

Plateau Resources Pursuing Reactivation of Shootaring Mill

Plateau Resources, a wholly owned subsidiary of U.S. Energy Corp., has signed a Memorandum of Agreement with the Utah Division of Radiation Control for a review process that would allow transfer of the Shootaring Canyon uranium mill in southern Utah from "reclamation" to "full operational" status. Plateau is 100% owner of the mill. Crested Corp., a majority-owned subsidiary of U.S. Energy, has assumed 50% of Plateau's obligation and is entitled to 50% of the operating cash flows from the mill, which is one of only four remaining licensed uranium mills in the United States.

The Shootaring mill was the last uranium mill built in the United States during the early 1980s. The plant is permitted to process 750 mt/d. Plateau Resources controls a number of nearby uranium mineral properties, as well as stockpiles of uranium-mineralized material already on the property. The company anticipates that these resources would provide sufficient feed-stock material for production of 1.5 million lb/y of U_3O_8 for the foreseeable future.

An independent report by Behre Dolbear released in October 2005 estimated the current replacement value of the Shootaring mill at \$80.5 million. The report also estimated that \$31.2 million would be required to upgrade the mill and tailings facility for uranium processing, and that an additional \$18.8 million would be needed to install a vanadium circuit capable of producing 3.9 million lb/y of vanadium oxide (V_2O_5). Assuming satisfactory completion of the licensing process and arrangements for financing, about 18 months of refurbishing and construction work would be required to bring the mill back into production.

U.S. Energy Corp. President Mark Larsen said, "The spot price for uranium, which has more than quadrupled in the past three years, reached \$40/lb on March 13, 2006, and we expect it to continue trending higher as the year progresses. Spot prices at a 25-year high clearly illustrate that new uranium production must come on line to address the inability of current mines to supply the requirements of the world's 440 operating nuclear power plants and the more than

40 nuclear plants that are under construction or on the drawing boards."

Timet Expanding Melt Capacity

Titanium Metals Corp. (Timet) is installing a \$35-million electron-beam cold hearth melt furnace at its Morgantown, Pennsylvania, USA, operations. The new furnace will have capacity to melt 8,500 mt/y of titanium metal and will increase Timet's overall electron beam melt capacity by about 54%, depending on product mix. The furnace is scheduled for full commissioning during the first quarter of 2008.

Timet is benefiting from strong demand for its products. During 2005, average selling prices for melted titanium products climbed 48%, as compared to 2004, while average mill product prices rose 30%. For 2006, the company is forecasting year-on-year average price increases of 75% to 80% for melted products and 25% to 30% for mill products.

Timet's backlog at the end of December 2005 stood at a record \$870 million, nearly double its \$450-million backlog at the end of December 2004. The company's net income for 2005 rose to \$143 million, up from \$43.3 million in 2004.

Taseko Expanding Gibraltar Concentrator, Restarting SX/EW Plant

Taseko Mines is investing \$62 million to upgrade and expand the concentrator at its Gibraltar open pit copper-molybdenum mine near Williams Lake in south-central British Columbia. The project will increase Gibraltar's production capacity from 70 million to 100 million lb/y of copper in concentrate by 2008. At the same time, the company has begun refurbishing Gibraltar's solvent extraction/electrowinning plant, which has been on care and maintenance status since 1998, for a planned return to production in the third quarter of 2006. The SX-EW plant has capacity to produce up to 7 million lb/y of LME grade copper cathode.

A semi-autogenous grinding mill will be added to the Gibraltar grinding circuit, and the flotation circuit will be upgraded with all-new equipment. The expanded milling capacity and upgraded flotation

system are expected to lower Gibraltar's unit operating costs by roughly 10% through a combination of increased throughput and improved recoveries of both copper and molybdenum.

Feed capacity to the mill will increase by about 25% from the current level of 36,750 st/d to 46,000 st/d. However, the new SAG mill will be capable of processing up to 50,000 st/d, depending on ore characteristics and operating strategy. The concentrator project is scheduled for completion in late 2007.

The Gibraltar mine returned to production in October 2004, after having been shut down for five years as a result of low copper prices. In 2005, the concentrator processed 11.5 million st of ore at an average grade of 0.314% copper. Production totaled 54.8 million lb of copper and 427,000 lb of molybdenum in concentrates. Proven and probable reserves currently stand at 194 million st, grading 0.31% copper and 0.010% molybdenum. Measured and indicated resources total 614 million st, grading 0.28% copper and 0.008% molybdenum.

Since the Gibraltar mine re-opened, oxidized copper ore has been stockpiled, while sulphide ore has been processed at the concentrator. The oxidized ore will now be leached on leach pads, and leach solution will serve as feed to the SX/EW plant. Gibraltar has 16.5 million st of proven and probable oxide reserves, grading 0.148% acid soluble copper at a 0.10% cut-off, in its Pollyanna and Connector pits. These reserves contain approximately 23 million lbs of recoverable copper.

Newmont Invests in Queenstake

Newmont Mining, through its subsidiary Newmont Canada Ltd., agreed in late March 2006 to purchase \$10 million in Queenstake Resources shares through an equity private placement. After closing, Newmont will own approximately 4.9% of Queenstake's basic common shares. Newmont also will receive warrants that can be exercised to acquire additional Queenstake shares for a four-year period, which if fully exercised would increase its ownership in Queenstake to about 8.5%.