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FAR EAST CAPITAL

The Mining Investment Experts

URANIUM SECTOR ANALYSIS

12 January, 2008 *Analyst : Warwick Grigor*

Time for Serious Investors to Come Back to the Uranium Sector

The bubble has burst, but we are in danger of assuming the ball game is over just when the excellent value is emerging. It is Time to Get Serious!

UK Government is Advocating New Nuclear Power Plants: A significant statement came out last week, in which the British Prime Minister stated that it was necessary for the UK to construct more nuclear power plants as the only way to provide secure, long term base power without aggravating the global warming crisis. This could well be the bell that is ringing at the bottom of the market - but as usual very few people hear it.

Uranium Prices Have Recovered: The uranium price has stabilised at US$90/lb, after shooting to the crazy price of US$135/lb last year, then falling back to the US$70s/lb. We should expect to see a range of US$80-100/lb for the foreseeable short term future. We have presented our analysis of cash flows on two scenarios; US$50/lb and US$90/lb. The sector offers good value on both price regimes due to the high profit margins available, but the US$50/lb scenario is more applicable for companies that are going to take more than 3-4 to begin producing.

Similarities with the Gold Market in the 1980s: In 1980, the gold price peaked at over $800/oz. Even though it fell for the next two decades, there was a boom in the mining of gold and associated corporate activity that extended for more than 10 years. We are looking at a similar scenario for uranium. We expect that US$135/lb will prove to be the peak, but the boom in the mining and corporate fields are still ahead of us, with substantial profits to be made. Don't let the current market turmoil blind you from this vision.

Uranium Stocks in Market Context: The overall stock market has been ugly recently, but uranium stocks have been in a bear market since May. Yes, they were pushed too high by crazy punters, but the falls must nearly be over. Uranium stocks are energy stocks. Coal stocks have been strong performers and they are direct competitors to uranium and nuclear power, though with much more deleterious environmental effect. It is time that investors priced uranium companies as energy stocks with fundamental merit.

Fundamentals are Compelling: Take the time to look at the projections for cash flows, and the very low cash generation multiples in this report. Any share selling on less that 2x projected cash generation per share is excellent value, at the current uranium price. Uranium is the metal with the highest profits margin.

Is the Sector Down Because of a Labor Federal Government? : This question is being asked by a number of investors. At this stage, it is hard to say, though there does seem to be some caution. It is hard to see the Federal Labor Party making development of mines in Australia any easier, especially with Peter Garrett involved.

To 10 Performers - 11 September '07 to 11 January '08

Company	% Rise	Notes
Metex Resources	94%	But rise on back of carbon energy
Extract Resources	55%	Namibia and Toronto listing
Banerman Resources	47%	Namibia and Toronto listing
West Aust. Metals	41%	Namibia
Monitor Energy	38%	Kyrgyz uranium, oil and gas
Stellar Resources	15%	but more on iron ore interests
Alliance Resources	9%	good drill results
ERA	3%	extended reserves
Mintails	1%	uranium and gold in tailings
Summit Resources	-1%	settled litigaton

PLEASE NOTE : FEC research is entirely independent. FEC does NOT charge any company for coverage in its research.

Companies Covered in this Review

Promotions

- From Advanced Explorer up to Potential Producer
  - Extract Resources, Wild Horse Energy

Demotions

- From Potential Producers to Advanced Exploration
  - Acclaim Exploration, Metex Resources and Uran

Additions

- Mintails, Monitor Energy

Deletions

- OmegaCorp following compulsory acquisition by Denison Mines, Nova Energy following takeover bid from Toro.

A. Producers and Potential Producers (23)

		Quality	Value	Mkt Cap	Location	Style/Target
AGS	Alliance Resources	Excellent	Sound –low risk	$382m	Sth Australia	paleochannel
ARU	Arafura Resources	Good	Expensive	$172m	NT	rare earths
BMN	Bannerman Resources	Sound	Fully Priced	$525m	Namibia	alaskite
BKY	Berkely Resources	Good	Fair	$133m	Spain	carbonaceous shales
BLR	Black Range Minerals	Good	Excellent	$80m	Colorado, USA	sandstone
CMR	Compass Resources	Excellent	Good	$287m	NT	carbonate rich breccia
CTS	Contact Resources	Fair	Very Cheap	$47m	Peru	autunite in volcanics
CUY	Curnamona Energy	Good	Excellent	$54m	Sth Aust	paleochannel roll-front
DYL	Deep Yellow	Good	Expensive	$411m	Namibia/Aust	calcretes/various
EME	Energy Metals	Good	Good	$130m	NT	sandstone
ERA	ERA	Excellent	Reasonable	$3.4bn	NT	unconformity
EXT	Extract Resources	Good	Sound	$177m	Namibia	alaskite
MTN	Marathon Resources	Fair	Reasonable	$125m	Sth Aust	granites
MLI	Mintails	Fair	Sound	$426m	Sth Africa	tailings
MRO	Monaro Mining	Good	Excellent	$76m	USA/Kyrgyz/Australia	sandstone/limestone/granites/
PDN	Paladin Resources	Excellent	Sound	$4.2bn	Nambia/Malawi/Aust	calcretes/Karoo
PNN	PepinNini Minerals	Fair	Reasonable	$73m	Sth Australia	granites
SCX	Southern Cross Expl	Poor	Fair	$6m	NT	sandstone
SMM	Summit Resources	Good	Good	$586m	Qld	volcanic/breccia
TOE	Toro Energy	Excellent	Sound	$186m	WA/NT/Namibia	paleochannel/IOCGU
UNX	Uranex	Reasonable	Fair	$64m	WA/Tanzania	calcrete/Karoo
UKL	Uranium King	Good	Excellent	$37m	New Mexico, USA	sandstone
WHE	Wild Horse Energy	Good	Reasonable	$113m	USA/Hungary/Paraguay	sandstone

B. Advanced Explorers (14)

ACB	A-Cap Resources	Good	Fair	$63m	Botswana	calcrete/Karoo
AEX	Acclaim Exploration	Fair	Cheap	$13m	Sth Africa, Guinea	conglomerate, sandstone
AFR	African Energy	Fair	Fully Priced	$55m	Zambia	Karoo
AXY	Atom Energy	Sound	Good	$15m	NT. Utah	sandstones
EVE	Energy Ventures	Fair	Reasonable	$34m	Zambia	Karoo
ERN	Erongo Energy	Fair	Cheap	$15m	Namibia	granites (alaskite?)
IPT	Impact Minerals	Good	Cheap	$9m	WA, Botswana	calcrete
MEE	Metex Resources	Good	Fair	$118m	Italy/Sth Aust	volcanic/IOCGU
MHL	Monitor Energy	Fair	Cheap	$18m	Kyrgyz	coal hosted
PEN	Peninsular Mining	Good	Good	$38m	Wyoming/Sth Afr/Aus	sandsonte/Karoo/paleo
SRZ	Stellar Resources	Good	Sound	$15m	Sth Australia	paleochannel
URA	Uran	Fair	Inexpensive	$11m	Ukraine	sandstone
UEQ	Uranium Equities	Good	Reasonable	$35m	Australia	various
WME	West Aust. Metals	Fair	Reasonable	$98m	Namibia	calcrete
WMT	Western Metals	Excellent	Reasonable	$60m	Tanzania/USA	Karoo/sandstones

C. Grass Roots Explorers

These stocks will be covered in a subsequent review.

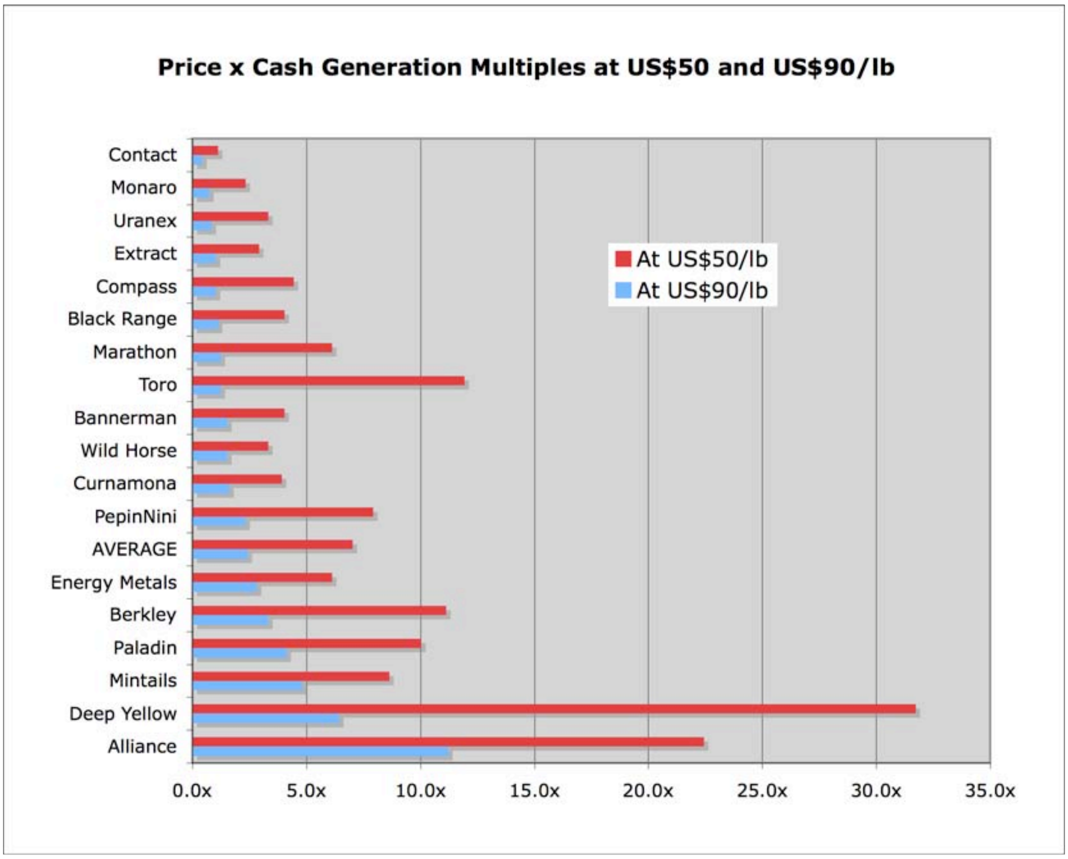
AUTHORS NOTE: This is designed as a quick reference document giving views on the companies listed, from one person's perspective. Relative value is the key, taking into account risk profiles of investors. There is a paucity of information from most of these companies and therefore fundamental analysis 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	One of the lowest risk plays due to grade and experience – will continue to improve
Arafura Resources	Promising stock on rare earths, but uranium is only a by-product
Atom Energy	Lost the initiative in market place – initiative in Utah might add interest
Bannerman Resources	A market leader with big promises, but still much work to do – takeover speculation
Berkley Resources	Good projects in Spain, but could do with better grades
Black Range	Well positioned for production in Colorado – good fundamentals
Compass Resources	More of a base metals play – share price looking ominously sick in the market
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 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	Useful resource but smaller than the leaders in Namibia – sold down to very low levels
ERA	Premier uranium stock
Extract Resources	Riding the boom of enthusiasm for Namibian plays – good fundamental value
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
Metex Resources	Clean carbon coal taking the spotlight, but interesting uranium discovery in WA
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 being 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
Peninsular Minerals	Good projects in Wyoming, but securing better ground position before promotion
PepinNini Minerals	One of the more modest companies but good JV with Chinese to advance production
Southern Cross	Tiny company going along for the ride with Energy Metals
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 state, but there are many obstacles
Uranex	Lost some appeal in recent months after board spill – needs more news out of Tanzania
Uranium Equities	Suffering after Mulga Rocks case – interesting NT projects
Uranium King	Good value stock merging with Monaro
West Aust. Metals	In favour for large low grade project in Namibia, but smaller than BMN, Extract
Western Metals	Tanzanian projects have promised much, but waiting on resource statement
Wild Horse Energy	Higher flyer falling heavily – good US projects and Hungary resources

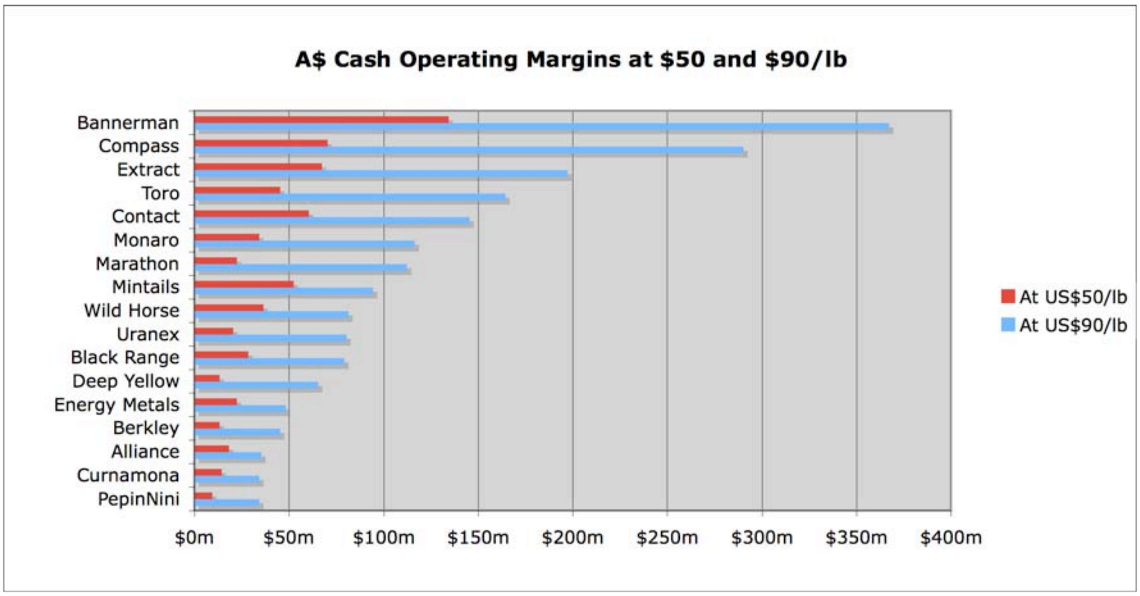
Cash Generation Multiples Comments – We Have Used Two Scenarios

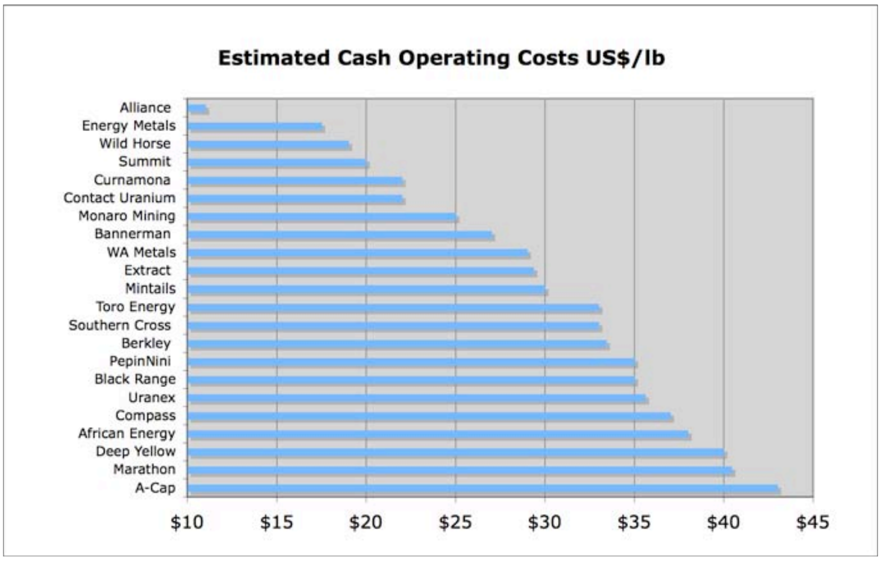
- We expect that the uranium price **will trade in the range of US$80-$100/lb in 2008**. The blow-out price of US$135/lb seen last year was just that – a blow-out. We should not expect to see anything as crazy as this again, in the foreseeable future.
- Longer term, given the multitude of low-grade projects that could come on-stream at the higher prices, we **expect that the uranium price will 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 and US$90/lb.
- **At US$90/lb;**
    - The average cash generation multiple is 2.4x, (compared with 1.9x last September)
    - The cheapest companies, selling on a multiple of <1x, are;
        - Contact, Monaro, Uranex and Extract
    - The most expensive companies, on multiples > 10x are;
        - Deep Yellow and Alliance
- **At US$50/lb**;
    - The average cash generation multiple is 7x
    - The cheapest companies, selling on a multiple of <3x, are;
        - Contact, Monaro, Extract and Compass
    - The most expensive companies, on multiples > 10x are;
        - Deep Yellow, Alliance, Toro and Berkley



Cash Operating Margins

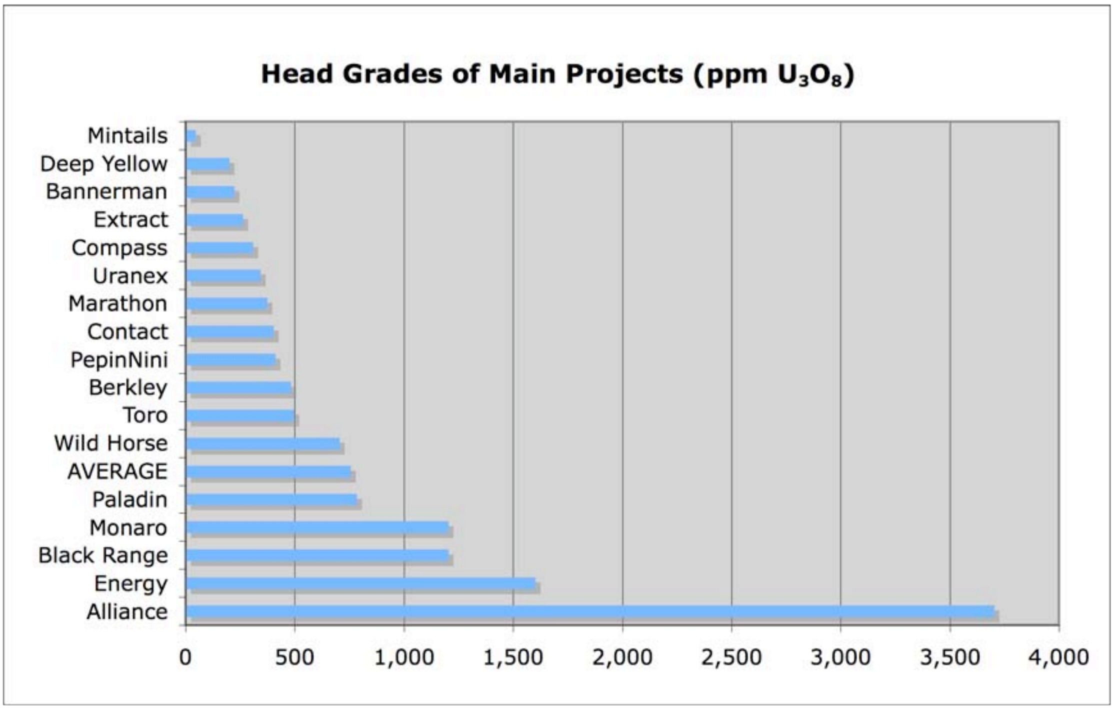
- We prefer to assess companies according the cash generation potential of their projects, focusing on direct cash operating costs rather than NPVs and other more fancy methods. Over-analysis can lead an analyst to have an unwarranted sense of certainty when in fact there are many things that go wrong. 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$90/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 there 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.

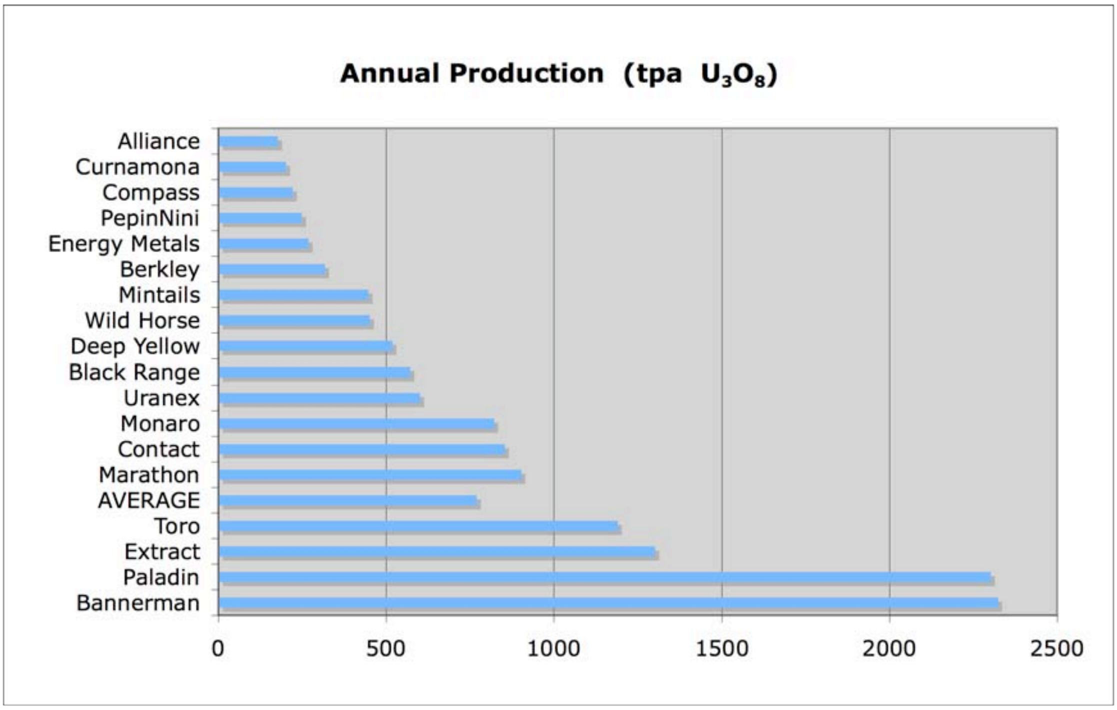




Head Grades and Annual Production Levels

- The average head grade of all projects is 750 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, .



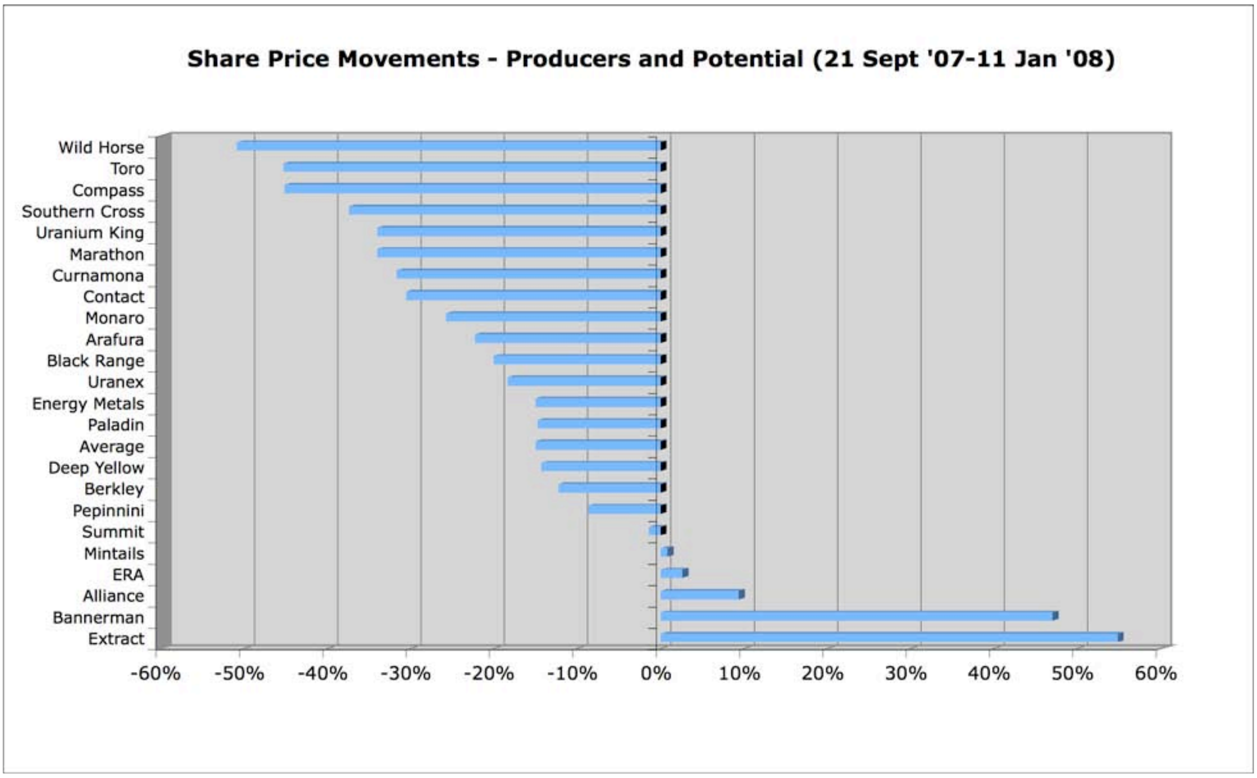


Share Price Movements (21 Sept '07 to 11 January 2008)

Producer/Potential Producer Category

The chart of the share price movements is almost the same as the one in the September review, reflecting four months of continued pain in the uranium stocks, even at the quality end.

- 78% of the stocks went backwards, with the average fall being 15%.
- Only five stocks improved. The best two performers were Namibian based companies with large projects, but a strong speculative element as their publicised scoping studies assume continued drilling success;
  - **Extract** (+55%) - expansive project in Namibia (but no JORC resource yet)
  - **Bannerman** (+47%) - even more expansive project in Namibia
  - **Alliance** (+9%) – best quality uranium discovery in this cycle, highest grades
  - **ERA** (+3%) – increased mine life
  - **Mintails** (+1%) – producer of gold from tailing in South Africa, also to recover uranium as well
- The worst performing stocks were;
  - **Wild Horse** (-51%) – a wild ride up on heavy promotion followed by very steep fall
  - **Toro** (-45%) – market not enamoured in merger with Nova and WA-based project
  - **Compass** (-45%) – almost no news flow on uranium, Browns Oxide base metals project the focus



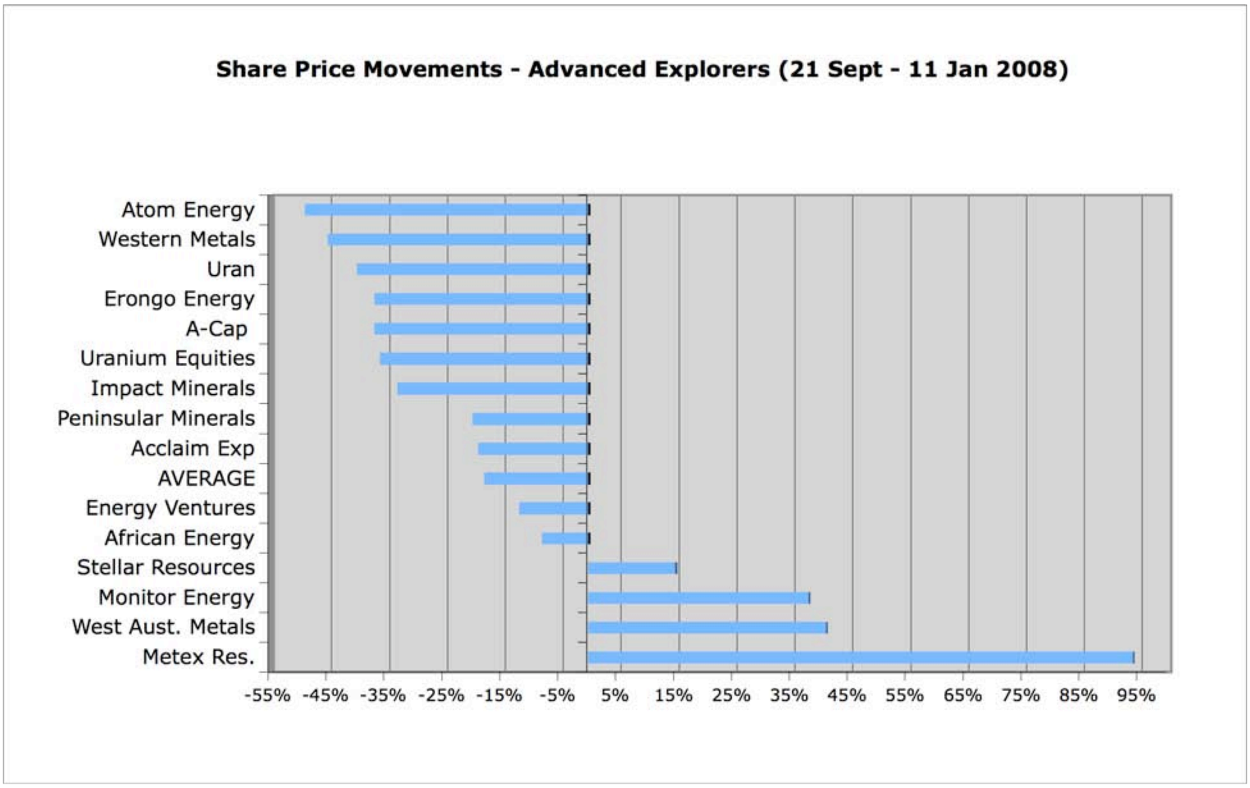
Share Price Movements (21 Sept 2007 to 11 Jan 2008)

Advanced Explorer Category

The Advanced Explorer category was similarly dealt with in the market over the past four months with a similar chart showing an average fall of 18% for the period under review.

- The best performing stocks were;
    - **Metex Resources** (+ 94%) – but the interest is stemming more from clean coal technology, not uranium, and possibly its gold resources as well.
    - **West Australian Metals** (+ 41%) – another Namibian play, but more modest in size
    - **Monitor Energy** (+38%) **–** uranium and oil and gas exploration in the Kyrgyz Republic

- The worst performing stocks were;
    - **Atom Energy** (-49%) – after a strong IPO performance last time around
    - **Western Metals** (-45%) – after exuberant buying from the US earlier this year
    - **Uran** (-40%) – reflects difficulties in deal with ex-Soviet states



Latest News and Investment Perspective of Individual Stocks

A. PRODUCERS AND POTENTIAL PRODUCERS

Company	Comments

Alliance Resources
Price *$1.40 (+9%)*
Mkt Cap *$382m*
Quality *Excellent*
Value *Sound – Low Risk*

AGS still lays claim to the most exciting uranium discovery in Australia for 30 years with the 15,000 t U_3O_8 Four Mile West inferred resource (25% interest in this resource). Most notable is the very high grade of 3,700 ppm. The resource was drilled on a 100m x 100m grid over a 0.5 km^2 area, within a much larger area exceeding 5 km^2. Drilling to the south has identified several other areas of mineralisation.

Drilling in the northern section of the resources is being reduced to 50m centres, showing that the high grade zone is more sinuous in shape and requiring closer spaced drilling.

The average thickness of the mineralisation is 2.2m, in two lenses and the cut-off is 0.5m @ 500 ppm. The average depth of the resource is 152m.

On 4/1/08, AGS reported a new round of high grade drill results from Four Mile East, ahead of an anticipated resource statement for this location later in January, though elsewhere in the release there was a statement that there will be a resource estimate in Q2, 2008 (may be referring to different areas). The Company is currently selecting a suitable location for its first Field Leach Trail.

We have revised our estimates, reducing the expected throughput needed to extract 700 tpa U_3O_8. The project could achieve this level of production by "processing" less than 300,000 t of ore p.a. (but it doesn't actually mine ore, due to the ISL method). This would be a small scale operation costing only $20m, involving the development of 14 ISL 6 well arrays and associated piping. The ability to recover the uranium from the liquor at the Beverley plant, only 8 km away, makes everything that much easier.

The Company indicated that the cost would be less than US$14/lb, but we have trouble seeing that it would even be this high. It is more likely to be less than US$10/lb.

Given that such a small operation would give a 14 year mine life, and there are plenty of additional tonnages awaiting JORC status (drilling is required), there is potential to at least double the throughput within a few years of production commencing.

The ultimate size of the Beverley 4 Mile discovery is yet to be determined, though there are expectations that it could be in the order of 50,000 t U_3O_8. It may be that the West and East deposits actually join up. Investors should not be expecting a rapid delineation of this tonnage though, as the physical work involved means that it could take 3-4 years to prove.

***Investment Perspective**: We see AGS as one of the lowest risk ways to play the uranium market at the moment. There are no geopolitical issues due to South Australia's favourable approach to uranium. The grade is wonderfully high, guaranteeing huge profit margins. The potential for multiples of the current resource is very strong; we may see this quadruple. The ability to dovetail with the Beverley operation only 8 km away will make for a seamless, early development.*

Based on its 25% share of the project, which could produce 700 tpa U_3O_8 at a cash cost of US$10/lb, AGS could earn a cash margin of 13¢ a share, placing it on a PCG multiple of 11x. While this is more expensive than many others, it is also more tangible and higher quality. The resources would be there to double the throughput. (Disclosure: The author and associates own shares and options in Alliance).

Arafura Resources
Price *$1.08 (-22%)*
Mkt Cap *$172m*
Quality *Good*
Value *Expensive*

ARU has announced a 200 t bulk sampling programme commenced in December, to extract 40 t of ore that will be representative of the first two years' production. On-site heavy media separation will be undertaken and the concentrate will be sent to ANSTO's Lucas Heights pilot treatment facility. The phosphoric acid recovery plant is currently being shipped to ANSTO, from Israel. Results are expected in 2008, but there hasn't been a specific month mentioned.

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. 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.

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 shares have been on the wane after a very impressive performance earlier in the year. At some point, when the stale bulls have exited, the shares may offer sound value again for the patient investor.*

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Bannerman Resources

Price *$3.47 (+47%)*
Mkt Cap *$525m*
Quality *Sound*
Value *Fully Priced*

Following on from the release of the Scoping Study in Spetember, BMN is continuing with an aggressive drilling programme. On 6th December, it released an impressive intercept of 235m at 389 ppm and an intercept of 5m at 398 ppm, to a vertical depth of 450m. Both intercepts were from a 100m x 100m pattern. These, and other holes from the programme, confirm that huge size of the Goanikontes ore system. There were more than 62,000m of drilling conducted in 2007.

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). Given the drilling that has taken place over the past few months we feel that this is a reasonable extrapolation and likely to be supported by the next two resource statement, scheduled for January and March/April 2008. 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 (but note that all up mining costs per tonne of ore delivered to the mill 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 ability to use contractors – assuming one can be found in Namibia of the size required – will save 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 trial 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 last two years Rossing has incurred capex of US$46m and US$104m, according to publicly released figures.

Investment Perspective*: Bannerman and Extract, have been two of the best performers in the market over the past few months. Both have large tonnage, low grade projects in Namibia. Both have recently listed on the TSX, giving better access to North American* *institutions and investors.*

A year ago the market was awash with suggestions that RIO could be interested in bidding for BMN; then it became apparent that with the higher uranium price Rossing could be looking at a 50 year mine life from its own leases. More recently brokers have been suggesting that Areva could be interested in making a bid. While that suggestion can occupy bantering time, we prefer to focus on fundamentals in the search for value.

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Berkley Resources
Price $1.22 (-12%)
Mkt Cap $133m
Quality Good
Value Fair

On 19 November, 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%.

If the cut-off grade was reduced from 200 ppm to 100 ppm, the indicated and inferred resource figure is 22.9 mt at 389 ppm, for 8,908 t U_3O_8, giving an additional 22% of contained uranium.

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 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.

The smaller Zona 7 deposit occurs within 20m of the surface as a flat-lying layer, comprising gummites and black oxides with significant torbenite and autunite, usually in altered biotite+chlorite schists. Mineralisation is usually 5-15m thick.

BKR is now undertaking a scoping study, due for release early in 2008.

Investment Perspective: *It is quite common for companies to announce an increase in the total size of a uranium resource whilst reducing the average grade at the same time. The question investors need to ask is whether the increase in the scale offsets the lower profit margin per pound produced. In this case, the resources are found in a number of deposits which probably doesn't mean a commensurate increase in economies of scale for mining.*

We await the scoping study with interest. In the meantime, our numbers suggest BKR could produce 316 tpa at a grade of 480 ppm, to earn a cash flow of $45m p.a. on capital expenditure of $64m. The cash generation multiple of 3.3x sits in the middle of the pack when compared with other potential producers. Relative value is reasonable without being compelling.

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Black Range Minerals
Price $0.12 (-20%)
Mkt Cap $80m
Quality Good
Value Excellent

On 29th November, 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, 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 11¢ 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 of approximately 1.2x. It appears to have a good project with flexibility regarding grades and a sizeable resource. Its proximately to a nearby mill, with toll treating possibilities, could give the Company a head start. It is one of the better value uranium stocks.*

Compass Resources

Price $2.25 (-45%)
Mkt Cap $287m
Quality Excellent
Value Good

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, 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. Our numbers have confirmed that it should indeed be a very profitable operation. More information will be made available when the spin-out company is closer to being finalised.

In the Chairman's address at the recent AGM, CMR predicted annual revenue of $116m and a NPV of $68m at a uranium price of US$60/lb, and $219m .pa. and NPV of $429m at US$113/lb. Uranium production would be in the order of 2,200 tpa.

Elsewhere, CMR has stated that its key project, the oxide base metals operation, is due for commissioning in Q1 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 September 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?*

On 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! So why is the share price continuing to fall? Maybe the US investors hold the key. Companies such as A-Cap, Western Metals and Wild Horse were all pumped to silly levels on US buying. It is the same stock coming out now that is driving the price lower. If so, the astute buyers will be able to take advantage of the selling.

Contact Uranium

Price $0.375 (-31%)
Mkt Cap $47m
Quality Fair
Value Very Cheap

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

On 28th November, CTS reported the results from the first line of holes at the lower grade, north end of project. A cut-off grade of 50 ppm was used in order to get an idea of the size of the system. It is important to note that there is no geological boundary at Corachapi. The grade just weakens as you go further out into the boundaries. This means that CTS will have the flexibility to select a mining cut-off grade to suit a variety of styles of operation.

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$45m. 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 $120m or 70¢ a share i.e. a cash generation multiple of 0.5x.

CTS has conducted bulk sampling on the Kamushanovskoe uranium project 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 6.5km x

0.5km. A further 240 holes are to be drilling in 2007.

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.

***Investment Perspective**: The potential numbers on a heap leach operation at Corachapi look simply stunning and suggest the shares are very cheap at these prices. We should look forward to a rising share price as further drill results confirm the size of the resource and as investors become more comfortable with the heap leach concept. A multiple of the current share price should reasonably be expected. (Disclosure: The author and associates own shares and options in Contact).*

Curnamona Energy
Price *$0.82 (-32%)*
Mkt Cap *$54m*
Quality *Good*
Value *Excellent*

CUY has been quick to take the plunge and is moving to conduct field trials on the suitability of the Oban mineralisation for ISL recovery. The proposal is subject to public review early in 2008.

CUY plans a five hole array to recover 20-40 tpa 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.

Oban 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.

***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) has 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 tpa resource is proved, with cash costs of not more than US$22/lb. If so, the potential cash flow multiple is 1.7x, with upside from there. Numbers are still vague, but we have particular respect for this company and its management.

Deep Yellow
Price *$0.36 (-14%)*
Mkt Cap *$411m*
Quality *Good*
Value *Expensive*

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 250mx 125m and 200m x 200m grids respectively. The main mineralisation appears to be carnotite. An s.g. of 1.8 was used.

In mid-December 2007, DYL announced discoveries of alaskites on its Namibian licences with composite samples of 2,000 to 4,500 ppm U_3O_8 over an area of 4 km^2. The mineralisation was described as patchy and not typical of alaskites. An RC drilling program will commence in January to test the mineralisation at depth. Interestingly, it also announced the discovery of iron oxides that returned composite samples of 200-400 ppm U_3O_8. Again, RC drilling will test this in January.

In a further rationalisation of its projects, 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.

***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.*

The market will now be looking for more information on metallurgy and production *parameters. The 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$90/lb, this would place the shares on a cash generation multiple of 6.4x, 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 Metals
Price $3.40 (-15%)
Mkt Cap $130m
Quality Good
Value Good

EME is continuing to drill the Bigrlyi project with good high grade intercepts being recorded. In November 2007, it released intercepts that included 3m at 5,900 ppm, 6m at 9,500 ppm and 4m at 5,700 ppm. To that date EME had drilled 274 holes for 55,021m in 2007, with 75% of these holes intersecting anomalous uranium values. The majority of the holes have been drilled outside the current resource envelope, suggesting that we can expect a resource upgrade in 2008.

A positive scoping study was also released in November, 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 the numbers will change to account for the positive drill results referred to above. Capital cost is estimated at $70m, but this does not include underground development, which commences in year three. Open pits cease in year five.

On 2/3/07, EME announced a useful increase in the Bigrlyi resource to 4.53 mt at 1,400 ppm for a resource of 6,020 t (EME 53.3%), indicated and inferred. Most of this is above 200m vertical. The resource was calculated with the kriging method and it includes 43 recently drilled holes, applying a 500 ppm cut-off grade.

EME has been drilling continuously over the past few months, regularly reporting good drill results that provide confidence that there will be significant increases in the resource when next calculated.

Investment Perspective *– The scoping study was an important source of information regarding project economics, but it was lacking one essential item – cash operating costs. This seems to be a trend amongst uranium companies. Nevertheless, we have used $49/t for site cash costs, which has given a unit cost of US$17.50/lb. This would place the shares on a cash flow multiple of almost 3x, suggesting that the market appreciates the potential, but needs more definitive information.*

We view EME as one of the premier new producers on the bourse, principally because of the high grade and the location in the NT. However, the shares are very tight and difficult to trade. We expect further upgrades to the resource base and improved economics during 2008. EME stands out as a takeover target.

ERA
Price $18.00 (+3%)
Mkt Cap $3.4bn
Quality Excellent
Value Reasonable

On 27 September, ERA announced a reserve increase of 4,875 t U_3O_8 due to a pit extension and improved pit design. The pit pushback will extend mining until 2012, with processing scheduled to conclude in 2020 i.e. a remaining operational life of 12 years. Having said this, ERA has also stated it is studying further extensions.

The September quarter saw milling of 481,493 t, a 2% improvement on the June quarter. A 3% better head grade was not enough though, as U_3O_8 production fell 9% to the annualised rate of 5,452 t U_3O_8, a decline of 9% on the previous quarter.

Sales remain subject to forced majeure due to flooding of Pit 3 in February and March, and will continue for the first six months of 2008. ERA has forecast production of > 5,200 t U_3O_8 for 2007, and a similar figure for 2008. Construction of a $28m laterite treatment plant commenced in the June half. It will recover another 400 tpa U_3O_8 from 2008 until 2014.

Investment Perspective *– We have previously expressed confidence that Ranger's life will be extended, based on the excellent drill intercepts that were not incorporated in the earlier mine plan. That opinion has proved to be well founded. The 12 year mine life should be extended yet again, when the Company deems it appropriate. It continues as one of the premier uranium companies in the world even though it is not benefiting to any great extent from high uranium prices due to pre-existing long term contracts.*

Extract Resources
Price $0.96 (+55%)
Mkt Cap $177m
Quality Good
Value Sound

EXT has confirmed the production potential of its Ida Dome alaskite project with the release of a scoping study in October 2007, 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 assessed. The ability to use radiometric sorting has been assumed, which reduces the volume through the mill to 4.7mtpa, and lift the head grade to 320 ppm.

As with other companies, such as Bannerman and Wild Horse, EXT has assumed that exploration will delineate sufficient tonnages to justify the plant size. The assumed resource was 54-63 mt at 200-300 ppm. Currently, the latest resource statement stands at , so there needs to be upgrades.

The project had previously been drilled by Anglo in the late 1970s, with about 60 holes drilled. At Holland's Dome a 500-600 ppm high grade area was identified, believed to be due to a higher proportion of internal sediments with some sort of redox action. Multiple zones give a collective width of 90-100m. Note that this zone won't be drilled until the December quarter.

Another location to the north, named Rossing South, has been interpreted as an extension of the same stratigraphy as that of the Rossing mine, 5 km to the north. EXT has 15 km of this stratigraphy to test. There was an ASX release on 30/8/07, that reported a line of six shallow holes drilled through 40m of transported overburden and leached saprolite. Three of these returned anomalous uranium of 100-188 ppm, spanning a 160m width.

Investment Perspective *– Extract's share price has had a spectacular run over the past few months, coinciding with a Canadian listing. EXT has a similar project to that of Bannerman, but probably a year behind due to a lesser number of historical drill results. There seems to be a greater variety of styles of uranium mineralisation (though it is all similar) and the potential for higher grades. Based on the scoping study, the shares are selling on a cash generation multiple ox 1x, which is cheaper than its Namibian cousin, Bannerman.*

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Marathon Resources

Price *$2.00 (-34%)*
Mkt Cap *$125m*
Quality *Fair*
Value *Reasonable*

As MTN tries to regain the initiative it has announced an accelerated drilling program that is starting early in January. A 50 hole, $7.2m drilling program is already in progress, but the arrival of a third rig will boost the news flow. The bulk of the results from this program will be available in the June quarter of 2008. The pre-feasibility study and environmental impact statement are being pursued, simultaneously.

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.

The market reacted adversely to the revised resource statement, made on 17/9/07, quoted an indicated and inferred resource of 42.8 mt at 629 ppm for 26,900 t U_3O_8, with 93% of this being inferred. (the previous estimate was 45.6 mt at 680 ppm for 31,200 t). Both resources used a 300 ppm cut-off grade. If a 700 ppm cut-off is used, the resource is 13 mt at 920 ppm for 12,100 tonnes. SMG Consultants did the work based on 71 holes for 15,390m.

The figures amount to a reduction in the size of the resource at Mt Gee. This has been explained by saying that the resource model assumes a 40% smaller area due to grade continuity issues. It presents a few challenges to MTN, particularly regarding the previously advised timetable.

In the June quarterly report, MTN said that it was now 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 is 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. *(Note: some company releases say 760 ppm, but the latest presentation said 670 ppm)*

Investment Perspective*: MTN was a spectacular performer at the height of the uranium stock market boom, but a series of disappointments has seen the shares fall by 70% from the high of $6.98. The current drilling program will hopefully address the issue of continuity and enable more effective mine planning. At this point we could probably say all of the negatives are out in the market place, and this may suggest that the shares could start to rebuild from these levels, under the direction of the Talbot/CITIC Australia group which recently increase their shareholding to 21.3%. Drill results will be the key, but meaningful information is a few months away. The cash generation multiple of 1.2x is modest.*

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MLT is involved in two joint ventures in South Africa to recover gold and uranium from

Mintails
Price *$0.605 (+1%)*
Mkt Cap *$426m*
Quality *Fair*
Value *Fair*

tailings dams. MLT has 45% of the first one, WERGO, announced in April 2007, with Western Rand Consolidated. The second one is the ERGO Mines JV with DRD Gold (MLT 50% pre BEE equity)..

The WERGO project has 305 mt of tailings containing 14,000 t U_3O_8 and 2.2 mill. oz of gold. Phase 1, due to commission in October 2008, will treat 9.6 mtpa to recover 500 tpa of U_3O_8 and 60,000 oz p.a. of gold. Cash costs of US$7.30/t have been forecast. Phase 2, scheduled to be commissioning in mid 2009, boosts throughput to 30 mtpa for 590 tpa U_3O_8 and 150,000 oz p.a. of gold. Refurbishment of the Brakpan plant will take 36 months from November 2007. Mintek has conducted test work that suggests recovery rates in the range of 70-86%. The uranium rich slurry will be toll-treated by Nufcor.

The ERGO JV has a massive 1.7bn of tailings. Phase 1, involves the treatment 15 mtpa to recover 75,000 oz p.a. of gold only, at a cash cost of R18/t (US$545/oz). Phase 2, 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 needs to be assessed for the uranium content. These tailings represent only 10% of the material available to the JV.

The most recent JORC compliant resource statement was made in October 2007, when MLT announced indicated and inferred resources totalling 323 mt containing 13,745 t U_3O_8. The grades vary from 33 ppm to 51 ppm U_3O_8, with an average of 43 ppm.

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: *It appears that the commissioning of the WERGO Phase one plant has been delays by about 12 months, though a small uranium recovery may operate from early 2008. Given that the uranium recovery will be a by-product of the gold production we can say that MLT will recover the uranium at minimal cost. Our numbers in the table are only approximate. We have not included cash operating costs for uranium, but we haven't considered any income from the gold circuit either. A specific analysis is required to determine accurately the value of MLT.*

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Monaro Mining
Price *$0.78 (-26%)*
Mkt Cap *$76m (post merger)*
Quality *Good*
Value *Excellent*

To date, MRO's main area of operation has been the Central Asian Kyrgyz Republic. Seven licences are held covering a number of orebodies and mineralisation identified by Soviet geologists with C1, C2 and P1 figures of approximately 2,000 t of uranium. Styles of mineralisation include volcanic/brecciated deposits, sandstone and limestone hosted and black shale/chert types. Due to most of the geological information being sent back to Moscow, MRO has had to go back to first principles in many instances to re-create the data bases, which has taken its time. Nevertheless, it has an attractive portfolio of projects that include historical uranium mines.

More recently MRO has shown its willingness to embark on corporate initiatives with the announcement of a friendly merger with Uranium King, an ASX-listed company with two prospective uranium mines in Nevada and New Mexico, USA. Based on the bid terms of 5 MRO shares for every 7 UKL shares, the combined company will be capitalised at approximately $75m and have about $12m in cash. The merge is due to be finalised in late February 2008.

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 are 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$40m p.a. or 34.5¢ per share, commencing in 2-3 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 the 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$70m for this operation, or 60¢ 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 spectometer surveys have already identified large contiguous anomalies in the area which 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 move 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 March, 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 $100m on current economics, but the market capitalisation of the merged entity is only $70-80m, with over $12m 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).

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Nova Energy

NOV was removed from the official list of the ASX on 16 November 2007, following compulsory acquisition by Toro Energy.

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Omega Corp

OMC was removed from the official list of the ASX on 14 September 2007, following compulsory acquisition by Denison Mines.

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Paladin Energy

Price *$6.01 (-15%)*
Mkt Cap *$3.6bn*
Quality *Excellent*
Value *Sound*

An expansion for Langer Heinrich is being undertaken, with completion due late 2008. This will see ore crushing capacity lift from 1.5 mtpa to 2.2 mtpa, and uranium production lift from 1,180 tpa to 1,680 tpa.

The September quarter saw production of 124 t U_3O_8. PDN shipped 150 t at an average price of US$78/lb. Cash receipts of $20m were received but the Company recorded a US$14.5m loss for the quarter.

PDN reported that there was good reconciliation between the ore grade mined and the plan but with higher tonnages. Leaching has been operating at design rates and the counter current decantation was operating according to design after modifications. Clogging of columns in the ion exchange continued to be an issue, but four additional IX columns have been ordered, at a cost of US$6-10m, for installation in December.

PDN has sales contracts covering 7.5 mill lb (3,400 t) of U_3O_8 for delivery between 2007 and 2012. Langer Heinrich production is expected to reach an annual rate of 3.7 mill. lb p.a. (1,680 tpa) by late 2008, when stage two kicks in. Cumulative production to Dec '12 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.

On 15/8/07, PDN announced it had signed the EPCM contract for Kayelekera with E&PC. The mining and earthworks contract was signed with Mota Engil Engineering, a Portuguese company. Pre-strip mining operations are scheduled to commence prior to the end of 2007. Mine commissioning is schedule for late in 2008. PDN has an 85% equity and the capital cost is estimated at US$185m for a 1,500 tpa U_3O_8 production rate.

Investment Perspective: *One of our constant themes in advising on mining stocks is the commissioning risk. It is most unusual that any mining project starts up perfectly on day one. We all know that but almost everyone forgets it. We are seeing it play out with Langer Heinrich now and the share has suffered as a result. It is something that has to be worked through. The 500 tpa U_3O_8 expansion, due to kick in at the end of 2008, should deliver trouble-free increased earnings.*

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, as well as a pipeline of projects that will see a growth curve that extends for perhaps a decade. Price movement *over the next six months will be very dependent upon the market's perception of whether or not the Company is delivering on promises. It could also be a takeover target itself.*

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PepinNini Minerals
Price $1.05 (-9%)
Mkt Cap $73m
Quality Fair
Value Reasonable

Sinosteel has acquired a 60% interest in PNN's leding 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 a A$160m, 1.7 mtpa plant.

Plugging these numbers into our spreadsheet give PNN a cash cost of about US$35/lb and cash generation of $34m p.a. for its 40% equity. The cash generation multiple is almost 2.1x.

In its latest update to the market, in November, 2007, PNN announced that it was working on process design and preparing for resource definition drilling. A 200 kg bulk sample, grading 750 ppm, has been collected from mullocks dumps and is being used for metallurgical testwork by Amdel. A second, 150 kg bulk sample is being tested by ANSTO at Lucas Heights. Resource drilling is scheduled to commence in February.

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.

Investment Perspective: *There has been no further news on the share buy-back, but the Company has declared and paid a 5¢ a share dividend based on the profit of the sale of the equity in Crocker Well. This has consumed about $3.5m of a $34m cash balance.*

The deal with Sinosteel really underwrites the future of the Company, at least for the foreseeable future. We now wait to see how long it takes Sinosteel to advance the project and overcome any technical issues. We also look forward to some insight as to whether Sinosteel wants to expand the resource before going down the development path. The company has strong exploration culture with other targets being for nickel, copper and gold. The cash generation multiple of 2.1x is about mid-range when compared with other companies.

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Southern Cross Expl'n
Price $0.0.72 (-37%)
Mkt Cap $6m
Quality Poor
Value Fair

This is an outsider in the uranium business with a tiny interest in a small project – Bigrlyi (see Energy Metals).

Investment Perspective*: With a minimal cash balance and a tiny market capitalisation, SCX is not seen as a viable route to participate in the uranium sector. It will probably sell its stake for the best price it can get, eventually.*

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Summit Resources
Price $2.73 (-1%)
Mkt Cap $586m
Quality Good
Value Good

Much of the activity for SMM over the past few months has been the settlement of litigation. The Georgina Basin suit against Newland Resources has been terminated. Paladin has settled the litigation concerning Resolute and Valhalla Uranium. The one outstanding matter is an application by Areva to be granted leave to intervene in the Resolute proceedings and prevent the settlement. It all sounds like a payday for lawyers.

On the operational front, SMM has continued with its drilling program with generally positive results. Work has commenced on baseline environmental studies and metallurgical test work. A budget of $8m has been approved for 2007/08, including almost 50,000m of drilling. 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.

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 appears 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 sock exchange.

Investment Perspective: *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. In the meantime it will be interesting to see what progress makes on the exploration front and whether the resources are as high quality as they* *were promoted to be by the previous management. The suggestion that a 400m deep open pit may be economic is interesting.*

Toro Energy
Price *$0.375 (-45%)*
Mkt Cap *$186m*
Quality *Excellent*
Value *Sound*

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.

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

***Investment Perspective** – TOE is a more significant company now with the addition of a prospective producer at Wiluna, but so far the Company has not been able to impress upon the markets the merits of the merger (if the sliding share price is any sort of indicator). Maybe the continuing obstacles in WA are keeping some players away from the shares. With a cash generation multiple of 1.2x the shares seem to offer good value but the lead project is in WA and that is a problem. Perhaps some excitement on the exploration front is needed – perhaps in Namibia.*

Uranex
Price *$0.755 (-18%)*
Mkt Cap *$64m*
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 239 holes for 2,817m (average depth 11.8m) on 100x200m and 100x400m 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 with a resource quantification scheduled for the December quarter, 2007.

***Investment Perspective:** UNX needs a large scale palnt 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, that dilution needs to be considered. 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.*

There seems to have been some sort of a coupe a UNX in November 2007, with George Kenway and Rob Edwards resigning as directors. The Exploration Manager subsequently resigned.

Uranium King
Price *$0.43 (-34%)*
Mkt Cap *$37m*
Quality *Good*
Value *Excellent*

In October 2007, UKL announced that it will merge with Monaro Mining in a friendly transaction with UKL shareholders to receive 5 MRO shares for every UKL shares. Given that the major shareholder of UKL is very supportive of the transaction, with 54% of the company, we have written this note on the assumption that there merger has been completed. See the section on MRO for coverage of existing UKL projects.

***Investment Perspective:** UKL presents a cheap entry into MRO at these levels. Once the merger is completed we should see the benefits of the larger, more liquid entity become recognised in the market place, particularly considering that the AMEX listing being obtained by Monaro. The UKL USA-based projects will offer particular appeal to USA-based investors, as will the access to a domestic stock exchange. (Disclosure: The author* *owns shares in UKL).*

Wild Horse Energy
Price *\$1.16 (-51%)*
Mkt Cap *\$113m*
Quality *Good*
Value *Reasonable*

WHE has announced that it expects to spend \$2.5m between now and the end of March, across its diversified portfolio of uranium projects in Wyoming, Paraguay and Hungary.

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.

Back in August 2007, WHE announced the granting of concessions in Paraguay, saying that it believed there was potential for 6-9,000 t U_3O_8 at grades of 500-1,400 ppm, at expected depths of 150m to 400m. This is about to be drilled.

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. Testwork 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 very aggressive in promoting itself and it has managed to secure some influential shareholders along the way, as well as the backing of Goldman Sachs. Nevertheless, the shares have been sold down aggressively along with the rest of the uranium sector. The shares offer fundamental value based on the scoping study for Bison Basin, but remember that this is based on expectation of exploration results as opposed to complete JORC resources – so there is a speculative element to the findings. The resource in Hungary is significant but as it is an underground proposition we need to see some more information on operating conditions and costs. Generally, it has a strong portfolio of projects that need time to demonstrate their merit. The share should turn upwards again when buyers come back to the uranium sector.*

ADVANCED EXPLORERS

Company	Comments

A-Cap Resources
Price *$0.57 (-37%)*
Mkt Cap *$63m*
Quality *Good*
Value *Fair*

The big news for ACB has been the release of its first resource statement, at Mokobaesi and Krakeen in Botswana. A table of inferred resources was released in December, using a variety of cut-off 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 run a few 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 $80m 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$43/lb, but at US$90/lb this would still generate a positive cash flow of $55m p.a. or 48¢ a share, pre-dilution for financing.

Investment Perspective*: The resource statement was in-line with our expectations, based on the physical parameters and earlier grades reported. It confirms the extensive uranium mineralisation and the company's legitimacy as a genuine uranium player.*

ACB could make substantial profits if the uranium price stays up at current levels though it is likely to be a higher cost producer offering strong leverage to the uranium price. Our view is based on numbers generated in-house, not on official ACB numbers. We will watch with interest to see if the company can come up with studies that optimise the outlook – particularly if the grade can improve by 10-20%.

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Acclaim Exploration
Price *$0.022 (-19%)*
Mkt Cap *$13m*
Quality *Fair*
Value *Cheap*

The long awaited update on Denny Dalton was received by the market on 7 September, providing details of 44 diamond holes and 27 RC holes. The previously calculated inferred resource, of 31 mill. tonnes at 350 ppm U_3O_8 and 2.5 gpt gold now should be called into question as the drilling just showed how complicated the geology is.

On 13th June, 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: AEX is performing like an "orphan" in the market. There has been no news of note since the September release, so there is nothing on which to base enthusiasm. The shares are inexpensive at the market capitalisation of around $15m, but whether or not they are cheap depends upon the accuracy of the early resource statement.

The substantial component of gold in the resource should be attracting more market attention at present, but we really need definite news from the management before we can have any sort of confidence yet. Can the new CEO, Ralph Bagirathi, to rebuild the company and its credibility? One could be excused for thinking that there is not much downside at these levels, but there will have to be a share issue soon as cash levels would be below $1.5m.. *(Disclosure: The author and associates owns shares in AEX).*

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African Energy
Price *$0.36 (-19%)*
Mkt Cap *$55m*
Quality *Fair*
Value *Fully Priced*

AFR was spun out of Energy Ventures, raising $10m in an IPO that commenced trading on 12 April, 2007. EVE retained a 71% interest in AFR. Assets include projects in South Africa, Malawi, Zambia and Zimbabwe that focus on the Karoo sandstone. The Njame North prospect in Zambia has a reported resource of 2,200 t U_3O_8, at 400 ppm. AFR has a 70% interest in this.

The most advanced project is Gwabe, which AFR announced a 50% increase in the resource in December 2007. An indicated resource of 4.2 mt at 267 ppm was released, totalling 1,120 t U_3O_8, using a 100 ppm cut-off. Mineralisation is near surface at depths of 3-29m. A total of 161 vertical aircore and RC holes were completed on a nominal 200 x 50m grid, and XRF assays were taken.

These resources will be incorporated into the pre-feasibility study being conducted on the Chirunda project, which earlier had a stated resource of 5.5 mt at 400 ppm for 2,200 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 January 2009, but this should be considered unlikely especially given that the pre-feasibility study is running behind schedule. AFR is earning a 70% interest in this project.

In December 2007, AFR released assays from the first five holes of a 35 hole RC program on the Chisebuka project in Zambia, located 75 km SW of the Njame deposit. The results were generally of moderate grade and narrow, with the best being 7m at 445 ppm, including 2m at 762 ppm from 11m depth. The host is a sandstone unit believe to be of Karoo type. AFE is earning 30% initially by spending \$1m, and can increase to 70% on the completion of a pre-feasibility study.

Another project to keep an eye on it the Sese discovery in Botswana. Initial drill results in this sandstone-hosted mineralisation suggest moderate grades and widths from 1m up to 9m. A 39 hole program has been completed on a 400 x 100m grid. Assays from only 14 hole have been received.

***Investment Perspective**: We can't see how AFR has done enough work to satisfy a pre-feasibility study for a 635 tpa U_3O_8 operation. The numbers don't stack up yet, either on grade or tonnage. If we take the released resource of 5.5 mt at 400 ppm, a 1.75 mtpa operation would be required and this would give only a three year life. If the recently announced Gwabe resource was added (4.2 mt at 267 ppm) the life would extend but the grade would drop. On the 400 ppm grade we would expect cash costs in the order of US\$35-40/lb. Much more drilling it required before there is a realistic development possibility.*

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Atom Energy

Price *\$0.19 (-49%)*
Mkt Cap *\$15m*
Quality *Sound*
Value *Sound*

AXY commencing trading on 26 June 2007, after an IPO that raised \$10m at a price of 30¢. The flagship project is Cleo in the NT, 175 km SE of Darwin. Cleo has 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. AXY is having to re-drill the orebodies and it is currently awaiting further assays before recalculating the resource to a JORC standard. It seems likely that the tonnage will increase and the grade will come down, but we might reasonably expect 1-2 mt at 800-1,000 ppm, for contained uranium of 800-1,200 t.

Cleo mineralisation is found in iron rich sediments embayed in a granitic feature, but this has not been fully explored. AXY is focusing on the top 60m now, but Total had intercepts down to 110m. There is potential for extensions of the resource but the overall size may continue to be modest. Drilling will tell us more.

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 below its IPO price. It seems to offer solid value at these levels with a market capitalisation of \$16m and a cash balance of approximately \$8m. We see very little downside from here. (Disclosure: The author and associates owns shares in Atom).*

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Energy Ventures

Price *\$0.15 (-12%)*
Mkt Cap *\$34m*
Quality *Fair*
Value *Reasonable*

EVE hold uranium interests via a 71% holding in African Energy, 30% of Agricola Resources Plc (Scandanavia) and 100% of EVE Ventures Ltd (uranium in Sweden).

Nine licences and applications are held in northern Sweden covering strong uranium anomalies. The Company has stated it will release more information as it comes to hand.

On 4 May, EVE announced the purchase of a 29.9% interest in Agricola Resources Plc, a uranium explorer in Finland and Sweden, listed on the UK PLUS Echange. Copper-gold anomalies have been identified and gravity surveys suggest IOCGU targets. The Geddaur uranium project covers bedrock uranium identified in the 1970s through the follow-up of radioactive boulder trails. A trench sample of 500-1,000 ppm has been recorded over a length of 55m. The Mannakjaure project was also identified via boulder trains, with assays up to 1,000 ppm recorded. Drilling returned low to moderate grade uranium in pegmatite with maximum grades of 3,500 ppm over 0.5m.

Investment Perspective: *EVE presents itself as an incubator of uranium projects. It has already spun-out African Energy, and intends to spin-out or divest EVE Energy at some point. We may have seen the end of the market for hot uranium IPOs, so the deal flow opportunity is not as compelling as it was. EVE may be rated more as a uranium investment company from this point.*

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Erongo Energy
Price *$0.26 (-37%)*
Mkt Cap *$27m*
Quality *Fair*
Value *Cheap*

ERN 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.

Investment Perspective: *ERN has come back to a market capitalisation of approximately $15m, which is not expensive. The Area 1 resource potential is probably on the low side, whilst still containing a significant amount of uranium. To achieve the benefits of economies of scale we would probably want to see a doubling of our estimate, in either grade or tonnage. When compared with other Namibian plays such as Bannerman and Extract, ERN comes off as the poor cousin at present.*

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Impact Minerals
Price *$0.15 (-33%)*
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 the September quarterly report, IPT reported the drilling of 125 aircore holes to test for extensions of Nowthanna. Results were expected in November, but no assays have been reported yet.

In December 2007, IPT announced an African initiative, applying for uranium exploration licences in Botswana.

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.*

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Metex Resources
Price *$0.30 (+94%)*
Mkt Cap *$118m*
Quality *Good*
Value *Fair*

MEE seems to have having troubles getting clearances for the granting of its uranium licence application in Italy. It may be appropriate to discount this project now, as there may be cultural reasons that prevent it from ever going ahead.

This means the lead uranium project is probably Nyang in the Carnarvon Basin of WA, where reconnaissance drilling of roll front targets yielded an assay of 8m at 1,300 ppm in December. Other assays from the aircore program were quite variable, but suggestive of an attractive system that needs more work. The next step is to reduce the drilling to 100m spacing.

Non-uranium interests include energy initiatives that include coal gasification, and it has 850,000 oz of gold around Lancefield and Laverton in WA.

At Bloodwood Creek, held 50: 50 with CSIRO, a feasibility study has pointed to development options that include direct syngas sales to the market, a syngas power station and an 8,000 bbl/day liquid fuel plant. These could generate EBIT of $28m, $62m and $288m respectively, with capital costs of $87m, $210m and $658m. First coal gasification is scheduled to commence in August 2008. The coal resource is now 100 mill tonnes. An agreement has been reached to buy CSIRO out for $2.5m in cash and 100 mill. shares.

Investment Perspective: *Metex has been one of the better performing uranium stocks over recent months, but the driver for the share price has been the carbon energy initiative underground coal gasification) rather than uranium. Its gold assets may come into play now the gold price has started to kick higher. The diversified nature of its activities is insulating it somewhat from the uranium bear. It seems to be developing into a very credible company*

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Monitor Energy
Price *$0.029 (+38%)*
Mkt Cap *$18m*
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_3O_8 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. 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.

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.

MHL paid US$230,000 to acquire a local company which held a 97.5% interest in East Kokmoinok, then sold a 50% interest to Leopard Minerals at cost price. Ongoing exploration cost are shared 50:50 between the two companies.

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. 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. A scheduled drilling program will add more interest and provide more reliable data on which to plan further action. MHL is a cheaply priced energy stock.* *(Disclosure: The author and associates owns shares/options in MHL).*

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Peninsular Mining
Price *$0.04 (-20%)*
Mkt Cap *$38m*
Quality *Good*
Value *Good*

PEN's main uranium interest is in Wyoming where the Sundance project includes a "deposit" 700m x 600m and 3 m thick as a roll-front. Another one is 1,300m x 150m and 2m thick. Both show excellent continuity. Intersections of 1,000 to 2,000 ppm are not uncommon. An ISL project was initiated in 1970, by the NuBeth JV, but it didn't get scaled up to full production due to low uranium prices. The ground has sat dormant since then. Reading between the lines there seems to be potential for quite significant resources in the area, but the Company concentrating on consolidating its position before embarking upon extensive exploration programs.

A number of interesting uranium exploration licences are held in South Australia, in JV with Toro Energy and others, covering Athabasca and Alligator River type unconformity prospects as well as IOCGU styles.

The Company also has six licences covering prospective Karoo sandstone in South Africa. Work has not yet commenced in earnest yet due to the extended process for achieving licences grants. 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. Elsewhere, the company is exploring for gold in Tanzania and Fiji, and has an interesting laterite nickel project in WA.

Investment Perspective *– The Wyoming initiative could see PEN become a producer with resources of 5,000 t quite possible. It will be interesting to see what JORC resources can be derived and what additional ground can be secured. It is positive that historical uranium orebodies have found in its Karoo licences in South Africa. We think that given the cash position, the diversity and merit of the numerous licences, and the injection of new management, that PEN is embarking upon a significant growth curve.* *(Disclosure: The author owns options in PEN and is a non-executive director).*

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Stellar Resources
Price *$0.23 (+15%)*
Mkt Cap *$15m*
Quality *Good*
Value *Sound*

SZR 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 resource of about 4,000 t at Warrior, but the grade of 340ppm is on the lighter end of the scale.

In a separate deal SRZ has farmed out the Kingoonya paleochannel to Uranium SA, which can earn 70%, and it has a 10.26 mill. shares in Uranium SA, being 16% of its issued capital. USA has completed an airborne EM survey that has defined large paleodrainage 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 propsect. More recently it has been promoting the merits of its Tarcoola and Cowell iron ore projects, owned 100% and 75% respectively.

***Investment Perspective**: SZR 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 though.*

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Uran
Price *$0.21 (-40%)*
Mkt Cap *$11m*
Quality *Fair*
Value *Inexpensive*

Uran is presenting itself as an Eastern European specialist, focusing on former Soviet Union countries. It has made much noise about its intentions and it has met a number of brick walls in its attempts to secure licences, and even when it has met success the information flow has been very sparse. Thus it is not an easy stock to assess

At this point the main projects seem to be Surskoye and Gurevskoye in the Ukraine, but there is still a degree of secrecy and politics shrouding these projects. These projects were 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 is assessing a tailings dam in the Czech Republic but a number of mining licence applications have been rejected. It 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 coat mines at US$50/lb. Perhaps Uran will try and get some of these.

***Investment Perspective:** The lack of transparency makes Uran a difficult company to assess. The false starts and obstacles various Eastern European countries have placed before the company has led to a serious decline in market confidence and a low market capitalisation. It is very difficult dealing in these countries and it would unwise to "count any chicken before they hatch". This seems to be the view of the market.*

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Uranium Equities
Price *$0.185 (-36%)*
Mkt Cap *$35m*
Quality *Good*
Value *Reasonable*

Having recovered from the disappointment of the losing the Mulga Rocks bid, UEQ has come back with some excellent drill results from the N47 prosect in the NT. The best one was 22m at 3,600 ppm from a depth of 114m. A second hole has recorded 28m at 1,250 ppm from 88m and 21.7m at 3,060 ppm eU_3O_8 from 129m (gamma logging results). These were drilled SE of the Nabarlek uranium mine which produced 500,000 t at 1.95% U_3O_8. 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 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, ut it is well placed with a cash balance in excess of $20m. This implies a value of about $15m for its portfolio of projects, which is not excessive by any means. 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. The next four holes may be important to finding a path forward.*

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West Australian Metals
Price *$0.31 (+41%)*
Mkt Cap *$98m*
Quality *Fair*
Value *Reasonable*

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 is about 20% lower expectation in the market place with respect to tonnage, though the grade is 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. Addition al potential remains to be tested.

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 at a cash cost of about US$30/lb, suing a capital cost of A$80m. Studies will have to be undertaken, but this can be used as a ballpark figure.

It appears that radiometric logging may have been over-estimating the grade by about 20% when compared to chemical assays. An specific gravity of 2.3 was used.

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 four main players in Namibia, apart from Paladin, WME seems to be fourth in the pack behind Bannerman, Deep Yellow and Extract, but ahead of Eronga. WME needs to start scoping studies now and seek to optimise the project on scale and grade. Our rough numbers suggest there is value in the stock at these levels.*

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Western Metals

Price *$0.097 (-45%)*
Mkt Cap *$60m*
Quality *Excellent*
Value *Reasonable*

WMT is farming into projects held by Uranium Resources plc. It is conducting first pass exploration before it commits to earn 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; funding acquisition to earn 52%, can go 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. Exploration trenching and drilling is continuing.

On 21/2/07, WMT announced a 52% interest (with ability to go to 80%) in claims in SW Colorado, in a region which has been very productive in the past. The Glade project is targeting high grade uranium in sandstone in deposits of varying sizes. It is currently being drilled with a 4,000-6,000m program.

Investment Perspective*: WMT has proved that there it has significant uranium bearing structures. 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. Whilst the share price performance early this year was based on Tanzanian uranium,, remember that WMT is developing a diversified junior with a number of other project and metals in its potfolio. Management is one of its strongest points, as is the strong cash balance which is approximately $30m. The shares are coming back to more modest levels.*

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ASX Listed Uranium Companies - Producers and Potential Producers **Market and Capital Statistics**

13/1/08 ***AUD/USD 0.8800***

Company	Code	Share Price		Rise	Mkt Capitalisation	Resource		12 Mth Range		Issued	Capital	Opt. Details		Cash
						US$/lb	Mill. lbs	Low	High	Shares	Opt/Ctg	Expiry	Strike	Last Qtly
		12-Jan-08	21-Sep-07	Change	A$m	U_3O_8	U_3O_8			mill.	mill.			$m
Producers					*(diluted)*									
Energy Resources	ERA	$18.00	$17.54	3%	$3,433m	$5.35/lb	565	$11.62	$28.58	190.7	0	0	0	$20m
Paladin Energy	PDN	$6.01	$7.05	-15%	$3,684m	$18.77/lb	173	$5.09	$10.80	613	9	Jan-09	280¢	$190m
Potential Producers														
Alliance Resources	AGS	140¢	128¢	9%	$382m	$42.25/lb	8.0	83¢	288¢	273	8	Oct-10	160¢	$32m
Arafura Resources	ARU	108¢	139¢	-22%	$172m	$17.54/lb	8.6	51.5¢	228¢	144	17	Jun-08	13¢	$21m
Bannerman Resources	BMN	347¢	236¢	47%	$525m	$21.77/lb	21.2	130¢	414¢	132	22	Aug-08	40¢	$8.0m
Berkley Resources	BKY	122¢	139¢	-12%	$133m	$6.95/lb	16.9	113¢	230¢	102	18	Various	70¢	$24m
Black Range Minerals	BLR	12¢	15¢	-20%	$80m	$1.41/lb	50.3	7.5¢	34.5¢	603	106	Feb-11	4.5¢	$15m
Compass Resources	CMR	225¢	410¢	-45%	$287m	$17.42/lb	14.5	223¢	625¢	128	7	Various	220¢	$20m
Contact Uranium	CTS	37.5¢	54¢	-31%	$47m	$3.67/lb	9.6	32.5¢	76.5¢	95	65	Jun-08	20¢	$5m
Curnamona Energy	CUY	82¢	120¢	-32%	$54m			58¢	310¢	63	4	Jun-10	25¢	$9.3m
Deep Yellow	DYL	36¢	42¢	-14%	$411m	$9.23/lb	39.2	25¢	72¢	1109	44	Dec-07	8.5¢	$64m
Energy Metals	EME	340¢	400¢	-15%	$130m	$15.39/lb	7.5	180¢	835¢	30	10	Various	30¢	$5.0m
Extract Resources	EXT	96¢	62¢	55%	$177m	$93.99/lb	1.653	60¢	127¢	184	20	Mar-09	100¢	$9.3m
Marathon Resources	MTN	200¢	303¢	-34%	$125m	$1.95/lb	56.6	176¢	698¢	61	5	Jun-11	118¢	$25m
Mintails	MLI	60.5¢	60¢	1%	$426m	$27.19/lb	13.8	28.5¢	95¢	675	68	Various	35¢	$78m
Monaro Mining	MRO	78¢	105¢	-26%	$76m	$11.25/lb	6.0	75¢	275¢	92	8	May-10	20¢	$12m
PepinNini Minerals	PNN	105¢	115¢	-9%	$73m	$21.22/lb	7.5	76¢	330¢	69	0	Dec-07	20¢	$30m
Southern Cross Expl'n	SXX	7.2¢	11.5¢	-37%	$6m	$7.61/lb	0.7	4¢	15.5¢	40	61	ctg	2¢	$0.1m
Summit Resources	SMM	273¢	277¢	-1%	$586m	$11.90/lb	43.3	143¢	650¢	206	9	Oct-05	10¢	$10m
Toro Energy	TOE	37.5¢	68.5¢	-45%	$186m	$4.25/lb	38.6	37¢	136¢	495	11	Mar-11	31¢	$11.7m
Uranex	UNX	75.5¢	92.5¢	-18%	$64m	$4.24/lb	13.2	75¢	233¢	83	6	ctg	63	$14.0m
Uranium King	UKL	43¢	65¢	-34%	$37m	$5.53/lb	6.0	41¢	160¢	86	2	Dec-09	25¢	$6.6m
Wild Horse Energy	WHE	116¢	236¢	-51%	$113m	$3.07/lb	32.4	82¢	398¢	93	8	Sep-09	50¢	$20.0m
					$4,091m									

Additional Notes	*NB: Where a share issue has been announced and an Appendix 3B released, this 3B is the basis for the issued capital.*
Alliance Resources	Placed 23 mill. shares at $1.30, raising $30m, Oct '07.
Arafura Resources	Placed 18.5 mill. shares at $1.00, Nov '07; Intersuisse
Bannerman	Placing 2.8 mill. shares at $3.10 ($8.68m) through Haywood Securities
Berkley Resources	Placed 12.5 mill. shares at $1.85 ($23.1m) in April '07 (RBC Capital Markets)
Black Range	Placed 70 mill. shares at 24¢ ($16.8m) - Paterson Securities.
Contact Resources	Placed 11 mill shares + opts at 50¢ ($5.5m) July '07.
Curnamona	Placed 3.2 mill. shares at $2.00 $6.4m in April '07 - Sth Cross Equities and JP Morgan Asset Management
Deep Yellow	Post 1 for 12 issue at 50¢, raising $40m - not underwritten - May '07.
Energy Metals	1 for 20 issue at $3.50 per share, raising $5.2m, in November 2007.
Metex Resources	Placed 30 mill. shares at 9¢ ($2.7m) in April after entitlement issue at 12.5¢ failed.
Mintails	Placed 150 mill. shares 60¢ ($90m) in July 2007
Marathon Resources	1 for 5 issue at $2.50, October 2007, rasing $27m
Monaro Mining	Assumes merger completed with Uranium King
Paladin Energy	US$250m CN issue announced 28/11/06; RBC Capital Markets and UBS; 4.5%, convertible at US$7.68, 2011.
	Issued capital based on 4/5/07, when it hd 65% of Summit
PepinNinI	Placed 5 mill. shares at $1.05 ($5.25m), Dec '06
Uranex	Placed 7.5 mill. shares in Feb at $1.64 ($12.3m), Patersons.

ASX Listed Uranium Companies - Producers and Potential Producers **Projects and Technical Details**

13/1/08 ***AUD/USD*** ***0.8800***

Company	Project & Location	Equity	Status	Thru' Put	Prod'n t U_3O_8	Head Grade	Cut-Off Grade	Capital Expend. Total	Per T	Opex	ASX Released Resource Mt	%	lb/t	U_3O_8 Resourc Mill. lbs	Equity t U_3O_8	JORC Status
Producers				mtpa	tpa	ppm U_3O_8	ppm U_3O_8			US$/lb						
Energy Resources	Ranger, NT	100%	Prod'n		5,500	3,400	800	-		7.00	67.610	0.138%	3.04	205.843	93,395	Reserve+Resour.
	Laterites	100%	Developing		400			$28m			41.800	0.040%	0.88	36.807	16,700	not JORC
	Jabiluka, NT	100%	Not prod.		-	-	-	-		-	33.890	0.480%	10.58	359.252	163,000	Reserve+Resour.
	Total ERA													565.095	256,395	
Paladin Energy	Langer H, Namibia	100%	Prod'n	2.2	1,600	700	300	$105m	$48	15.00	80.500	0.060%	1.32	105.475	47,856	meas/indic/infer
	Kayelekera, Malawi	85%	Sept '08	1.5	1,450	1,100	300	$210m	$140	19.50	10.460	0.109%	2.40	21.314	9,670	prov/prob reserve
	Manyingee, WA	100%	PFS Done		-	-	-	-		-	12.080	0.080%	1.76	23.980	10,880	indic/inferred
	Oobagooma	100%	PFS Done		-	-	-	-		-	8.200	0.120%	2.64	21.930	9,950	not compliant
	Total PDN													172.698	78,356	
BHP	Olympic Dam	100%	Prod'n		-	-	-	-		-	580.00	0.053%	1.32	767.000	348,000	prov/prob res.
	Yeelirie	100%	Pilot Plant		-	-	-	-		-	34.00	0.140%	3.04	103.400	46,900	prov/prob res.
Potential Producers																
Alliance Resources	Four Mile West	25%	Scoping		700	-	1,500	$20m		14.00	3.900	0.370%	8.15	7.951	3,608	inferred
Arafura Resources	Nolans Bore, NT	100%	PreFeas		150	210	-	$750m		-	18.600	0.021%	0.46	8.609	3,906	Ind/infer. Res
Bannerman Resources	Goanikontes, Namibia	80%	Scoping	15.0	3,000	220	100	$682m	$45	27.00	55.000	0.022%	0.48	21.238	9,636	inferred
Berkley Resources	Salamanca, Spain	100%	Expl'n		-	-	200	-			13.600	0.056%	1.24	16.876	7,657	inferred
Black Range	Eagle	50%	Scoping		-	-	-	-		-	9.250	0.023%	0.51	2.345	1,064	inferred
	Taylors Ranch	100%	Scoping	0.5		1,200	250	$45m	$91	35.00	36.900	0.059%	1.30	47.983	21,771	inferred
														50.328	22,835	
Compass Resources	Mt Fitch, NT	100%	Scoping	2.0	2,200	360	300	$150m	$75	37.00	18.300	0.036%	0.79	14.520	6,588	Ind/infer. Res
Contact Uranium	Corachapi, Peru	100%	Drilling	2.5	800	400	-	$50m	$20	22.00	3.790	0.115%	2.53	9.606	4,359	inferred
		100%	Scoping	0.12	52	480		$12m	$100	20.00	2.079	0.037%	0.82	1.695	769	Ind/infer. Res
	Total CTS													11.302	5,128	
Curnamona Energy	Oban	100%	Evaluating		200	-	-	-		22.00					3,000	estimate
Deep Yellow	Tubas, Namibia	100%	Expl'n		-	-	100	-		-	77.300	0.023%	0.51	39.185	17,779	inferred
Energy Metals	Bigrlyi, NT	53.3%	Expl'n	0.5	500	1,600	500	$57m	$114	17.50	4.530	0.140%	3.09	13.978	3,380	Ind/infer. Res
Extract Resources	Mt Ida/Husab	100%	Scoping	6.0	1,300	260		$211m	$35	29.00						
Marathon Resources	Mt Gee, Sth Aust	100%	Expl'n	1.5	1,000	670	300	-		-	42.800	0.060%	1.32	56.599	25,680	inferred
Mintails	Wergo Tailings	45%	Developing	30.0	590	43	0	$150m	$5	-	323.00	0.0043%	0.09	30.611	6,250	Ind/infer. Res
	Ergo Tailings	50%	Developing	30.0	300											not calc.
Monaro Mining	Rio Puerco	100%	Evaluating	0.5	540	1,200	-	$45m	$91	35.00	1.667	0.120%	2.64	4.409	2,000	inferred
	Apex-Lowboy	100%	Scoping	0.5	226	700	-	$27m	$55	32.00	1.000	0.070%	1.54	1.543	700	inferred
	Total MRO	100%												5.952	2,700	
Oxiana	Prominent Hill, SA	100%	Developing		-	-	-	-		-		0.010%	0.22	19.836	9,000	resource
PepinNini Minerals	Crocker Well, Sth Aust	40%	Scoping		585	-	-	$160m		22.00	17.800	0.048%	1.06	7.532	3,418	inferred
Rio	Kintyre, Pilbara, WA	100%	PFS Done		1,200	5,000	-	$200m		-	8.750	0.400%	8.82	77.100	35,000	reserves/res.
Southern Cross Expl'n	Bigrlyi, NT	5%	Expl'n		50000%	1,600	500	5700%		1750%	4.530	0.140%	3.09	13.978	317	Ind/infer. Res
Summit Resources	Valhalla	50%	Scoping		2,750	1,500	-	$250m		-	20.480	0.125%	2.76	56.422	12,800	meas/indic/infer
	Skal	50%	Scoping		-	-	-	-		-	4.212	0.119%	2.62	11.047	2,506	meas/indic/infer
	Andersons	100%	Scoping		-	-	-	-		-	2.940	0.148%	3.26	9.590	4,351	meas/indic/infer
	Total SMM										40.912			77.060	19,657	
Toro Energy	Napperby, NT	100%	Expl'n		-	-	-	-		-	15.800	0.036%	0.79	12.536	5,688	not compliant
	Warrior	70%									11.800	0.034%	0.75	6.190	2,808	not compliant
	Lake Way/Cent., WA	100%	Scoping		750	-	0	$130m		24.64	15.510	0.058%	1.28	19.800	8,996	inferred
	Toro Total													38.526	17,492	
Uranex	Thatcher Soak, WA	100%	Expl'n		-	-	-	-		-	15.000	0.040%	0.88	13.224	6,000	not compliant
Wild Horse Energy	Bison Basin	100%	Scoping	0.9	450	700	-	$70m	$78	18.50	1.600	0.070%	1.54	2.468	1,120	inferred
	Pècs	100%	Scoping				400				17.000	0.080%	1.76	29.974	13,600	inferred
														32.443	14,720	

Potential Producers - Project Economics and Cash Flow Estimates

14/1/08 **AUD/USD 0.8800**

Company	Project	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$/lb	Cash Margin Gross A$ p.a.	Cash Margin Per Share ¢/share	Price/ Cash PCG	Mine Life years	Mine Payback years
Alliance Resources	Four Mile West	14,430	0.24	$20m	$83	700	3700	10.00	80.00	$35m	12.5¢	11.2x	18.1	0.6
Bannerman Res.	Goanikontes	12,045	15.00	$600m	$40	2,904	220	27.00	63.00	$367m	238.2¢	1.5x	3.7	1.6
Berkley Resources	Salamanca	7,657	0.75	$64m	$85	316	479	33.44	56.56	$45m	37.5¢	3.3x	21.3	1.4
Black Range	Eagle	2,128	1.50	$78m	$52	258	196	29.88	60.13	$19m	2.7¢	4.4x	7.3	4.0
	Mt Taylor	10,000	0.50	$47m	$94	570	1200	35.00	55.00	$79m	11.1¢	1.1x	15.4	0.6
	Company					828				$98m	13.8¢	0.9x		
Compass Resources	Mt Fitch	6,588	2.00	$150m	$75	2,200	306	37.36	52.64	$290m	215.0¢	1.0x	2.6	0.5
Contact Uranium	Corachapi	4,359	2.50	$50m	$20	800	400	22.00	68.00	$136m	85.1¢	0.4x	4.8	0.4
	Kamushanovskoe	769	0.12	$10m	$83	51	480	18.00	72.00	$9m	5.7¢	6.6x	13.4	1.1
	Total Contact					851				$145m	90.8¢	0.4x		
Curnamona	Oban	3,000		$20m		200		22.00	68.00	$34m	51.1¢	1.6x	13.2	0.6
Deep Yellow	Tubas	17,779	3.00	$255m	$85	516	196	39.88	50.13	$65m	5.6¢	6.4x	30.3	3.9
Energy Metals	Bigrlyi	6,342	0.50	$70m	$140	500	1600	17.50	72.50	$48m	123.5¢	2.8x	11.2	1.4
Extract Resources	Mi Ida	12,000	6.00	$250m	$42	1,300	260	29.36	60.64	$197m	97.1¢	1.0x	8.1	1.3
Marathon Resources	Mt Gee	10,000	1.50	$178m	$118	900	670	40.45	49.55	$112m	170.8¢	1.2x	9.8	1.6
Mintails	Wergo	13,745	30.00	$150m	$5	590	43	0.00	90.00	$60m	8.1¢	7.5x	17.5	2.5
	Ergo		30.00	$100m	$3	300		0.00	90.00	$34m	4.6¢	13.3x		
						890				$94m	12.6¢	4.8x		
Monaro Mining	Apex-Lowboy	21,771	0.50	$25m	$50	280	700	30.00	60.00	$42m	42.2¢	1.8x	68.4	0.6
	Rio Puerco	1,064	0.30	$45m	$152	540	1200	35.00	55.00	$74m	74.7¢	1.0x	1.7	0.6
						820				$116m	116.9¢	0.7x		
Paladin Energy	Langer Heinrich	47,856	1.50	$105m	$70	1,030	780	26.59	63.41	$164m	26.3¢	22.8x	40.9	0.6
	Kayelekera	11,376	1.60	$210m	$131	1,302	925	23.30	66.70	$218m	35.0¢	17.2x	7.7	1.0
	Manyingee, WA	10,880	1.50	$128m	$85	898	680	28.86	61.14	$137m	22.1¢	27.2x	10.7	0.9
	Oobagooma	9,950	1.00	$85m	$85	898	1020	21.14	68.86	$155m	24.9¢	24.1x	9.8	0.5
	Valhalla plus	34,963	2.50	$263m	$105	2,338	1063	20.17	69.83	$409m	65.8¢	9.1x	13.2	0.6
	(assumes 100% of Summit)					6,464					147.8¢	4.1x		
PepinNini Minerals	Crocker Well	8,544	1.72	$160m	$93	618	408	35.05	54.95	$34m	49.1¢	2.1x	12.2	4.7
Toro Energy	Napperby	5,688	2.00	$170m	$85	539	306	37.36	52.64	$71m	14.0¢	2.7x	9.3	2.4
	Lake Way	8,996	1.50	$130m	$87	651	493	33.11	56.89	$93m	18.3¢	2.0x	12.2	1.4
	Total Toro					1,189				$164m	32.4¢	1.2x		
Uranex	Thatchers Soak	6,000	2.00	$170m	$85	598	340	36.59	53.41	$80m	89.8¢	0.8x	8.8	
Wild Horse	Bison Basin	1,120	0.90	$70m	$78	450	700	18.50	71.50	$81m	79.6¢	1.5x	2.2	0.9
	Pècs	13,600												

Assumptions **Where official numbers have not been released by the companies, we have assumed generic parameters accordign to the table below.**

Cash operating costs at 1,000 ppm	US$19.00/lb
Cost variance per ppm	US$0.02/lb
Default Capex /tonne capacity (o/p)	A$85/tonne
Mine Dilution	15%
Metallurgical Recovery	88%
lbs/tonne	2204
Spot Price	US$90/lb

Resource, Productions and Capital Costs refer to 100% of project

Cash Flow refer to the companies' entitlement

Companies With Scoping Studies

Bannerman	Mintails
Energy Metals	Monaro
Extract	Wild Horse
Marathon	

ASX Listed Uranium Companies - Advanced Exploration **Market and Capital Statistics**

13/1/08 ***AUD/USD 0.8800***

Company	Code	Share Price 12-Jan-08	Share Price 21-Sep-07	Rise Change	Mkt Capitalisation A$m	Mkt Capitalisation US$/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	57¢	90¢	-37%	$63m	$4.28/lb	13.004	46¢	253¢	110	3.2	Nov-09	40¢	$15.3m
Acclaim Exploration	AEX	2.2¢	2.7¢	-19%	$13m	$0.66/lb	17.981	2.2¢	5.5¢	610	463	Jun-08	5¢	$1.6m
African Energy	AFR	36¢	39¢	-8%	$55m	$14.21/lb	3.394	26¢	106¢	148	14.3	Jun-12	25¢	$7.1m
Atom Energy	AXY	19¢	36¢	-49%	$15m	$8.24/lb	1.631	15¢	60.5¢	83	7.4	Jun-10	37.5¢	$9.0m
Energy Ventures	EVE	15.0¢	17¢	-12%	$34m	$12.29/lb	2.410	11.0¢	48¢	224	15	Dec '09	16¢	$7.1m
Erongo Energy	ERN	26¢	41¢	-37%	$15m	$1.12/lb	11.902	24¢	110¢	51	30	Apr-09	20¢	$4.4m
Impact Minerals	IPT	15¢	22.5¢	-33%	$9m	$2.70/lb	3.094	15¢	39¢	63	0.5	Dec-10	25¢	$2.9m
Metex Resources	MEE	30¢	15.5¢	94%	$118m	$36.00/lb	2.876	5.7¢	25¢	374	27	Sep-06	10¢	$6.0m
Monitor Energy	MHL	2.9¢	2.1¢	38%	$18m	$19.09/lb	0.849	1.1¢	6.4¢	635	23	Dec-01	5¢	$1.5m
Peninsular Minerals	PEN	4¢	5.0¢	-20%	$38m	$2.29/lb	14.771	3.3¢	11.5¢	961	218	Jun-10	10.0¢	$8.5m
Stellar Resources	SRZ	23¢	20¢	15%	$15m	$5.13/lb	2.645	17¢	43¢	67	5	Dec-08	30¢	$4.0m
Uran	URA	21¢	35¢	-40%	$11m	n/a	n/a	16¢	168¢	51	49	May-09	20¢	$4.5m
Uranium Equities	UEQ	18.5¢	29¢	-36%	$35m	n/a	n/a	17¢	94¢	189	29	Various	35¢	$21.6m
West Australian Metals	WME	31¢	22.0¢	41%	$98m	$7.19/lb	12.018	14.5¢	44.0¢	271	55	Oct-08	5¢	$1.1m
Western Metals	WMT	9.7¢	17.5¢	-45%	$60m	n/a	n/a	7.8¢	46¢	619	141	Various	30¢	$32.0m
					$599m									

A-Cap	Placed 14.16 mill shares at $1.10, raising $15.5m (RBC London), March '07
Atom Energy	Has announced a 2 for 3 option issue, 1¢ application, 37.5¢ strike, 3 years, ex entitlement date 28/9/07.
Energy Ventures	Plans to spin-off African Energy on AIM, having raised £2.6m. Raised $3.77m via issue of 27.9 mill. shares at 13.5¢, Dec 06.
	Effective equity is 79% of African Energy, which has 70% of the project = 55.3% effective - will reduce on dilution for AIM listing.
Erongo Energy	Placed 3.6 mill. shares at 60¢ ($2.16m) plus free opt. in February 2007.
Extract	Capital restructuing and placement of 18.7 mill. shares at 80¢ ($15m) in March '07; Haywood, 1 for 2 options attached.
Metex Resources	Placed 20 mill. shares at 30¢, raising $6m, in November 2007. Assumes payment of 100 mill. shares to CSIRO.
Peninsular Minerals	1 for 10 issue at 6¢ with option raised $3.3m in July 2007, and a placement on same terms raised a further $3m - Euroz.
Stellar Resources	Placed 8.4 mill. shares at 35¢ ($2.9m). April '07; Taylor Collison
Uranium Equities	Placed 46 mill. shares at 50¢ ($23m) in Feb 07; Southern Cross/TaylorCollison/Westwind - final settlement in March after EGM
Western Metals	Placed 36.5 mill. at 9¢ ($3.28m), 29/11/06, Tricom. Placing 70.8 mil.. Shares at 24¢ subject to EGM, with 1 for 1 options.

ASX Listed Uranium Companies - Advanced Exploration **Project Descriptions, Potential Resources**

13/1/08

Project Details

Company	Project	Location	Equity	Target Style	Potential Resource Mt	Grade	t U_3O_8	Net to Co.	Comments/Issues
Advanced Explorers									
A-Cap Resources	Mokobaesi	Botswana	100%	Karoo sandstone	37	0.016%	5,900	5,900	Falconbridge in 1970s, estimate of potential 75 mt at 150-350ppm (up to 30,000 t)
Acclaim Exploration	Denny Dalton	Sth Africa	74%	conglomerates	31.500	0.035%	11,025	8,159	released as inferred, but considered low confidence levels - also 2.5 mill oz gold
African Energy	Njame North	Zambia	70%	Karoo sandstone	5.5	0.04%	2,200	1,540	47 aircore holes on 200m x 50m grid; inverse square; JORC compliant
Atom Energy	Cleo	NT	100%	unconformity		0.120%	740	740	non JORC
Erongo Energy	Eronga	Namibia	90%	granites	20	0.03%	6,000	5,400	drilling now. Potential for larger resource
Impact Minerals	Nowthanna	WA	30%	calcretes	10.4	0.045%	4,680	1,404	JORC inferred
Metex Resources	Pebble Creek	Drummond, Qld	100%	roll front, paleochanne	-	-	-	-	rock chip sampling has given 1,000 ppm
Metex Resources	Novazza, Italy	Italy	100%	volcanogenic	0.870	0.150%	1,305	1,305	some doubt as to final grant due to local processes
Monitor Energy	Kashkasu	Kyrgyz	50%	coal seams		0.140%	770	385	Soviet resources - need to be made JORC compliant
Peninsular Minerals	Karoo	Sth Africa	74%	Karoo sandstone	-	-	2,300	1702	six prospective licences have been granted
Stellar Resources	Sundance	Wyoming	100%	sandstone			5,000	5,000	numberous deposits, the largest being 700m x 600m with 1-10m thickness
Stellar Resources	Warrior	Sth Aust.	30%	paleochannels/uncon.	11.8	0.034%	4,000	1,200	Previous by PNC - 8 zones over 15km - non JORC - air core, 46 holes 2006, 130-190ppm
	Uranium SA JV	Sth Aust.	30%	paleochannels/uncon.	-	-	-	-	
West Australian Metals	Marenica	Namibia	80%	calcretes, paleoch.	32	0.0213%	6,816	5,453	Goldfields drilled 32,000m. Better intercepts were 9.7m @ 980ppm, 8.1m @ 500ppm
Western Metals	Mtonya	Tanzania	60%	sandstone	-	-	-	-	high grade sampling results suggest something of substance

Notes (and basis for "potential" estimates)

A-Cap	JORC resource released, inferred
Alliance Resources	Free carried until decision to mine. Lonsec estimates 20 mt at 0.26% U_3O_8 for 52,000 t (AGS = 13,000 t U_3O_8)
Stellar Resources	Warrior: Toro is spending 3.25m over 4 years to earn 70%
West Australian Metals	JORC resource released, inferred