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FAR EAST CAPITAL
The Mining Investment Experts

URANIUM SECTOR ANALYSIS

21 April, 2008 *Analyst : Warwick Grigor*

Nuclear Power Sentiment and Uranium Stock Markets Diverge

Fear and Panic in Equity Markets Have Created a Fantastic Buying Opportunity

Short Term Markets Out of Alignment With Long Term Outlook: Sentiment in uranium stocks, and the spot market for uranium, is out of alignment with the long-term outlook for nuclear power. Every week we are seeing strong statements of commitment to expanded nuclear power from all around the world. The case for investment in the sector is becoming increasingly more compelling. How long can we compress the sentiment spring before it bounces back?

UK Government is Advocating New Nuclear Power Plants is Strengthening: UK's Business and Enterprise Minister has said that the construction of new nuclear power plants "could position the UK as the gateway to a new nuclear renaissance across Europe" when he spoke at a conference in the UK in March. Replacement of existing capacity is estimated to cost $40bn, and its expansion will involve a lot more. This is overwhelming evidence that the uranium sector is in for good times ahead.

Carbon Tax to Boost Nuclear: Consider the impact of the carbon tax that is to be imposed on industry. If we are to stabilise CO_2 emissions at 550 parts per million by 2100, how are we going to increase world electricity generation by the 500% level the economists are saying will be needed to sustain economic growth? The Joint Global Change Research Institute has announced at a conference in Miami last week that the number of nuclear power reactors will need to rise from the current level of approximately 440 to 6,000 by 2100; that is a 1,260% increase. Uranium demand will increase from approximately 75,000 tpa to about 1 mill. tpa. Think through the implications. It represents a stunning opportunity for investors today, who can take advantage of a sector which has seen its shares fall by 70%, on average, since the peak a year ago. The 20th century owes its growth to oil. The 21st is going to rely on nuclear power as the new long-term source of power. Nuclear currently supplies about 16% of world electricity needs. This proportion would increase to 33% under the above scenario.

Uranium Prices Have Stabilised at Low Levels: The U_3O_8 spot price has stabilised in the $65-75/lb range for the past couple of months, with the latest Trade Tech Spot Price Indicator falling to US$65/lb. This seems to be bringing the buyers out, as eight utilities are reported to be seeking 20 mill. pounds at these levels. The latest UX Consulting Price is US$68/lb. While the long-term price is still US$95/lb, there is no real demand at this level.

What Could Go Wrong?: A balanced view needs to consider this, as bear markets bring out the worst of everything. Recognise that whilst the market seems in balance in the low $70s/lb, there is no great demand from long term buyers. Most of the activity is amongst traders and investors. The two dedicated uranium funds, UPC and Nufcor Uranium Ltd, have been important buyers of yellowcake over the past couple of years. Their asset base is entirely uranium stockpiles. What if these funds were susceptible to the pain in the equity markets? Could they become forced sellers of uranium? One would hope not, because there is no obvious buyer of their stockpiles.

Top 10 Performing Stocks – 12 Jan '08 to 18 April '08

Company	% Move	Notes
Extract Resources	29%	Namibian discoveries
Uran	19%	Recovering from lows
ERA	11%	Institutional buying
Marathon Resources	0%	Recovering from lows
Mintails	-6%	Gold is the main interest
Impact Minerals	-7%	Low levels of activity
Western Metals	-18%	Copper acquisition
Uranium Equities	-19%	Recovering from lows
White Canyon	-22%	Recent IPO
Compass Resources	-25%	Lead/cobalt project

Companies Covered in this Review

A. Producers and Potential Producers (Where Uranium is the Primary Focus) (21)

		Quality	Value	Mkt Cap	Location	Style/Target	Page
AGS	Alliance Resources	Excellent	Outstanding	$184m	Sth Australia	paleochannel	15
BMN	Bannerman Resources	Sound	Fair	$251m	Namibia	alaskite	16
BKY	Berkely Resources	Sound	Fair	$79m	Spain	carbonaceous shale's	17
BLR	Black Range Minerals	Good	Excellent	$27m	Colorado, USA	sandstone	17
CTS	Contact Resources	Fair	Very Cheap	$13m	Peru	autunite in volcanics	18
CUY	Curnamona Energy	Good	Sound	$28m	Sth Aust	paleochannel roll-front	19
DYL	Deep Yellow	Good	Expensive	$267m	Namibia/Aust	calcretes/various	19
EMA	Energy & Minerals	Fair	Expensive	$144m	WA	lignite hosted	20
EME	Energy Metals	Good	Excellent	$86m	NT	sandstone	21
ERA	ERA	Excellent	Reasonable	$3.8bn	NT	unconformity	21
EXT	Extract Resources	Good	Fully Priced	$233m	Namibia	alaskite	22
MTN	Marathon Resources	Fair	Fully Priced	$125m	Sth Aust	granites	22
MRO	Monaro Mining	Good	Excellent	$44m	USA/Kyrgyz/Australia	sandstone/limestone/gran.	23
PDN	Paladin Resources	Excellent	Good	$2.8bn	Nambia/Malawi/Aust	calcretes/Karoo	24
PEN	Peninsula Mining	Good	Very Cheap	$18m	Wyoming/Sth Afr/Aus	sandstone/Karoo/paleo	24
PNN	PepinNini Minerals	Fair	Reasonable	$47m	Sth Australia	granites	25
SMM	Summit Resources	Good	Fair	$410m	Qld	volcanic/breccia	26
TOE	Toro Energy	Excellent	Fair	$99m	WA/NT/Namibia	paleochannel/IOCGU	26
UNX	Uranex	Reasonable	Fair	$30m	WA/Tanzania	calcrete/Karoo	27
WCU	White Canyon	Reasonable	Fair	$36m	Utah, USA	sandstone	27
WHE	Wildhorse Energy	Good	Reasonable	$61m	USA/Hungary/Paraguay	sandstone	27

B. Companies Where Uranium is a By-Product or a Secondary Project (6)

		Quality	Value	Mkt Cap	Location	Style/Target	Page
ARU	Arafura Resources	Good	Fair	$118m	NT	rare earths/uranium	29
CMR	Compass Resources	Excellent	Excellent	$214m	NT	lead/cobalt/uranium	29
GGG	Greenland Minerals	Fair	Expensive	$222m	Greenland	uranium/rare earths	30
MLI	Mintails	Fair	Sound	$411m	Sth Africa	gold/uranium tailings	30
MHL	Monitor Energy	Fair	Cheap	$11m	Kyrgyz	coal hosted uranium/oil	31
WMT	Western Metals	Excellent	Reasonable	$50m	Tanzania/USA	copper/uranium	31

C. Advanced Explorers (12)

		Quality	Value	Mkt Cap	Location	Style/Target	Page
ACB	A-Cap Resources	Good	Fair	$35m	Botswana	calcrete/Karoo	32
AEX	Acclaim Exploration	Fair	Very Cheap	$7m	Sth Africa, Guinea	conglomerate, sandstone	33
AFR	African Energy	Fair	Fully Priced	$40m	Zambia	Karoo	33
AXY	Atom Energy	Fair	Cheap	$8m	NT. Utah	sandstones	34
EVE	Energy Ventures	Fair	Reasonable	$22m	Zambia	Karoo	34
ERN	Erongo Energy	Fair	Very Cheap	$4m	Namibia	granites (alaskite?)	34
FSN	Fusion Resources	Good	Sound	$32m	NW Qld	volcanic/breccia	35
IPT	Impact Minerals	Good	Cheap	$9m	WA, Botswana	calcretes	35
SRZ	Stellar Resources	Good	Sound	$11m	Sth Australia	paleochannel	36
URA	Uran	Fair	Inexpensive	$15m	Ukraine	sandstone	36
UEQ	Uranium Equities	Good	Reasonable	$28m	Australia	various	36
WME	West Aust. Metals	Fair	Fully Priced	$50m	Namibia	calcretes	37

Special Feature: Chart Comments by Trendsman Page 12

Promotions/Demotions

- From Advanced Explorer up to Potential Producer
  - Peninsula

Additions

- Energy and Minerals Australia, Fusion Resources, Greenland Minerals and Energy, White Canyon

Deletions

- Metex, Southern Cross, Uranium King (merging with Monaro Mining)

AUTHORS NOTE: This is designed as a quick reference document giving views on the companies listed, from one person's perspective. Relative value is the key, taking into account risk profiles of investors. There is a paucity of information from most of these companies and therefore fundamental analysis is very much imperfect. Nevertheless, it is important to get a feel of where the perceived value is as this uranium bull market is not going to evaporate overnight. I hope that it may be of use to you in sorting the wheat from the chaff.

One Line Summaries

A-Cap Resources	First JORC resource is low grade and needs optimisation – heap leach an option
Acclaim Exploration	Very cheap on uranium and gold orebody, but how real is it?
African Energy	Interesting Karoo projects in Africa but needs to build the critical mass
Alliance Resources	A world class uranium discovery that will be very profitable
Arafura Resources	Promising stock on rare earths, but uranium is only a by-product
Atom Energy	Mass exodus of the board. What is the direction now?
Bannerman Resources	A market leader with big promises, but still much work to do
Berkley Resources	Good projects in Spain, but could do with better grades
Black Range	Good fundamentals but troubles with local County
Compass Resources	Lead and cobalt project about to commission – could be a great turnaround stock
Contact Uranium	Project in Peru looks great on fundamentals of a large tonnage heap leach operation
Curnamona Energy	Great exploration team has resulted in early discovery fast track to trial field leaching
Deep Yellow	Highly priced market favourite focussing on low grade project in Namibia
Energy & Minerals	IPO in a tough market, with huge IPO stock position – large uranium resource though
Energy Metals	One of the highest grade projects, in the NT – likely takeover target
Energy Ventures	More of a uranium investment stock with holding in African Energy and others
Erongo Energy	Namibian stock that has been excessively sold down
ERA	Premier uranium stock
Extract Resources	Riding the boom of enthusiasm for Namibian plays
Fusion Resources	Excellent drill results near Summit suggest orebodies of value
Greenland Minerals	Very expensive multi-metal play with many hurdles
Impact Minerals	Useful uranium resource in WA being ignored by the market – nickel exploration
Marathon Resources	Struggling for market acceptance, though the high grade option looks profitable
Mintails	Riding the gold boom with uranium thrown in for “free”
Monaro Mining	Strong US focus with Uranium King merger and AMEX listing – good fundamentals
Monitor Energy	Small deposit in Kyrgyz Republic to be drilled – oil and gas the main game though
Paladin Energy	A leader out of favour due to commissioning issues, but still has the best growth curve
Peninsula Minerals	Good projects in Wyoming, but securing better ground position before promotion
PepinNini Minerals	Diversifying away from uranium with gold purchase
Stellar Resources	Diversified explorer with good uranium exposure – iron ore the main focus just now
Summit Resources	Under the guidance of Paladin now, so dancing to its tune – resources substantial
Toro Energy	Merger made good sense, but failing to get market traction – main project in WA
Uran	Trying hard in ex-Soviet states, but there are many obstacles
Uranex	Lost some appeal in recent months after board spill – needs more news out of Tanzania
Uranium Equities	Redefining itself, with NT focus
West Aust. Metals	In favour for large low grade project in Namibia, but smaller than BMN, Extract
Western Metals	Copper project in Wales has taken priority over Tanzanian uranium
White Canyon	Struggling after IPO – high grade low tonnage targets in Utah, USA
Wild Horse Energy	Higher flyer falling heavily – good US projects and Hungary resources

ASX Listed Uranium Companies - Producers and Potential Producers												Market and Capital Statistics		
21-Apr-08													AUD/USD	0.9200
Company	**Code**	**Share Price**		**Rise**	**Mkt Capitalisation**		**Resource**	**12 Mth Range**		**Issued**	**Capital**	**Opt. Details**		**Cash**
						US$/lb	**Mill. lbs**	**Low**	**High**	**Shares**	**Opt/Ctg**	**Expiry**	**Strike**	**Last Qtly**
		18-Apr-08	**12-Jan-08**	**Change**	**A$m**	**U_3O_8**	**U_3O_8**			**mill.**	**mill.**			**$m**
Producers					*(diluted)*									
Energy Resources	ERA	$19.90	$18.00	11%	$3,795m	$6.72/lb	519	$14.20	$26.75	190.7	0	0	0	$20m
Paladin Energy	PDN	$4.64	$6.01	-23%	$2,844m	$14.07/lb	186	$3.80	$10.19	613	9	Jan-09	280¢	$300m
Potential Producers (Where Uranium is the Primary Focus)														
Alliance Resources	AGS	67.5¢	140¢	-52%	$184m	$21.30/lb	8.0	61¢	288¢	273	8	Oct-10	160¢	$29m
Bannerman Resources	BMN	156¢	347¢	-55%	$251m	$4.00/lb	57.8	130¢	414¢	145	22	Aug-08	40¢	$24m
Berkley Resources	BKY	75¢	122¢	-39%	$79m	$4.28/lb	16.9	60¢	230¢	104	18	Various	70¢	$21m
Black Range Minerals	BLR	4.4¢	12¢	-63%	$27m	$0.49/lb	50.3	4.2¢	34.5¢	603	106	Feb-11	4.5¢	$13m
Contact Uranium	CTS	14¢	37.5¢	-63%	$13m	$1.09/lb	9.6	12.5¢	76.5¢	96	64	Jun-08	20¢	$9m
Curnamona Energy	CUY	42¢	82¢	-49%	$28m	n/a	n/a	35¢	284¢	66	3	Jun-10	25¢	$9.3m
Deep Yellow	DYL	24¢	36¢	-35%	$267m	$6.27/lb	39.2	16¢	72¢	1109	44	Dec-07	8.5¢	$62m
Energy & Minerals	EMA	40¢	n/a	n/a	$144m	$1.30/lb	101.8	n/a	n/a	360	0	-	-	$6m
Energy Metals	EME	76¢	114¢	-33%	$86m	$6.28/lb	12.5	74¢	256¢	94	22	Various	10¢	$5.0m
Extract Resources	EXT	124¢	96¢	29%	$233m	n/a	n/a	48¢	148¢	184	20	Mar-09	100¢	$8.0m
Marathon Resources	MTN	200¢	200¢	0%	$125m	$2.03/lb	56.6	87¢	698¢	61	5	Jun-11	118¢	$25m
Monaro Mining	MRO	46¢	78¢	-41%	$44m	$6.80/lb	6.0	36¢	240¢	91	8	May-10	20¢	$9m
Peninsula Minerals	PEN	1.9¢	4¢	-53%	$18m	n/a	n/a	1.9¢	10.5¢	961	218	Jun-10	10.0¢	$7.5m
PepinNini Minerals	PNN	68¢	105¢	-35%	$47m	$14.37/lb	7.5	64¢	288¢	69	0	Dec-07	20¢	$24m
Summit Resources	SMM	191¢	273¢	-30%	$410m	$8.70/lb	43.3	157¢	603¢	206	9	Oct-05	10¢	$10m
Toro Energy	TOE	20¢	37.5¢	-47%	$99m	$2.36/lb	38.6	19¢	136¢	495	11	Mar-11	31¢	$17m
Uranex	UNX	36.5¢	75.5¢	-52%	$30m	$2.12/lb	13.2	36.5¢	207¢	83	6	ctg	63	$13m
White Canyon	WCU	19.5¢	25¢	-22%	$36m			17¢	25¢	183	0	-	-	$8m
Wildhorse Energy	WHE	64¢	116¢	-45%	$61m	$1.72/lb	32.4	60¢	398¢	93	8	Sep-09	50¢	$15m
See footnotes in Appendix														

Potential Producers - Project Economics and Cash Flow Estimates							**FEC Estimates**						**Spot Uranium Price**		**US$50/lb**
21-Apr-08														**AUD/USD**	**0.9200**
Company	**Project**	**Equity**	**Resource t U_3O_8**	**Plant Capacity** mtpa	**Capital Cost** A$m	**Capex Per Tonne** Capacity	**Prod'n tpa** U_3O_8	**Head Grade** ppm	**Cash Costs** US$/lb	**Cash Margin** US$/lb	**Cash Gross** A$ p.a.	**Margin Per Share** ¢/share	**Price/ Cash** PCG	**Mine Life** years	**Mine Payback** years
Alliance Resources	Four Mile West	25%	14,430	0.50	$25m	$50	1,360	3700	10.00	40.00	$33m	11.6¢	5.8x	9.3	0.2
Arafura Resources	Nolans	100%	3,906	0.80	$750m	$938	150	210	*By-product of rare earths*						
Bannerman Res.	Goanikontes	80%	32,764	15.00	$652m	$43	2,904	220	25.00	25.00	$139m	83.4¢	1.9x	9.9	3.7
Berkley Resources	Salamanca	100%	7,657	1.50	$139m	$92	647	490	27.00	23.00	$36m	29.4¢	2.6x	10.4	3.9
Black Range	Eagle	50%	2,128	1.50	$128m	$85	258	196	39.88	10.13	$3m	0.4¢	10.0x	7.3	20.4
	Mt Taylor	100%	10,000	0.50	$47m	$94	570	1200	35.00	15.00	$20m	2.9¢	1.5x	15.4	2.3
	Company						828				$24m	3.3¢	1.3x		
Compass Resources	Mt Fitch	100%	6,588	2.00	$150m	$75	2,200	306	37.36	12.64	$67m	49.4¢	3.4x	2.6	2.3
Contact Uranium	Corachapi	100%	4,359	2.50	$54m	$22	800	400	22.00	28.00	$54m	33.5¢	0.4x	4.8	1.0
	Kamushanovskoe	100%	769	0.12	$10m	$83	51	480	18.00	32.00	$4m	2.4¢	5.8x	13.4	2.6
	Total Contact						851				$58m	36.0¢	0.4x		
Curnamona	Oban	100%	3,000		$20m		200		22.00	28.00	$13m	19.4¢	2.2x	13.2	1.5
Deep Yellow	Tubas	100%	17,779	3.00	$255m	$85	516	196	39.88	10.13	$13m	1.1¢	21.6x	30.3	20.4
Energy & Minerals	Mulga Rock	100%	46,200	1.25	$106m	$85	1,029	935	23.07	26.93	$66m	18.4¢	2.2x	39.5	1.6
Energy Metals	Bigrlyi	53.7%	10,584	0.75	$110m	$147	850	1300	24.00	26.00	$28m	24.6¢	3.1x	11.0	2.1
Extract Resources	Mi Ida	100%	12,000	6.00	$239m	$40	1,300	260	29.36	20.64	$64m	31.6¢	3.9x	8.1	3.7
Marathon Resources	Mt Gee	100%	10,000	1.50	$178m	$118	900	670	40.45	9.55	$21m	31.5¢	6.4x	9.8	8.6
Mintails	Wergo (Stages 1+2)	100%	13,745	20.00	$93m	$5	680	43	15.00	35.00	$57m	7.5¢	7.6x	15.2	1.6
	Ergo (Stage 3)	50%		30.00	$60m	$2	300	40	15.00	35.00	$13m	1.6¢	34.6x		
							980				$70m	9.1¢	6.2x		
Monaro Mining	Apex-Lowboy	100%	700	0.50	$24m	$48	280	700	32.00	18.00	$12m	12.2¢	13.8x	2.2	2.0
	Rio Puerco	100%	2,000	0.50	$43m	$87	540	1200	35.00	15.00	$19m	19.6¢	8.6x	3.3	2.2
							820				$31m	31.8¢	1.4x		
Paladin Energy	Langer Heinrich	100%	47,856	1.50	$100m	$67	1,030	780	19.00	31.00	$76m	12.3¢	37.7x	40.9	1.3
	Kayelekera	85%	11,376	1.60	$201m	$126	1,302	925	23.30	26.70	$83m	13.4¢	34.6x	7.7	2.1
	Manyingee, WA	100%	10,880	1.50	$128m	$85	898	680	28.86	21.14	$45m	7.3¢	63.5x	10.7	2.8
	Oobagooma	100%	9,950	1.00	$85m	$85	898	1020	21.14	28.86	$62m	10.0¢	46.5x	9.8	1.4
	Valhalla plus	82%	34,963	2.50	$263m	$105	2,338	1063	20.17	29.83	$167m	26.9¢	17.3x	13.2	1.6
	Angela	50%	12,000	1.00	$105m	$105	890	1012	21.33	28.67	$61m	9.8¢	47.2x	11.9	1.7
	(assumes 100% of Summit)						6,464					79.7¢	5.8x		
Peninsula Minerals	Lance	100%	10,000	0.75	$76m	$101	900	500	22.00	28.00	$60m	5.1¢	0.4x	9.8	1.3
PepinNini Minerals	Crocker Well	40%	8,544	1.72	$160m	$93	618	408	35.05	14.95	$9m	12.8¢	5.3x	12.2	7.2
Toro Energy	Napperby	100%	5,688	2.00	$170m	$85	539	306	37.36	12.64	$16m	3.2¢	6.2x	9.3	10.4
	Lake Way	100%	8,996	1.50	$130m	$87	651	493	33.11	16.89	$26m	5.2¢	3.8x	12.2	4.9
	Total Toro						1,189				$43m	8.4¢	2.4x		
Uranex	Thatchers Soak	100%	6,000	2.00	$170m	$85	598	340	36.59	13.41	$19m	21.6¢	1.7x	8.8	
White Canyon	Daneros	100%	900	0.10	$20m	$200	220	2300	38.00	12.00	$6m	3.5¢	5.6x	3.6	3.2
Wild Horse	Bison Basin	100%	1,120	0.90	$67m	$75	450	700	18.50	31.50	$34m	33.5¢	1.9x	2.2	2.0
	Pècs	100%	13,600												

ASX Listed Uranium Companies - Advanced Exploration and Uranium as Secondary Focus — **Market and Capital Statistics**

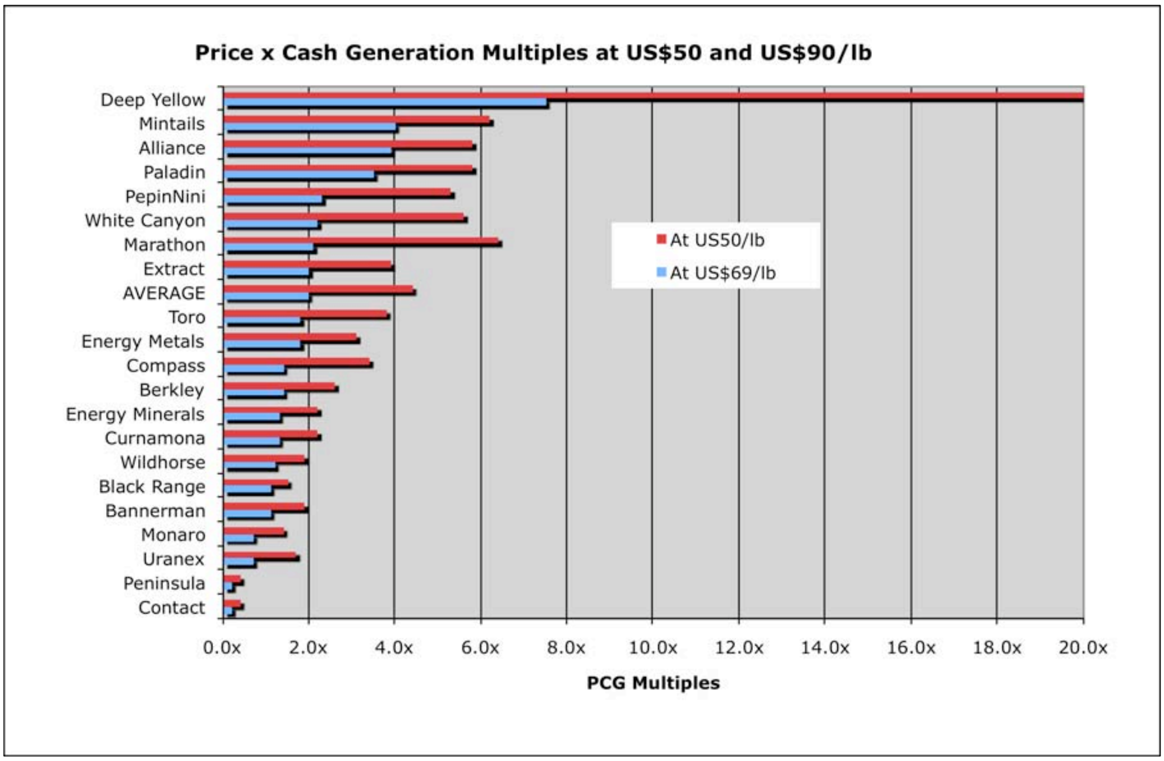
21-Apr-08 — ***AUD/USD* *0.9200***

Company	Code	Share Price 18-Apr-08	Share Price 12-Jan-08	Rise Change	Mkt Capitalisation A$m	US$/lb U_3O_8	Resource Mill. lbs U_3O_8	12 Mth Range Low	12 Mth Range High	Issued Shares mill.	Capital Opt/Ctg mill.	Opt. Details Expiry	Opt. Details Strike	Cash $m
Advanced Explorers						*Potential/Guestimate*								
A-Cap Resources	ACB	32¢	57¢	-44%	$35m	$2.12/lb	15.252	19¢	253¢	110	3.2	Nov-09	40¢	$15.3m
Acclaim Exploration	AEX	1.2¢	2.2¢	-45%	$7m	$0.28/lb	24.299	1.0¢	5.5¢	610	463	Jun-08	5¢	$1.2m
African Energy	AFR	27¢	36¢	-25%	$47m	$4.81/lb	9.080	25¢	106¢	175	14.3	Jun-12	25¢	$4.2m
Atom Energy	AXY	10¢	19¢	-46%	$8m	$8.01/lb	0.948	10¢	76.5¢	83	7.4	Jun-10	37.5¢	$8.6m
Energy Ventures	EVE	10¢	15.0¢	-33%	$22m	$3.20/lb	6.447	11.0¢	48¢	224	15	Dec '09	16¢	$4.8m
Erongo Energy	ERN	9¢	26¢	-67%	$4m	$0.18/lb	22.040	7¢	110¢	51	30	Apr-09	20¢	$3.6m
Fusion Resources	FSN	65¢	96¢	-32%	$32m	n/a	n/a	53¢	132¢	49	7	Dec-09	110¢	$20.0m
Impact Minerals	IPT	14¢	15¢	-7%	$9m	$0.79/lb	10.315	11¢	37¢	63	0.5	Dec-10	25¢	$2.2m
Stellar Resources	SRZ	15¢	23¢	-35%	$11m	$1.19/lb	8.816	13¢	42¢	76	5	Dec-08	30¢	$3.7m
Uran	URA	25¢	21¢	19%	$15m	n/a	n/a	12.5¢	78¢	51	49	May-09	20¢	$3.9m
Uranium Equities	UEQ	15¢	18.5¢	-19%	$28m	n/a	n/a	10¢	93.5¢	189	29	Various	35¢	$18.0m
West Aust. Metals	WME	21.5¢	31¢	-31%	$67m	$4.14/lb	14.987	14.5¢	44¢	273	53	Oct-08	5¢	$1.1m
Potential Producers - Uranium as a By-Product, or Where it is a Secondary Project														
Arafura Resources	ARU	75¢	108¢	-31%	$118m	$12.66/lb	8.6	67.0¢	224¢	144	17	Jun-08	13¢	$18m
Compass Resources	CMR	168¢	225¢	-25%	$214m	$13.58/lb	14.5	130¢	565¢	128	7	Various	220¢	$35m
Greenland Minerals	GGG	68¢	120¢	-43%	$222m			62¢	219¢	193	190	Apr-10	20¢	$28m
Mintails	MLI	57¢	60.5¢	-6%	$411m	$12.35/lb	30.6	37¢	95¢	695	68	Various	35¢	$61m
Monitor Energy	MHL	1.7¢	2.9¢	-41%	$11m	$11.70/lb	0.849	1.4¢	6.4¢	635	23	Dec-01	5¢	$1.0m
Western Metals	WMT	8¢	9.7¢	-18%	$50m	n/a	n/a	6.6¢	46¢	621	147	Various	30¢	$30m

ASX Listed Uranium Companies - Advanced Exploration and Uranium as Secondary Focus																**Spot Uranium Price**	**US$69/lb**
21-Apr-08																***AUD/USD***	***0.9200***
Company	**Project**	**Equity**	**Resource t U_3O_8**	**Plant Capacity mtpa**	**Capital Cost A$m**	**Head Grade ppm**	**Rec. Rate**	**Method**	**Capex Per T Capacity**	**Prod'n tpa U_3O_8**	**Cash Costs US$/lb**	**Cash Margin US$/lb**	**Cash Margin A$ p.a. Co. Equity**	**¢/share**	**Price/ Cash PCG**	**Mine Life years**	**Mine Payback years**
NB : These are speculative numbers based on exploration potential in most cases																	
A-Cap Resources	Mokobaesi	100%	6,920	4.0	$87m	160	80%	HL	$22	512	52.50	16.50	20.2	17.9¢	1.8x	10.8	4.3
Acclaim Exploration	Denny Dalton	74%	11,025	1.0	$92m	350	90%	Mill	$92	315	35.29	33.71	18.8	1.8¢	0.7x	31.5	3.6
African Energy	Chirunda	70%	4,120	1.5	$139m	320	90%	Mill	$92	432	40.38	28.63	20.7	11.0¢	2.5x	8.6	4.7
Atom Energy	Cleo	100%	430	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-
Energy Ventures	Sweden	51%	Nil	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-
Erongo Energy	Erongo	90%	10,000	2.0	$185m	250	90%	Mill	$92	450	57.00	12.00	11.6	14.3¢	0.6x	20.0	14.3
Fusion Resources	Company	100%	10,000	0.75	$69m	1,400	90%	Mill	$92	945	25.00	44.00	99.6	177.0¢	0.4x	9.5	0.7
Impact Minerals	Nowthanna	40%	4,680	1.0	$92m	450	90%	Mill	$92	405	23.22	45.78	17.8	27.9¢	0.5x	10.4	2.1
Stellar Resources	Warrior	30%	4,000	1.0	$92m	340	90%	Mill	$92	306	36.88	32.12	7.1	8.7¢	1.7x	11.8	3.9
Uran	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Uranium Equities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
West Aust. Metals	Marencia	80%	6,800	4.0	$87m	200	90%	HL	$22	720	40.00	29.00	40.0	12.3¢	1.8x	8.5	1.7
Assumptions																	
This category is much more speculative as scoping studies have not been run. We have taken guesstimates of potential economics, if a mineable resource is proven.																	
Cash operating costs at 1,000 ppm			US$19/lb	Milling													
			US$10/lb	Heap Leach													
Cost variance per ppm			US$.02/lb														
Default Capex /tonne capacity (o/p)			US$85m	Milling													
			US$20m	Heap Leach													
			$85.0m														
Spot Price			US$69/lb														

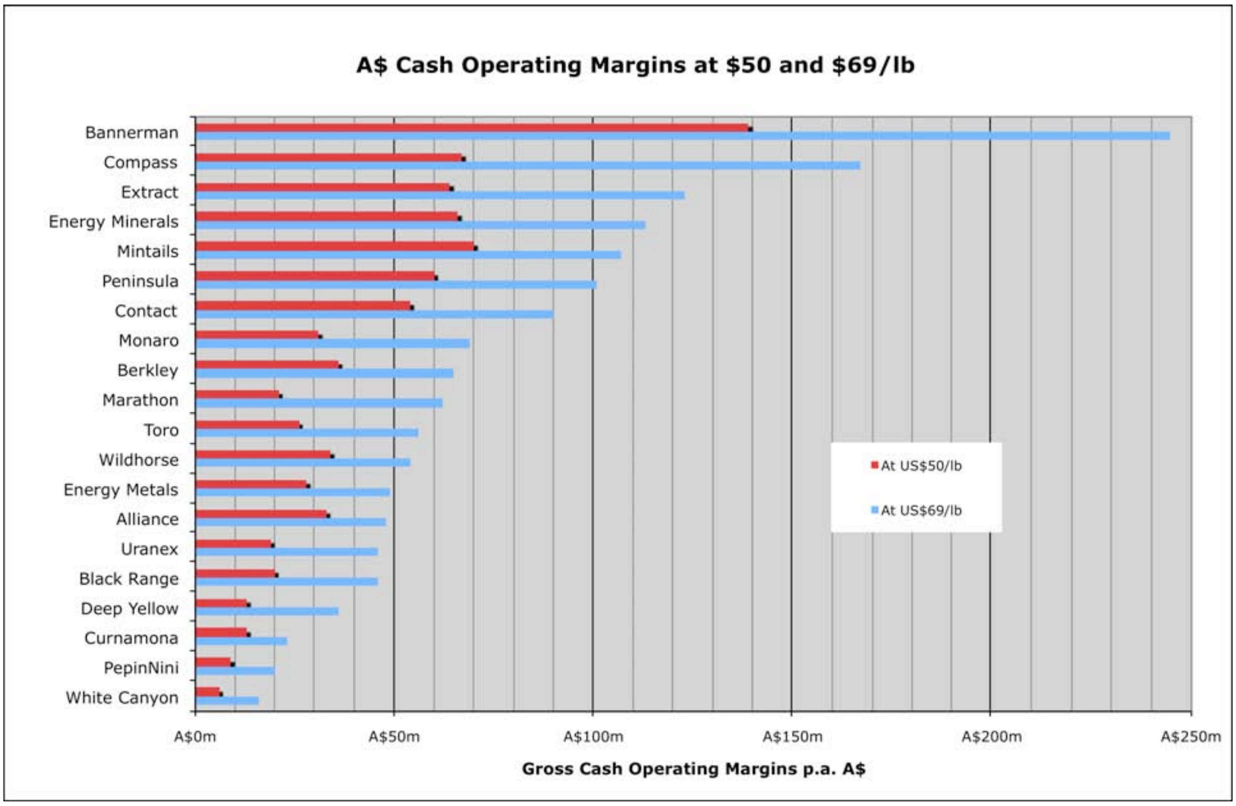
Cash Generation Multiples Comments – At Spot and Downside Scenarios

- We expect that the uranium price **will trade in the range of US$60-$80/lb in 2008**. The blow-out price of US$135/lb seen last year was just that – a blow-out. We should not expect to see anything as crazy as this again, in the foreseeable future.
- Longer term, given the multitude of low-grade projects that could come on-stream at the higher prices, we **expect that the uranium price may drop back to US$50/lb within 3-5 years**. Those company that can commence production within five years will get the benefits of higher prices. They are the one that will be the beneficiaries of the current strength and they will be well positioned to undertake corporate takeovers.
- Our Price x Cash Generation chart gives multiples at both US$50/lb as the downside and US$69/lb as the current spot market.
- **At US$69/lb;**
  - The average cash generation multiple is 2.0x
  - The cheapest companies, selling on a multiple of <1x, are;
    - Contact, Monaro, Peninsula and Uranex
  - The most expensive companies, on multiples > x are;
    - Deep Yellow, Mintails, Alliance and Paladin
- **At US$50/lb**;
  - The average cash generation multiple is 4.4x
  - The cheapest companies, selling on a multiple of <1x, are;
    - Contact, and Peninsul
  - The most expensive companies, on multiples > 5x are;
    - Deep Yellow, Marathon, Mintails, Alliance, Paladin, White Canyon and PepinNi



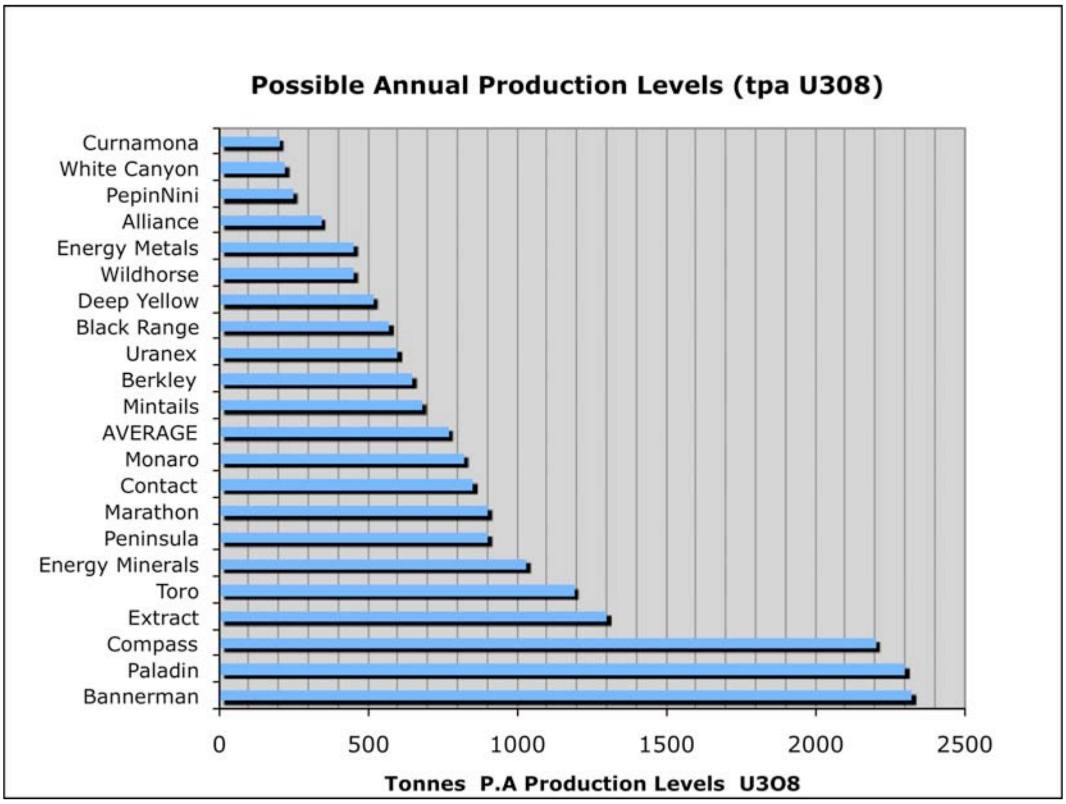
Cash Operating Margins

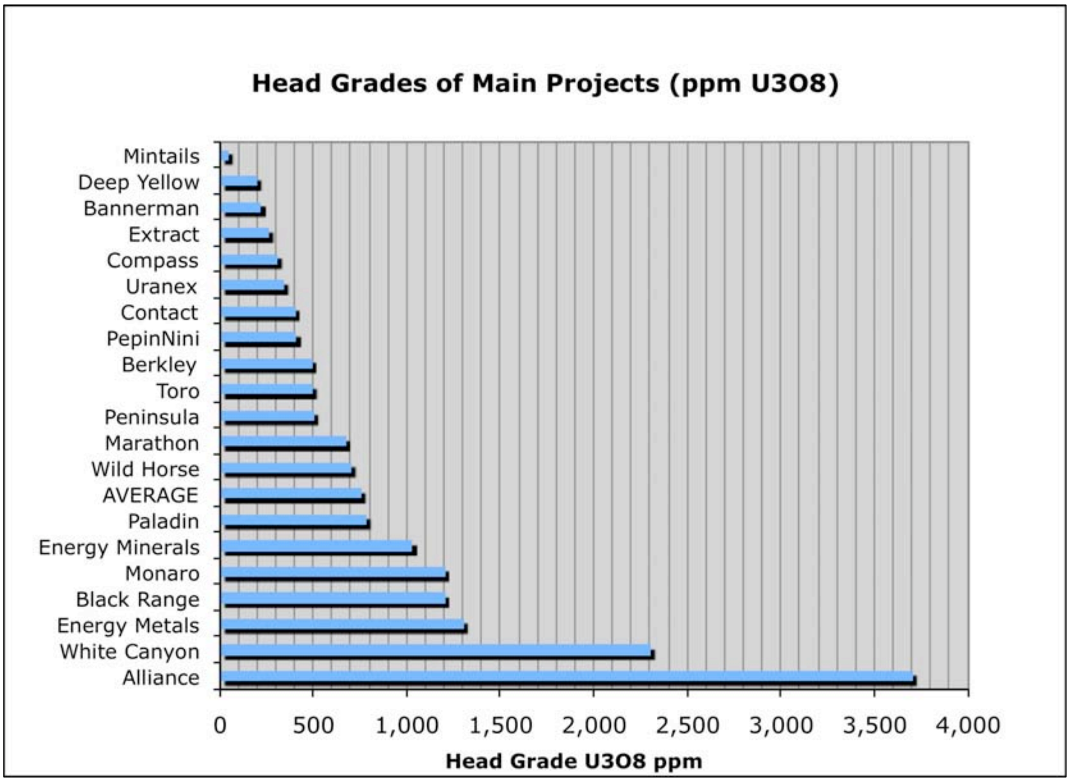
- We prefer to assess companies according to the cash generation potential of their projects, focusing on direct cash operating costs rather than NPVs and other more fancy methods. Over-analysis can lead an analyst to have an unwarranted sense of certainty when in fact there are many things that go wrong. Provided all companies are assessed with the same methodology the signals should be reasonably reliable.
- The previous page detailed cash flow multiples. This page demonstrates actual cash generation levels. Again, we have presented these on the short-term and long-term price expectations of US$69/lb and US$50/lb.
- It can be seen that the lower-grade, higher tonnage projects of the Namibian companies make them look the most powerful, especially at the high uranium prices. Note however, that these companies will have the highest capital costs and will suffer greater dilution than the projects of more modest size and better grade.
- Where the red line breaks the pattern established by the blue lines, this emphasises which companies will suffer greater at lower uranium price i.e. the leverage works again them on the downside. These include Deep Yellow, Marathon, Toro and Uranex.



Head Grades and Annual Production Levels

The average head grade of all projects is 753 ppm, so projects with 500-1,000 ppm are medium grade, and anything below 500 ppm should be classified as low grade and more highly levered to the uranium price. Anything over 1,000 ppm is high grade. The average project size is 768 tpa U_3O_8, .

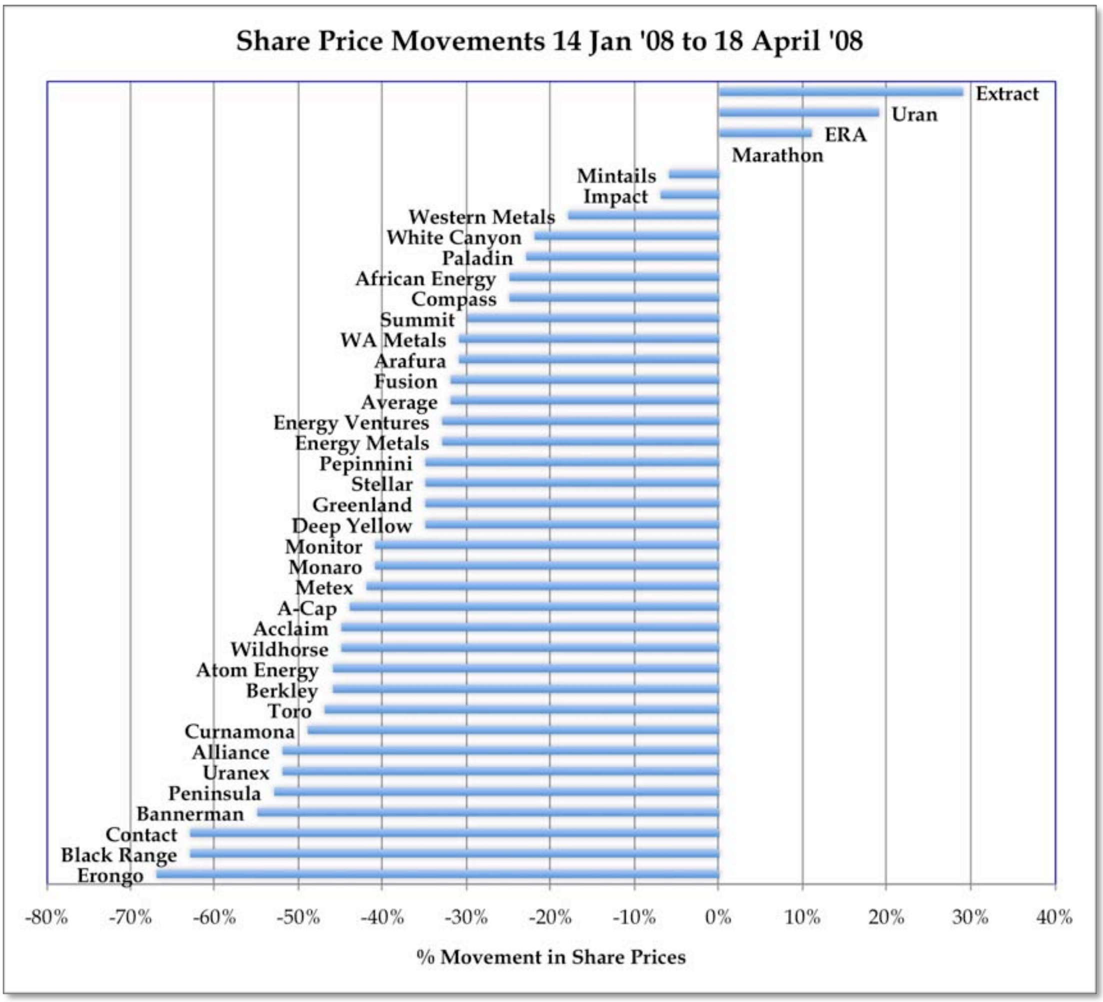




Share Price Movements (14 Jan '08 to 18 April 2008)

The chart of the share price movements shows just how catastrophic the market has been for uranium stocks since our last quarterly review in January. The sell-down of many stocks seems to have happened indiscriminately with ignorance of individual company's fundamental merit in many cases. It has been a wholesale departure from uranium equities.

- 90% of the stocks went backwards, with the average fall being 31%.
- Only three stocks improved.
    - **Extract** (+29%) - Rossing South discovery in Namibia
    - **Uran** (+19%) - recovering from earlier selldown
    - **ERA** (+11%) – reflecting institutional funds selectively investing
    - **Mintails** (+1%) – producer of gold from tailing in South Africa, also to recover uranium as well
- The worst performing stocks were;
    - **Erongo** (-67%) – disenchantment with exploration in Namibia
    - **Black Range** (-63%) – problems with drilling permits from local county in Colorado
    - **Contact** (-63%) – notwithstanding good drill results and expanding resource base
    - **Bannerman (-55%)** – Opes Prime stock hitting the market



SPECIAL FEATURE – CHART COMMENTS

As a special feature, we have pleasure in providing an independent uranium price chart comment from Trendsman, an independent charting service offered out of North America. The insight into the uranium market relative to other energy sectors is illuminating. There are also some charts on individual Australian uranium stocks. If you would like to receive the Trendsman service on a subscription bases please go the to following website; http://www.trendsman.com>

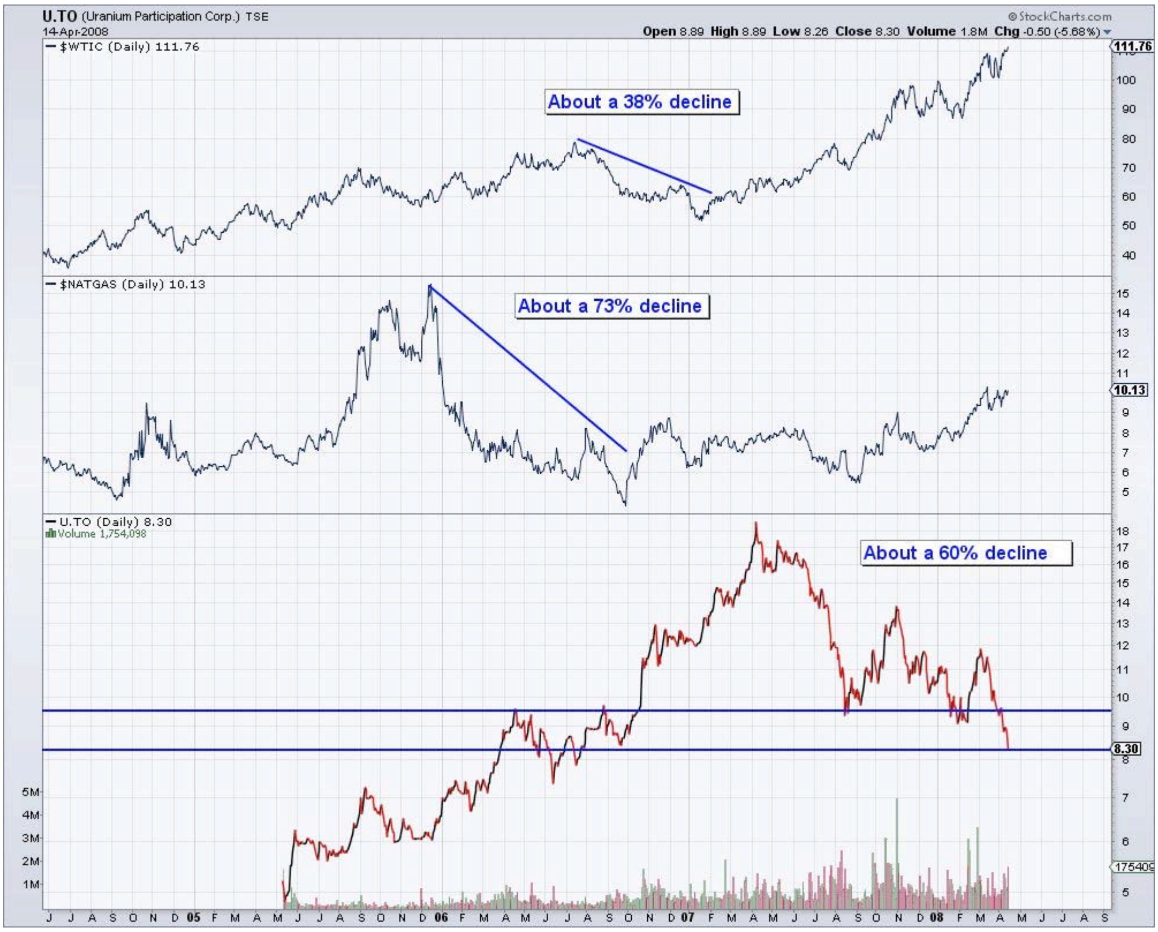
Uranium Update

By Trendsman 15 April 2008

Two months ago I penned an editorial calling bottom on the uranium stocks. Technically I saw many stocks deeply oversold yet positive momentum was starting to build. A few months later and the positive momentum divergences have continued to build. A few U stocks did indeed bottom but more have made slight new lows. While we need price to confirm a bottom it is important to note that forming significant bottoms can be a timely process.

Last update I looked at the relative weakness of uranium against both commodities as a sector and energy prices as a sector. Using Uranium Participation Corp (U.to) as my proxy for uranium prices (because it tracks the U price well) it was obvious how oversold the sector had become. In the last two months the sector has become even more oversold as natural gas and oil have continued to rise. I don't think that should deter investors. Despite being in a bull market, energy commodities haven't been immune to sharp corrections.

The following chart shows Uranium to, Oil and Natural Gas.

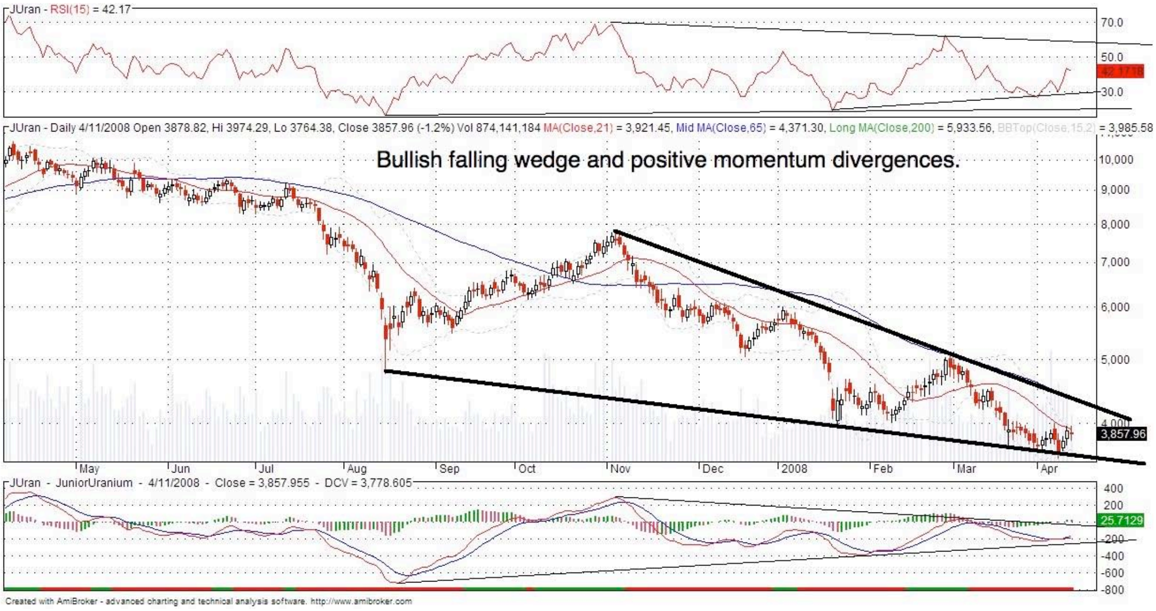


Natural gas endured a 73% decline but is on its way towards a retest of $15. Oil declined 38% and was able to make a new high just 15 months later. Oil also declined 54% in 2000 and 2001. U.to has fallen about 60% while the spot uranium price has declined roughly 50%. Normal is not the best word to describe the uranium correction but investors should take heart that both oil and natural gas more than rebounded from similar major price declines. If the fundamentals for the energy bull market are still intact, then the uranium price and uranium shares should rebound strongly as we move into next year.

There isn't a great uranium exchange traded fund nor is there a basket of large caps to accurately track the sector. There is the 800-lb gorilla, Cameco. The price action of Cameco is encouraging to me. Let me explain the chart below. In the main frame we have Cameco/S&P 500 and below that we have the S&P 500 and Cameco.

While a slight underperformer against the market, Cameco has remained healthy in technical terms. You can see positive momentum divergences developing which is a sign that Cameco should soon regain relative strength against the market. Most important is this. The stock market has broken below its many supports from late 2006 to 2007. Cameco has not. It is possible that Cameco might fall below that support in a "bear trap" or "fakeout" type move. If the fundamentals of uranium hadn't remained solid during this price correction then we would have expected to see Cameco's stock sliding more.

Lastly, below is a daily chart of the Smartinvestment.ca junior uranium index.



If you peer in closely you will see that it appeared a double bottom was formed back in February at 4,000. Over the past 16 days the index has fallen slightly below 4,000 but has tried multiple times to rise above. I believe once the index closes above 4,000 on consecutive days than a short to medium term bottom will have been reached. Moving further out one has to like the positive divergences in both the Macd and Rsi indicators. Also bullish is the falling wedge that has intensified in recent months.

Latest News and Investment Perspective of Individual Stocks

A. PRODUCERS AND POTENTIAL PRODUCERS

Company	Comments
Alliance Resources *Price* *$0.675 (-52%)* *Mkt Cap* *$184m* *Quality* *Excellent* *Value* *Outstanding*	AGS has announced a staged approach to production at the Four Mile project, 550 km north of Adelaide It is owned 25:75 with Quasar Resources, an associate of Heathgate Resources Pty Ltd, the operator of the Beverley ISL Uranium Mine. A Concept Study has recommended an ISL operation utilising the nearby Beverley processing facility. Stage One involves production of 680 tpa (1.5 mill. lb.) from Four Mile East, Stage Two doubles this to 1,360 tpa (3 mill. lb.) with the addition of Four Mile West, and Stage Three would lift this to 2,000 tpa (4.5 mill. lb pa) via additional wellfields. This plan is subject to a successful Field Leach Trial, which is scheduled to commence in mid 2008. This, and various other tests and hurdles, are expected to take approximately 18 months. Commercial development could then commence by January 2010. In addition to the earlier announced the 15,000 t U_3O_8 Four Mile West inferred resource (AGS 25%), at the very high grade of 3,700 ppm, AGS has announced an Exploration Target Range (pursuant to Clause 18 of JORC) for Four Mile East of 13,500 to 21,500 t at grades of 2,300 to 2,700 ppm, applying a 500 ppm cut-off grade. Four Mile East consists of one layer of mineralisation averaging 1.5m in thickness, while there are two layers at Four Mile West, averaging 2.2m thickness. Average depths of the layers are 170m and 152m, for East and West respectively. Four Mile is the most exciting uranium discovery in Australia for the last 30 years. Not only is the contained tonnage significant, with 35,000 t earmarked already and potential for in excess of 50,000 t, but the grade is superb at 2,300-3,500 ppm. This is exceptional given the extent of the oreodies. High grades have frequently been seen in other types of bodies like this, such as in the USA, but they have invariably been significantly smaller in size. Another blessing for AGS is the proximity of the Beverley plant, only 4 km away. This will greatly accelerate the development timetable and result in very low capital expenditure, estimated to be $25m at commencement. Given the grades it would be difficult to see cash operating costs exceeding US$10/lb. The Stage One development would see the commissioning of 14 x 6 well arrays to achieve the targeted production level. We have revised our estimates, focusing on the Stage Two production level, as it would be excessively conservative to consider only Stage One. AGS's share of production would be 340 tpa, which would generate a cash margin of $50m p.a., placing the shares on a cash generation multiple of 3.9x with the shares at 68¢. This drops to 2.5x at Stage Three production levels. The mine life will be much greater than the 9 years our tables suggest, once the Four Mile East resource is firmed up. ***Investment Perspective****: AGS is one of the most outstanding resource opportunities we have seen in many years. It is emerging as a real world-class, low-risk uranium stock selling on excellent fundamentals. We see AGS as one of the lowest risk ways to play the uranium market at the moment. We don't normally go as far as to offer an investment recommendation in this paper, preferring to let investors come to a conclusion themselves, but this is an exceptional case. AGS shares should be bought aggressively at these levels. Forget the bear market – quality will shine through.* *Based on its 25% share of the project, and Stage Two production of 1,360 tpa U_3O_8 at a cash cost of US$10/lb, AGS could earn a cash margin of 17.7¢ a share, placing it on a PCG multiple of 3.9x. This is very cheap given the quality of the resource. (Disclosure: The author and associates own shares in Alliance).*

Bannerman Resources
Price $1.56 (-55%)
Mkt Cap $251m
Quality Sound
Value Fair

On 21/1/08, BMN released an update on expected cost reductions due to on-site acid production, quoting a US$3.18/lb reduction on the earlier figure. It is now officially estimating cash operating costs of US$22.79/lb or the high pressure grinding option and US$25.73/lb for conventional crushing and grinding. Capital costs have increased to US430m and US467m, respectively with a standard acid plant costing US$70m. Acid consumption has been assumed at 26 kg/t (Rossing consumes 20 kg/t).

Subsequently, on 30/1/08, BMN released an upgrade of the resource at Goanikontes, quoting 72 mill. lbs or 32,700 tonnes U_3O_8, with BMN's 80% interest amounting to 26,000 t U_3O_8 . This figure is based on 223 RC and 19 diamond holes over a strike length of approximately 2.2 km, to a depth of 300m. There are 136.4 mt at 197 ppm (26,906 t) in the inferred category, and 25 mt at 234 ppm (5,853 t) indicated. A 100 ppm cut-off grade was applied, with the resource being kriged on 3m composite samples. An s.g. of 2.65 was used.

Earlier, on 17 September, BMN released a scoping study based on the extrapolation of the first resource for the 80% owned Goanikontes alaskite resource, which was 55 mt at 219 ppm, for 12,200 t U_3O_8 at the Anomaly A location. It was assumed that the resource would extend along a 2.2 km strike to a depth of 350m (from 1.4 km to 80m). A BFS is planned for 2008. If all goes smoothly this suggest production in 2011.

The Scoping Study (+/- 30% accuracy) is based on a 15 mtpa mining operation that BMN says will cost US$400m, assuming contract mining and a SAG/ball mill combination ahead of a conventional acid leach plant. Operating costs have been estimated at US$27/lb and the pit has been optimised on a US$45/lb uranium price. The annual uranium production is expected to be about 3,000 tpa U_3O_8 (BMN 2,400 t) depending upon the grade. (One point worth mentioning is that the uranium in the sediments has not been included in the resource calculation so far, notwithstanding that at Rossing the sediments are a valuable boost to the grade).

A strong positive of the study is the very low unit mining costs of only US$2/pt, which equates to recent contract mining costs of A$2.50/bcm in Australia (the all-up mining cost is US$12/lb). This assumes a waste to ore ratio of less than 2:1, a specific gravity of 2.7, and grade control costs of only a few cents per tonne due the ability to utilise blast holes for assays. The study has assumed the use of contractors, assuming one can be found in Namibia of the size required, saving BMN about US$50m in capex.

Processing costs could vary depending upon whether the conventional SAG/ball mill process is used, or high pressure grinding rollers (HPGR). BMN is looking at US$19 pt for the conventional route, or US$15 pt for HPGR. Testwork is required to confirm the suitability of the ore to this process, though. Acid consumption, at 30 kg/t, leads to reagents costing about US$13/lb or 50% of the processing costs. Movement in acid prices will have a material impact.

Whilst the operating cost structure of Rossing served as a good guide for the study, BMN does have the opportunity of improving on the Rossing circuit. As an example, radiometric sorting may enable a reduction in the mass throughput of 23%, which could reduce the costs by US$2.50/lb (Rossing is trialing the method now).

If there is one weakness in the scoping study that we can see it is the capital cost estimate of US$400m, though the study is +/- 30%. Are the economies of scale that great when it comes to capital equipment? We are not aware of any mine of this scale with such low capex. Maybe there are some engineering and fabricating cost advantages in Namibia compared to Australia. Nevertheless, given the cost inflation and the consistent underestimation of capex by so many other companies, we expect that the final figure could be significantly higher. It is worth noting that in the 2005 and 2006 years Rossing has incurred capex of US$46m and US$104m, according to publicly released figures.

***Investment Perspective**: Bannerman has been hit heavily by the stock market rout, notwithstanding the dimension of its project and the support from the TXS listing. A further blow has been 13.96 mill. shares held by Opes Prime, which amounted to 9.6% of the issued capital. At the time of writing, 12.6 mill. of these had been placed, with Resource Capital Funds taking 6.6 mill. Canadian sentiment will influence share price movements.*

BMN promises to be one of the major, new generation uranium producers, though there is still plenty of work to do, and refinement of cost estimates. It is one of the few companies with grades of less than 300 ppm that can proceed with confidence, even with lower uranium prices. Our estimates see the stock selling on a cash generation multiple of only 1.2x on current economics, with a mine payback of 2.1 years.

Berkley Resources
Price *$0.75 (-39%)*
Mkt Cap *$79m*
Quality *Sound*
Value *Fair*

A Scoping Study was released on 14 February 2008, confirming the economic viability of the Salamanca 1 uranium project, based on a JORC compliant indicated and inferred resource of 7,600 t U_3O_8, and the production of 5,500 t U_3O_8 over a 10 year life. The cash operating cost estimate was $25/lb and lower than our earlier estimate of $33/lb. The capital cost, at US$109m, is substantially higher than our earlier A$64m estimate due to the capacity doubling, but onto this you need to add another $18.6m for a pre-strip, taking total up-front capital to US$128m. Thus it is not inexpensive. Development will require a debt component and/or a much higher share price.

Other parameters include uranium recovery of 88.8% in 12 hours, acid consumption of 20kg/t of ore and course grind sizes. Alkaline leach will also be considered. The average head grade will be 490 ppm U_3O_8. A four stage crushing, screening and rod milling configuration will be employed, though SAG and HPGR comminution will be considered. Mining and transport costs will be US$7.20/lb, processing costs US$12.66/lb, rehabilitation US$2.68 lb, and G & A will bring the total to US$25.02/lb. With the recovered grade estimated to be 435 ppm, or 0.96lb/t, the per lb figures approximate the per tonne costs. Royalites will cost 3% of gross revenue, and marketing costs will be another 3%.

Major capital components include crushing and grinding capital costs US47m, and leaching and ion exchange equipment costs US$44m

Back in November 2007, BKY announced an upgrade of its resource from 7.42 mt at 723 ppm for 5,364 t U_3O_8 to 13.6 mt at 563 ppm for 7,290 t U_3O_8, indicated and inferred. The main contributor to the increased tonnage was the Santisad deposit, which added 1,108 t at a grade of 382 ppm. This also helped lower the grade, which fell by 22%.

Mineralisation at the Retortillo deposit (77% of the announced uranium, at 615 ppm) appears to be associated with current and past water tables and carbonaceous shale units, with uranium appearing as torbenite, meta-autunite and pitchblende. Supergene enrichment seems responsible for higher grades. Metallurgical test work has shown that 90% recovery rates should be achievable. Much of the drilling on this deposit is now down to a 50m x 50m grid, extending to 200m x 200m to the SE. The mineralisation averages 15.5 m in thickness.

The Santidad deposit (17% of the announced uranium, at 382 ppm) is located 3 km W of Retortillo. It has been tested with 87 RC and DD holes, showing secondary mineralisation over a 1.75 km strike and in widths of 100-200m. It is open in both directions. Visible uranium minerals include autunite and torbernite facies. The average thickness is 12.6m, at an average depth of 8.8m.

Investment Perspective: *The Scoping Study released by BKY is one of the most informative of any released by uranium companies over the last year, giving a good breakdown of capital and operating costs, and other operating data; full credit to the company for that disclosure. Our initial thought is that the operating cost might be a bit on the low side though, if everything is taken into account. Has the Company fully factored in the "social costs" of operating in Spain and how they flow through to the P & L? Is Spain a similar country to France in which to operate? Observation of mines in that country in past years has shown some "hidden" costs. Maybe it will be different for a start-up operation that doesn't have to contend with past mining practices. Also, how lengthy will the permitting process be?*

Those concerns aside, the expanded capacity makes the project look more attractive than our earlier estimates suggested. A A$65m p.a. cash generation give a multiple of 1.4x and a payback period of 2.1x, reflecting the higher capital cost. There is nothing wrong with these fundamentals if they can be reproduced on commercial operations.

Black Range Minerals
Price *$0.044 (-63%)*
Mkt Cap *$27m*
Quality *Good*
Value *Excellent*

There have been stories circulating that BLR has been having some trouble with the locals in Colorado, relating to permits to conduct drilling. Perhaps in response to these stories the Company released an update on 3 April 2008, stating that is has received all State and Federal approvals to resume drilling at Taylors Ranch, but Fremont County approval is still required. An application has been disallowed by the County due to several deficiencies which are being addressed. The application is being re-submitted, with the revised approval time frame estimated to be six weeks. In the meantime the work continues on the scoping study.

Previously, on 29th November 2007, BLR announced a significant increase in its resource at Taylors Ranch project. Using a 250 ppm cut-off grade, the JORC compliant inferred resource is 36.9 mt at 590 ppm for 21,780 t U_3O_8. Dropping the cut-off to 100 ppm gives a figure of 132 mt at 270 ppm, for 36,000 t U_3O_8. Given that the orebodies are flat-lying sandstone units at depths of approximately 200m, requiring conventional underground mining techniques, the lower cut-off grade would not be employed. Any development proposition is likely to focus on the higher-grade zones running 1,200 ppm, containing 10,000 t U_3O_8. These can be up to 30m thick in places.

BLR has had a significant boost from the Boyer deposit to the SE of the original Taylors Ranch orebodies. Drilling at Boyer is still only on a 100m x 250m grid, so more detail is required, but there seems to be good continuity.

BLR has stated that it is conducting a scoping study based on a 300-500,000 tpa capacity, with a grade of 1,200-1,500 ppm for yellowcake production of 400-600 tpa. A conventional underground mining operation is contemplated. After 3-5 years, it has said it would add open pit ore and double capacity. An average grade of 800 ppm would see production of 600-700 tpa U_3O_8.

There may be the opportunity to truck ore 30 km to the 500,000 tpa acid leach plant owned by Cotter Corporation as this is currently being held on care-and-maintenance. This could lead to a fast tracking of the project and give breathing space in which to permit its own mill. A satisfactory toll milling deal would need to be struck.

We need to wait until the scoping study numbers are out to get to the +- 30% confidence levels, but we think that a 500,000 tpa underground mine could cost about US$40m to develop. A mill could cost a similar amount but if the toll treatment route is adopted, and this expense could be deferred. We have assumed a toll treatment cost of $15/t ($7.5m p.a). Cash operating costs could therefore be in the range of US$35/lb. BMN could be earning a cash margin of 6.5¢ a share from an operation commencing in approximately three years.

***Investment Perspective**: BLR looks very good value at these prices, selling on a prospective cash flow multiple less than 1x. The market seems to have taken a particular dislike to the stock in recent weeks, perhaps because of the problems with getting its drilling licence approved. It is notable that there has been minimal news flow over the past three months. There has been nothing said on the second string Eagle project for some time now. Perhaps that has fallen to the back row, as it certainly looks a lesser project. Nevertheless, it appears to have a good project at Taylors Ranch with flexibility regarding grades and a sizeable resource. Its proximity to a nearby mill, with toll treating possibilities, could give the Company a head start. It is one of the better value uranium stocks.*

Contact Uranium

Price *$0.14 (-63%)*
Mkt Cap *$13m*
Quality *Fair*
Value *Very Cheap*

CTS is nearing the completion of a 180 hole drilling program at Corachapi in Peru, where it has previously announced a 3.79 mt resource at 1,150 ppm. That figure was based on a zone of autunite mineralisation in a tuffaceous material with a 2.5 km strike, up to 106m in width and 20m in thickness but this was based on only one drill hole, trenching and three adits at 20-40m depth.

In the latest update to the market, on 14 March 2008, CTS reported that it had been using up to four rigs in an aggressive campaign but there were 61 holes for which assay results were awaited. Results already receive have suggested that mineralisation is found in a thick, flat lying sheet that is more extensive than historical results suggested. Both high grade and low grade zones have been identified.

It seems that CTS may go for the heap leach route and aim for a large tonnage low-grade resource. A 2.5 mtpa operation with a head grade of 400 ppm could be possible, with a mine life in excess of seven years. This could enable lower capital costs of about US$50m. Operating costs could be kept to $10-15 pt due to the ore being easy to mine – rippable with little or no drill and blast. A project of this scale could produce 800 tpa U_3O_8 at cash costs of approximately US$22/lb. At recent uranium prices this would give a cash generation ability of approximately $90m or 56¢ a share i.e. a cash generation multiple of 0.2x.

At its second string project, CTS has conducted bulk sampling at Kamushanovskoe in the Kyrgyz Republic, taking five 30 kg samples from pits adjacent to drill holes. The average grade of the samples was 480 ppm. Uranium recovery from the peat ore ranged from 77% to 89%, depending on acid concentrations and temperatures. Snowden calculated an inferred resource of 426 t and an indicated resource of 349 t, all at a grade of 370 ppm, using a zero cut-off grade. Most of the resource is within 5m of the surface over an area 6.5 km x 0.5 km.

On the basis that CTS could use the Karabalta plant, approximately 100 km by road from site, a treatment rate of 120,000 tpa could see production of 52 tpa U_3O_8 at a cash cost of less than US$20/lb. The cash flow would be modest at $10m p.a., but it would be a useful adjunct. Further drilling and evaluation is required.

__Investment Perspective__: The CTS share price has been butchered by the bear market. It has been one of the worst performers. It is hard to understand why, given the geological merits of the Peru project. The cash position is very low, with the balance being only $648,000 at 31 December. A share issue must be imminent. In the short term it would be difficult to see the shares rising much above 20¢, as there are 53 mill. options expiring at 20¢ on 30 June 2008. Although the shares seem to be very good value, there doesn't seem a pressing need to buy until the funding issue is disclosed, and the current options expire. (Disclosure: The author and associates own shares and options in Contact).

Curnamona Energy
Price $0.42 (-49%)
Mkt Cap $28m
Quality Good
Value Sound

CUY is continuing with the approval process to enable it to conduct field trials on the suitability of the Oban mineralisation for ISL recovery. Exploration has returned values up to 4,400 ppm within an area of 100,000 m^2. This covers a coarse-grained sandy paleochannel similar to Honeymoon and Beverley. Uranium is being found in the old paleo-strandlines where small swamps formed which later became chemical traps for uranium being transported in groundwater. As at the middle of December, CUY had drilled more than 250 holes. The area of potential mineralisation (defined by the 500 ppm eU_3O_8 contour) now exceeds 2 km^2.

CUY plans a five hole array to recover 20-40 t of U_3O_8. Under Government regulations it will not be able to sell the product until additional approvals are obtained. A modest 40 tpa U_3O_8 operation has been mooted if the trials are successful, with a capital expenditure budget of only $1m.

In the meantime, CUY has commenced its 2008 drilling programme, focusing on the northern Yarramba Paleochannel lying to the west of the Oban deposit. This channel is up to 3 km wide and 120m deep, offering the possibility of buried sand-hosted uranium deposits. Suitable lignitic sand sequences have been intersected, offering potential trap sites.

__Investment Perspective__: We view CUY as one of the more genuine explorers out there, and to date, it is also showing itself to be one of the more successful companies. It now has to prove its ability in the permitting phase of a project. The Mining and Rehabilitation Plan (MARP) was been lodged in the December quarter.

It is possible that CUY may be looking at a 100-200 tpa U_3O_8 operation if the potential for >2,000 t resource is proved, with cash costs of not more than US$22/lb. If so, the potential cash flow multiple is 1.3x, with upside from there. Numbers are still vague, but we have particular respect for this company and its management.

Deep Yellow
Price $0.24 (-35%)
Mkt Cap $267m
Quality Good
Value Expensive

On 15 April 2008, DYL provided a detailed update on its exploration programme in Namibia, where five drilling rigs have been working. The highlight was the discovery of a new mineralised paleochannel at Tumas West. Intercepts were generally 10-12m with grades ranging from 344 ppm to 902 ppm. Overall, DYL said that all drill programmes were meeting or exceeding expectation, "without exception".

The diamond drilling of Tubas North to test alaskites had continued, to a depth of 400m. Radiometric logging is returning extensive intercepts at better than 100 ppm, but assays have not yet been received.

Previously, in November 2007, DYL announced its first JORC inferred resource for the Tubas project, with 77.3 mt at 228 ppm, applying a 100 ppm cut-off. Contained uranium is 17,600 t U_3O_8. This is very similar to the resource announced earlier, but that wasn't JORC compliant. The resource is located in a 14 x 8 km channel referred to as A Block, which has been drilled on a widely spaced 1,000m x 250m grid. Within this block are B and D Blocks, which have been drilled on 250m x 125m and 200m x 200m grids respectively. The main mineralisation appears to be carnotite. An s.g. of 1.8 was used.

DYL has agreed to farm-out up to 75% of five uranium exploration projects in Queensland, to Dragon Energy Ltd. The deal is subject to Dragon achieving ASX listing by 28th June 2008. Given that the principals of Dragon have been seeking a listing for more than 12 months now, and the investment climate for uranium exploration IPOs is not what it was, there is no guarantee that the deal will be consummated.

Elsewhere in Queensland, in the Miranda joint venture with Matrix Metals, DYL has recorded intercepts of 32m at 625 ppm and 25m at 654 ppm. The 100%-owned Queens Gift discovery is continuing to return attractive intercepts. The style of mineralisation appears to be similar to that held by Summit.

DYL has not been able to escape the pain from the failure of brokers in the bear market. It has announced that Gillian Swaby, a director, has a margin lending facility with Lift Capital Partners, secured by 15 million DYL shares. These may now be under the control of Merrill Lynch International and the future is unclear.

Investment Perspective: *The release of the 17,600 t Tubas resource in Namibia keeps DYL in the same playing field as Bannerman and Extract, but with a different style of mineralisation; more akin to that of Paladin – so direct comparisons can't really be made. We await assays from the current drilling programs.*

The market will now be looking for more information on metallurgy and production parameters. The Tubas grade is on the low side and the project will need some positives to overcome scepticism on this front. Our best guess is that a 3 mtpa operation could produce about 500 tpa U_3O_8 at a cash cost of US\$39/lb. At US\$69/lb, this would place the shares on a cash generation multiple of 7.5x, which would place DYL on the more expensive side of the equation. We need to see evidence that costs can come down from our estimate before becoming too enthusiastic.

Energy and Minerals
Price *\$0.40*
Mkt Cap *\$144m*
Quality *Fair*
Value *Expensive*

EMA is not listed at the time of writing, but it is in the market seeking to raise $5m in an IPO at 40¢ a share. Given the Company's main asset is the Mulga Rock lignite-hosted orebody in WA, which was the subject of a court case with Uranium Equities, and it is a substantial resource, we thought it best to include it prior to the closure of the IPO, which may be at any time over the next month – markets willing.

Mulga Rock was initially discovered by the Japanese company, PNC, in the 1980s. It calculated a resource of 46,500 t eU_3O_8 at 1,100 ppm (pre-JORC), which EMA is touting as the fourth largest known uranium deposit in Australia. Interestingly, EMA is also representing that it contains a million ounces of gold as well as nickel and copper. As if that is not enough, it also claims that there are 0.5bn tonnes of oily lignite containing about 2/3 bbl of oil per tonne.

The project is located 250 km NE of Kalgoorlie, not far from the Tropicana gold discovery of Independence Group. It has had about 2,000 percussion and diamond drill holes and the equivalent of $30m spent on it (2008 dollars).

The Company has raised $7.1m from investors over the past 18 months, including $5m at 40¢ last October. Litigation has probably consumed about $4m of this. The first time it has been drilled for uranium, in this cycle and by the current owner, was in February 2008. Six holes were drilled but they will not be assayed until after the IPO. The reason is that EMA doesn't want to have to release a supplementary prospectus based on the new information. (Maybe that is a valid reason, but I am surely that many potential investors would be much happier seeing the figures now. It would look very bad if the assays were poor).

The uranium appears to be concentrated in an unconformity-related, flat-lying deposit within lignite, under approximately 40m of cover comprising easy to mine, rippable sand and clay. The uranium is mostly in a highly soluble hexavalent sulphide phase that is impregnated onto the surface of the organic matter (lignite). It appears to be a supergene (epigenetic) ore system with uraniferous fluid coming up from the depths, through a highly fractured and structurally complex profile.

It is a very saline environment with up to 10-15,000 TDS that keeps the uranium in an unstable state. This means it is very soluble with about 50% of the uranium being water-soluble. A 400 kg sample was taken a few years ago when the mineralisation was being tested for scandium. In the process it was found the uranium recovery was in excess of 95%, with a head grade of 1,200 ppm U_3O_8. If this was a representative sample it suggests that a simple, low cost recovery circuit could be used e.g. acid leach and SX recovery. Acid consumption is expected to be low, at maybe 20-25 kg/t of ore.

The tabular nature of the orebody, with sharp cut-offs on the top and bottom of the uranium zone, could lend itself to simple strip mining. As an example, the Ambassador orebody is 6 km long and 500m wide on average, with a thickness of 4-5m. The waste to ore ratio would be in the order of 7-8:1, based on the overburden depth of 40m.

Uranium production might initially be 1,000 tpa, giving a long life based on the 46,000 t PNC resource. We have run a few numbers on this basis, assuming a 1.25 mtpa plant costing $106m, with a head grade of 935 ppm and only 88% recovery. The implied cash cost, on our standard assumptions, is US$23/lb. This leads to a cash generation multiple of 1.3x, based on an annual cash flow of $113m. These are clearly very acceptable fundamentals.

Investment Perspective: *Our first comment is that the IPO pricing seems anomalous – it seems like a bull market structure that ignores the current bear market. The market capitalisation on the proposed listing price will be \$144m, after raising only \$5m. This means a high market capitalisation with minimal liquidity in the shares. Maybe the objective is just to get a listing, ASAP, with the big issue to come later once the markets* *have started to recover.*

The geology of Mulga Rock is fascinating. It is truly unique with its booty of minerals, but interestingly it seems that there is not the complexity of metallurgy that you might expect to go with it – at least as far as the uranium is concerned. As it has been described to us, it is a simple mining and metallurgical proposition. The fundamentals look sound but we caution that these are our numbers and they need verification. The immediate question is whether the IPO has been structured correctly for this market, and what will it trade like assuming a successful raising. Fundamentals seem to be largely overlooked in the uranium market, for the entire sector. Sentiment is driving share prices at present.

Energy Metals
Price *$0.76 (-33%)*
Mkt Cap *$86m*
Quality *Good*
Value *Excellent*

EME brought out a significant increase in the Bigrlyi resource on 12 March, 2008, incorporating results from the 274 holes drilled in 2007. The resource increased by 64% to 7.56 mill. tonnes containing 10,594 t U_3O_8 (23.4 mill. lbs) with the inferred grade being 1,250 ppm and the indicated grade being 1,739 ppm U_3O_8 , applying a 500 ppm cut-off grade.

A positive Scoping Study was released in November 2007, demonstrating the potential to produce approximately 500 tpa of uranium oxide, and vanadium, over an eight year mine life. A resource of 4.53 mt at 1,400 ppm U_3O_8 and 0.16% V_2O_5 was used, converting to a mineable resource of 2.728 mt (74% open pit), but these numbers will change to account for the positive drill results referred to above. The capital cost was estimated at $70m, but this does not include underground development, which commences in year three. Open pits cease in year five. We expect that these numbers will be reassessed to take into account the expanded resource.

Our revised estimates assume a 750,000 tpa operation, costing $110m in capital expenditure. This could produce 850 tpa U_3O_8 using a head grade of 1,300 ppm. A cash cost of US$24/lb would see EME earning a cash margin of $49m p.a. or 42¢ a share, placing the shares on a cash generation multiple of 1.7x. The operation would comprise both open pit and underground workings. The open pits will have a high waste to ore ratio – up to 40:1 – with pits going down to 200m depth. Underground mining will be via up-hole retreating methods. We expect mining could commence in 2011 on Anomaly 4, which contains 57% of the resource. Some questions surround acid consumption at this point, which is on the high side. The Company believes that historical data on the acid may be inaccurate so it is conducting more studies.

Most of the money will be made from open pit mining, so future exploration is looking for extensions along strike. The declared resource is calculated to a maximum depth of 300m, but most commonly to 200-250m. The uranium is found in sandstone units as uraninite and some carnotite.

Investment Perspective *– We have increased the estimated operating costs due to the revelation of the high waste to ore ratio, lifting it to US$24/lb. The PCG ratio of 1.7x and the mine payback period of 1.2 years, while greater than some other companies' reflect the advanced nature of the project, the high grade and the location in the Northern Territory. The revised Scoping Study, due out in May, will add further light.*

We have no doubt that EME could receive a takeover bid before the end of 2008. The parent company, Jindalee Resources, is ideally positioned to sell its control block of 40.3%, at the right price. Buyers could be Paladin, which already owns about 42% of the project, or Denison Mines, which has 10.1% of EME's issued capital. We regard EME as one of the best uranium corporate plays at present.

ERA
Price *$19.90 (+11%)*
Mkt Cap *$3.8bn*
Quality *Excellent*
Value *Reasonable*

The market reacted adversely to ERA's March quarterly, released on 15 April. It disclosed a 15% drop in yellowcake production over the previous December quarter, due to an 11% drop in grade and a 2% drop in mill recovery, to 87.1%. The real sting though, was the revelation that water in the pit is still limiting access to higher grades. The scheduled grade for the current June quarter is only 2,000-2,500 ppm, well down on the 3,200 ppm of the March quarter. Better grades will hopefully balance this out later in the year, but the short term impact on sentiment is negative. On the drilling front, intercepts of 17m at 5,700 ppm and 15m at 3,700 ppm, amongst others, confirm the quality of the Ranger lease.

On 1 February 2008, ERA announced its annual reserve statement. The Ranger reserve reconciliation over the year saw U_3O_8 reserves shrink marginally from 50,869 t to 49,671 t. The Ranger resources increased from 43,253 t U_3O_8 at 1,400 ppm to 50,567 t at 1,200 ppm through the usual process of expanding tonnage at the expense of lower grade to reflect improving uranium industry economics. The Jabiluka reserve dropped from 67,000 t U_3O_8 to 59,000 t, and the resource dropped from 96,000 t U_3O_8 to 76,000 t, due to the exclusion of some material.

ERA reported a post-profit of $76m for the year to 31/12/07, a 74% improvement over 2006. The average sale price was US$25.06/lb, up from US$18.36/lb. A $12.9m exchange gain was made from closing currency hedging contracts. Production of yellowcake was 14% higher at 5,412 t of U_3O_8.

The $57m mine expansion is progressing with mining rates increasing from the March quarter. The laterite treatment and radiometric sorting plants will be commissioned in mid 2008. A $10m pre-feasibility study into further expansions is also progressing.

Investment Perspective *– ERA has been one of the better performing uranium stocks with investors showing an appetite for the highest quality uranium company. Maybe this has been because of expectations of higher revenue in the March quarter due to ERA having greater flexibility to sell uranium on the spot market. It is one for conservative investors rather than aggressive investors seeking to maximise gains from the uranium bull market.*

Extract Resources

Price *$1.24 (+29%)*
Mkt Cap *$233m*
Quality *Good*
Value *Fully Priced*

The excitement for EXT in recent months has come from the Rossing South prospect in Namibia, where first pass reconnaissance on three lines 1.6 km apart has demonstrated a strike length of at least 3.2 km. The mineralised systems are at least 160m on Line 1 and potentially larger on Lines 2 and 3. The discovery holes are situated only 7 km south of RIO's Rossing Mine. Even though EXT knew of the mineralisation last year, it came out with a big headline "Major New Uranium Discovery" on 1/2/08, with a best intercept of 100m at 265 ppm, from a depth of 60m.

Garnet Valley, also in Namibia, continues to please with an intercept of 125m at 1,344 ppm causing some share market action. This included a higher grade section of 31m at 4,477 ppm .

Back in October 2007, EXT emphasised the production potential of its Ida Dome alaskite project with the release of a scoping study which assessed the numbers for a 6 mtpa operation with a head grade of 260 ppm, producing 1,300 tpa U_3O_8. This was estimated to cost US$211m in capital and operating costs were estimated at US$29/lb. The study looked at mineralisation to a depth of 100m even though it extends much deeper. An acid leach, ion exchange and solvent extraction process design was assumed. The ability to use radiometric sorting has also been assumed, which reduces the volume through the mill to 4.7mtpa, lifting the head grade to 320 ppm.

Since the release of that study the exploration results have been justifying the early enthusiasm. The target tonnage of 54-63 mt at 200-300 ppm is starting to look conservative, particularly with respect to grade. Nevertheless, it will be good to receive a JORC resource calculation when it arrives.

Investment Perspective *– Extract has been the stand-out performer in the share market this year. Our previous comparison, between EXT and BMN, suggested that the upside surprises on grade were more likely to come from EXT. This is exactly what has happened and punters have rushed into the stock. The stock is slightly more expensive on the price times cash flow measure, when compared with other companies, but not enough to cause concern. It is likely to be an international favourite for a while, but note that we are still waiting on an official JORC compliant resource statement.*

Marathon Resources

Price *$2.00 (steady)*
Mkt Cap *$125m*
Quality *Fair*
Value *Fully Priced*

MTN suffered from bad publicity on mid January 2008, stemming from buried plastic bags containing drill tailings and rubbish. News headlines spoke of threats to the granting of a mining licence to MTN as the Mt Gee deposit is in an environmentally sensitive area – the Arkoola Wilderness Sanctuary.

As MTN tries to regain the initiative it has announced an accelerated drilling program that it started early in January. A 50 hole, $7.2m drilling program is in progress. While the bulk of the results from this program will be available in the June quarter of 2008, initial results announced on 1 April included intercepts of 5m at 551 ppm from 188m, 6m at 661 pm from 209m, 5m at 619 ppm from 132m, 9m at 822 ppm from 183m and 7m at 1,380 ppm from 206m. These results are interesting, but given the depths suggest underground mining, the grade is still modest. MTN does point out though that these results include intercepts from ground not previously drilled, suggesting an extension of the mineralisation.

This activity follows on from the scoping study released early, assessing the merits of a 1.5 mtpa operation treating 670 ppm ore for annual production of 900 t U_3O_8. The Company's main focus is the elevation of the inferred resource of 42.8 mt at 629 ppm for 26,900 t U_3O_8.

In the June 2007 quarterly report, MTN said that it was looking at a 1.5 mtpa underground mine, treating ore grading 760 ppm, for 1,000 tpa of U_3O_8. A 13 year mine life was envisaged, employing conventional atmospheric tank leaching. We have estimated a cash operating cost of US$40/lb. A head grade of only 760 ppm is very low for an underground mine.

***Investment Perspective**: MTN has not managed to regain any of its former glory in the share market. It seems to be a stock that is having problems delivering on its promises. The drilling reported to date is, at best, interesting. The Pre-Feasibility and Environmental Impact Statements are not due for completion before January 2009 at the earliest. There doesn't seem to be anything driving the share price at present. The fundamentals look fine, but there are gaps in the figures.*

Monaro Mining
Price *$0.46 (-41%)*
Mkt Cap *$44m (post merger)*
Quality *Good*
Value *Excellent*

The MRO and UKL merger is taking a while to consummate, with the revised estimate for completion being mid June 2008. The Memorandum of Understanding signed with Sinosteel Corporation in January 2008, was an important development not only because it could lead to a more rapid commercialisation of some of the Kyrgyz projects, but because it will allow MRO to focus on bringing the UKL orebodies in the USA into production.

The Sinosteel deal will provide material benefit on a number of fronts, but particularly culturally and logistically. Sinosteel, with the backing of China National Nuclear Corporation, has access to extensive geological and engineering experience in the uranium sector. The ability to transport drilling rigs over the land border between China and Kyrgyz will address the rig shortage in that country. Familiarity with the styles of geology and an extensive pool of geologists will enable the acceleration of the exploration and development programmes. Sinosteel can earn up to 60% of the Kyrgyz projects in an agreement that focuses on work programmes and achievement of commercial outcomes rather than focus on just expenditure commitments.

UKL has two key projects, which could be brought into production with a 2-4 year time frame. The Apex-Lowboy project in Nevada is a low cost open pittable project, which would see the heap leaching of the low-grade halo around what was previously the largest uranium mine in that State. A scoping study has released parameters that include a 500,000 tpa operation over a three-year period, recovering 600-700 t U_3O_8 from a head grade of 700 ppm, at a cash cost of US$32/lb, with capital expenditure of US$22m. We believe the operating cost is overstated in the study, as a heap leach operation is usually low cost. Nevertheless, at current uranium prices, Apex could provide MRO with EBITDA in the order of A$27m p.a. or 18¢ per share, commencing in 2 years. Permitting procedures have commenced.

The Rio Puerco mine has not yet had a scoping study conducted on it, but back in the late 1970s, Kerr McGee spent US$17m fully developing an underground mine. After stoping a few thousand tonnes of ore that company decided to place the mine on care-and-maintenance due to falling uranium prices, and it has sat there ever since. Our best guess on this mine is that it could cost about US$40m to recommence production, depending on milling facilities. A 500,000 tpa operation could produce 500-600 tpa U_3O_8 at a cash cost of less than US$35/lb. EBITDA could be in the order of A$48m for this operation, or 38¢ a share. This would take longer to bring on stream- perhaps 3-4 years.

UKL recently announced the staking of another 9,000 acres in the Rio Puerco area, giving a revised exploration target of 9,000 t U_3O_8. Airborne spectrometer surveys have already identified large contiguous anomalies in the area that is along strike from the Rio Puerco mine. Additionally, MRO is involved in grass roots exploration projects in Australia, selected by a proven mine-finding geological team (the key geologist was on the discovery teams for Nabarlek, Cigar Lake and Ernest Henry). It has also commenced applying for licences in Estonia, where historical work has suggested that the alum shales could host uranium values of at least 300-500 ppm with even better molybdenum grades. It seems that these grades could be twice those seen in similar geology, in Sweden.

***Investment Perspective:** The merger with UKL is a strategically significant move for MRO, showing that it is prepared to acquire attractive corporate opportunities. The combination of the two companies gives a more significant critical mass, greater marketability of shares, strengthened technical and management teams, and a pipeline of projects from near development in the USA through to advanced geological situations in Central Asia and grass roots in Australia and Estonia.*

The New York AMEX listing, which is due to go live in late April/early May, gives MRO access to a whole new field of potential shareholders, and these shareholders are traditionally longer term players rather than the hot traders the ASX and TSE seems to abound with. The synergy between the US projects and the participation of US capital *markets makes for good logic.*

Potential earnings from the US projects could lead to EBITDA of well in excess of $70m on current economics, but the market capitalisation of the merged entity is only $40m, with over $9m in the kitty. I may be biased as I am chairman of Monaro, but I believe that we are forging a great new uranium producer. (Disclosure: The author is a substantial shareholding and director of the Monaro).

Paladin Energy
Price *$4.64 (-23%)*
Mkt Cap *$2.8bn*
Quality *Excellent*
Value *Good*

In its March 2008 quarterly, PDN stated that Langer Heinrich was on schedule to produce 1,180 t U_3O_8 (2.6 mill. lbs) in the year to December 2008. The expansion to the 1,680 tpa level has commenced, at a cost of US$50m, and it is then looking to go to 2,700 tpa. This Stage 3 expansion is dependent upon obtaining water supplies from a desalination plant, which may be available from mid-2101. If an agreement is reached, PDN could commence construction of Stage 3 from mid-2009.

March quarter production was 222 t U_3O_8, which is design level. It expects to produce 320-340 t in the current June quarter. The average sales price for the March quarter was US$66/lb. Feed for the mill averaged 1,000 ppm. Installation of higher temperature, more efficient heating systems are expected to improve leach extraction rates from 90% to 95%. An increase in drying capacity is expected to release the majority of the uranium locked up in the circuit to be released in the June quarter. Mining reconciliation is showing a positive return on tonnages at slightly lower grades than expected.

PDN has sales contracts covering 7.5 mill lb (3,400 t) of U_3O_8 for delivery between 2007 and 2012. Cumulative production to December 2012 is expected to be 31 mill. lbs, so it has committed 25% of planned production, probably at prices in the order of US$50-60/lb.

The development of the 1,500 tpa Kayelekera project continues according to schedule and within budget, being 31% complete at 31 March. Finance is coming from a US$167m debt facility from Socièté Gènèrale. The total capital expenditure estimate is US$185m.

PDN was successful in its 50:50 joint tender with Cameco for the Angela uranium project in the Northern Territory, which has approximately 12,000 t U_3O_8 at grades of 1,000-1,300 ppm. Pre-feasibility and feasibility studies are proposed.

Investment Perspective: *The PDN share price has not been performing as one would expect of an industry leader. Certainly it has been much weaker than ERA. It seems that positions held by the failed broking groups, Opes Prime and Lift, have had a deleterious impact.*

PDN offers comprehensive exposure to the uranium sector with production that has come on-stream at a perfect time to benefit from higher uranium prices, together with a pipeline of projects that will see a growth curve that extends for perhaps a decade. We expect the share price to recover strongly from these levels. It could also be a takeover target.

Peninsula Mining
Price *$0.019 (-53%)*
Mkt Cap *$18m*
Quality *Good*
Value *Very Cheap*

On 21/1/08, PEN announced the commencement of environmental permitting for its Lance Project in Wyoming (previously named Sundance), and the scheduled date for the commencement of drilling is May 2008. The objective will be to confirm and extend historical drilling results. Nuclear Dynamics and Bethlehem Steel previously discovered an extensive system of more than 20 mineralised roll-fronts, drilling more than 5,000 holes over an eight-year period, for a total of 912,000m. The roll-fronts are frequently stacked with up to seven in one location.

According to historical information, one deposit is 700m x 600m and 3m thick. Another is 1,300m x 150m and 2m thick. Both show excellent continuity. Intersections of 1,000 to 2,000 ppm are not uncommon. The average grade was 700 ppm. Depths are generally 120-150m. The NuBeth JV initiated an ISL project in 1970 but it wasn't scaled up to full production due to low uranium prices. The ground has sat dormant since then.

It would not be unreasonable to expect a recoverable resource of 10,000 t U_3O_8, but this needs further work before a JORC resource can be calculated. (PEN says its target is 18,000-27,000 t U_3O_8 at 500-800 ppm). Something this size could support a 750,000 tpa operation that might involve capital expenditure in year one of US$70m, with annual increments of $8m. The operating cost of an ISL operation might be US$22/lb based on a head grade of 500 ppm. An operation of this size could earn significant profits, generating cash flow of $100m at current uranium prices, or better than 8¢ a share.

The Company also has six licences covering prospective Karoo sandstone in South Africa. Historical work has demonstrated uranium with Sites 22 and 45 having deposits of 1,100 t and 1,200 t U_3O_8 respectively. These need to be brought up to the JORC status.

PEN has commissioned a 100m-spaced Fugro airborne survey over the Karoo prospects. It is expected to be the precursor to an accelerated exploration program to compensate for the delays experienced in the granting of the licences. April/May, 2008, expects results. Drilling is planned in the September quarter on Sites 22, 29 and 45, each of these hosting historic uranium resources. The objective will be to elevate these to JORC status.

Investment Perspective: *If PEN can confirm that its Wyoming target is realistic, at a minimum grade of 500 ppm, it could be sitting on a very profitable project. We have used US$22/lb in our numbers rather than the US$15/lb that PEN had in a recent presentation, but the prospective numbers still look excellent with the shares on a prospective cash flow multiple of much less than one. This is one of the best value uranium stocks, but there is a higher risk as we are still awaiting the release on JORC compliant resources. The South African properties add further interest, but carry higher risk. (Disclosure: The author owns options in PEN and is a non-executive director).*

PepinNini Minerals
Price *$0.68 (-35%)*
Mkt Cap *$47m*
Quality *Fair*
Value *Reasonable*

Sinosteel has acquired a 60% interest in PNN's leading uranium project, Crocker Well, for $28.5m cash. Sino is also committed to spending $11m on mineral exploration over the next two years. Crocker Well has an inferred resource of 8,908 t U_3O_8, which an early scoping study says can produce 585 tpa from an A$160m, 1.7 mtpa plant. PNN is targeting production in 2010.

In its latest update to the market, in March 2008, PNN announced that it had commenced drilling to verify and upgrade resources to the indicated and measured categories to enable a definitive feasibility study to be prepared. A programme of 130 RC and 16 diamond holes is planned for completion by August 2008.

Metallurgical test work by ANSTO has shown that the ore can be concentrated, as 65% of the ore has a specific gravity of less than 2.7, and this contains only 1.5% of the uranium. This lifts the head grade to the recovery circuit from 828 ppm to 2,356 ppm in the remaining 35% of the ore, which helps limit capital expenditure. Tests have also shown that recoveries improve to 93% levels with heating of the leachant.

Late last year PNN purchased 51% of Eagle Gold Mines Ltd, covering assets in the Peak Hill goldfield of WA, including the 1.2 mtpa Fortnum treatment plant and gold inventories totalling almost one million oz. Eagle plans to recommission the plant to produce 70,000 oz p.a., from mid-2009. It was also negotiating over 50% equity in iron ore tenements in the Robinson Range area of WA's Mid West region.

In a separate initiative, PNN has acquired four uranium exploration tenements in North Queensland from Australian Gold Holdings Ltd (a company that had been trying to do an IPO). Styles targeted include uranium in phosphate rich horizons, and uranium in shearing and fracturing of graphitic and non-graphitic schists. Gold and base metals targets exist also. Completion of due diligence is required before PNN pays $150,000 and 900,000 shares.

On the corporate front, PNN has cancelled 1.5 mill. shares purchased pursuant to a share buy-back. Up to 4.9 million shares could be purchased in total. Bill Murphy has sold shares for his trust, taking it below the substantial shareholding level.

Investment Perspective: *The metallurgical results for the Crocker Well ore are welcome and could assist in bringing down the capital cost of the project, which was rather high at $170m for a 1.5 mtpa plant. The next step is to see how the drilling changes the perspective of the orebody. On current economics, the shares are amongst the more expensive with a cash generation multiple of 2.3x and a mine payback period of 3-4 years. The studies will need to improve the figures before we could be enthusiastic.*

PNN is obviously feeling very comfortable with its cash balance and its association with Sinosteel. It has paid a 5¢ a share dividend and it has implemented a share buy-back. There is a negative to this though, as it shows that management wants to keep everything tight when the marketability of the shares is already too tight and not for encouraging larger investors who need liquidity. It is off the radar screen of many investors.

The move into gold might be good timing on the outlook for that commodity, but Fortnum sent one public company broker last year. The grade and the quality of the resources need to be treated with scepticism, though they do offer leverage if the gold price takes off from here.

Baseline environmental studies and metallurgical test work has commenced on SMM's

Summit Resources
Price *$1.91 (-30%)*
Mkt Cap *$410m*
Quality *Good*
Value *Fair*

Baseline environmental studies and metallurgical test work has commenced on SMM's 50%-owned uranium project covering Valhalla and Skal, re-named the Isa Uranium Joint Venture. A budget of $8m has been approved for 2007/08, including almost 50,000m of drilling in 147 drill holes. The programme is aimed at ensuring that the top 400m of the resource will fall into the measure and indicated categories, as this is the proposed depth of an open pit. Strike extensions will also be tested. A new zone of mineralisation has been found at Skal Far North, 350m NW of Skal North.

Resources at the 50%-owned Valhalla deposit stand at 25,800 t U_3O_8, and Anderson and Watta have 2,100 t U_3O_8 and 1,720 t U_3O_8 respectively.

Assays have been received from the 100%-owned Bikini deposit. Eyeballing these, it seems to be much lower grade at 300-550 ppm in most intercepts, though widths are frequently 10-20m and as large as 50m. The problem though, is that there are very few at less than 200m depths, down hole. Bikini doesn't look like a high priority.

The final wash-up of the takeover bid by Paladin sees that company holding 82% of Summit, with Areva holding 10.4% and others holding 7.6%. Areva is most unhappy with its position, having paid $126m or $6.10 a share, as there has not been consummation of the agreement with Summit to allow Areva to market 67% of Summit's uranium production.

SMM has agreed to divest itself of the non-uranium assets, selling an 80% interest in these to MM Mining Plc, whilst keeping a free-carried 20% equity through to the decision to mine. SMM will receive $9m or the sale, payable over a timetable related to the IPO of MM Mining on a stock exchange. It has also divested itself of the Georgina Basin exploration project.

Investment Perspective: *News flow has tightened at SMM recently with Paladin not having much incentive to keep shareholders at the cutting edge of information flows. They had the chance to sell in the bid, and chose not to, so they will have to put up with the bare minimum for the foreseeable future (though with the benefit of best practice disclosure).*

SMM offers minority shareholders good value at these levels, but as in all minority shareholder positions, it becomes a waiting game without much control over destiny. We are still waiting on the Queensland Government to give its blessing to uranium mining. The shares will probably just perform in-line with the uranium sector, generally.

Toro Energy
Price *$0.20 (-47%)*
Mkt Cap *$99m*
Quality *Excellent*
Value *Fair*

Toro is a transformed company following the merger with Nova Energy, leaving Oxiana as the controlling shareholder with 46% of the issued shares. The most advanced project is at Wiluna with 9,000 t U_3O_8 (Lake Way and Centipede). Drilling is planned to increase the proportion of indicated resources.

Napperby, in the Northern Territory, continues to be drill-assessed in a deal with Deep Yellow. The initial JORC compliant Napperby inferred resource has been announced as 1.9 mill. tonnes at 360ppm, for 670 tonnes U_3O_8. This is from 1 km of the 14 km strike, which Uranerz calculated to have 5-6,000 tonnes. TOE is committed to spend a minimum of $750,000 p.a. for three years, and can buy 100% of the project for a figure of $60-80m, based on a formula.

In a Napperby drilling report released in January 2008, TOE disclosed consistent mineralised intercepts in the range of 200-700 ppm U_3O_8, over an average thickness of 1.3m at depths of 3 to 7m below surface. Sonic drilling is being employed in an effort to recover more complete core samples (a method also being used at Mulga Rock by Energy Minerals). It seems that narrower samples are being achieved with higher grades than previously recovered. This may lead to a better grade resource but it might be at the cost of tonnage.

At Lake Way, in WA, leach optimisation tests indicate uranium extraction of 95% at 95^{o}C. Resin-in-pulp is the preferred process route. The pre-feasibility study is due any week now.

An extensive international exploration program is also being pursued, including ground in Guinea, Namibia and Australia.

Investment Perspective *– TOE has a stake in two uranium orebodies but each of them has their issues. Lake Way is one of the most significant calcrete projects in Australia, but it is in WA – a no-go State. Napperby is in the user-friendly Northern Territory but the grade is very low without the large tonnage to supply economies of scale. Each time the uranium price slips a dollar, the leverage to the uranium price works against it. Even though it is a good company, there is little reason to buy it aggressively just yet. It may be* *that some of the exploration ground in Guinea and Namibia holds more blue-sky appeal.*

TOE is one of the more expensive uranium stocks on fundamentals. If either of Lake Way or Napperby were to proceed to production, the cash generation multiple would be about 2.5x, which is twice that of many other uranium hopefuls. Taking everything into account, there are better value buys out there, notwithstanding the management quality.

Uranex
Price *$0.365 (-52%)*
Mkt Cap *$30m*
Quality *Reasonable*
Value *Fair*

UNX has a good portfolio of uranium projects with the flagship being Thatchers Soak in WA., with 6,000 t of uranium. In December 2007, it reported that a second round of drilling continued to intersect extensive uranium mineralisation based on down-hole gamma logging results. A total of 113 aircore holes were completed (average depth 14m), showing two separate mineralised zones with a combined strike length of over 7 km. UNX reported that 43 of these holes had intercepts greater than 200 ppm eU_3O_8, using a cut-off of 100 ppm eU_3O_8 i.e. 38% of the holes, and 56% of the intercepts were 1-2m in thickness.

Another interesting project is the Manyoni C1 deposit in Tanzania. UNX has reported the drilling of 423 holes for 5,512m (average depth 13m) on 100 x 200m and 100 x 400m grid patterns. The zone of mineralisation is typically 2-8m thick and it extends beyond the 2,400m zone of drilling. Assays are awaited.

Previously, on 8/3/07, UNX stated that the other Tanzanian project, Bahi C1 calcrete, demonstrated near surface mineralisation over a 1.6 km strike with an average width of 400m. Auger drilling and pitting on a 100m x 200m grid has exposed thicknesses averaging 1.7m with abundant visible secondary uranium mineralisation (probably carnotite). Although selective sampling has returned assays of 1,000-2,000 ppm, a lower grade should be expected as an average. Subsequent work has confirmed the general potential and increased the interpreted area of mineralisation to 13 km^2. Grid drilling is being conducted now.

Investment Perspective: *UNX needs a large scale plant at Thatchers Soak to make the low grades work, which will have a high capital cost and will be heavily dilutionary. While the cash generation multiple is low at 0.8x, dilution on financing needs to be considered. We think that cash costs could be in the order of US$36/lb, which is at the high end of the scale. Also, being in WA is of no benefit. The Tanzanian projects may provide more upside in the near term, but this will be judged when the resource statement comes out.*

White Canyon
Price *$0.17 (-32%)*
Mkt Cap *$36m*
Quality *Reasonable*
Value *Fair*

WCU is an IPO that first commenced trading on 3/3/08, opening at a slight discount to the 25¢ issue price. The IPO raised $17.5m, but payments to vendors of projects, and costs associated with the issue, left the Company with only $8m at the point of listing. About $3m was paid to Golden State Resources Ltd, which also retains a 25% equity in the Company. Another vendor, Michael Shumway, is also a 25% shareholder.

WCU is essentially a spinout of the Golden State uranium assets, combined with interests of Michael Shumway. Each of these parties received $11.4m of vendor paper.

The Company's presentation speaks of the Daneros project with 907 t U_3O_8 of "reserves" within trucking distance of two uranium mills in Utah, USA (one is White Mesa, owned by Denison). The potential is at least double this tonnage. Other projects offering potential include Thompson and Geitus, also in Utah.

During July 2007, six drill holes drilled at Daneros returned intercepts ranging from 0.6 to 3.2m in width, averaging 1.2m. Grades ranged from 1,000 ppm to 1.9% $U_3O_{8,}$ but it seems as if the likely mine head grade is probably going to be about 2,300 ppm (after 15% mining dilution).

WCU intends to commence mining in late 2008, with target production of 225 tpa $U_3O_{8.}$ It may be that WCU was referring to the commencement of underground mining, which is something very different to the commencement of yellowcake production. It takes time to develop an underground mine.

We have run a few numbers that assume commercial scale production can be achieved in two years time. The narrow, high-grade nature of the mine is likely to limit ore mining to 100,000 tpa. It will be expensive with mining, trucking and toll treating costs almost A$200 pt, giving a cash cost ofUS$37/lb. A 15% royalty will skim off some of the profits.

Investment Perspective: *WCU chose the toughest market conditions in which to IPO. It only just managed to raise the funds after extending the closing date. Since listing is has, predictably, been sold down with the rest of the market. In the pre-IPO presentation, the Company came across as quite confident about a fast track production timetable, but we suspect that there was more bravado in this than reality. There was too much* *generalisation. We also thought that the vendor consideration was priced for a bull market, which seems to have escaped us for the time being.*

Nevertheless, it is a legitimate uranium company, even though its resources are not yet of JORC status and they are modest in size. It aims to be a high-grade narrow vein uranium miner in a short space of time. It's success will depend upon how disciplined it can be in managing this type of mine, which in a gold setting, has recent caused other companies many problems (frequently due to the erratic distribution of gold within the orebodies).

Wildhorse Energy
Price *$0.64 (-45%)*
Mkt Cap *$61m*
Quality *Good*
Value *Reasonable*

WHE commenced a drilling programme on the Paraguay uranium project in February 2008. The first target, close to Caazapa, aims to define the scale of a uranium anomaly indentified in the 1980s. Three fences of 14 drill holes are testing an area of 80 km^2, to determine the depth of the San Miguel sandstone formation. The first hole hit the formation at 48m. Historical drilling had returned assays from 500 to 400 ppm, with uranium occurring as uraninite. ISL recovery is considered a possibility. WHE had earlier stated that there is potential for 6-9,000 t U_3O_8.

The Bison Basin project, in Wyoming, currently has a JORC resource of 1,056 t U_3O_8 at an average grade of 700 ppm, based on 632 holes. Another 48 holes are being drilled in the current program, to an average depth of 150m. The project covers an ISL mine from the 1980s, which operated for only three months, recovering 27 t of uranium. Previous records suggested a non-JORC compliant resource of 10.5 mill. tonnes at 1,100ppm, for 4,741 t U_3O_8.

In December 2007, WHE released a scoping study that focused on a 450 tpa U_3O_8 ISL operation at Bison Basin. To some extent this was putting the cart before the horse as it was based on exploration potential that needs to be confirmed by drilling, though it does provide order of magnitude numbers. Initial capex for a stand-alone operation was US$62m and cash costs were stated as US$18/lb. Another US$23m needs to be spent every four years on capital.

In Hungary, WHE has released a JORC compliant resource of 17 mt at 800 ppm, for 13,600 t U_3O_8 based on 128 drill holes, at Pècs. An underground mine is under consideration to recover uranium from Permian sandstones. At Bàtaszek there is a roll front over 3 km with 89 drill holes in it, with grades of 100 to 700 ppm. WHE describes this as a conceptual exploration target with possibilities for ISL recovery. Drilling commenced here in February 2008. It will initially verify past drilling results, focusing on the central area at depths of 140-200m.

On 10 August, WHE announced a new project in Hungary that will be looking to recover uranium from coal ash at Ajka. Dumps of coal ash totalling 20 mt have been sampled to show grades of 94-152 ppm U_3O_8. Test work on the recoverability of the uranium is being undertaken with the possibility of production in 2009, if the tests are positive. The JV partner, Sparton Resources, has experience in secondary source extraction in China but it appears that this has not yet progressed to commercial production.

Investment Perspective: *WHE has been one of the most volatile performers in the market, scooting to very high levels after a placement in the USA, but these same investors seem to have brutally sold the shares down in the bear market. The shares offer sound value at these lower levels based on the scoping study for Bison Basin, with a cash generation multiple of 1.2x – but remember that this is based on exploration potential as opposed to a JORC resource. The Hungarian and Paraguayan projects add further value but we have not run estimates on potential earnings yet, as it is would be premature.*

B. URANIUM AS A BY-PRODUCT OR SECONDARY PROJECT

Company	Comments
Arafura Resources *Price $0.75 (31%)* *Mkt Cap $118m* *Quality Good* *Value Fair*	The Pre-Feasibility Study ("PFS") for Nolans calculated a NPV of A$1.1bn (post tax) with 83% recovery, being the best-known recovery for any rare earth deposit. Phosphate recovery was calculated at 80% (all on bench scale tests). The capex is estimated at AS$750m and annual operating costs at A$350m, comprising $250m operating and $100m transport costs. This works out to be $312 pt of ore mined and processed, and $200 pt for transport. The 800,000 tpa of ore mined, at a waste to ore ratio of about 2:1, will be upgraded through on-site concentration, reducing the tonnage to 500,000 t, lifting the rare earth grade from 3.1% to 5.8%. A length ramp-up period of three years was calculated, at 50%, 75% and 100% capacity utilisation for each year, respectively. Full production is scheduled for 2013, six years away. The average resource grade used was 3.1% REO, 14% P_2O_5 and 213 ppm U_3O_8. Production volumes used were rare earths 20,000 tpa (US11,600/t), phosphoric acid 150,000 tpa (US$400/t), calcium chloride 400,000 tpa (US$100/t) and uranium oxide 150 tpa (US$100/lb). The revenue share of uranium is only 9% on these numbers, relegating its significance to that of a by-product. The next step for ARU is the Definitive Feasibility Study, to improve upon the +-30% accuracy of the PFS. Bateman Litwin has been appointed to manage the feasibility study, which will cost US$18m for the engineering design, followed by a US$4m costing and valuation stage. Recent in-fill drill results may point to a better grade zone of the orebody. ***Investment Perspective:*** *There is no doubting that Nolans is a significant project of merit. The numbers as released by the Company look impressive. However, it needs to be classified as a rare earth company, not a uranium stock. This is a company for long-term investors rather than short-term traders. It may be a very successful producer in due course, but there are still many hurdles to overcome, including the high capex which must lead to significant dilution along the way, whether by share issues or the introduction of a joint venture financing partner. The advent of the bear market makes the project even more daunting for a junior company – but it is big enough for investment bankers to charge aggressive fees if they choose to run with it.*
Compass Resources *Price $1.68 (-25%)* *Mkt Cap $214m* *Quality Excellent* *Value Excellent*	CMR has title to the historical Rum Jungle leases containing the Mt Fitch uranium mineralisation in carbonate rich and breccia rocks with a 100m thick central zone that thins on the extremities. Elsewhere on the leases, the Kylie prospect has been giving positive signs for unconformity style mineralisation. On 19 March 2007, CMR stated that a 2 mtpa operation at Mt Fitch gave a NPV of $276m at US$90/lb, based on a preliminary scoping study. In the Chairman's address at the 2007 AGM, CMR predicted annual revenue of $116m and a NPV of $68m at a uranium price of US$60/lb, and $219m p.a. and NPV of $429m at US$113/lb. Uranium production would be in the order of 2,200 tpa. There has been almost nothing said of the uranium project since then, probably due to the focus on developing the Browns Oxide lead and cobalt project. The Annual Accounts, released in March 2008, did say that Hellman Schofield was re-estimating the uranium resource. Elsewhere, CMR has stated that its key project, the oxide base metals operation, is due for commissioning in May 2008. ***Investment Perspective****: CMR has been noticeably quite on its plans for the uranium side of its business. Back in March 2007, it released some broad numbers – too broad to be able to build any meaningful analysis. We have not changed any of our numbers from the ones used in the previous research; capex $150-200m, 2 mtpa, cash costs US37/lb, grades 360-460 ppm There has also been no further news on the proposed spin-out of the uranium assets. Has the Company gone cold on this idea?* *CMR shares have been amongst the worst performers in the market even though the numbers suggested by the Company the shares look very good value, selling on a cash generation multiple of less than 2x – and that is ignoring any earnings from Browns! There was a time a few months back when there were fears of cost blow-out and delays, but with the Browns project due to commission in May, we are about to see the litmus test. The performance of this project will have a greater short-term impact than its uranium interests. Given the high cobalt price we might see a much stronger share price if commissioning goes well*

Greenland Minerals
Price *$0.68 (-43%)*
Mkt Cap *$222m*
Quality *Fair*
Value *Expensive*

GGG has purchased a 61% interest in the Kvanefjeld multi-metal deposit, in Greenland, for $3m cash and 100 mill. shares and 100 mill. options. It can move to 90% ownership for another $10m in cash/shares, then to 100% with a cash payment of $50m.

At the time of acquisition, historical exploration at Kvanefjeld had identified approximately 43,000 t of uranium at a grade of 340 ppm, applying a 250 ppm cut-off (non JORC), based on 11,852 m of drilling. In 1979/80, 20,000 tonnes of material were excavated via adits at an average grade of 365 ppm. The uranium is associated with rare earths, lithium, beryllium and zirconium. Uranium in Kvanefjeld is estimated to comprise 20-40% of the value of the resource.

A mine plan was devised back in 1980, to treat 4.2 mtpa for 1,500 tpa of U_3O_8. The waste to ore ratio was 2.3:1 and the minable resource was 55 mt. However, it did not proceed due to unfavourable economics at the time.

Investment Perspective *– GGG was a spectacular performer in 2007, when it first announced the acquisition of the Kvanefjeld deposit and the uranium market was hot. Times have changed now and we can examine the project in a more sober light. The first point to consider is that uranium mining is banned in Greenland, though the Company does state that uranium might be legally mineable if it is a by-product of a mine for other metals. Assuming this is correct, then it is appropriate to look at this project as being similar in nature to the Nolans project of Arafura, in the Northern Territory. Nolans will cost at least $750m to develop an 800,000 tpa mining operation and associated treatment facilities. A similar project in Greenland would be more expensive.*

Kvanefjeld is certainly an interesting geological situation, but it will be a long road to commercial development. Not only will the complexity of the geology and associate metals provide metallurgical issues, but so will the marketing of the products. Logistic may be an issue, as will politics and finance. This type of resource typically spends many years on the drawing board. The market capitalisation has a great deal of expectation built into it. Arafura is probably better value.

Mintails
Price *$0.57 (-6%)*
Mkt Cap *$411m*
Quality *Fair*
Value *Sound*

MLT is involved in two joint ventures in South Africa to recover gold and uranium from tailings dams. MLT has 100% of the first one, WERGO, announced in April 2007. The second one is the ERGO Mines JV with DRD Gold (MLT 50% pre-BEE equity).

The WERGO project has 323 mt of tailings containing 13,700 t U_3O_8 and 2 mill. oz of gold. Phase 1, due to commission in October 2008, will treat 9.6 mtpa to recover 450 tpa of U_3O_8 and 60,000 oz p.a. of gold. Cash costs of US$7.30/t have been forecast, which work out at about US$500/oz of gold produced. Phase 2, scheduled to be commissioning in 2011, boosts throughput to 20 mtpa for 680 tpa U_3O_8 and 90,000 oz p.a. of gold. Mintek has conducted test work that suggests uranium recovery rates in the range of 70-86%. The uranium rich slurry will be toll-treated by Nufcor. However, given the strength of the gold price, MLI has elected to focus on the higher grade gold content of the sands tailings first, pushing back uranium production by four months to early 2009.

The ERGO JV has a massive 1.7bn of tailings. Phases 1 and 2, involves the refurbishment of a CIL circuit and the treatment 7.2 then 14.4 mtpa to recover 42,000 oz then 80,000 oz p.a. of gold at a cash cost of R18/t (US$540/oz). No uranium will be produced in the first two phases. Phase 3, will see capacity lift to 30 mtpa for 300 tpa U_3O_8 and 150,000 oz p.a. of gold (and sulphuric acid production of 855,000 tpa).

The measured mineral resource for the Elsburg Complex has been released as 171.6 mt at 0.3 gpt gold, for 1.67 mill. oz. The tailings need to be assessed for the uranium content. These tailings represent only 10% of the material available to the JV.

An agreement has also been signed with the Nuclear Fuels Corporation of South Africa (Nufcor) for the purchase and toll treatment of uranium rich slurries. Other dumps are being investigated for acquisition, which could lift the total to 800 mt.

Investment Perspective: *MLI is a stock that is going to be driven by gold production and gold prices rather than uranium, but it will still be a respectably sized uranium producer. On economics pricing, as an imminent uranium producer, it is reasonably priced on the by-product alone. Throw in the main game, gold, and it must look very cheap. If the projects can commission later this year without any technical hitches the shares could be in store for a major re-rating as we go into 2009. A more detailed commentary will be provided in the gold research we are currently working on.*

Monitor Energy
Price *$0.017 (-41%)*
Mkt Cap *$11m*
Quality *Fair*
Value *Cheap*

MHL is essentially an oil company with four licences in the Kyrgyz Republic, but also with 50% of an interesting uranium project in the same country, named East Kokmoinok. An historic Soviet resource of 770 t U is located at Kashkasu and awaits confirmation and conversion to JORC status. The Soviet work comprised a shaft to a depth of 160m and 800m of drives. The uranium mineralisation is hosted within coal horizons of the Jurassic sedimentary strata. The mineralised coal seams vary in width from 4.2-6.6m and the grade is typically 300-2,000 ppm, with an average being close to 1,400 ppm.

Lower grade mineralisation is associated with sandstones and siltstones adjacent to the coal. There have been historical uranium mines in the same uranium field at Turakavak, Agulak, Sashytash deposits.

MHL paid US$230,000 to acquire a local company that held a 97.5% interest in East Kokmoinok, then sold a 50% interest to Leopard Minerals at cost price. Ongoing exploration costs are shared 50:50 between the two companies. Drilling was scheduled for the December quarter of 2007, but inclement weather and contractor issues have pushed back the timetable.

The oil projects have been farmed out to Medina Group Ltd, a specialist oil and gas investor based in Hong Kong. Medina is to spend US$13m on exploration to earn 85%. Note that Medina has to fund mobilisation and demobilisation costs on its own account, in additon to the US$13m. This could be worth quite a few million dollars more to MHL.

Investment Perspective: *MHL is has been a favourite stock for day traders, often moving in large percentages on very high volumes – but that aspect of the stock market has taken a back seat for a while. Its main game is the oil and gas interests in the Kyrgyz Republic, which are now to be fully funded by the joint venture partner. The uranium interests are small at present but interesting. MHL is a cheaply priced energy stock. (Disclosure: The author and associates owns shares/options in MHL).*

Western Metals
Price *$0.08 (-18%)*
Mkt Cap *$50m*
Quality *Excellent*
Value *Reasonable*

WMT was clearly a uranium stock up until 10th April 2008, when it announced a deal to buy 100% of the Parys Mountain copper-zinc project on Anglesey, off the coast of Wales. WMT will have a 120 day due diligence period to consider the transaction, which will cost $7.6m in cash and shares initially, then $21.5m on the completion of a bankable feasibility study or the expiration of three years, whichever is sooner. WMT estimates that a feasibility study will cost it $12-15m over the next two years.

Parys was been a sizeable copper producer in the past, yielding more than 300,000 tonnes of metal before closing about 100 years ago. Modern exploration and development to the value of $39m has already been performed, and approvals are in place for a 350,000 tpa operation.

In another transaction, WMT has sold its 60% interest in the Zeehan tin project in Tasmania for shares and cash worth $1.2m, to Stellar Resources. Stellar is planning to spinout its tin assets in an IPO.

WMT's main uranium interests continue to be in Tanzania, where it is farming into projects held by Uranium Resources plc, earning a 60% equity. It is targeting the same formation that hosts Paladin's Kayelekera project, which has a resource of 13,360 t. Also, it has a JV to acquire ground in the USA where it is funding the acquisition to earn 52%, then can Back ino to 80%.

In August 2007, WMT confirmed sandstone-hosted uranium mineralisation over a 2 km trend following a 1,648m RC programme at the Mtonya project in Tanzania. This added to the positive results achieved earlier, from other locations along a 7 km trend. Final assays for the Phase Two drilling, comprising 40 RC holes, were detailed in the September quarterly report. Many of the intercepts were narrow (1-2m), and many of these were only 100-200 ppm. Occasionally there were higher assays, but statistically they probably haven't lifted the tenor above low to modest grade status. Separately, trenching of the Grandfather prospect gave assays as high as 1.2m at 7,723 ppm, 2,393 ppm and 4,773 ppm. At this point is would be fair to suggest this is selective surface enrichment, but only drilling will confirm or dispute this view.

Final assays for the 40-hole program on Mtonya were reported in November 2007. Seven of nine holes returned grades in excess of 100 ppm, and three had grades exceeding 300 ppm. Intercepts were generally 3-6m. Deeper holes at Moysten returned interval less than 4m but as high as 1,140 ppm.

Investment Perspective*: WMT has proved that it has significant uranium bearing structures in Tanzania. It is now in the processes of qualifying what it has. Whilst there are some high-grade zones, the significance of these in a mining situation may not be enough to lift the average above 500 ppm. By the end of this year we should know better whether there is a consistent structure that may be mineable, as opposed to ground with plenty of good trench and drill results. Making it all hang together in a mineable orebody is what it is all about.*

The diversification into the copper/zinc project in Wales is likely to see WMT graduate to the *status of a legitimate miner faster than one could expect with the Tanzanian uranium projects, and it requires a different perspective. The Company will now have to demonstrate that project's economics to the market, as it will consume all of its cash, and some.*

C. ADVANCED EXPLORERS

Company	Comments

A-Cap Resources
Price *$0.32 (-44%)*
Mkt Cap *$35m*
Quality *Good*
Value *Fair*

The release of a comprehensive resource table at Mokobaesi by ACB last December has been problematic. It shows a large uranium endowment but at low grades. The contained uranium is as much as 14,400 t U_3O_8 at a cut-off grade of 80 ppm, but the resource grade is only 120 ppm. This would certainly be sub-economic at this cut-off. At a 100 ppm cut-off the tonnage drops to 9,100 t U_3O_8 at 140 ppm, which is also skinny. Getting the maximum grade of 240 ppm cuts the contained uranium to 1,440 t U_3O_8, which starts to look small.

So, the challenge before ACB now is to optimise the resource, looking at heap leach options as the most likely treatment route. Additionally, further drilling might identify additional higher-grade material, but it might be an idea to assess the metallurgical properties of the Karoo sandstone ahead of extensive new drilling programs.

The resource statement covers an area of 6 x 3 km, to a depth of 45m. Large areas remain to be drill tested – extending up to 10 km from the existing resource. The statement was based on 1,148 RC and 4 diamond drill holes, with 8,760 one-metre XRF assay samples as well as radiometric logging. Most of the drilling was on a 200 x 50m grid, with some on a 50 x 50m grid. An upper cut of 500 ppm was used.

We have revised our numbers on a potential operation, assuming a 4 mtpa heap leach project based on a head grade of 160 ppm and a total resource of 6,920 t U_3O_8. If we also assume an $87m capex, a waste to ore ratio of 2:1 and current exchange rates and uranium prices, we can see that ACB may have an economic operation producing 500 tpa U_3O_8. The cost would be high though, at US$52/lb. The cash generation multiple (PCG) of 1.8x looks okay, but the mine payback would be 4.3 years, which is too long on a 10 year mine life. The leverage on a higher uranium price is demonstrated by a 1.9 year payback on US$90/lb and a 0.8x PCG, pre-dilution for capital expenditure.

***Investment Perspective**: ACB has a significant low-grade uranium resource but it needs one or two parameters to shift in it favour. It needs a uranium price much closer to US$100/lb, or it needs to find a high-grade zone of 200-300 ppm to warrant development. We do not expect a significantly higher uranium price during 2008, so it is over to the geologists to find high-grade ore. Until then we cannot see that development of the resource would be warranted, even employing lower cost heap leaching methods. The Company should be seen as a good option on the uranium price though.*

Acclaim Exploration
Price *$0.012 (-45%)*
Mkt Cap *$7m*
Quality *Fair*
Value *Very Cheap*

AEX has sat on the Denny Dalton resource figure of 31 mt at 350 ppm U_3O_8 and 2.5 gpt gold for well over a year now without any revision, notwithstanding the drilling of 44 diamond holes and 27 RC holes. The average depth of these holes was 56m for the diamond drilling and 33m for the RC holes. The purpose of the programme was stated to be the confirmation of previous work, to test for extensions and to gain a better understanding of the conglomerate geology.

Of the 71 holes, 48 intersected the MCR. In 11 holes the MCR was poorly developed and in 10 it was absent. Gold values were shown to be highly skewed, which is normal in conglomerates, but the uranium was even more skewed. The complexity of the geology and grade distribution, as shown by the drilling, now means that a 50m x 50m grid is required.

On 13th June 2007, AEX announced the appointment of a new management team and an agreement with Laskara Ltd to acquire uranium rights in Guinea. Historical exploration has recorded 200-700 cps on some of the licences, in sandstone. An application has been lodged and the Company is awaiting Ministerial sign-off. Final terms are yet to be negotiated.

Investment Perspective: *If there is one uranium stock in this review that can be called a dog, it is probably AEX. Its share price has been consistently a non-performer, even when uranium was hot. It is very poor at keeping shareholders informed. It doesn't seem to do anything to add confidence or grow the company. The cash balance would be about $1m now, so it needs to do a share issue before it can take any initiative or do any drilling.*

If there is any veracity in the disclosed resource then the stock must be very cheap, especially when the gold credits are considered. We have run some number on uranium alone which gives a cash generation multiple of 0.7x but a mine payback period of > 4 years. There are still too many holes in the numbers though, and confidence levels are low. We need more disclosure from the Company. *(Disclosure: The author and associates owns shares in AEX).*

African Energy
Price *$0.27 (-25%)*
Mkt Cap *$40m*
Quality *Fair*
Value *Fully Priced*

In March 2008, AFR confirmed the previously announced discovery of sandstone-hosted uranium mineralisation at Chisebuka, in Zambia. Two parallel, open-pittable zones up to 800m in strike have been identified. The better drill intercepts have mostly been 7m with grades of 200-460 ppm, with tighter zones giving better grades in places. This discovery is located 75 km SW of the Njame uranium deposit, presently being evaluated by a pre-feasibility study. This may be a useful satellite project, but it should be seen as low grade at this point. AFE is earning 30% initially by spending $1m, and can increase to 70% on the completion of a pre-feasibility study.

The main focus of AFR is the Chirundu Pre-Feasibility Study, which is evaluating the economics of mining the Njame and Gwabe deposits. The total resource is 4,120 t U_3O_8, comprising Gwabe (4.2 mt at 267 ppm, for 1,121 t U_3O_8, indicated, at depths of 3-29m) and Njame (8.8 mt at 340 ppm, for 3,000 t U_3O_8).

The study will be based on annual production of 635 U_3O_8 tpa (1.4 mill. lb) over five years, and it is expected to cost $1.5m. The current schedule calls for construction to commence in mid-2009, but this should be considered most unlikely especially given that the pre-feasibility study is running behind schedule. AFR is earning a 70% interest in this project.

In Botswana, AFR has 100% of an exploration project 10 km north of A-Cap's Mokobaesi uranium project. Two programmes of 39 holes on a 400m x 100m grid, and 45 holes on an 800m x 200m grid, have found sandstone-type mineralisation in Karoo sediments. Some assays have started to come through and demonstrated generally 1-2m intercepts with typical grades being 150-250 ppm, and occasionally larger widths and sometimes grades of 300-600 ppm, with the best being 3m at 821 ppm. This is encouraging, but sub-economic at this point. Many more assays are awaited.

Investment Perspective: *We continue to see issues with AFR producing 635 tpa U_3O_8 when the head grade is unlikely to be better than 320 ppm, after allowing for mine dilution. There just isn't the tonnage to support the economies of scale that would be needed, and the concept of trucking ore to a central plant adds to the operating costs, which would probably be around US$40/lb. The ratio of mine life to payback period is very tight, and would be a major hurdle. Maybe a heap leach operation would stand a better chance. Whatever, the company seems to be only half way to where it wants to be. Much more work is required to either boost the scale of the operation, or the grade. It would be better for companies like this to conduct a scoping study first, and let that study tell us what the realistic uranium production levels might be.*

Atom Energy
Price *$0.10 (-46%)*
Mkt Cap *$8m*
Quality *Sound*
Value *Cheap*

AXY commencing trading on 26 June 2007, after an IPO that raised $10m at a price of 30¢. The flagship project was Cleo in the NT, 175 km SE of Darwin. Cleo had pre-resource mineralisation of 740 t U_3O_8 at a grade of 1,200 ppm. It was previously explored by Total, but that company came up with its estimate using radiometric logging that focused on high-grade narrow intercepts.

On 26/3/08, AXY released a revised, inferred resource at Cleo of 1.4 mt at 304 ppm. This was a significant downgrading of the resource to 430 t U_3O_8 and effectively puts paid to any possibility of a commercial project in the near term, though there are depth extensions to consider.

The Company appears to be going through a transition at present, with both the Chairman (Lindsay Colless) and Managing Director (David Hamlyn) resigning, as has the CFO and Mike Schwabe, a non-executive director. Thomas Cahill has been appointed acting chairman and Robert Cleaver has been appointed a non-executive director.

Back in August 2007, AXY announced an intention to deal on some USA-based projects (in Utah) with a view to spinning them off in a company named Mustang Energy. The changed climate for uranium IPOs has caused a different strategy. AXY will now acquire Mustang for 5.8 mill. shares and assume some costs. This will give AXY an option to acquire a 100% interest in the Shootaring Mountain project (exercise US$250,000 in cash, US$350,000 in shares), and initially 50% of Green Dragon and Bull Mountain with the ability to go to 100%.

The Utah ground is prospective for small, high-grade sandstone and conglomerate hosted uranium orebodies. Typical small-scale mining in previous cycles saw impressive grades, but it might be more realistic to be seeking 1,000-3,000 ppm grades today, with individual orebodies being in the range of 200-400 t U_3O_8. The availability of Denison's White Mesa mill at Blanding some 200 km away by sealed road may provide the opportunity for toll treating ore. Further, Uranium One's Shootaring mill is only 20 km away from some of AXY's leases (but that is in the process of being permitted for recommissioning).

Investment Perspective*: Atom has come back like the rest of the sector and is now trading well below its IPO price. If Cleo isn't going to provide much joy then AXY needs to make sure the Utah acquisitions can give shareholders some chance of production. It might receive some collateral benefit if White Canyon can start to enthuse the market with its Utah projects, which are also low volume with high grades. However, AXY will need a stronger public profile and a better news flow before it rises from these levels. At least it has a strong cash figure relative to it market capitalisation.*

The board changes cause some eyebrows to be raised, coming so soon after the Company listed. I haven't heard of "Spike" Cleaver since the early 1980s, when he floated Northern Gold. The shares are selling close to cash backing levels. Where does the Company go now? (Disclosure: The author and associates owns shares in Atom).

Energy Ventures
Price *$0.10 (-33%)*
Mkt Cap *$22m*
Quality *Fair*
Value *Reasonable*

EVE holds uranium interests via a 71% holding in African Energy, and 30% of Agricola Resources Plc (Scandanavia), as well as the IGE JV detailed below.

Agricola's lead project, Manakjaure in northern Sweden, has been identified as prospective due to the presence of boulder trains that have recorded high grade uranium assays and pegmatites that have assayed up to 3,500 ppm over 0.5m intervals. Historical information has been confirmed by sampling in the 2007 field season, but not much other work has been conducted.

In February 2008, EVE announced a 51:49 joint venture agreement with IGE Nordic AB, listed on the Oslo Axess Exchange (OAX), to explore their combined Swedish uranium projects. EVE will mange the JV and invest $870,000 to fund exploration for the first 18 months.

Investment Perspective: *When the market was hot for uranium EVE was a good incubator vehicle for uranium plays, though when the market stops running the concept goes a bit stale. The recent deal with IGE seems to be a holding pattern as the exploration budget is very modest. EVE should be rated more as a uranium investment company from this point, but without any compelling investments or projects at this point. Nothing seems to be happening quickly.*

Erongo Energy
Price *$0.09 (-67%)*
Mkt Cap *$4m*
Quality *Fair*
Value *Very Cheap*

ERN is targeting intrusive-style granite-hosted uranium orebodies in Namibia. It released an update on 4/1/08, with results from another 20 holes drilled to test the extensions up to 2 km from known mineralisation at Area 1. This brings the total to 70 holes drilled at Area 1, establishing an area of 1,000m x1,000m to depths of 100m. Within this lies a higher-grade zone measuring 1,000m x 300m. The most recent 20 holes demonstrated only lower grade mineralisation and narrower widths. The implication is that they do not extend the zone of potentially economic mineralisation to any great extent.

The tenor of the intercepts in the main zone suggest that we could be looking at a grade of 200-300 ppm, with perhaps some smaller quantities in the range of 300-400 ppm. If we assume an average thickness of 25m we could be looking at up to 50 mt of mineralisation. If the average grade was 250 ppm there could be a resource of 12,500 t U_3O_8. We will need to wait and see what the company calculates.

Spitzkoppe is another uranium exploration project located 25 km east of the Erongo Granite project. The target here is secondary calcrete-hosted mineralisation as well as granites. A 92 hole drill programme has tested three zones of calcretes but only low grades were encountered (<60 ppm). Other zones need to be tested.

An early stage minerals sands project in Namibia is being evaluated.

Investment Perspective: *ERN's share price has been butchered in the market and has come back to a market capitalisation of less than $5m. We are tempted to say that this is ridiculous because the uranium mineralisation in Namibia is of some interest. Yes, it falls well short of the resources that Bannerman and Extract talk about, but is it a dead duck? We have run a few conceptual numbers that suggest cash operating costs of more than US$50/lb for a 2 mtpa plant recovering 450 tpa. The capital cost is high under the generalised assumptions, which lead to a conclusion that the project does not yet stack up. ERN is priced as a shell now. Maybe the directors will find something sexy to inject into it.*

Fusion Resources
Price *$0.65 (-32%)*
Mkt Cap *$32m*
Quality *Good*
Value *Sound*

FSN has a portfolio of uranium exploration targets in NW Queensland, contiguous and to the north of Summit's leases. Others are located south of Summit's Anderson licence, and more SE of Mary Kathleen.

On 17/1/08, FSN reported some very good drilling results from the Duke Batman prospect. The best intercept was 29m at 7,450 ppm, including 11m at 16,173 ppm. Mineralisation is traceable from the surface to 200m in depth, over a 700m strike length, open in both directions and at depth. The prospect is on the 100%-owned Valhalla North Project in NW Queensland, 45 km north of Summit's Valhalla uranium orebody.

Additional drill results were released on 6 March, 2008, showing thick mineralisation from shallow depths down to 200m. Many intercepts were in excess of 1,000 ppm.

Placing it in perspective, it seems reasonable to suggest that FSN will have a "Summit-style" orebody with an average grade of maybe 1,600 ppm. While there are some good headline intercepts of high grade, there are also many intercepts less than 5m at grades 400 to 800 ppm. If it continues to shape up like Valhalla, FRS might be looking at 10-15,000 t of contained uranium.

Investment Perspective*: FSN has good quality projects in the right geological environment in NW Queensland. It seems reasonably assured of at least one orebody, based on drill results to date. Speculative numbers on a 750,000 tpa operation, with a head grade of 1,400 ppm and cash costs of US$22/lb, could lead to cash generation of $44m or 99¢ a share, pre-dilution for finance. The CG ratio is a low 0.4x. These are very good starting numbers. We will now have to see if a JORC resource can be calculated to justify these assumptions. There is one problem though; it is in Queensland.*

Impact Minerals
Price *$0.14 (-7%)*
Mkt Cap *$9m*
Quality *Good*
Value *Cheap*

In an IPO that commenced trading on 29 November 2006, Impact raised $5m (25 mill. at 20¢). It has a worthwhile asset in Nowthanna, which has a total size of 10.4 mt at 450ppm, for 4,680 t U_3O_8. However, the ownership is convoluted with Impact owning only 3.92 mt of this i.e about 40% of the deposit. Its nickel exploration has excellent potential for Sudbury-style mineralisation.

In December 2007, IPT announced an African initiative, applying for uranium exploration licences in Botswana. This ground is considered prospective for near surface uranium deposits.

On 26/4/07, IPT announced an application for licences in the Drummond Basin, Qld. Named Pebble Creek, the 7,000 km^2 covers roll front and structurally controlled uranium targets as well as paleochannels. Previous rock chip sampling has returned 1,000 ppm.

Investment Perspective: *IPT has a useful foothold in the uranium business with its share of resources being 1,800 t U_3O_8 at 450 ppm. Depending upon politics and economics, and metallurgy, this might progress to development at some point. The shares are cheap at these levels when you consider it is much more than just an exploration hopeful. We see the Quinns Lake nickel exploration project as potentially very exciting due to its analogy with Sudbury. It is one to watch closely. IPT should be seen as a multi-metal stock with uranium, nickel and gold exploration projects.*

A quick run of the project economics suggest that Nowthanna could make money at these prices, but the mine payback is too long at 4 years. Also, the join ownership will be an impediment to mine development AND it is W.A.

Stellar Resources
Price *$0.15 (+35%)*
Mkt Cap *$10m*
Quality *Good*

SRZ is a diversified exploration company with a uranium flavour, but the Company has farmed out its interest in Warrior to Toro, who can earn 70% on spending $3m over four years. PNC previously calculated a resource of about 4,000 t at Warrior, but the grade of 340ppm is on the lighter end of the scale and wouldn't be worth developing at current uranium prices, even

Value *Sound*

though it could be profitable.

In a separate deal SRZ has farmed out the Kingoonya paleochannel to Uranium SA, which can earn 70%. SRZ has 10.26 mill. shares in Uranium SA, being 16% of its issued capital. USA has completed an airborne EM survey that has defined large paleo-drainage systems that are prospective for roll-front uranium deposits and it is commencing an air-core drill program.

SZR has announced that it is spinning-out a new tin company named Columbus Metals, based on tin exploration projects in Tasmania. Recent drill results include 57m at 0.6% Sn and 22m at 1.12% Sn at the St Dizier prospect. More recently it has been promoting the merits of its Tarcoola and Cowell iron ore projects, owned 100% and 75% respectively.

Investment Perspective*: SRZ is a genuine and enthusiastic exploration company a number of irons in the fire. The uranium projects are ticking away quietly, and the investment in Uranium SA looks like being quite strategic following that company's recently announced discovery. The iron ore projects might offer the greatest short-term appeal in the market place, especially as Chinese interests have taken a small placement at a premium to the market.*

Uran

Price *$0.25 (+19%)*
Mkt Cap *$15m*
Quality *Fair*
Value *Inexpensive*

At this point Uran's main projects seem to be Surskoye and Gurevskoye in the Ukraine. Early in April 2008, it was announced that Government approval had been granted for URA to proceed with a feasibility study on these.

These projects have been described as being ISL amenable, at depths of 50-70m and with thickness of 0.5-4m and 10-12m respectively. Nearby mines have had lives of four years and experienced 80% extraction rates. The September quarterly said that secrecy provisions were being lifted, but we still haven't seen anything much releases to the ASX.

Uran has lodged application over the Osecna and Plouznice uranium projects in the Liberec district of the Czech Republic, and revised applications over the Veznice, Jamne and Polna deposits in the Brzkov district. The Liberec projects comprise mineralisation in sandy sediments with grades reported to be in the range of 400-1,200 ppm. In an ASX release, URA quoted a local businessman, stating that there is in excess of 120,000 t U_3O_8 in the area.

URA has lodged applications for licences in Bulgaria. Our research into that country has told us that the government is preparing to place a number of old ISL mines on the market, but legislation is needed for this to happen. These would likely be high cost mines at US$50/lb. Perhaps Uran will try and get some of these. Uran is also opportunities in Kazakhstan.

Investment Perspective: *Uran is still a difficult company to form positive views on, largely because of the countries in which it is trying to secure a foothold. We are still uncomfortable with some of the releases to the ASX. In particular, the quote of a local businessman stating 120,000 t of* U_3O_8 *in deposits is irresponsible and unacceptable, and totally flaunts the rules regarding JORC standards.*

Uranium Equities

Price *$0.15 (-19%)*
Mkt Cap *$28m*
Quality *Good*
Value *Reasonable*

UEQ's most interesting project seems to be the N47 prospect in the NT where it had an intercept of 22m at 3,600 ppm from a depth of 114m. A second hole has recorded 28m at 1,250 ppm from 88m depth and 21.7m at 3,060 ppm eU_3O_8 from 129m (gamma logging results). These were drilled SE of the Nabarlek uranium mine. Mineralisation occurs as sooty pitchblende and secondary uranium in fractures and veins sub-parallel to the sandstone contact. UEQ is earning a 40% interest from Cameco.

If these were the first holes in the target one would get very excited. However, it was drilled previously and it has been subject to a number of interpretations with the current status being that the geologists don't know what to make of it just yet. The data base includes 55 mineralised intercepts greater than 350 ppm in 24 drill holes. Another four holes are planned by Cameco, the operator, to try and get a better grip on what is there. It looks like a very good project but the size has to be determined.

UEQ has recently acquired the old Nabarlek mine lease which previously produced 11,000 t U_3O_8 at 1.84% U_3O_8. UEQ also has a 16.7% equity in Urtek LLC, with the ability to move to 90% by funding up to US$15m. Urtek is developing a process for the extraction of uranium from wet phosphoric acid streams from phosphate rock.

Investment Perspective *– UEQ has come back down to earth along with the rest of the sector, but it is well placed with a cash balance of approximately $18m. The shares are back to levels of sound value. N47 may turn out to be a small high grade deposit that would work well at these uranium prices. We understand that UEQ is looking to rationalise some of its WA uranium holdings.*

West Australian Metals

WME has reported its first inferred mineral resource for the Marenica uranium project (80% owned) in Namibia, announcing 32 mt at 213 ppm, to a depth of 40m, for 6,800 t of U_3O_8 (cut off grade 110 ppm). This was about 20% lower than expectations in the market place with

Price *$0.215 (-31%)*
Mkt Cap *$67m*
Quality *Fair*
Value *Fully Priced*

respect to tonnage, though the grade was as expected. If a cut-off grade of 150 ppm is used, the resource becomes 17 mt at 281 ppm, for 4,700 t U_3O_8. It appears that radiometric logging may have been over-estimating the grade by about 20% when compared to chemical assays. A specific gravity of 2.3 was used.

In an update released on 11 April 2008, WME reported that drilling had extended the mineralisation by 600m along strike and a revised resource estimate would be announced by mid-2008. The release talked of a thickening of mineralisation and the potential for bulk mining and heap leaching.

We have assumed that the high grade option will be preferred, and, assuming that heap leach characteristics are proved, as 2.5 mtpa operation could produce 560 tpa U_3O_8 at a cash cost of about US$30/lb, assuming a capital cost of A$80m. Studies will have to be undertaken, but this can be used as a ballpark figure.

Drilling has suggested there is potentially a large and untested area of uranium-bearing paleo-drainage lying beneath the sand cover in the eastern area. There has also been a 1m intercept at 617 ppm, demonstrating uranium in the outlying basement rocks.

Investment Perspective: *– Of the main players in Namibia, apart from Paladin, WME seems to be fourth in the pack behind Bannerman, Deep Yellow and Extract, but ahead of Erongo. We have run numbers on a 4 mtpa heap leach operation, which suggests that WME might have a profitable operation but at a high operating cost of US$37/lb. We need more information on various parameters though. The possibility is already factored into the share price, which is fully priced at current levels.*