnage by 10% if the 14.5 cubic feet per ton were correct. However, the GT cutoff employed in the estimate was 0.6 as compared to the 0.5 to 0.25 range recommended in this report which would offset this difference.
- Average thickness and grade were compared to all other sources of data including surface drill data.
- Mineralized areas delineated on the mine maps were digitized into AutoCAD and the total area, tonnage, and pounds were calculated and compared to the 1987 Price estimate.

In addition to these checks and confirmations, the current estimate of Old Velvet mineral resources from the historic surface drill data that was compared to the estimate/actual mine production and which is 43-101 compliant and in compliance with CIM standards does include Old Velvet Areas I, II, IV, and East Side.

The historic resource estimate for Old Velvet Areas I, II, IV, and East Side, Price 1987*: Table IV, "Velvet Measured Geologic Reserves"*

GT minimum	Pounds % eU_3O_8	Tons	Average Grade %eU_3O_8	Average Thickness (feet)
Undiluted				
0.50	541,380	66,499	0.407	5.02

*numbers rounded

The current mineral resource estimate using the methodologies described above for Old Velvet Areas I, II, IV, and East Side Indicated Mineral Resources follows*:

Old Velvet Areas I, II, IV, and East Side Indicated Mineral Resources**

GT minimum	Pounds % eU_3O_8	Tons	Average Grade %eU_3O_8	Average Thickness (feet)
Undiluted**				
0.50	508,708	62,001	.410	5.02

*numbers rounded **used in summary

The Price 1987 estimate is 7% higher in tons and 6% higher in pounds than the current estimate. This difference is due to two areas that were included in the Price calculation tables but not drawn on the mine maps and there for not included in the current estimate. Based on the close comparison of the historic numbers with the current estimate, which is 43-101 compliant and in compliance with CIM standards, the historic estimate from Price, 1987 can be confirmed. The Old Velvet Areas I, II, IV, and East Side current estimate is an Indicated Mineral Resource due to the flooding of the Old Velvet workings and no samples from the previous work were available for review.

Although a mineral resource classification of measured for Old Velvet Areas I, II, IV, And East Side by CIM definitions may be appropriate based on the level of detail reflected in the data and the estimation, a classification of Indicated Mineral Resources is recommended for Old Velvet Areas I, II, IV, and East Side as the data has yet to be verified by field data. The area is currently inaccessible as the mine is flooded and verification drilling from the surface would be impractical as surface drilling would likely not be able to maintain circulation in the vicinity of the mine openings.

Inferred Mineral Resources

The mineralized trend from the Section 2 mineralization was drilled to its eastern boundary where the old Velvet Mine is located, as shown in Figures 6 and 7. The mineralized trend extends toward the southeast in the general direction of the historic Wood Mine (Uranerz Project) across the remainder of Section 2 and additional mining claims held by Uranium One and others. Historic drilling to the southeast ended with a single line of widely spaced holes exhibiting lower values of mineralization. However, given the defined variation of mineralization width, thickness and grade along the roughly ½ mile of defined mineralization in Section 2 (refer to Figure 6) it is apparent that the limited historic drilling in this area is inadequate to preclude extension of

mineralization in this area especially given the known mineralization along this trend in the Wood Mine. Thus, an inferred mineral resource, Velvet Inferred area B, is projected in this area as shown on Figure 6 and it is recommended that additional exploration and/or delineation be completed in this area and extending toward the Wood Mine, either from surface or from underground once access is established.

In addition to this area, 2008 drilling completed to the west of the center of the New Velvet mineralization by Uranium One extended mineralization in this area including a 0.87 GT hole, TS-02-08 (refer to Figure 6). Thus, an inferred mineral resource, Velvet Inferred Area A, is projected in this area as shown on Figure 6 and it is recommended that additional exploration and/or delineation, either from surface or from underground, be completed once access is established, in the vicinity of TS-02-08 and along the projected trend to define potential mineralization.

Mineralization in Section 2 averages 575 pounds per foot of trend length. Figure 6 shows two specific areas where mineralization can be inferred from the available data. The combined trend length inferred in these two areas is approximately 900 feet resulting in a projection of 517,500 pounds of inferred resource, as follows:

GT minimum	Pounds % eU_3O_8	Tons	Average Grade %eU_3O_8
0.50	517,500	76,000	0.34

*numbers rounded

Inferred mineral resources were also estimated outside the estimation envelope for measured and indicated resources by Deiss, 2008, as previously discussed. This estimate is based on the actual drill data and does not project a high grade trend as discussed above. As the estimate by Deiss is CIM compliant and verifiable based on the drill data, it is recommended that krig estimate be used of this report, as follows.

Total Inferred Mineral Resources – 0.25 GT Cutoff

GT minimum	Pounds % eU_3O_8	Tons	Average Grade %eU_3O_8
0.25	604,116	173,906	0.174

*numbers rounded

Probable Mining Reserves

The following mineral reserves are fully included in the total mineral resources reported in this section. Two options are available for milling the Velvet ore, Uranium One's Shootaring Canyon Mill and toll milling at Denison Mine's White Mesa Mill. For the purpose of this report the White Mesa option was used as it is currently in operation and is in closer proximity to the Velvet Mine. A cutoff grade of 0.08 %U_3O_8 was calculated

from the Denison Ore Purchase Schedule posted on their website on June 11, 2008 as follows. Mining costs used in the Velvet Cut-off Grade table are discussed in detail in Section 25.

Denison Ore Purchase Schedule (from website) June 13, 2008					
Grade	Buy-schedule		Total payment $/t	Contained lbs	Payment
	$/t ore	$/t transport			$/lb
0.23	180.34	13.5	193.84	4.6	42.14
0.24	189.77	13.5	203.27	4.8	42.35
0.25	199.2	13.5	212.7	5	42.54
0.26	208.63	13.5	222.13	5.2	42.72
0.27	218.07	13.5	231.57	5.4	42.88
0.28	227.5	13.5	241	5.6	43.04
0.29	236.93	13.5	250.43	5.8	43.18
0.3	246.36	13.5	259.86	6	43.31
0.31	255.79	13.5	269.29	6.2	43.43
0.32	265.22	13.5	278.72	6.4	43.55
0.33	274.65	13.5	288.15	6.6	43.66
0.34	284.08	13.5	297.58	6.8	43.76
0.35	293.51	13.5	307.01	7	43.86

Velvet Cut-off Grade

Toll Milling

White Mesa

Parameter	Amount	Unit
Mining cost	58.08	$/t
Milling cost	0.00	$/t
Freight cost	8.55	$/t
Admin cost	0.00	$/t
Total cost	**66.63**	**$/t**
U_3O_8 price	42.54	$/lb
Mill recovery	100%	
TC/RC	100%	
Freight	0.0%	
Royalty	0%	
Net value	**42.54**	**$/lb**
CoG	1.57	lb/t
	0.08	% U_3O_8
	783	ppm U_3O_8
	0.07	%U

The cutoff grade of 0.08 %U_3O_8 at a minimum mining height of 4 ft equals a 0.32 GT cutoff. The following table summarizes the New Velvet at the 0.32 GT cutoff and the Old Velvet at the 0.50 GT cutoff.

Estimate @ 0.32 and 0.50 GT cut-offs respectively			
Area	Ore Tons	eU3O8 Grade	eU3O8
	T	%	lbs
Old Velvet (0.5)	69,435	0.383	531,872
New Velvet (0.32)	340,177	0.275	1,870,090
Total	**409,612**	**0.293**	**2,401,962**

Given the flooded and unknown condition of the existing workings a 75% recovery is recommended in the pillar recovery and new mining operation within the Old Velvet Mine. In the New Velvet a recovery of 85% is expected utilizing a stable pillar layout and could be higher if retreat pillar extraction/stooping method could be utilized. Although the resource is already diluted to a minimum of 4ft a 10% dilution is also applied to account for split shooting and dilution during mining. When the above factors are applied to the cutoff GT the following probable reserve is recommended for the Old and New Velvet Mines.

Recovery				
Area	Rec.	Ore Tons	eU3O8 Grade	eU3O8
	%	T	%	lbs
Old Velvet	75%	52,076	0.383	398,904
New Velvet	85%	289,150	0.275	1,589,577
Total		**341,227**	**0.291**	**1,988,481**
Dilution				
Area	Dil.	Ore Tons	eU3O8 Grade	eU3O8
	%	T	%	lbs
Old Velvet	10%	57,284	0.348	398,904
New Velvet	10%	318,065	0.250	1,589,577
Total		**375,349**	**0.265**	**1,988,481**

Thus, the 0.25 GT cutoff measured and indicated mineral resource estimate for the Velvet Porject is reduced by 81% when the cutoff grade and mining factors are applied.

Summary

The interpreted mineralized trends, shown on Figure 5, 6, and 7 in plan view are based on moderately spaced drill data and the reported continuity of the deposit. As discussed in Section 16 historic data has been verified. Based on the drill density, the apparent continuity of the mineralization along trends, and 2007/2008 Uranium One verification drilling the mineral resource estimate meets the criteria as measured resources for the New Velvet Area and indicated mineral resources for the Old Velvet under the CIM Standards on Mineral Resources and Reserves. The total probable mineral reserves and total measured and indicated mineral resources for the Velvet Project follow. Note that these figures are not additive in that the probable mineral reserve is that portion of the measured and indicated resource that is economic under current cost and pricing conditions.

Total Probable Reserve– 0.32 GT Cutoff

GT minimum	**Pounds % eU_3O_8**	**Tons**	**Average Grade %eU_3O_8**
0.32	1,988,481	375,349	0.265

*numbers rounded

Total Measured and Indicated Mineral Resources – 0.25 GT Cutoff

GT minimum	**Pounds % eU_3O_8**	**Tons**	**Average Grade %eU_3O_8**
0.25	2,474,744	362,566	0.291

*numbers rounded

In addition, inferred mineral resources have been defined in accordance with CIM Standards on Mineral Resources and Reserves.

Total Inferred Mineral Resources – 0.25 GT Cutoff

GT minimum	Pounds % eU_3O_8	Tons	Average Grade %eU_3O_8
0.25	604,116	173,906	0.174

*numbers rounded

SECTION 20 OTHER RELEVANT DATA AND INFORMATION

Radiometric Equilibrium

As discussed in Section 15, data from historical core drilling and the 2007/2008 coring program is provided in Appendix A for all samples exceeding 0.02% eU_3O_8. The location of the core holes are highlighted on the Drill Hole Map. Mineralized core samples were available from six separate core holes for which the DEF ranged from 0.81 to 1.59 with a mean value of 1.33.

The following analysis of the disequilibrium data was prepared by Jim Rasmussen, Exploration Manager, Uranium One, USA in March of 2008. The authors support and agree with this analysis.

In late 2007 several core holes were drilled in the Velvet deposit to confirm the historic borehole information and collect samples for chemical evaluation of the deposit in advance of feasibility studies prepared for the benefit of Uranium One. Chemical analyses of the uranium mineralized intercepts collected from the cored section of the boreholes were performed by Hazen Research. Hazen reported quantitative analysis for uranium, vanadium and radiometric equivalent uranium (by 30 day "closed can" analysis) among other analyses. In both the vanadium to uranium (V:U) ratio and disequilibrium factor (DEF) reported two samples collected from borehole DV -15T between depth 819.5 and 820.0 and depth 820.0 to 821.0 were strikingly different from other intervals in the data set.

The vanadium to uranium ratio (V:U) for the intercepts from borehole DV-15T were 12.4 and 19.3 while the same ration ranged from 3.2 to 0.7 in the other nine intervals sampled at the Velvet deposit. The DEF for the DV-15T samples were 0.58 and 0.67 while the remaining samples ranged from 0.86 to 2.40.

During oxidation uranium is mobilized and the decay daughters that produce the gamma rays that are used to establish a eU3O8 grade remain in place. However, when vanadium clays are present uranium within the clay minerals is not mobilized while that not in the clays is removed. This lagging uranium content causes the V:U ration to increase from that of the original mineralization and the total decay daughters increase in proportion to those daughters resulting only from the remaining uranium in the vanadium bearing clays. The observed results are an increase of the V:U ration and a radiometrically equivalent uranium grade (eU3O8) greater than the chemically analyzed uranium grade (a drop in the DEF). These are the observed conditions in the subject sampled intervals.

This phenomenon is the result of local mineralogical conditions and not common in the majority of the samples from the two deposits. Therefore, it is recommended that these samples should be excluded when the amount of the vanadium endowment and corrections for radiometric disequilibrium are considered.

The data presented Appendix, even including the samples from DV- 15T-07, which was the only sample showing depletion of uranium and is not considered representative as stated previously, reflected a positive DEF indicating enrichment of uranium in the more highly mineralized zones. Based on the available data, the most conservative correction factor for DEF would be 1.12, resulting in a 12% increase in estimated grade and contained pounds. If this correction were made this would result in an increase of approximately 300,000 pounds of uranium in the resource estimate. However given the limited number of data points, six, no correction for radiometric equilibrium is recommended at this time. In future sampling programs, surface or underground, the potential for radiometric enrichment should be recognized and accounted for.

Vanadium

The Atlas Minerals' Velvet Mine produced approximately 400,000 tons of ore at grades of 0.46 %U_3O_8 and 0.64 %V_2O_5 (approximately 4 million lbs uranium and 5 million lbs vanadium) during the period 1979-1984 or a vanadium/uranium ratio of 1.4:1. Vanadium production from the Lisbon Valley from 1948 though 1970 totaled some 18.5 million pound of V_2O_5 at an average grade of 0.34 % V_2O_5 (Chenoweth, 1990). Feasibility studies completed by previous operators projected a similar Vanadium/Uranium ratio as previously mined and included a vanadium credit in their financial evaluations (MRC, 1983).

Vanadium assay results from Uranium One's 2007/2008 exploration showed an overall average of 1.67 to 1 vanadium to uranium ratio, confirming the historic ratio.

SECTION 21 INTERPRETATION AND CONCLUSIONS

This report summarizes the mineral resources and reserves within the property known as the Velvet Mine Uranium Project and held via a state lease located in Section 2 and unpatented mining claims in Sections 3 and 4, Township 31 South, Range 25 East, by Uranium One Americas. It was the objective of this report to complete the estimate of mineral resources and reserves, and that objective was met. Based on the drill density, the apparent continuity of the mineralization along trends, and 2007/2008 Uranium One verification drilling the mineral resource estimate meets the criteria as measured resources for the New Velvet Area and indicated mineral resources for the Old Velvet Area under the CIM Standards on Mineral Resources and Reserves. However, it should be noted that previous operators prepared mine plans, feasibility studies and were preparing to mine this area prior to the collapse of the uranium market in the 1980's with little or no additional drilling recommended at that time.

Uranium One holds mineral rights to additional, contiguous properties comprising approximately an additional 762 acres. However, there was no data available for these properties at the time this report was prepared. Potential for mineralization does exist to the west, east and southeast of the known mineralization, as documented in this report. This potential to the east and southeast is at present untested. In addition, the former Uranerz property now controlled by Uranium One in Sections 6 and 7 in T31S, R26E, has reported mineral resources defined by drilling. This report recommends acquisition of additional data and exploration of these contiguous properties.

Past mining has produced vanadium as a co-product. It is recommended that this feasibility of this approach be evaluated for future operations.

SECTION 22 RECOMMENDATIONS

The following recommendations are appropriate as the property moves toward development.

1. Complete a 43-101 compliant mineral resource report for the Wood Mine Project based on the foregoing data and verification drilling currently planned for completion.
2. Continue economic feasibility studies for the overall Velvet Mine Uranium Project. Feasibility studies should include underground mining with shipment of ores to the Shootaring Canyon mill and/or tolling at the White Mesa mill.
3. Test by drilling, either from surface or underground once access is established, the potential for expanding defined mineralization and extending mineralization;
    a. East southeast from the known trend, specifically, the southeast ¼ of State of Utah lease ML49377 in Section 2 T31S, R25E and continuing to the Wood Mine Project located in Sections 6 and 7 in T31S, R26E.
    b. West northwest from the Old Velvet Mine to the Bardon Mine located in Sections 4 and 5, T31S, R25E.
4. Complete current metallurgical studies and investigations for incorporation into the project feasibility study.
5. Complete transfer of the mining permit for the Old Velvet Mine, develop and execute a plan for dewatering of the mine to allow access to the remaining mineralized area define within and near the workings and establish access to the New Velvet area utilizing the existing decline where possible.
6. Additional surface drilling within the defined resource area is generally not recommended. While additional delineation of the mineralized zones would be advantageous for detailed mine planning, surface drilling is hampered by physical terrain and somewhat unpredictable downhole drift, limiting its effectiveness and increasing costs. Given the potential of accessing the defining mineralization in both the Old and New Velvet by reestablishing and extending the existing decline, detailed delineation development of the mineralization can be completed underground. Once access is developed, detailed underground sampling is recommended utilizing face sampling and longhole drilling for final delineation of the deposit for mining purposes.

SECTION 23 REFERENCES

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Personal Communications:

Dean Stucker, former Mining Engineer, Minerals Recovery Corp., February 22, 2007
Tony Bates, Umetco Mining Engineer, March 1, 2007
Jim Rasmussen, Exploration Manager, Uranium One, USA, March 16, 2008
Richard Weizenbach, Vice President Metallurgy, Uranium One, USA, May 20, 2008

SECTION 24 CERTIFICATIONS

I, Douglas L. Beahm, P.E., P.G., do hereby certify that:

1. I am the principal owner and president of BRS, Inc., 1225 Market, Riverton, Wyoming 82501.
2. I graduated with a Bachelor of Science degree in Geological Engineering from the Colorado School of Mines in 1974.
3. I am a licensed Professional Engineer in Wyoming, Colorado, Utah, and Oregon, and a licensed Professional Geologist in Wyoming.
4. I have worked as an engineer and a geologist for over 32 years.
5. I have read the definition of "qualified person" set out in National Instrument 43-101 and certify that by reason of my education, professional registration, and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
6. I am responsible as co-author for the preparation of the entire Technical Report entitled "Velvet Mine Uranium Project, San Juan County, Utah" prepared for Uranium One Americas and dated June 14, 2008.
7. I have prior working experience on the property as stated in the report.
8. As of the date of this report I am not aware of any material fact or material change with respect to the subject matter of this Technical Report that would affect the conclusions of this report that is not reflected in the Technical Report.
9. I am independent of the issuer applying all of the tests in NI 43-101.
10. I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with same.
11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority.

June 14, 2008
Signed and Sealed

Douglas L. Beahm

I, Andrew C. Anderson, P.E., P.G., do hereby certify that:

1. I am a geological engineer of BRS, Inc., 1225 Market, Riverton, Wyoming 82501.
2. I graduated with a Bachelor of Science degree in Geological Engineering from the Colorado School of Mines in 1999, and a masters in Geology from the University of Wyoming in 2002.
3. I am a licensed Professional Engineer in Wyoming, and a licensed Professional Geologist in Wyoming.
4. I have worked as an engineer and a geologist for over 8 years.
5. I have read the definition of "qualified person" set out in National Instrument 43-101 and certify that by reason of my education, professional registration, and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
6. I am responsible as co author for the preparation of the entire Technical Report entitled "Velvet Mine Uranium Project, San Juan County, Utah" prepared for Uranium One Americas and dated June 14, 2008.
7. I have prior working experience on the property as stated in the report.
8. As of the date of this report I am not aware of any material fact or material change with respect to the subject matter of this Technical Report that would affect the conclusions of this report that is not reflected in the Technical Report.
9. I am independent of the issuer applying all of the tests in NI 43-101.
10. I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with same.
11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority.

June 14, 2008
Signed and Sealed

Andrew C. Anderson

SECTION 25 ADDITIONAL REQUIREMENTS FOR TECHNICAL REPORTS ON DEVELOPMENT PROPERTIES AND PRODUCTION PROPERTIES

The Velvet Mine Uranium Project is located within the Lisbon Valley Uranium Mining District of Utah. With regard to the socioeconomic and political environment, the Lisbon Valley has been a uranium mining district and production center for over 40 years. Today an open pit copper mine operates within a few miles of the Velvet Uranium Mine Project area. In addition, two uranium mills remain active in the State of Utah, one of which is owned by Uranium One. Although a new mine operation may have detractors, the area has a mining history and a climate generally favorable for mining. There is existing access and some infrastructure including line power to the site. The existing portal will be used to access the mineral reserve areas.

Mining Operations

Portions of the Velvet Project have been previously mined. The mining method employed underground random room and pillar methods and retreat mining. Ground support was provided by rock bolting with and without mats depending on local roof conditions. Mineral processing utilized acid extraction in a conventional mill. These are the same methods planned for the current project.

Recoverability

Historical mine extraction based on estimate/actual comparison provided in Section 8 of this report and from review of historic mine maps show mine extraction historically exceeded 90%. Historic reports and feasibility studies indicated that mill recovery average 94%. Recent metallurgical studies as discussed in Section 18 of this report demonstrate an overall mill recovery of 91.5%.

Current estimates for mine extraction are conservative in comparison to historic production based on uncertainties of current underground conditions. Given the flooded and unknown condition of the existing workings a 75% recovery is recommended in the pillar recovery and new mining operation within the Old Velvet Mine. In the New Velvet a recovery of 85% is expected utilizing a stable pillar layout and could be higher if retreat pillar extraction/stooping method could be utilized. Although the resource is already diluted to a minimum of 4ft a 10% dilution is also applied to account for split shooting and dilution during mining. The 0.25 mineral resource numbers for the Velvet Mine is reduced by 81% when the cutoff grade and mining factors are applied.

Markets and Contracts

For the purposes of this report it was assumed that the mined uranium ore would be sold to the White Mesa Mill operated by Denision Mines. Dension has posted a uranium ore buying schedule on their web site and further state that they expect to be prepared to receive ore in 2008. Thus there is a ready market for the Velvet mined ore in the vicinity of the mine and uranium sales contracts are not necessary for this development option.

Environmental Considerations

There is an existing mine permit for the Velvet Mine through the state of Utah. Uranium One is currently in the process of transferring the permit to their control and preparing the appropriate Plan of Operations (POO), including the mine reclamation plan and bonding requirements. The currently planned operation would not significantly expand the existing footprint of disturbance at the site.

Taxes

Uranium mining in Utah is subject to Mineral Production Tax. Mineral Production Tax Withholding was increased from 4% to its current level of 5% effective July 1, 1993, refer to Utah Senate Bill 180, 1993. On the Section 2 State of Utah lease, a 12.5% royalty is levied on uranium, and a 4.8% royalty applies to vanadium production. Additional state taxes would include property and sales taxes. At the federal level profit from mining ventures is taxable at corporate income tax rates. However, for mineral properties depletion tax credits are available on a cost or percentage basis whichever is greater. For uranium the percentage depletion tax credit is 22% among the highest for mineral commodities, IRS Pub. 535.

Capital and Operating Cost Estimates

Capital costs estimates were prepared for several equipment configurations. The preferred configuration utilizes a single boom, low-profile Jumbo for drilling, 2 cubic yard LHD's and 10 ton rubber tired haulage trucks as the major equipment. Two full crews are needed to achieve the projected productivity along with a utility crew for rock bolting and other tasks. Pre-production expenses include rehabilitation of the existing portal and decline and extension of the decline access the New Velvet area as shown on Figure 8. Surface facilities include offices, change rooms, shop and warehouse and other appurtenances as shown on Figure 5.

Capital Expense	$ x 1,000
Mine Equipment with 15% contingency	$ 4,303
Pre-Production Expenses	$ 3,652
Surface Facilities	$ 946
Working Capital and Miscellaneous	$ 4,608
Total Capital	$13,509

Operating Costs include all operating, labor, supervision, and administrative costs. Operating costs were estimated for the excavation, haulage, and placement of a ton of material. Cost per ton of ore was then based on the waste to ore ratio for the deposit which averages 0.2 tons of waste moved in addition to each tons of ore mined. A summary of major operating cost centers follows.

Cost Center	Cost per Ton of Muck	Cost per Ton of Ore Waste to Ore Ratio 0.2 tons waste/ton ore
Equipment Operation	$8.59	
Supplies	$7.00	
Labor	$19.63	
Administrative	$6.87	
Contingency @ 15%	$6.31	
Total Cost per Ton	$48.40	$58.08

Economic Analysis

Table 25.1 provides a simple annual cash flow and financial analysis for the project based on the option of selling the mined ore to the White Mesa mill at the prices quoted in their current ore buying schedule. Other options would include transportation of the ore from Velvet to Uranium One's Shootaring Canyon Mill. The White Mesa option is provided herein due to its simplicity. Ultimately the most profitable option will be pursued.

The economic analysis yields an Net Present Value (NPV) at a 10% discount rate of over 16 million dollars and an Internal Rate of Return (IRR) in excess of 100%.

Economic Analysis – Table 25.1

Velvet Mine (Toll Treatment)

Financial Year Project Year	Units	Totals /Averages	Year 1 2008	Year 2 2009	Year 3 2010	Year 4 2011
In Situ						
Tonnage	(kt)	360			180	180
Grade	(%)				0.265%	0.265%
Content	(klbs)	1,908	-	-	954	954
In Situ Losses (Tons)	(%)			5%	5%	5%
In Situ Losses (Grade)	(%)			5%	5%	5%
Mined						
Grade	(%)		0.00%	0.00%	0.25%	0.25%
Content	(klbs)		-	-	861	861
Mining Dilution (Tons)	(%)			10.00%	10.00%	10.00%
Mining Losses (Grade)	(%)			2.00%	2.00%	2.00%
Delivered to Plant						
Tonnage	(kt)	376	-	-	188	188
Grade	(%)		0.00%	0.00%	0.22%	0.22%
Content	(klbs)	1,688	-	-	844	844
Metallurgical Recovery	(%)			91.5%	91.5%	91.5%
Recovered						
Tonnage	(kt)		-	-	188	188
Grade	(%)		0.00%	0.00%	0.21%	0.21%
Recovered Uranium	(klbs)		-	-	772	772
Uranium Sales	(klbs)		-	-	772	772
Revenue	@ **U Price of**	**$42.54**	**-**	**-**	**32,843**	**32,843**
Operating Expenditures	**(US$'000)**		**-**	**90**	**12,744**	**12,744**
Plant Operations	($/Ton)		-	-	-	-
Mining Cost	($/Ton)	58.08	-	-	9,932	9,932
Product Trans/Refining/Marketing	($/lb U3O8)	1	-	-	772	772
Reclamation Bonding LOC (2.15%)	(% of Bond)	50000		90	90	90
Reclamation Ongoing	($/Ton)	2	-	-	342	342
Capital Expenditure	**(US$'000)**		**753**	**12,756**	**637**	**637**
Plant	(US$'000)					-
Mining	(US$'000)		655	11,092		
Admin	(US$'000)					
Contingency		15%	98	1,664	-	-
Ongoing	(% of Opex)	5%			637	637
Free Cash Flow			**(753)**	**(12,845)**	**19,462**	**19,462**

NPV	**10%**	**$16,615**
IRR		**102%**

Payback

Based on the toll mill option capital expense is limited. One year of development is necessary to develop access to the mineral reserves. Following one full year of production, year 3 of the project, the capital investment is fully recovered.

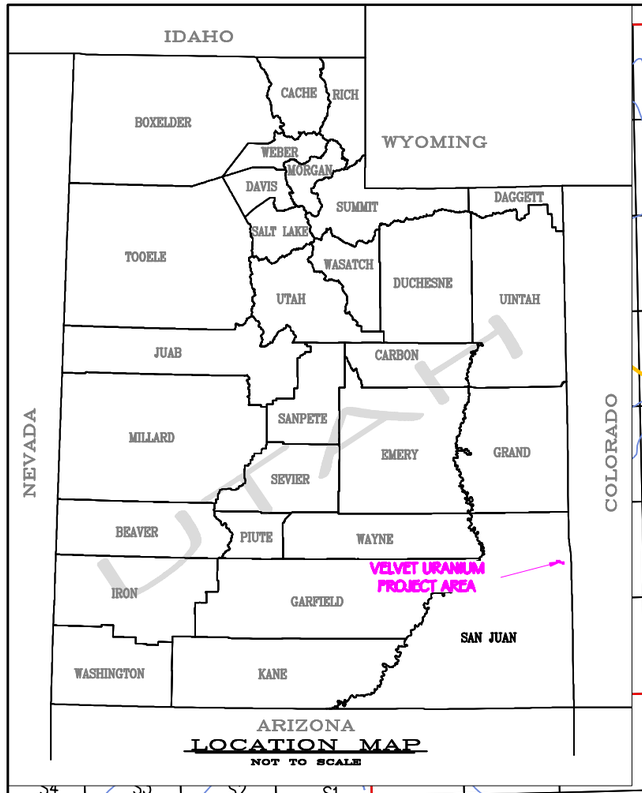
Mine Life

The expected mine life for the current reserve with the above productions rates and two crews is estimated to be 4 years from initial mobilization to final reclamation. By using the existing Old Velvet portal it is estimated that after 6 months of rehabilitation the first ore will be produced from the Old Velvet. By the start of the second year the New Velvet decline will have reached the ore horizon and production will start in the following month. The completion of mining the know reserves will be at the end of year 4 with the potential to extend the mine life by defining additional resources and reserves by connecting to adjacent properties.

In addition to these defined mineral resource and reserve areas, there is the following exploration and development potential on the following Uranium One controlled properties;

- The Bardon and Wood mine areas;
- 2,000 feet along trend between the Old Velvet and Bardon mines;
- 3,000 feet of trend on the undrilled portion of Section 2 east southeast of the New Velvet;
- and portions of more than 2 miles of trend between Section 2 and the Wood Mine.

SECTION 26 ILLUSTRATIONS



NO. | REVISION DATE: None | DATE BY | DATE BY | ISSUED FOR

LAST PLOT DATE: 2/28/07
CAD FILENAME: FIG 1 LOCATION.dwg

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SAN JUAN COUNTY, UTAH

LOCATION MAP

FIGURE 1

REV.
DWG. NO.
DATE: 2/15/07
SCALE: 1"=800'
DRAWN BY: CDS
CHECKED:
APPROVED:

S34

S35

S36

Velvet Uranium Project Area

OLD VELVET MINE WORKINGS

ML49377
5/7/2004

DRILL HOLES

NEW VELVET

T30S R25E | T30S R26E

T31S R25E | T31S R26E

S2

S6

S4

S1

S7

S9

S10

S11

S12

Contiguous UT Claims

T&R LINE

SECTION LINE

ML49377 — LEASE NUMBER

5/7/2004 — EFFECTIVE DATE

MINING LEASE

4 — CLAIM NUMBER

CLAIM BLOCK

1,500' 0 750' 1,500'

1 inch = 1,500'

UT 1 UT 2 UT 3 UT 4 UT 5 UT 6 UT 7 UT 8 UT 9 UT 10 UT 19 UT 20 UT 21 UT 22 UT 23 UT 24 TSH 6 TSH 7 TSH 8 TSH 9

Hotspot 42 Hotspot 43 Velvet 9 Velvet 8 Velvet 7 Velvet 6 Hotspot 44 Velvet 5 Velvet 4 Velvet 3 Velvet 2 Velvet 1

NOITL TSH 10

UT 29

31 32 33 34 35 36 37 38 41 42 43 44 46 48 50 52 54 75 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 129

NO. | REVISION DATE: None | DATE | BY | ISSUED FOR | DATE | BY

LAST PLOT DATE: 3/5/07
CAD FILENAME: FIG 2 CLAIMS_DH.dwg

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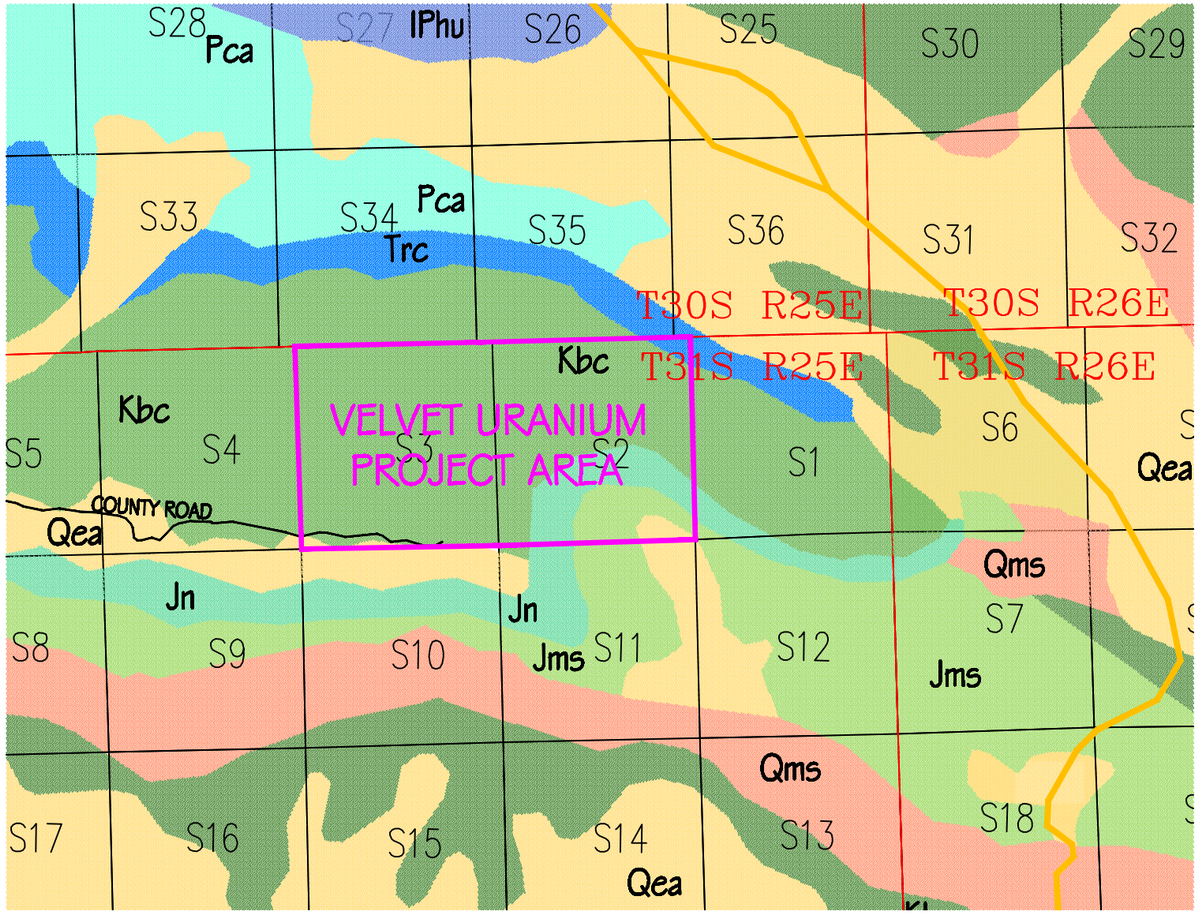
DRILL HOLE AND CLAIM MAP

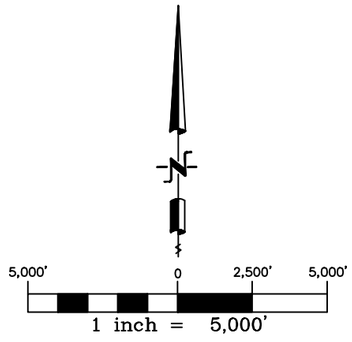
DWG. NO. FIGURE 2

REV.

DATE: 2/15/07

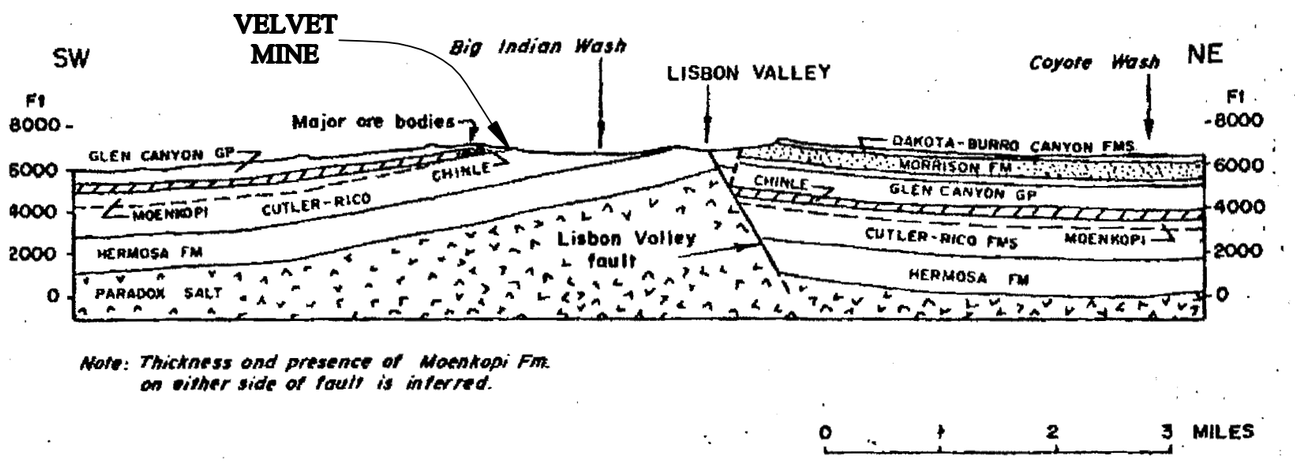
SCALE: 1"=1500'
DRAWN BY: CDS
CHECKED:
APPROVED:





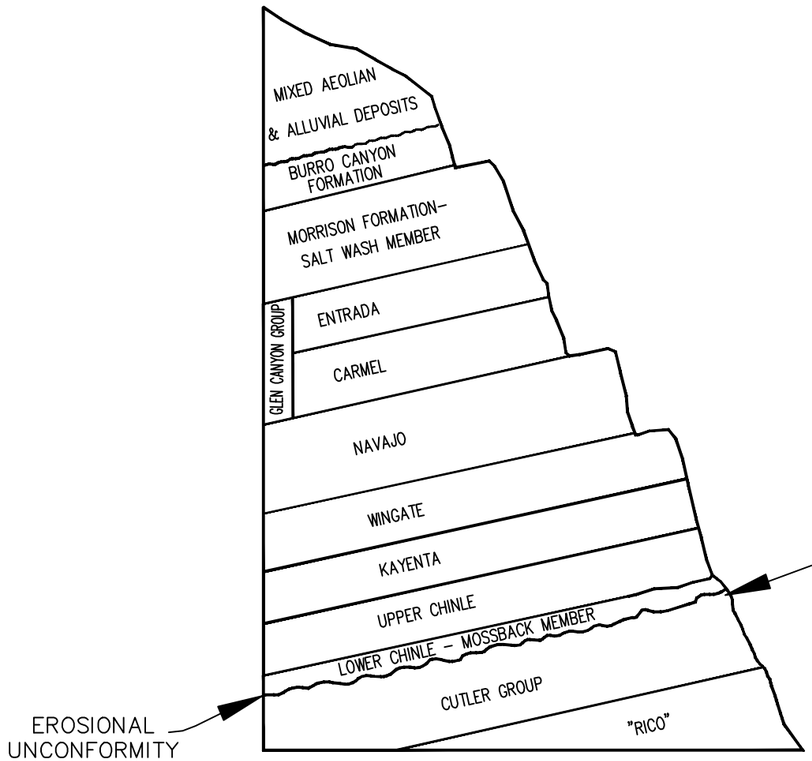
Key to Geologic Formations

- Qea- Mixed eolian and alluvial deposits
- Qms- Slumps and Landslides
- Kbc- Burro Canyon Formation
- Jms- Salt Wash Member of Morrison Formation
- Jn- Navaho Sandstone
- Trc- Chinle Formation
- Pca- Arkosic facies of Cutler Formation
- lPhu- Honacker Trail Formation



Note: Thickness and presence of Moenkopi Fm. on either side of fault is inferred.

Section across Lisbon Valley anticline (after Lekas and Dahl, 1956).



Generalized stratigraphic section of formations (after Stokes, 1967a).

NO.	REVISION DATE: None	DATE	BY	ISSUED FOR	DATE	BY
	LAST PLOT DATE: 2/18/08					
	CAD FILENAME: FIG 3 Geology.dwg					

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GEOLOGIC MAP/STATIGRAPHIC COLUMN

SCALE: 1"=800'	DATE: 2/15/07	DWG. NO. FIGURE 3	REV.
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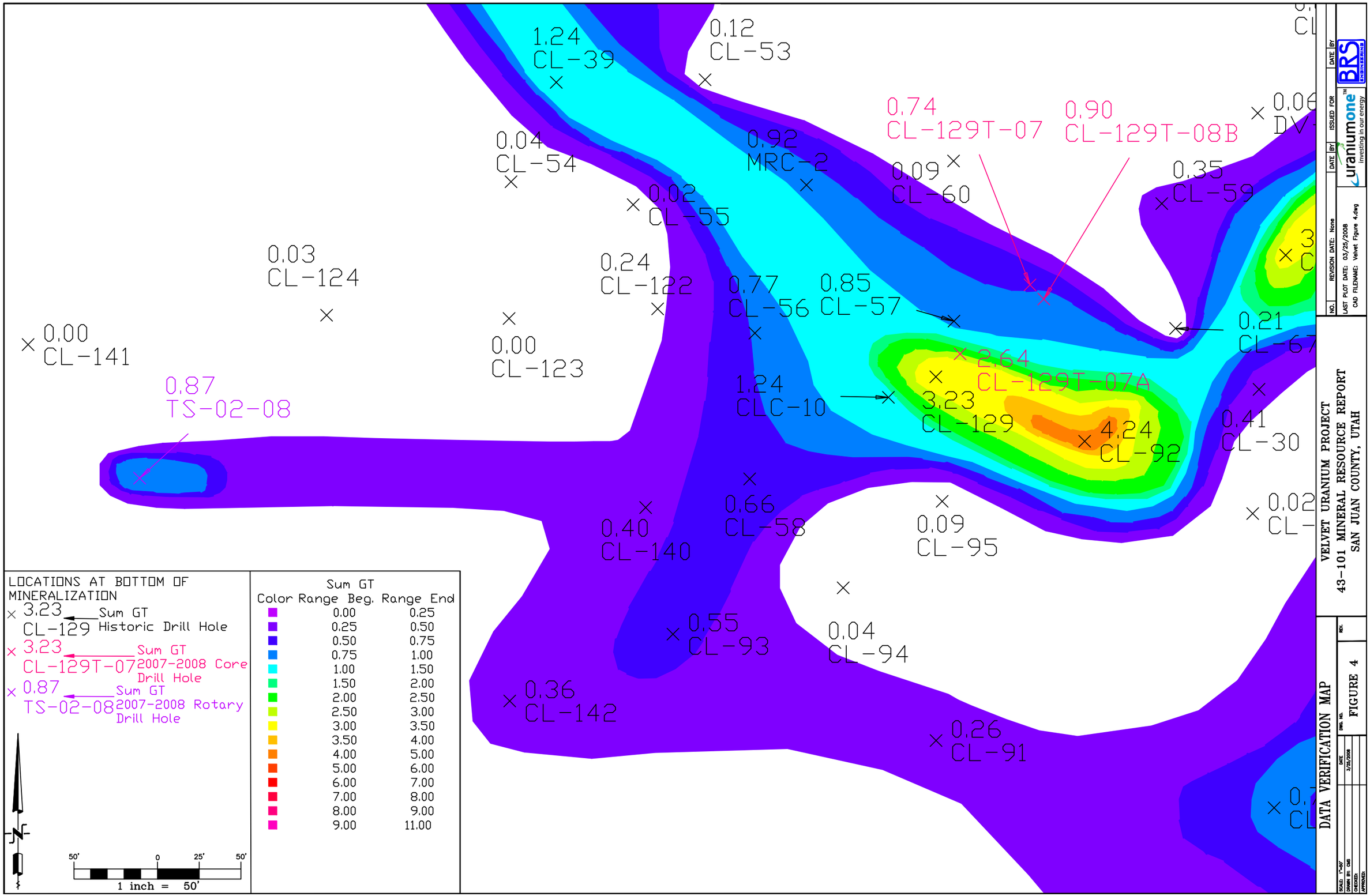
CHECKED:			
APPROVED:			


1.24
CL-39
0.12
CL-53
0.04
CL-54
0.92
MRC-2
0.02
CL-55
0.74
CL-129T-07
0.90
CL-129T-08B
0.09
CL-60
0.35
CL-59
0.03
CL-124
0.24
CL-122
0.77
CL-56
0.85
CL-57
0.00
CL-141
0.00
CL-123
0.87
TS-02-08
1.24
CLC-10
2.64
CL-129T-07A
3.23
CL-129
4.24
CL-92
0.21
CL-67
0.41
CL-30
0.66
CL-58
0.40
CL-140
0.09
CL-95
0.55
CL-93
0.04
CL-94
0.36
CL-142
0.26
CL-91
LOCATIONS AT BOTTOM OF MINERALIZATION
3.23 Sum GT
CL-129 Historic Drill Hole
3.23 Sum GT
CL-129T-07 2007-2008 Core Drill Hole
0.87 Sum GT
TS-02-08 2007-2008 Rotary Drill Hole
Sum GT
Color Range Beg. Range End
0.00 0.25
0.25 0.50
0.50 0.75
0.75 1.00
1.00 1.50
1.50 2.00
2.00 2.50
2.50 3.00
3.00 3.50
3.50 4.00
4.00 5.00
5.00 6.00
6.00 7.00
7.00 8.00
8.00 9.00
9.00 11.00
50' 0 25' 50'
1 inch = 50'
NO. REVISION DATE: None DATE BY
LAST PLOT DATE: 03/25/2008
CAD FILENAME: Velvet Figure 4.dwg
ISSUED FOR DATE BY
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DATA VERIFICATION MAP
DWG NO. FIGURE 4
REV.
SCALE: 1"=50'
DRAWN BY: CMS
CHECKED:
APPROVED:
DATE 3/26/2008

FIGURE 7: OLD VELVET MINE

FIGURE 6: NEW VELVET MINE

NEW VELVET MINE

T31S R25E

SECTION 2

SECTION 3

SECTION 4

SECTION 10

DETAIL A

DETAIL A
T31S R25E

POWDER MAGAZINE
DISTURBANCE OF 0.05 ACRE

EXISTING ACCESS ROAD

RECLAIMED EVAPORATION PONDS

MAXIMUM AREA OF DISTURBANCE 4.5 ACRES

0.5 AC STOCKPILE AREA

POWER POLE

LEGEND

	Color Range	Sum GT Beg. Range	Sum GT End
MAIN ENTRIES		0.00	0.25
SECONDARY ENTRIES		0.25	0.50
OLD VELVET WORKINGS		0.50	0.75
ABANDONED AIR SHAFT		0.75	1.00
DRILL HOLE (xCL-21)		1.00	1.50
OLD VELVET REMAINING RESOURSE		1.50	2.00
10' EXISTING GROUND CONTOURS		2.00	2.50
2' EXISTING GROUND CONTOURS		2.50	3.00
PROPOSED PAD CONTOURS		3.00	3.50
		3.50	4.00
		4.00	5.00
		5.00	6.00
		6.00	7.00
		7.00	8.00
		8.00	9.00
		9.00	11.00

500' 0 250' 500'

1 inch = 500'

200' 0 100' 200'

1 inch = 200'

NO.	REVISION DATE: None	DATE BY	ISSUED FOR	DATE BY
	LAST PLOT DATE: 3/18/08			
	CAD FILENAME: Sec 3 ore estdwg			

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VELVET PROJECT GT MAP

DWG. NO. FIGURE 5

REV.

DATE 3/18/08

SCALE: 1"=100'
DRAWN BY: AQA
CHECKED:
APPROVED:

NEW VELVET MINE

T31S R25E

SECTION 3

SECTION 2

Sum GT Color Range	Beg. Range	End
	0.00	0.25
	0.25	0.50
	0.50	0.75
	0.75	1.00
	1.00	1.50
	1.50	2.00
	2.00	2.50
	2.50	3.00
	3.00	3.50
	3.50	4.00
	4.00	5.00
	5.00	6.00
	6.00	7.00
	7.00	8.00
	8.00	9.00
	9.00	11.00

200' 0 100' 200'

1 inch = 200'

LEGEND

- MAIN ENTRIES
- SECONDARY ENTRIES
- OLD VELVET WORKINGS
- ABANDONED AIR SHAFT
- CL-21 — HISTORIC DRILL HOLE
- V-04-08 — 2007/2008 URANIUM 1 DRILL HOLE
- CL-34T-07 — 2007/2008 URANIUM 1 CORE HOLE

DV-15T-07 LOST AT TOP OF MINERLIZATION AND NOT USED IN GT BANDING

NEW VELVET INFERRED AREA A

INFERRED MINERALIZED TREND LENGTH OF APPROXIMATELY 550 FEET

NEW VELVET INFERRED AREA B

INFERRED MINERALIZED TREND LENGTH OF APPROXIMATELY 350 FEET

DV-15T-07B

DV-15T-07

CL-34T-07

CL-97T-07

CL-104T-07

TS-01-08

TS-02-08

TS-04-08

TS-05-08

TS-06-08

V-04-08

CL-44

NO.	REVISION DATE: None	DATE	BY
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	CAD FILENAME: Sec 3 Ore Est		

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NEW VELVET GT MAP

FIGURE 6

REV.

DWG. NO.

DATE: 3/10/08

SCALE: 1"=200'
DRAWN BY: ABA
CHECKED:
APPROVED:

TOTAL OLD VELVET MINE
UNDILUTED

BRS, Inc. 2008	Price 1987
67,083 TONS	70,850 TONS
0.408 GRADE	0.410 GRADE
547,521 POUNDS	580,461 POUNDS
4.83' AVG T	4.74' AVG T

AREA I
BRS, Inc. 2008 Price 1987
4,585 TONS 4,664 TONS
0.273 GRADE 0.273 GRADE
25,035 POUNDS 25,419 POUNDS
4.43' AVG T 4.43' AVG T

AREA II
BRS, Inc. 2008 Price 1987
1,762 TONS 1,788 TONS
0.309 GRADE 0.309 GRADE
10,890 POUNDS 11,070 POUNDS
3.80' AVG T 3.80' AVG T

WEST SIDE TOTAL
BRS, Inc. 2008 Price 1987
30,441 TONS 31,933 TONS
0.437 GRADE 0.438 GRADE
265,780 POUNDS 279,617 POUNDS
4.87' AVG T 4.85' AVG T

AREA IV 12-1 NORTH
AREA IV 12-1 WEST
AREA IV 12-1 SOUTH
AREA IV
BRS, Inc. 2008 Price 1987
24,094 TONS 25,480 TONS
0.477 GRADE 0.477 GRADE
229,855 POUNDS 243,128 POUNDS
5.03' AVG T 5.03' AVG T

AREA III
BRS, Inc. 2008 Price 1987
5,082 TONS 4,351 TONS
0.382 GRADE 0.449 GRADE
38,813 POUNDS 39,081 POUNDS
2.23' AVG T 2.55' AVG T

EAST SIDE TOTAL
BRS, Inc. 2008 Price 1987
31,560 TONS 34,566 TONS
0.385 GRADE 0.379 GRADE
242,928 POUNDS 261,763 POUNDS
5.64' AVG T 5.19' AVG T

EAST SIDE PILLARS, A,C,D,E,F,H,I,J,K,L,M,N,O,P,Q,R,S,T,U,V,W,X,Y,Z,AA,BB,CC,DD,EE,FF,HH,II,JJ,QQ,TT MINED OUT AND MOSTLY CAVED

SS 3,581/8.24/17,188/7.0'
ZZ 1,575/0.233/7,340/4.2'
XX 865/0.25/4,327/3.0'
RR 2,167/0.20/8,669/7.0'
AB 496/0.30/2,977/2.0'
B 1,023/0.30/6,138/7.0'
YY 1,104/0.30/6,623/7.0'
QQ 2,921/0.20/11,685/7.0'
G 1,125/0.40/9,000/5.0'
GG 5,829/0.55/64,1117/7.0'
PP 5,997/0.60/7,863/3.5'
OO 4,157/0.35/29,097/5.5'
NN 692/0.24/3,523/4.0'
MM 938/0.26/4,880/4.0'
LL 1,117/0.40/8,938/7.0'
KK 471/0.26/2,456/7.0'
UU 508/0.30/3,046/4.0'

LH268
LH239

ACCESS THROUGH OLD VELVET WORKINGS
PROPOSED VELVET EXTENSION ACCESS

200' 0 100' 200'
1 inch = 200'

Sum GT

Color Range	Beg. Range	End
	0.00	0.25
	0.25	0.50
	0.50	0.75
	0.75	1.00
	1.00	1.50
	1.50	2.00
	2.00	2.50
	2.50	3.00
	3.00	3.50
	3.50	4.00
	4.00	5.00
	5.00	6.00
	6.00	7.00
	7.00	8.00
	8.00	9.00
	9.00	11.00

LEGEND
- MAIN ENTRIES
- SECONDARY ENTRIES
- OLD VELVET WORKINGS
- ABANDONED AIR SHAFT
- ×CL-21 HISTORIC DRILL HOLE
- × V-04-08 2007/2008 URANIUM 1 DRILL HOLE
- CL-34T-07 2007/2008 URANIUM 1 CORE HOLE
- HISTORIC SURVEY CONTROL MONUMENT
- HISTORIC UNDERGROUND SURVEY CONTROL MONUMENT
- 2 1,104/0.30/6,623/7.0' OLD VELVET REMAINING RESOURSE (lbs/avg g/tons/avg t)

T31S R25E
SECTION 3
SECTION 2

× CL-121 × CL-4 × CL-8 × CL-15 × CL-3 × CL-2 × CL-5 × MRC-11 × CLC-2 × CLC-6 × CL-1 × CL-1 × DV-15 × MRC-4 × DV-12 × DV-14 × CLC-1 × CL-7 × CLC-3 × DV-13 × CLC-8 × CLC-7 × CL-11 × CL-6 × CL-17 × CL-20 × CL-19 × CL-31 × CL-32 × CL-141 TS-02-08 × V-04-08

NO. REVISION DATE: None DATE BY
LAST PLOT DATE: 3/18/08
CAD FILENAME: Sec 3 ore est.dwg
ISSUED FOR DATE BY

BRS Resources
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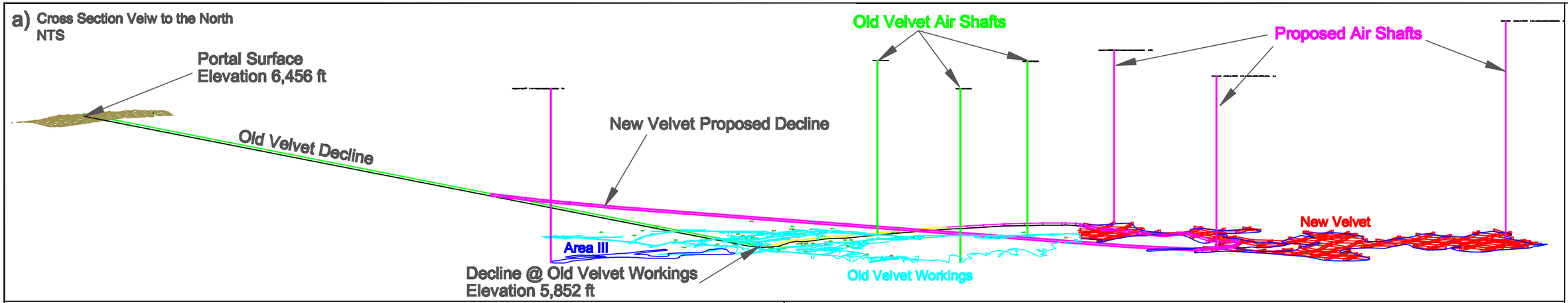
VELVET URANIUM PROJECT
43-101 MINERAL RESOURCE PROJECT
SAN JUAN COUNTY, UTAH

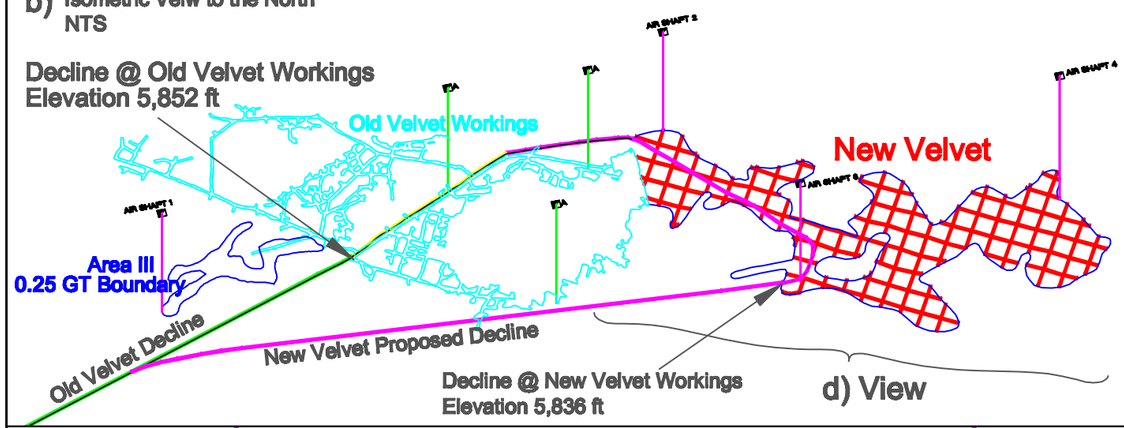
OLD VELVET GT AND REMAINING RESOURCE MAP

SCALE: 1"=150'
DRAWN BY: AGA
CHECKED:
APPROVED:
DATE 3/18/08
DWG. NO. FIGURE 7
REV.

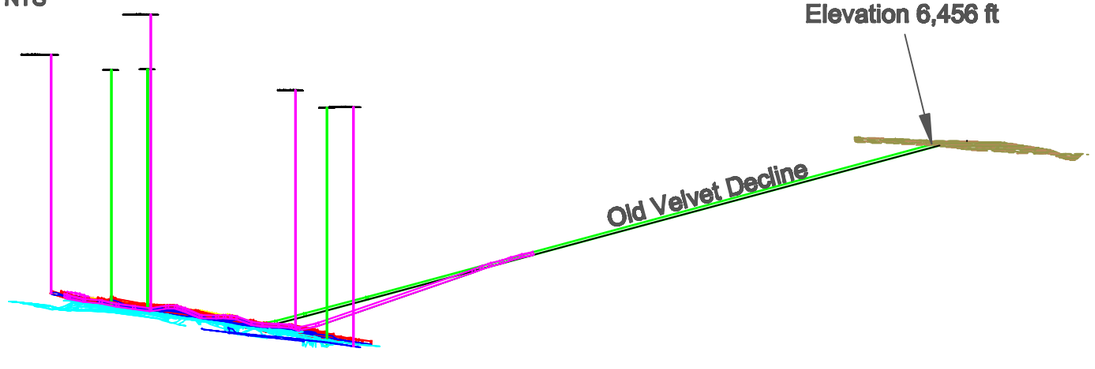
a) Cross Section Veiw to the North
NTS



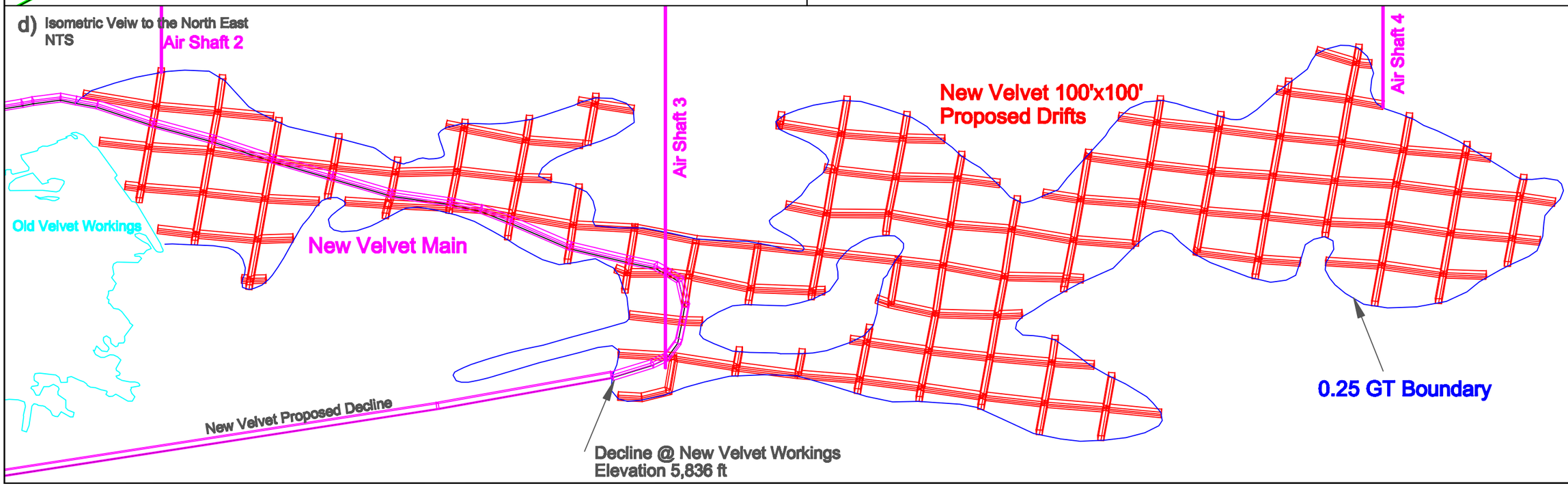
b) Isometric Veiw to the North
NTS



c) Cross Section Veiw to the East
NTS



d) Isometric Veiw to the North East
NTS



NO.	REVISION	DATE	BY	ISSUED FOR	DATE	BY
	None					

LAST PLOT DATE: 3/18/08
CAD FILENAME: MINE LAYOUT 3D.DWG

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VELVET URANIUM PROJECT
43-101 MINERAL RESOURCE REPORT
SAN JUAN COUNTY, UTAH

VELVET PROJECT ISOMETRIC

REV.	DWG. NO.	DATE
	FIGURE 8	3/18/08

SCALE: NTS
DRAWN BY: ACA
CHECKED:
APPROVED:

APPENDIX A
EQUILIBRIUM DATA

Disequilibrium (DEF) Data for 2007-2008 Core Holes
Assay Data for all Samples Greater than or Equal to 0.02 eU3O8

Hole #	Depth	eU3O8	U3O8	DEF
DV-15T-07	819.5-820	0.386	0.222	0.58
DV-15T-07	820-821	0.254	0.170	0.67
DV-15T-07	824-825	0.086	0.134	1.56
DV-15T-07	826-827	0.023	0.033	1.43
GT Weighted Average				0.81
CL-129-T-07	960-961	0.016	0.023	1.44
CL-129-T-07	961-962	0.026	0.043	1.65
CL-129-T-07	962-963	0.156	0.227	1.46
GT Weighted Average				1.48
CL97T-07	1026.5-1027.5	0.183	0.277	1.51
CL97T-07	1027.5-1028.5	0.028	0.034	1.21
CL97T-07	1028.5-1029.7	0.031	0.042	1.35
CL97T-07	1029.7-1030.2	0.045	0.048	1.07
GT Weighted Average				1.42
CL-129T-07A	950-951	0.006	0.005	0.83
CL-129T-07A	952-953	0.043	0.048	1.12
CL-129T-07A	953-954	0.265	0.294	1.11
CL-129T-07A	954-955	0.139	0.160	1.15
CL-129T-07A	955-956	0.183	0.244	1.33
CL-129T-07A	956-957	0.331	0.293	0.89
CL-129T-07A	957-958	0.031	0.041	1.32
CL-129T-07A	965-966	0.123	0.171	1.39
CL-129T-07A	966-967	0.054	0.041	0.76
CL-129T-07A	967-968	0.122	0.231	1.89
CL-129T-07A	968-969	0.119	0.183	1.54
CL-129T-07A	969-970	0.070	0.092	1.31
GT Weighted Average				1.21
DV 15T-07B	800.6-801.6	0.012	0.018	1.50
DV 15T-07B	801.6-802.6	0.031	0.075	2.42
DV 15T-07B	802.6-803.6	0.020	0.020	1.00
DV 15T-07B	808-809	0.010	0.032	3.20
DV 15T-07B	809-810	0.021	0.023	1.10
DV 15T-07B	821-822	0.071	0.110	1.55
DV 15T-07B	822-823	0.027	0.028	1.04
GT Weighted Average				1.59

Hole #	Depth	eU3O8	U3O8	DEF
CL-129T-08B	943.5-944.5	0.044	0.061	1.39
CL-129T-08B	944.5-945.5	0.048	0.054	1.13
CL-129T-08B	945.5-946.5	0.152	0.206	1.36
CL-129T-08B	946.5-947.5	0.026	0.046	1.77
CL-129T-08B	947.5-948.5	0.024	0.040	1.67
CL-129T-08B	948.5-949.5	0.010	0.020	2.00
CL-129T-08B	950.5-951.4	0.029	0.047	1.62
CL-129T-08B	951.4-952.5	0.068	0.093	1.37
CL-129T-08B	954-955	0.053	0.081	1.53
CL-129T-08B	955-956	0.022	0.069	3.14
CL-129T-08B	956-957	0.043	0.037	0.86
GT Weighted Average				1.45
Mean DEF by Hole				1.33

APPENDIX B
VELVET RESOURCES, USA MEMORANDUM
3 JUNE 2008

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Real Time Geological Solutions
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3 June 2008

Re: Velvet resources, USA. Memorandum

Dear All

The results and discussions relate to the Velvet Resources, in-situ (VELNEW, VELADD) and depleted (VELOLD). The areas are subdivided geographically and by a grade thickness (GT) of 0.25, gridded by BRS Inc. VELOLD represents the previously mined Velvet Mine, VELNEW represents the Velvet prospective area to the east of the Velvet Mine and the VELADD refers to the area outside of the 0.25 GT boundary and exclusive of the previously mentioned areas.

1. Introduction

After a study of the borehole data it was decided to include the borehole intersections located in the Velvet Mine area to facilitate a more representative data set to be utilised for Geostatistical evaluation. Previously these values were not included as part of the estimation dataset. A total of 490 borehole composites were utilised in the investigation, no individual values were available. The main objective of the study was to validate existing Resource estimates and if possible apply Geostatistics to the Velvet orebody. Our main concerns lay with the search ranges utilised and their validity.

2. Geostatistics

Both the uranium (U3O8) and thickness (T) composites were tested to determine whether Geostatistics could be applied. The histogram for the uranium demonstrates a typical lognormal distribution (see Figure 1). The thickness histogram demonstrates a hybrid distribution (see Figure 2). Since the mineralisation is associated with an ancient river channel one would expect to see a normal distribution. This may indicate that the mineralisation also occurs outside of the channel system to some extend. The sample population statistics for uranium and thickness are shown in Figure 1 and Figure 2 respectively.

Experimental variograms were created for both variables and contoured. The experimental variogram contour for uranium indicates 2 major directions namely 157.5 and one at 45 degrees. On investigation of the variograms the 157.5 direction produced the longest range (see Figures 3 and 4 respectively). A two structure spherical variogram model could be fitted in Datamine Studio software. A long range of 144.6 feet and a short range of 69.8 feet was determined. This compares favourably to the ranges of 125 feet and 75 feet utilised by BRS Inc. in the original estimation of the Velvet Resources.

The contoured experimental variogram for thickness, demonstrates a sample relationship in a 45/135 degrees azimuth. However when the variograms are plotted it is clear that the nugget is too close to the sill and hence one cannot apply Kriging (see Figure 5 and 6 respectively).

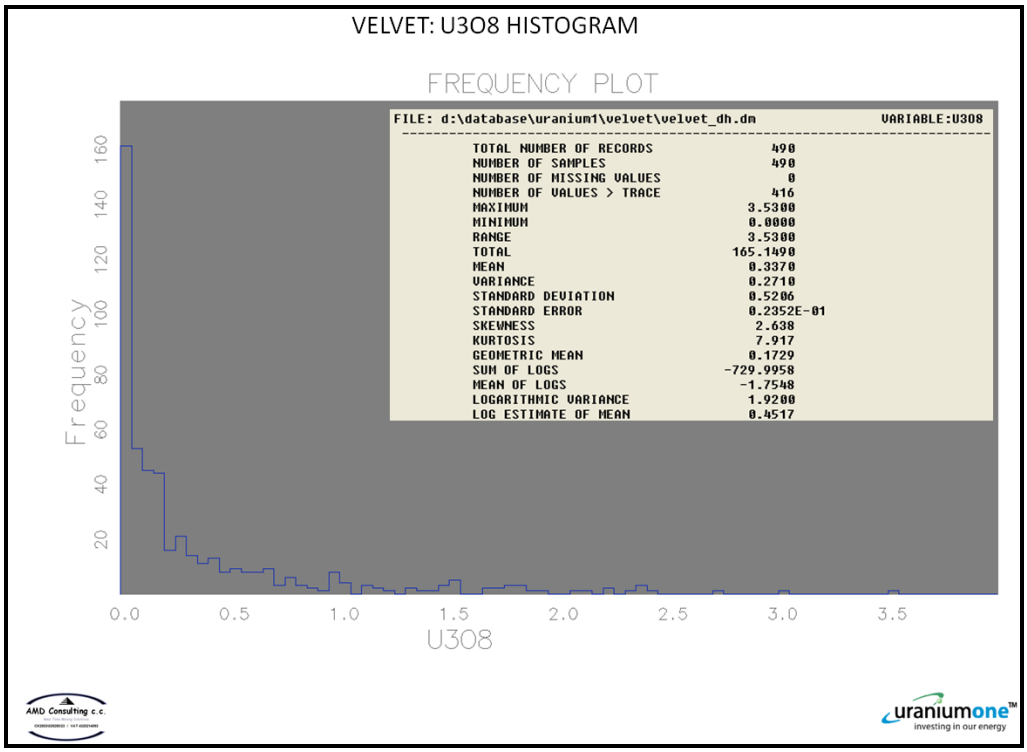


Figure 1. : Uranium borehole composites statistics

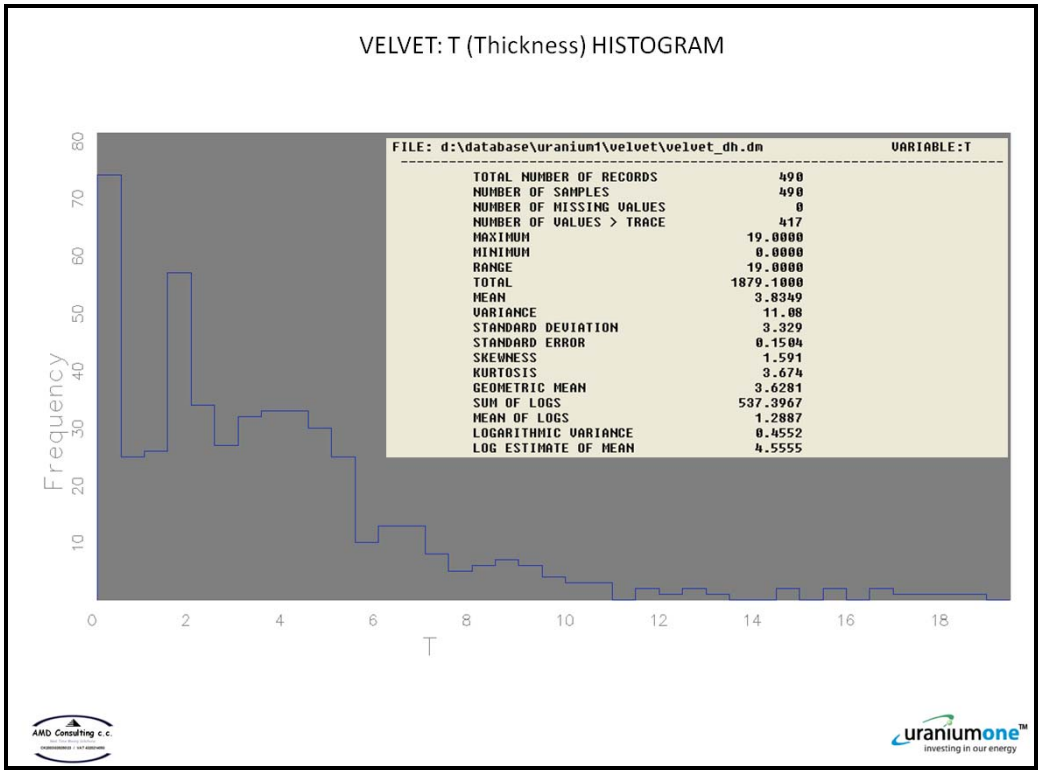


Figure 2. : Thickness borehole composites statistics

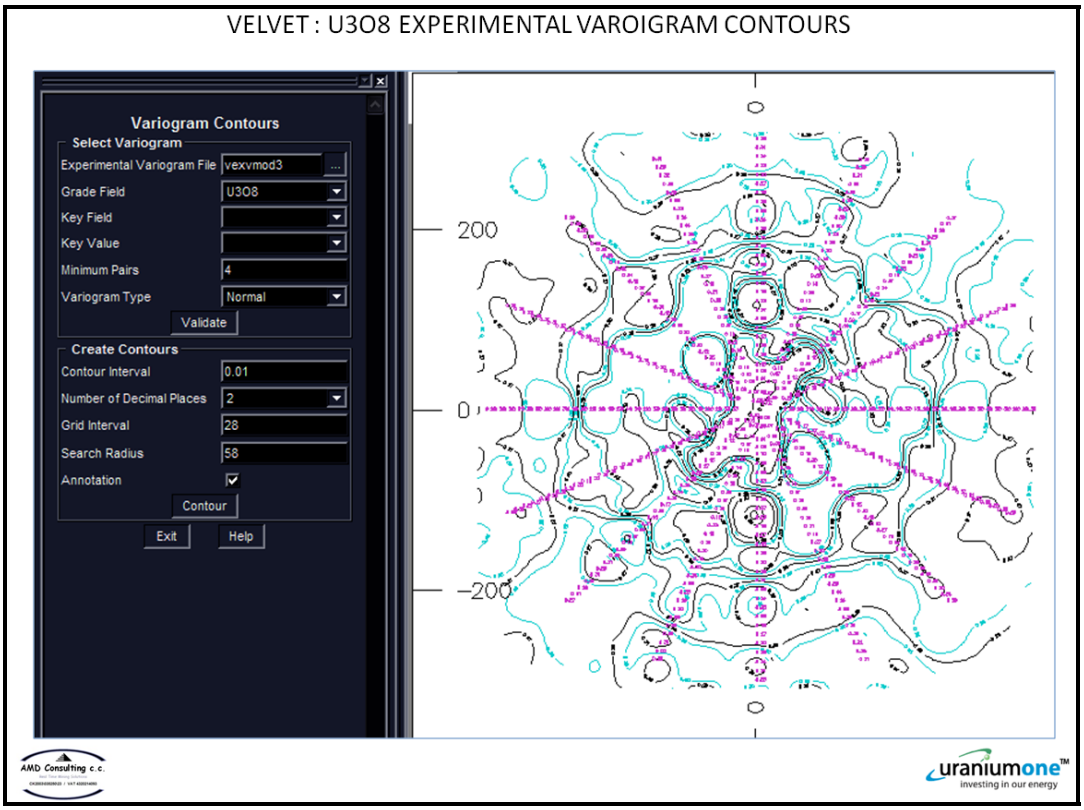


Figure 3. : Experimental variograms contours for uranium

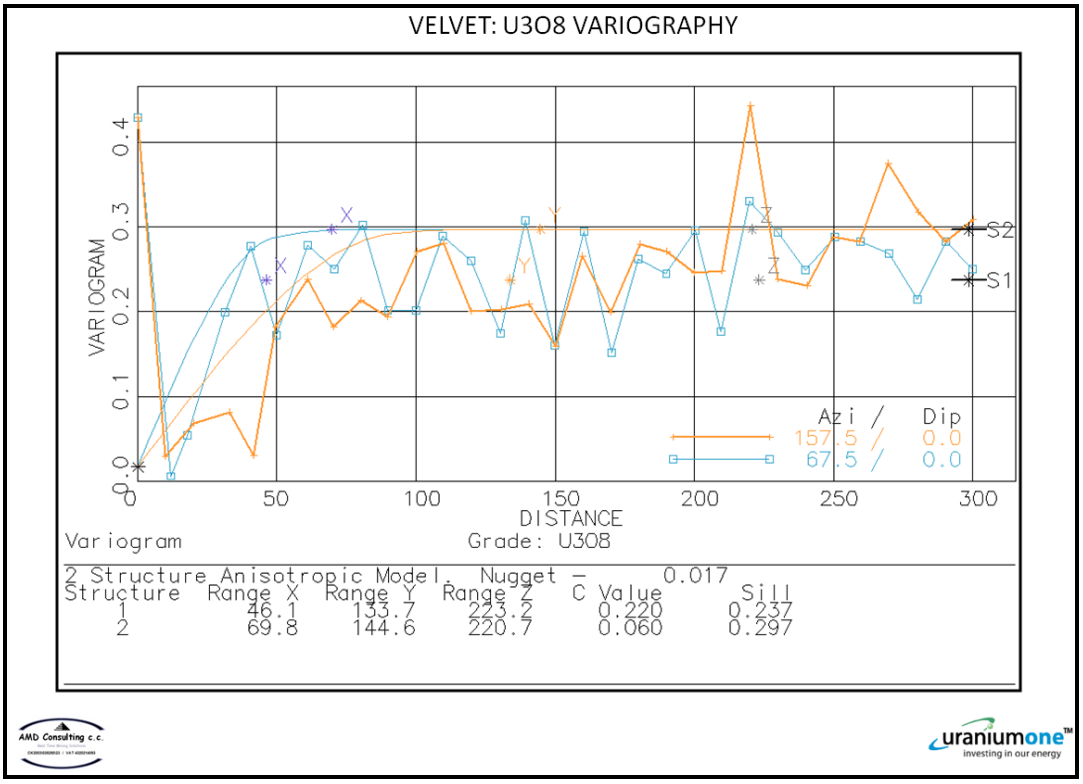


Figure 4. : Variograms and fitted variogram model for uranium

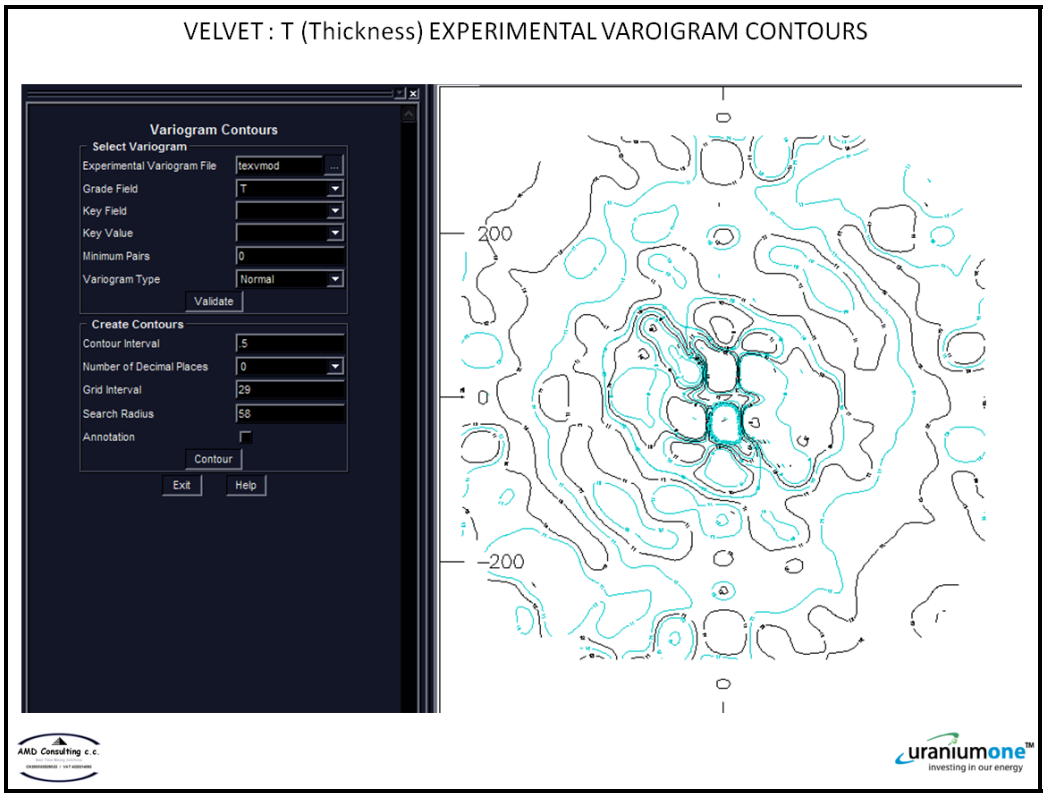


Figure 5. : Experimental variograms contours for thickness

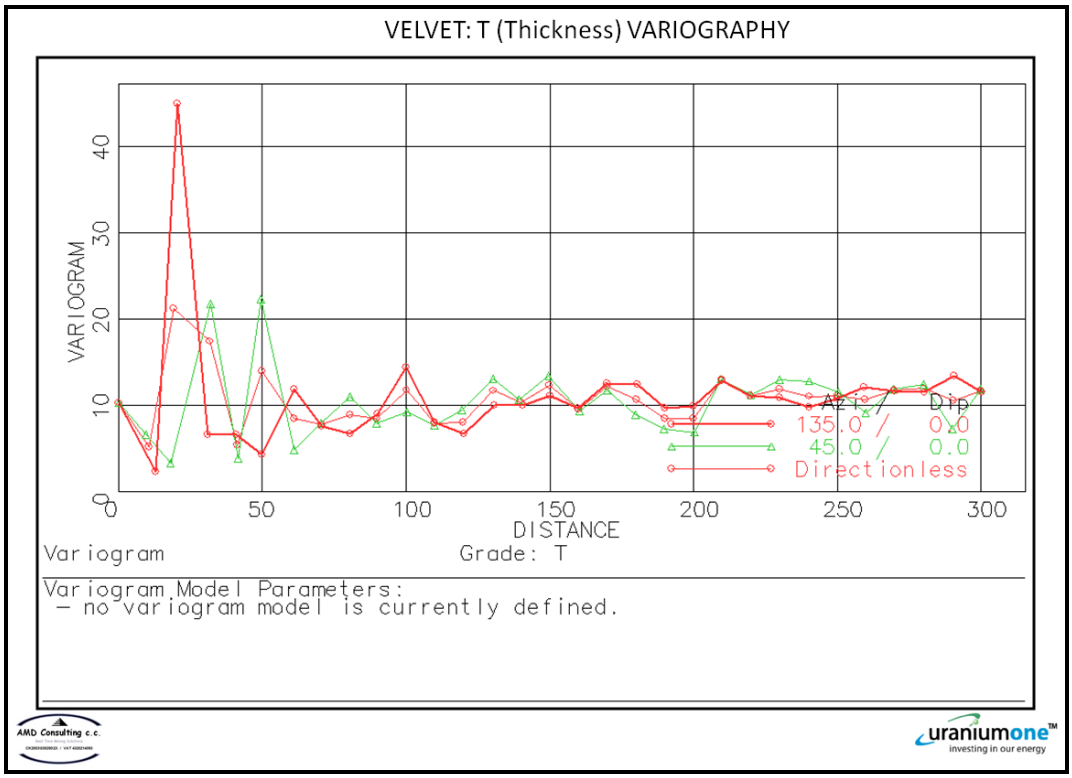


Figure 6. : Variograms for thickness

3. Estimation

A wireframe model was created in datamine from the top and bottom positions of each borehole orebody composite. Hence this produced a straight line interpolation between points. These wireframes were then filled with blocks of cell size 10 feet x 10 feet in the X and Y direction. This is as per BRS Inc. minimum mining unit. It is my opinion that for the estimation purposes a larger cell should have been utilised as the data support for such a small cell is not present. There is only one cell in the Z direction hence its dimension and it has value of the thickness between the two wireframe surfaces. The Z dimension is equated to the thickness (T) of the orebody.

No cutting of the uranium values was applied before the estimation. Estimation into parent cell was only allowed, even though sub-cells do occur in the blockmodel to facilitate precise boundary splitting. Discretisation of 3 x 3 in the X and Y directions was applied respectively. No descretisation was applied in the Z direction. The block variance for a 10 x 10 feet cell with the variogram parameters as per Figure 4 was determined utilising Dr. M. Harleys proprietary software, to facilitate the Kriging Efficiency calculation (KE=(Block Variance-Estimate variance)/Block Variance). This parameter provides a tool for classification of Resource estimates. A positive value is a valid Kriged estimate and a value above 0.15 or 0.2 is accepted in industry as an indicated resource estimate.

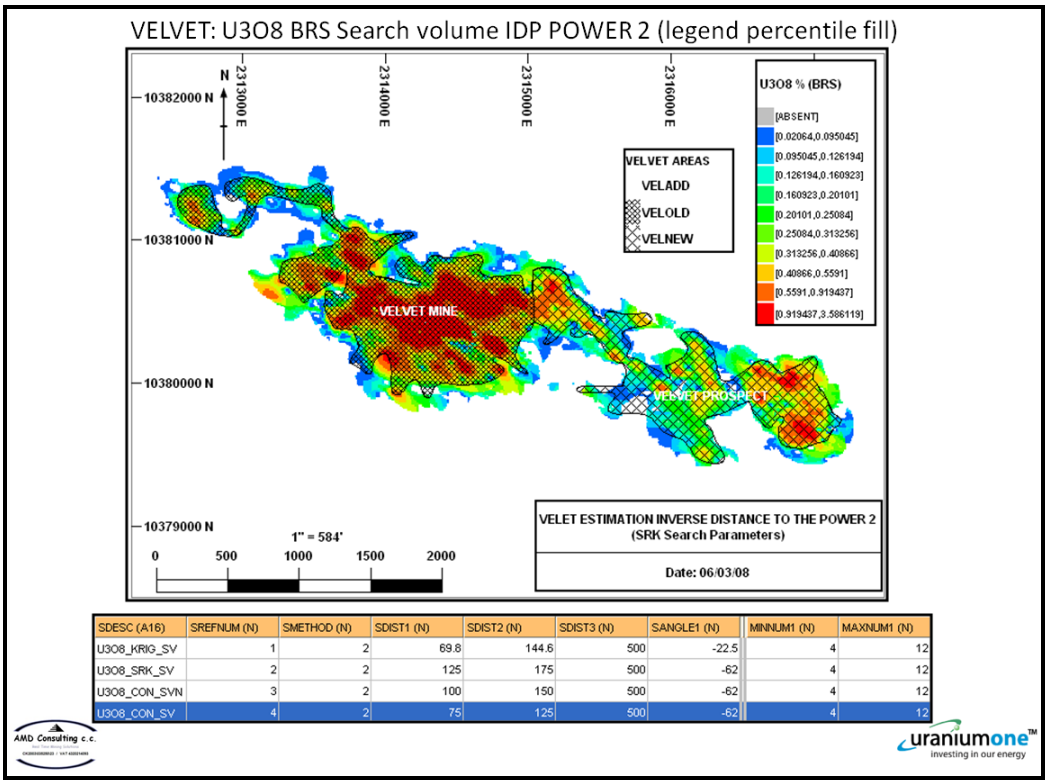
Three main estimates were run namely:

- An Inverse Distance to the power 2 on U3O8, utilising BRS Inc. original search parameters (results and parameters in Figure 7).
- An Ordinary Kriging run on U3O8, utilising variogram parameters applied to the search (results and parameters in Figure 8).
- An Inverse Distance to the power 2 on U3O8, utilising SRK Consulting original search parameters (results and parameters in Figure 9).
- An additional Inverse Distance to the power 3 on U3O8, utilising BRS Inc. original search parameters.
- An additional Inverse Distance to the power 2 on U3O8, utilising BRS Inc. extended search parameters.
- An additional Inverse Distance to the power 2 on U3O8, utilising variogram ranges as search parameters.

A minimum of 3 samples and a maximum of 12 was utilised as per original estimate. 3 searches were applied. The first as previously discussed, the second doubling the values and a third tripling the first search ellipses values.

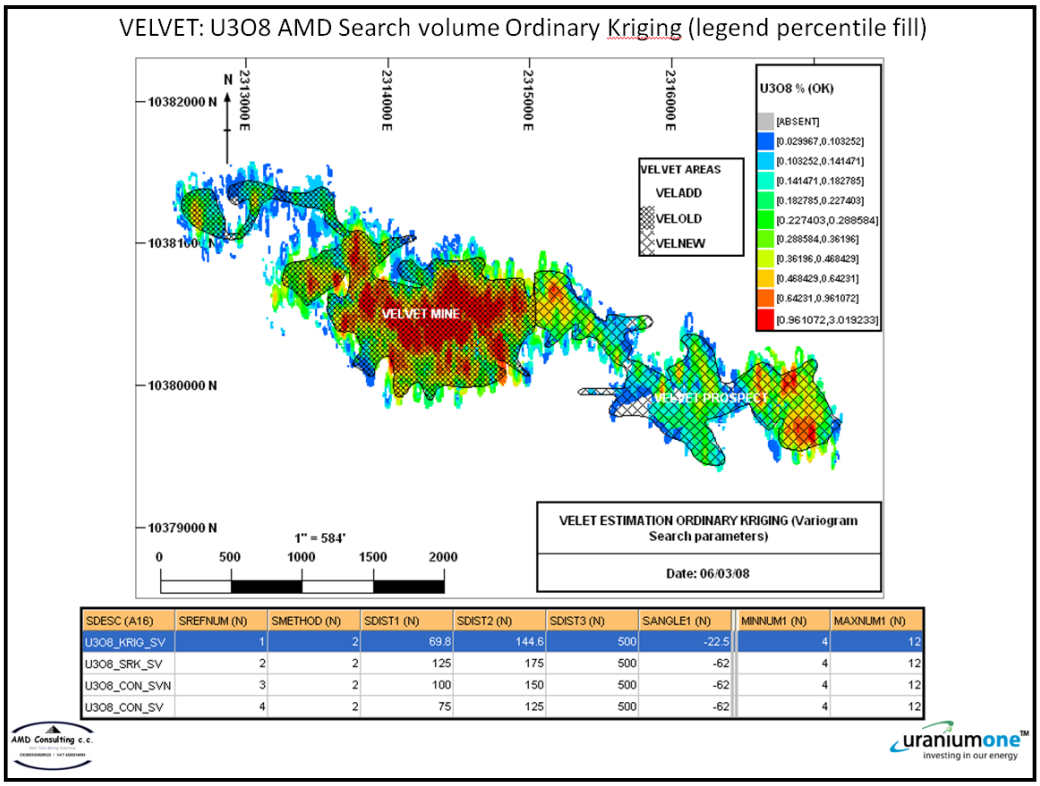
4. Results

All results are summarised in Table 1. For classification of results all values which were estimated utilising the 3rd search ellipse and non-estimated values were discarded as invalid for each respective estimate. Values lying within the 0.25 GT boundary as per BRS Inc. are treated as Measured and Indicated values. The ones with a search ellipse of 1 can be treated as Measured resources and ones with a search of 2 can be treated as Indicated resources. All values outside the boundary in question are treated as Inferred resources. In the Kriging run all values with a Kriging Efficiency less than zero in this area were also discarded as they are invalid Kriged estimates (see Figure 10).



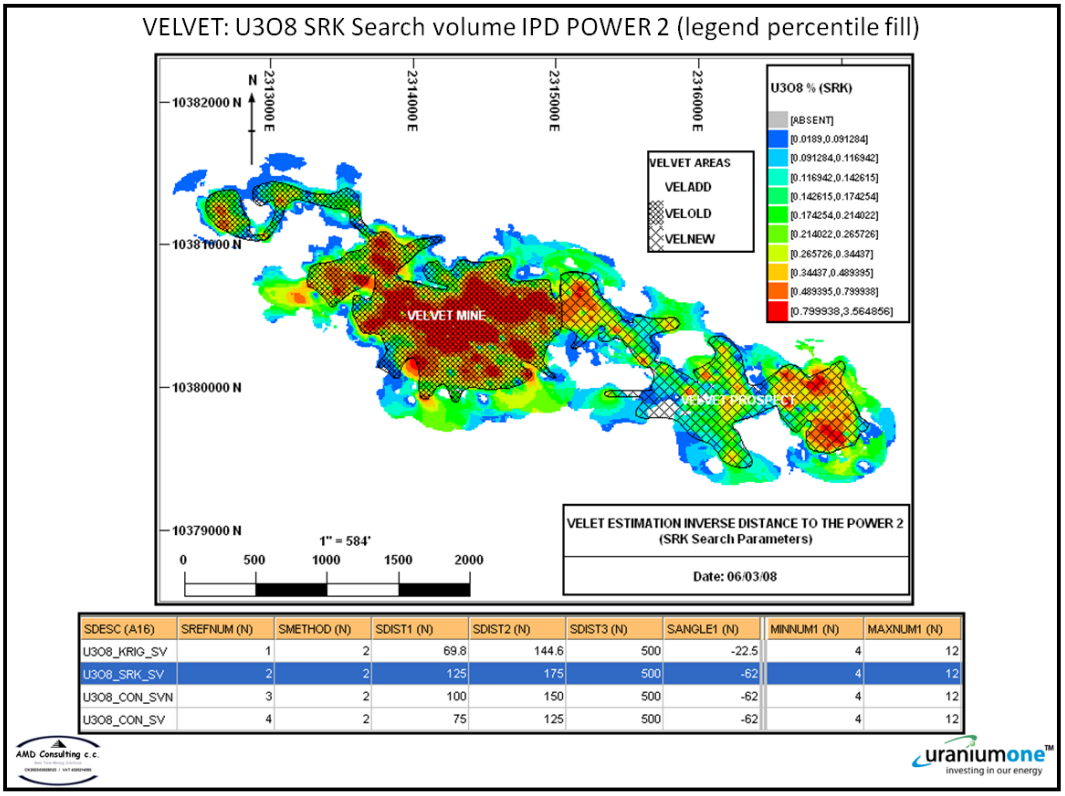
SDESC (A16)	SREFNUM (N)	SMETHOD (N)	SDIST1 (N)	SDIST2 (N)	SDIST3 (N)	SANGLE1 (N)	MINNUM1 (N)	MAXNUM1 (N)
U3O8_KRIG_SV	1	2	69.8	144.6	500	-22.5	4	12
U3O8_SRK_SV	2	2	125	175	500	-62	4	12
U3O8_CON_SVN	3	2	100	150	500	-62	4	12
U3O8_CON_SV	4	2	75	125	500	-62	4	12

Figure 7. : Datamine Inverse Distance to the power 2 estimate utilising BRS search parameters.



SDESC (A16)	SREFNUM (N)	SMETHOD (N)	SDIST1 (N)	SDIST2 (N)	SDIST3 (N)	SANGLE1 (N)	MINNUM1 (N)	MAXNUM1 (N)
U3O8_KRIG_SV	1	2	69.8	144.6	500	-22.5	4	12
U3O8_SRK_SV	2	2	125	175	500	-62	4	12
U3O8_CON_SVN	3	2	100	150	500	-62	4	12
U3O8_CON_SV	4	2	75	125	500	-62	4	12

Figure 8. : Datamine Ordinary Kriging estimate utilising variogram ranges as search parameters.



SDESC (A16)	SREFNUM (N)	SMETHOD (N)	SDIST1 (N)	SDIST2 (N)	SDIST3 (N)	SANGLE1 (N)	MINNUM1 (N)	MAXNUM1 (N)
U3O8_KRIG_SV	1	2	69.8	144.6	500	-22.5	4	12
U3O8_SRK_SV	2	2	125	175	500	-62	4	12
U3O8_CON_SVN	3	2	100	150	500	-62	4	12
U3O8_CON_SV	4	2	75	125	500	-62	4	12

Figure 9. : Datamine Ordinary Kriging estimate utilising variogram ranges as search parameters.

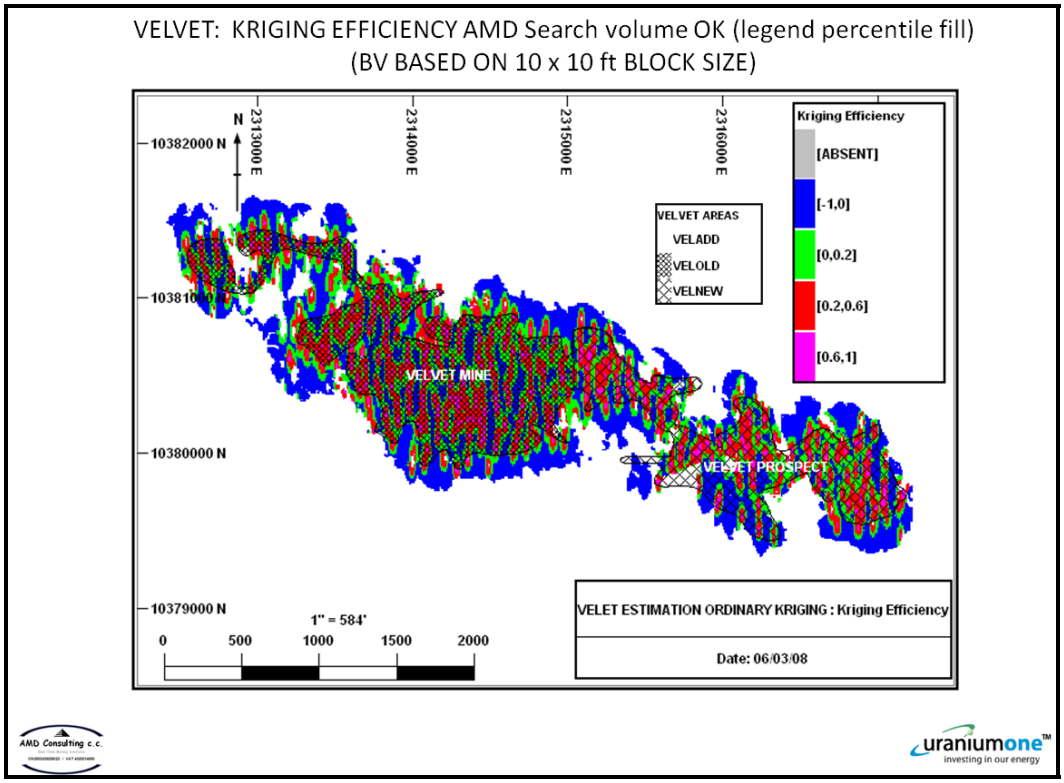


Figure 10. : Datamine Ordinary Kriging estimate demonstrating Kriging Efficiency results.

VELVET: RESULTS PER AREA

Uranium One Velvet Datamine Resource Estimate Methodology Comparison May 2008

VAREA	SEARCH VOLUME	ESTIMATE	VOLUME	TONNES	DENSITY	THICKNESS (T)	U_BRSIP [1]	GTB [1]	U_AMDOK [2]	GTA [2]	U_SRKIP [3]	GTS [3]	U_BRSIP3 [4]	U_BRSIPK [5]	U_BRSIPN [6]	POUNDS	AVERAGE (T)	AVERAGE U3O8 (G)	AVERAGE GT	TOTAL TONNES	TOTAL POUNDS
VELADD	1	IPD2 (BRS)	695,702	47,979	0.069	5.070	0.148	0.658	-	-	-	-	-	-	-	141932					
VELADD	2	IPD2 (BRS)	3,111,690	214,599	0.069	4.384	0.156	0.620	-	-	-	-	-	-	-	669597	4.510	0.155	0.697	262,579	811,529
VELNEW	1	IPD2 (BRS)	2,515,562	173,487	0.069	6.632	0.356	2.309	-	-	-	-	-	-	-	1235741					
VELNEW	2	IPD2 (BRS)	1,755,417	121,063	0.069	5.692	0.257	1.610	-	-	-	-	-	-	-	622088	6.245	0.315	1.970	294,550	1,857,830
VELOLD	1	IPD2 (BRS)	3,712,831	256,057	0.069	5.701	0.688	4.111	-	-	-	-	-	-	-	3522309					
VELOLD	2	IPD2 (BRS)	2,653,925	183,029	0.069	5.482	0.560	3.124	-	-	-	-	-	-	-	2049731	5.610	0.635	3.559	439,087	5,572,040
VELADD	1	OK	529,777	36,536	0.069	4.606	-	-	0.167	0.679	-	-	-	-	-	122368					
VELADD	2	OK	1,991,871	137,370	0.069	4.610	-	-	0.175	0.739	-	-	-	-	-	481799	4.609	0.174	0.801	173,907	604,167
VELNEW	1	OK	2,835,177	195,529	0.069	6.629	-	-	0.345	2.279	-	-	-	-	-	1349826					
VELNEW	2	OK	1,414,674	97,564	0.069	5.570	-	-	0.252	1.529	-	-	-	-	-	491922	6.276	0.314	1.972	293,093	1,841,748
VELOLD	1	OK	4,188,364	288,853	0.069	5.697	-	-	0.686	4.124	-	-	-	-	-	3960476					
VELOLD	2	OK	2,165,482	149,344	0.069	5.441	-	-	0.553	3.078	-	-	-	-	-	1652529	5.610	0.640	3.593	438,196	5,613,005
VELADD	1	OK[7]	849,653	58,597	0.069	4.653	-	-	0.171	0.710	-	-	-	-	-	200619					
VELADD	2	OK[7]	4,999,493	344,793	0.069	4.363	-	-	0.185	0.752	-	-	-	-	-	1274526	4.405	0.183	0.805	403,389	1,475,145
VELNEW	1	OK[7]	2,835,177	195,529	0.069	6.629	-	-	0.345	2.279	-	-	-	-	-	1349826					
VELNEW	2	OK[7]	1,414,674	97,564	0.069	5.570	-	-	0.252	1.529	-	-	-	-	-	491922	6.276	0.314	1.972	293,093	1,841,748
VELOLD	1	OK[7]	4,188,364	288,853	0.069	5.697	-	-	0.686	4.124	-	-	-	-	-	3960476					
VELOLD	2	OK[7]	2,165,482	149,344	0.069	5.441	-	-	0.553	3.078	-	-	-	-	-	1652529	5.610	0.640	3.593	438,196	5,613,005
VELADD	1	IPD2 (SRK)	2,728,160	188,149	0.069	4.707	-	-	-	-	0.153	0.645	-	-	-	575126					
VELADD	2	IPD2 (SRK)	3,632,377	250,509	0.069	4.082	-	-	-	-	0.146	0.567	-	-	-	732959	4.350	0.149	0.649	438,658	1,308,085
VELNEW	1	IPD2 (SRK)	4,092,390	282,234	0.069	6.387	-	-	-	-	0.318	2.070	-	-	-	1796362					
VELNEW	2	IPD2 (SRK)	217,240	14,982	0.069	3.304	-	-	-	-	0.159	0.499	-	-	-	47535	6.231	0.310	1.933	297,216	1,843,897
VELOLD	1	IPD2 (SRK)	6,363,844	438,886	0.069	5.612	-	-	-	-	0.633	3.700	-	-	-	5559103					
VELOLD	2	IPD2 (SRK)	5,751	397	0.069	1.436	-	-	-	-	0.194	0.279	-	-	-	1541	5.608	0.633	3.549	439,282	5,560,644
VELADD	-	ALL	22,346,470	1,541,136	0.069	4.016	0.063	-	0.096	-	0.076	-	0.056	0.078	0.070						
VELNEW	-	ALL	4,431,720	305,636	0.069	6.142	0.307	-	0.305	-	0.304	-	0.309	0.308	0.305						
VELOLD	-	ALL	6,409,208	442,014	0.069	5.594	0.631	-	0.635	-	0.629	-	0.632	0.628	0.630						

Notes

1. VAREA= VELADD indicates area outside of BRS 0.25 GT gridded boundary
2. VAREA= VELNEW indicates Velvet extension
3. VAREA= VELOLD indicates area previuosly mined
4. 10 x 10 ft parent cell utilised
5. [1] = estimation parameters as per BRS consultants (Inverse Distance to power 2)
6. [2] = estimation parameters as per AMD Consulting variography (Ordinary Kriging)
7. [3] = estimation parameters as per SRK consultants (Inverse distance to the power 2)
8. [4] = estimation parameters combination (Inverse distance to the power 2 and search ranges from variography)
9. [5] = estimation parameters as per BRS consultants (Inverse distance to the power 3 with an extended search range)
10. [6] = estimation parameters as per BRS consultants (Inverse distance to the power 2 with an extended search range)
11. [7]=negative kriging weights not removed in any category or area
12. In IPD2 (BRS) estimation all estimates interpolated using the 3rd search volume and a GT<0.25 were removed
13. In OK estimation all estimates interpolated using the 3rd search volume and a GT<0.25 were removed. Values estimated outside BRS 0.25 boundary with a negative krigging efficiency were also removed
14. In IPD2 (BRS) estimation all estimates interpolatedusing the 3rd search volume and a GT<0.25 were removed
15. In ALL estimation no estimates removed.

AMD Consulting c.c.

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Table 1. : Estimation results from Datamine Studio as per estimation type.

5. Conclusions

Utilising all available data facilitated the use of Geostatistical processes, which produced search ranges, which in turn could be applied with confidence in the estimation of the Velvet orebody. Furthermore, the methodology applied allowed for a disclosure of an Inferred Resources outside of the previously defined 0.25 GT boundary.

The estimation process has produced comparable results with respect to the BRS Inc. estimation. The estimation block size may need to be increased for Resource estimation purposes, due to sample support.

This 3-Dimentional block model created in the process can now be utilised in a Reserving process to define a mine plan for pre-feasibility studies.

The exercise has proved that Geostatistics can be applied in varying degrees to the Velvet Orebody. Furthermore it improves the confidence of the Resource categorisation.

André Marcel Deiss Resume

Profile A graduate geologist with 14 years' experience in the minerals extraction industry, gained in Southern Africa. A pragmatic and logical person with good interpersonal skills. Having worked in demanding and harsh environments has developed self-sufficiency and confidence as an energetic leader who is action orientated and resourceful.

Capabilities Geological modelling, seismic interpretation, database administration, mine planning, geological mapping, borehole core logging, works efficiently and independently, communicates technical concepts persuasively and makes sound decisions in a balanced judgement cycle.

Experience

May 2003 – current AMD Consulting cc. Gauteng, RSA
Consultant / Director

- Borehole Database creation, training, administration and sign-off (Wesizwe Platinum Ltd., Afriore (Pty) Ltd., PTM (Pty) Ltd.).
- Mine planning and reserve determination utilising Datamine and Vulcan software; seismic interpretation utilising Kingdom Suite – South Deep Mine (Placer Dome - Western Areas Joint Venture)
- Mine planning and scheduling using Vulcan software – Messina Platinum Mines Ltd. (Southern Era Resources Ltd.)
- Grade Control system developed in Datamine and implemented – Thabazimbi Iron Ore Mine (Kumba Resources)
- Geological and resource modelling, scripting, database administration and training (Platinum Group Metals (Pty) Ltd., Pan Palladium, Hunter Dikinson Inc., Durban Roodepoort Deep, AVGOLD, Harmony, AVMIN, ASSMANG, Nkomati Mine, Ingcambu Investments (Pty) Ltd., Global Geo Services (Pty) Ltd., SRK, Sable Data Works (Pty) Ltd., Lower Quartile Solutions (Pty) Ltd.)

May 2003 – October 2007 Geologix MRC (Pty) Ltd. Gauteng, RSA
Director

April 2000 – April 2003 Datamine S.A. (Pty) Ltd. Gauteng, RSA
Geologist / Software Consultant

- Exploration and Mining Software sales, support, training, implementation and consulting. Last major implementation undertaken at Kumba Resources, Thabazimbi Iron Ore Mine, which included implementation scoping, geological modelling, departmental data and software integration, scripted front-end programming, training and software development.

1997 – March 2000 AVGOLD Free State, RSA
Exploration Geologist

- Logging and sampling of surface boreholes in the Sun project area to the north of Target Gold Mine. This involves the liaison with the drilling contractors and farmers in the area.
- Environmental rehabilitation of boreholes and the liaison with the DMEA.
- Computer duties involve SABLE drilling database administration, 3D seismic interpretation on IESX, Datamine orebody modelling, sample database management and the evaluation of software packages for site use.
- Seismic data, Datamine orebody models and sedimentological models are combined to site boreholes and shafts in favourable target areas. Seismic data is also employed to resolve complex structural and stratigraphic borehole problems.

1994 - 1996 ASSMANG Northern Cape, RSA
Sectional Mine Geologist

- Monitored the drilling of surface and underground boreholes, which involved the liaison with the drilling companies and farm owners regularly, and borehole rehabilitation. Logging and sampling of core, and data input onto a computer database.
- Geological and grade models were generated, validated and reconciled on a routine basis.
- Routine underground mapping was undertaken to ensure the correct manganese horizons were being mined.
- Mineralogical research was done on the orebody to determine the effect of the production cycle on the various ore types.
- Planning of mine development to access remote high-grade ores by manipulating geological structural features and existing mine development.

Education **1990 – 1993 University of the Witwatersrand Johannesburg, RSA**

- B. Sc. Hons. Geology

Affiliations SACNASP