

August 30, 2006

MEMORANDUM TO: William von Till, Chief
Uranium Processing Section
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety and Safeguards
Office of Nuclear Material Safety and Safeguards

FROM: Stephen J. Cohen, Project Manager **/RA/**
Uranium Processing Section
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety and Safeguards
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SUBJECT: MINUTES OF MEETING WITH NRC STAFF AND
REPRESENTATIVES OF RIO TINTO ENERGY AMERICA AND SXR
URANIUM ONE, INC., REGARDING TRANSFER OF
SWEETWATER URANIUM MILL LICENSE

On August 22, 2006, Uranium Processing Section (UPS) staff held a public meeting with representatives of the Rio Tinto Energy America and sxr Uranium One, Inc., to discuss the pending acquisition of the Kennecott Uranium Company, Sweetwater uranium mill, by sxr Uranium One, Inc. Enclosed is a summary of the meeting minutes, with its attached attendance list and other materials presented at the meeting

Enclosure: Meeting Report

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MEETING REPORT

DATE: August 22, 2006

TIME: 1:00 p.m. to 3:00 p.m.

PLACE: U.S. Nuclear Regulatory Commission Headquarters
One White Flint North
11555 Rockville Pike, Room O14B8
Rockville, MD 20852

PURPOSE: To discuss the transfer of the Sweetwater Project license from Kennecott Uranium Company to srx Uranium One, Inc.

ATTENDEES: Refer to Attachment A

BACKGROUND: Rio Tinto Energy America (Rio Tinto) is intending to sell the Kennecott Uranium Company's Sweetwater uranium mill near Rawlins, WY, to srx Uranium One, Inc. (Uranium One) pending the results of its due diligence. A sale of the Sweetwater mill will require a license transfer from the Kennecott Uranium Company to Uranium One.

DISCUSSION:

After the welcome remarks and introductions, representatives from Rio Tinto and Uranium One briefly explained the nature of the transaction and basic timelines. Rio Tinto stated that it offered Uranium One the opportunity to perform due diligence and purchase the mill and gave Uranium One a 6-month deadline to complete its due diligence (January 2007). Uranium One stated that it would likely complete its due diligence by the end of 2006 and would likely complete the sale by January 2007. Uranium One would like to begin mill operations as soon as possible, thereafter.

NRC staff then discussed the steps for license transfer including, receiving a written request for license transfer from Kennecott Uranium Company, performing an acceptance review, reviewing and approving the surety documents, and transferring the license.

Key parts of the amendment request are the personnel and management chain at Uranium One, and the surety document. NRC staff cannot transfer the license to Uranium One unless a surety is in place. Once Uranium One's surety documents are in place, NRC would transfer the license and release Kennecott Uranium Company's surety.

Surety reviews can be performed in two stages. First, the surety can be transferred to Uranium One; then it can be updated, if Uranium One decides to alter or increase its operations.

Enclosure

ACTIONS:

- NRC - Confer with surety review personnel to obtain backlog and additional guidance regarding surety preparation. Staff subsequently met with surety review personnel. They stated that reviews are usually performed within 90 days. Uranium One can submit a draft document for review before submitting the actual surety.
- NRC - Confer with the Office of the General Counsel regarding license transfer timing.
- NRC - Confer with Region IV regarding transfer of Kennecott Uranium Company's Part 30 license for gauges. Staff subsequently spoke with Region IV regarding this license, and they stated that Region IV must transfer the license, not headquarters. Also the Part 30 license cannot be rolled into the Part 40 license.

ATTACHMENTS:

1. Attendance List
2. Press Release Regarding Acquisition Agreement



MEETING ATTENDEES

Date: Tuesday, August 22, 2006, 1:00 pm to 3:00 pm

Topic: Transfer of Sweetwater Project License from Kennecott Uranium Company to SXR Uranium One, Inc.

NAME	AFFILIATION	PHONE NUMBER	E-MAIL
Stephen J. Cohen	USNRC	301-415-7182	sjc7@nrc.gov
Jennifer Smith	Uranium One	416-569-2482	jennifer@uranium1.com
Neal Froneman	Uranium One	2711 482 3605	neal@uranium1.com
Bill Prince	Dorsey & Whitney	801-933-7370	prince.william@dorsey.com
John Sibley	Davis & Company	604-649-6280	jsibley@davis.ca
Kevin Baker	Rio Tinto Energy	307-687-6008	kevin.baker@riotinto.com
Rich Atkinson	Cedar Mountain Ventures	970-226-4216	rich.atkinson@riotinto.com
Paul Schlauch	Holland & Hart	303-290-1621	pschlauch@hollandhart.com
Ron Linton	USNRC	301-415-7777	rcl1@nrc.gov
Mike Knapik	McGraw-Hill	202-383-2167	mike-knapik@plat.com
Michael Gartman	USNRC	301-415-7264	mrg1@nrc.gov
Paul Michalak	USNRC	301-415-7612	pxm2@nrc.gov
Mike Fliegel	USNRC	301-415-6629	mhf1@nrc.gov