



June 11, 2010

Mr. Walter Coles, Sr.
Chairman of the Board
Virginia Uranium, Inc.
231 Woodlawn Heights,
Chatham, VA 24531

Re: Coles Hill Conceptual Study Results Summary

Dear Mr. Coles:

At your request, Lyntek is providing a summary of the values of the conceptual study that we are just finalizing. Overall, we have determined that the project shows viability and generates significant economic benefit.

1. *The amount of capital investment that would be made in the local community to build out the facility.*

The initial project private capital requirements are on the order of \$200 to \$225 million in addition to other annual expenditures that would bring the total project capital on the order of \$350 to \$400 million. This estimate is based upon production of a minimum of 1 million tons of ore per year and generation of about 2 million pounds of U₃O₈ per year. Increases in production amounts will result in greater capital expenditures and greater output.

2. *The number and types of jobs that would be created as well as the associated payrolls.*

During the construction period of the mine and the mill, we would expect about twelve months to construct the proposed facility and employ 250 – 350 construction-related workers. During the operation of the facility, we forecast employment of 300 to 350 workers for the complete mining and milling operations with an annual payroll cost in the range of \$19 to \$23 million, inclusive of benefits. The employee pay scales would be typical of the region and a mining and milling environment. Salary rates are expected to range from \$35,000 to \$250,000 per year, based on specialty and

management levels. Hourly wage employee rates are expected to range from \$20 to \$35 per hour, inclusive of benefits.

The staff design includes training staff that is focused upon providing the local population with training so that they can be awarded the jobs being provided. The typical types of mining, milling, and tailings jobs expected for this project are summarized as:

Management (Salary)

- General Manager
- Mine Manager
- Mine Superintendent
- Mill Superintendent
- Assistant Mill Superintendent
- Employee Relations Manager
- Training Manager
- Controller

Professionals (Salary)

- Mine Engineers
- Geologists
- Environmental Officer
- Metallurgists
- Chief Chemist
- Accountants

Safety and Training (Salary)

- Safety Supervisors
- Technical Trainers
- Operator Trainers
- Skilled Labor Trainers
- Unskilled Labor Trainers
- Radiation Safety Officer

Security

- Site Security Supervisor
- Site Security Laborers

Technicians and Clerical (Salary and Hourly Wage)

- Mine Technicians
- Instrument Technician (and calibration)
- Administrative Assistants
- Purchasing Agents
- Warehouse Persons
- Clerks
- Safety and Environmental Technicians

Supervision (Hourly Wage)

Mine Foremen
Shift Supervisors
Mill General Foreman
Shift Forman
Maintenance General Foreman
Maintenance Foreman

Operators and Laborers (Hourly Wage)

Skilled Labor

Stope Miners/Drillers/Blasters
Development Miners
Mining Equipment Operators
Mobile Equipment Operators
Support Miners
Diamond Drillers
Crusher/Backfill Operators
Loader Operators
Grind/Leach Operators
Counter Current Decantation (CCD) Operators
Precipitation Operators
Tailings Operators
Electricians
Mechanics
Maintenance Workers
Electrician Helpers
Mechanics Helpers
Plant Technicians
Laboratory Analysts

Unskilled Labor (Hourly Wage)

Helpers
Mining Laborers
Plant Helpers

3. *The anticipated life of the mine*

The life of the project as described is projected to be 30 - 35 years, based upon the economics of the current uranium price and the ore grade calculation.

4. *The revenue per year that the project likely would generate.*

We project that the revenue would initially range in the vicinity of \$100 to \$140 million annually, dependent upon the production rate and the ore grades encountered during the mining process. In addition, there will be operating costs that the mine and mill will require and will be invested into the local and regional community. In essence, the annual material cost (services and supplies) is on the order of \$20 to \$30 million, so they direct annual economic impact to the community for both labor and

material costs paid by the project is \$40 to \$50 million. Experience in the mining community suggests that indirect support requirements is about 6 times the cost of the mining operation, which includes labor and operating costs together. The direct and indirect economic benefit is somewhere on the order of \$240 to \$300 million.

Please let us know if this summary is sufficient for your needs.

Respectfully,

A handwritten signature in blue ink, appearing to read "Nicholas S. Lynn". The signature is written in a cursive style.

Nicholas S. Lynn
President