



FOR IMMEDIATE RELEASE
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STATEMENT BY PATRICK WALES, PROJECT MANAGER, VIRGINIA URANIUM, INC.

“For the last three years, officials and residents from the City of Virginia Beach have expressed a sincere concern about the impact of uranium mining at Coles Hill on Lake Gaston, which is roughly 100 miles downstream from Coles Hill and supplies a portion of the city's drinking water. All of these concerns are based on the fundamental question of how our company will store mill tailings at Coles Hill – whether we will store the tailings in above-ground impoundments that could be susceptible to releases caused by heavy storms or flooding, or whether we will store them in below-grade, or below-ground, containment cells that eliminate the risk of releases to surface waters.

Today, Virginia Uranium is restating our company's firm commitment to storing all tailings below grade, or below ground, at Coles Hill. This method of tailings disposal is designed specifically to eliminate the possibility that tailings could be released to downstream water sources, including Lake Gaston. Under our company's plans, the tailings, the crushed rock leftover from the milling process, will be mixed with a cement-like substance to ensure that they are immobile and then placed below the surface of the ground in excavated cells, or pits. These below-ground cells, situated well above the flood plain, will be double-lined with clay and synthetic liners to ensure that the tailings do not seep into soil or groundwater and will be covered by multi-layer clay and earthen covers to eliminate the potential for surface releases caused by heavy storms or flooding.

Before our company can receive a single license to operate, the U.S. Nuclear Regulatory Commission (NRC) must certify that our tailings cells are designed to withstand the most severe weather events possible, known as the Probable Maximum Precipitation (PMP) event and the resulting Probable Maximum Flood (PMF), without releasing any tailings to the surface, soil or groundwater. To put the PMP and PMF events into context, these hypothetical events are so severe that neither has ever been recorded in human history. This is the strict, abundantly cautious standard that the NRC will hold our company accountable to.

As the National Academy of Sciences study concluded, this advanced method of below-grade tailings storage will effectively eliminate the risk of any surface releases that could threaten Lake Gaston or any other downstream water source. Virginia Tech geosciences professor and the foremost researcher of the Coles Hill site, Dr. Bob Bodnar, has stated unequivocally that our method of below-grade tailings will make it impossible for tailings to be released to surface waters, including Lake Gaston. Even Virginia Beach's own officials have acknowledged on multiple occasions that the below-grade method effectively eliminates the risk to Lake Gaston.

However, even if this were not the case, there is another very important layer of protection that has been withheld from the public debate. In June, the City of Norfolk's Director of Public Utilities stated that even in the most catastrophic worst-case scenario release of tailings from Coles Hill – a scenario that experts have agreed is impossible under our company's plans – Norfolk's water treatment facilities are fully capable of treating and removing all contaminants and delivering drinking water to the residents of Norfolk and Virginia Beach well within the EPA's safe drinking water standards. This is an important safeguard that should reassure the residents of Hampton Roads that even if the unimaginable, the impossible, were to happen, their drinking water will remain as clean and safe as it is today.

In short, the concern about the impact of the Coles Hill project on Lake Gaston and other downstream water sources is based on a misunderstanding of how our company will store the tailings at Coles Hill. By announcing our company's firm commitment to store all tailings below ground, we hope to reassure the residents of Virginia Beach and all other downstream communities that their water sources, including Lake Gaston, will be protected and are not at risk of any contamination from the Coles Hill project. This is good news for the residents of Southside Virginia and Hampton Roads, and we believe it is another positive step toward a more constructive, informed dialogue about how to ensure that our company operates the safest uranium mine in the world."

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“Full below-grade disposal of mill tailings is an option that has been developed specifically to eliminate concerns over the release of tailings due to catastrophic failure of a construction retaining berm or tailings dam...”

– National Academy of Sciences study, p. 153

“We agree that if you are able to force these tailings to be disposed of below-grade, it dramatically reduces the likelihood that they escape to the surface waters.”

**– Tom Leahy, Virginia Beach Public Utilities Director,
“HearSay with Cathy Lewis”, 12/13/11**

“Most importantly, the tailings ponds or impoundment cells will be below-grade and not held behind tall dams that would be susceptible to damage during a catastrophic flooding event... it is inconceivable, even under the most adverse circumstances, that the tailings could be released to the local streams and rivers.”

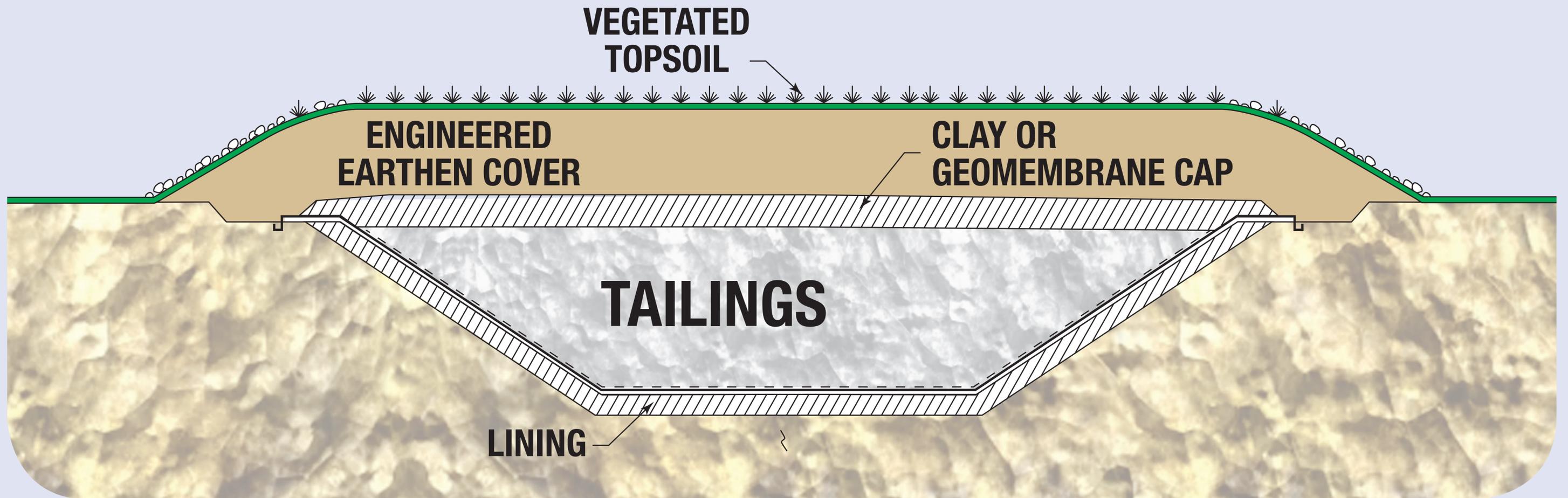
– Dr. Robert Bodnar, Virginia Tech Professor of Geosciences, Danville Register & Bee, 2/27/11

“...Norfolk’s treatment plants are fully capable of treating the expected levels of contamination from a worst case scenario event to produce water that meets all current Safe Drinking Water Act requirements.”

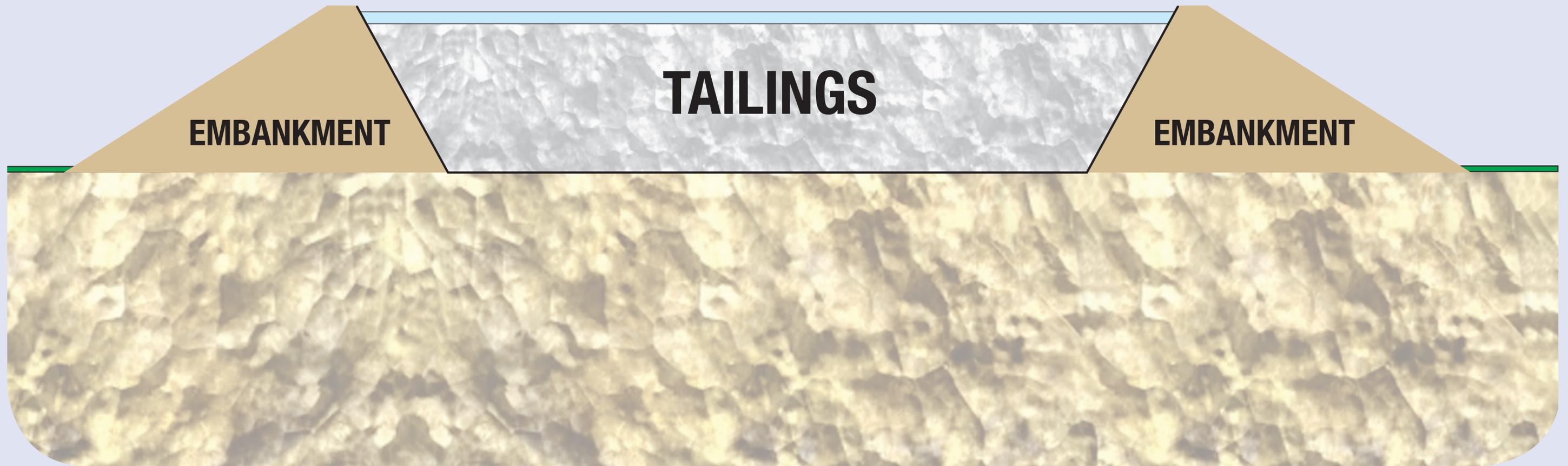
– Norfolk Department of Utilities Report, July 2012

“The threat to surface water would be dramatically reduced if the tailings were stored below grade.”

– City of Virginia Beach Policy Report, June 2012



BELOW-GRADE TAILINGS IMPOUNDMENT



ABOVE-GROUND TAILINGS IMPOUNDMENT

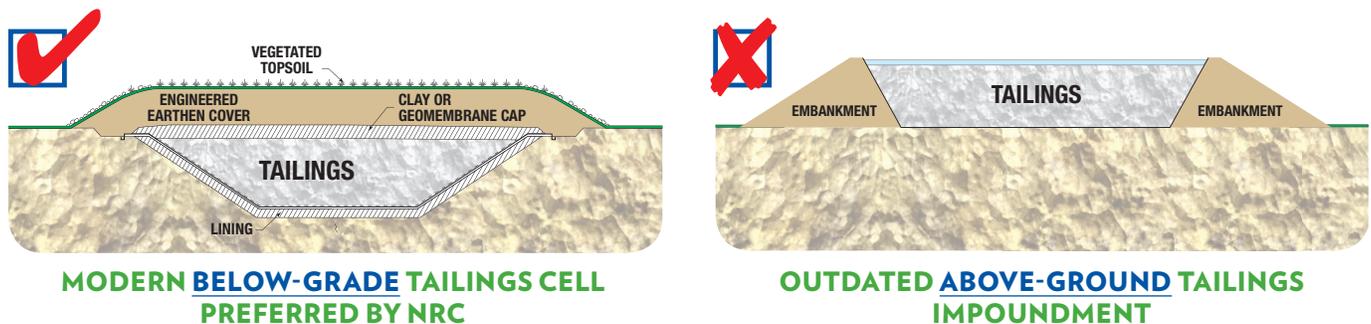
PROTECTING DOWNSTREAM WATER SOURCES

In February 2011, the City of Virginia Beach released a study conducted by Michael Baker Corp. which attempted to measure the impact of a catastrophic release of tailings – the crushed rock left over from the milling process – at the Coles Hill site on downstream communities, including Virginia Beach. In May 2011, Kleinfelder West Inc. released a technical review of the Baker study identifying numerous flaws in the study’s assumptions, methodology and input data, which grossly exaggerated the possibility that tailings material could be released from Coles Hill and contaminate downstream water sources, including Lake Gaston. Here is a brief summary of the two main flaws identified by Kleinfelder:

- **TAILINGS DESIGN:** The Baker study incorrectly assumed that tailings would be stored in primitive above-ground impoundments that would be susceptible to flood and storm-induced damage. This assumption ignored the company’s repeated commitment to below-grade tailings storage and clear U.S. Nuclear Regulatory Commission (NRC) regulations requiring, in most cases, the safer below-grade method. Kleinfelder concluded that it would be extremely unlikely for the company to receive a license to operate such a primitive tailings structure.
- **LOCATION OF TAILINGS:** The Baker study placed both hypothetical tailings impoundments immediately next to and in direct alignment with the Roanoke and Banister Rivers, disregarding explicit NRC regulations requiring that tailings be placed at far greater distances from river channels and flood plains.

HOW BELOW-GRADE TAILINGS STORAGE ELIMINATES THE RISK TO DOWNSTREAM WATER SOURCES

As the National Academy of Sciences and other independent experts have concluded, placing tailings in below-grade cells with multiple heavy-duty liners and multi-layer covers eliminates the risk of any releases caused by heavy storms or flooding. Before Virginia Uranium can receive a license to operate, the U.S. Nuclear Regulatory Commission (NRC) must certify that tailings cells are designed to withstand a Probable Maximum Precipitation (PMP) event and a resulting Probable Maximum Flood (PMF) – both more extreme weather events than the worst-case scenario events used in the Baker study – without releasing material into the environment.



“Full below-grade disposal of mill tailings is an option that has been developed specifically to eliminate concerns over the release of tailings due to catastrophic failure of a construction retaining berm or tailings dam... As shown at Elliot Lake, Canada and elsewhere, lined and capped storage repositories can prevent the spread of tailings by erosion and control contamination of groundwater and surface water systems by seepage.” – National Academy of Sciences study, p. 153

“Most importantly, the tailings ponds or impoundment cells will be below-grade and not held behind tall dams that would be susceptible to damage during a catastrophic flooding event... the physical setting of those tailings will be such that it is inconceivable, even under the most adverse circumstances, that the tailings could be released to the local streams and rivers.” – Dr. Robert Bodnar, Virginia Tech Professor of Geosciences, Danville Register & Bee, 2/27/11

“We agree that if you are able to force these tailings to be disposed of below-grade, it dramatically reduces the likelihood that they escape to the surface waters.” – Tom Leahy, Virginia Beach Public Utilities Director, “HearSay with Cathy Lewis”, 12/13/11