

Uraniumletter INTERNATIONAL

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Australia's uranium production restricted by dated bans in Queensland and Western Australia

Mining rights are administered regionally in Australia, which represents about 40% of the world's known uranium. The Labor Party runs all 8 Australian territories and states.

During the Party's annual conference in the last week of April 2007, Labor ended its 25-year old "No New Mines" policy on uranium, meaning the development of new uranium mines now has by-partisan support at the federal level. This policy particularly affected uranium mining in Queensland and Western Australia, as well as the Northern Territory before reversing its previous position and confirming its support for new uranium mines in NT, and only two Australian regions, South Australia and Northern Territory, allow uranium mining.

Western Australia and Queensland policies are out of date, and not recognising the modern uranium and nuclear business practice.

The combined uranium deposits in these two states could produce over 9,000 tonnes U3O8 per annum, effectively doubling Australia's current annual uranium output.

South Australia's Premier Mike Ram has played a pivot role un upending the Labor Party's right policy on uranium and described that now finished stance as "illogical, outdated and inefficient".

OVERVIEW OF MAJOR AUSTRALIAN URANIUM DEPOSITS

Location	Name	Owner
South Australia	Olympic Dam	BHP Billiton
	Beverly	Heathgate Resources
	Honeymoon	Uranium One
	Warrior	Toro Energy
	Four Mile	Alliance Resources
Northern Territory	Ranger	ERA (68.4% Rio Tinto)
	Jabiluka	ERA (68.4% Rio Tinto)
	Koongarra	Areva
	Bigrlyi	Energy Metals
	Napperby	Toro Energy
Western Australia	Kintyre	Rio Tinto
	Yeelirrie	BHP Billiton
	Lake Maitland	Mega Uranium
Queensland	Valhalla	Paladin Energy
	Westmoreland	Laramide Resources
	Ben Lomond	Mega Uranium

Early April 2007, Australia's John Howard Conservative coalition government provided an important rubber stamp for its plan to allow the county to become a more powerful source in global uranium supply, and more specifically a stamp of approval to China, which has developed a thirst for nuclear power planning to build 40 nuclear reactors within the next 15 years.

Already earlier, in September 2006, the Australian Uranium Association was formed, a representative body that can both articulate the national interest associated with uranium mining and export, as well as advocate the industry's positions to government and the community.

In September 2007, Australia signed a multibillion-dollar nuclear energy accord with Russia, opening a new export market for Australia's uranium surplus.

The Australian government has also decided in principle to allow uranium sales to India.

Olympic Dam Copper - Uranium Mine, the world largest uranium resource

BHP Billiton's Olympic Dam Copper-Uranium Mine (100% owned) in South Australia, discovered by 100%-owned Western Mining Corp. in 1975, is not only the world's largest uranium mineral resource but also the world's lowest-cost producer. Total mineral resources are estimated to be 3.8 billion tonnes at a copper-equivalent grade of 2.2% (using the following commodity prices: copper A\$ 1.42 l/b; (U3O8) A\$ 130 l/b, gold A\$ 500/oz, silver A\$ 8.33/oz).



Copper contained in the resource is estimated at 42.6 million tonnes, uranium at 4.1 million tonnes and gold 55.1 million ounces. Based on these estimates, Olympic Dam contains the world's 4th largest remaining copper and gold resources, and contains 38% of the total global uranium resource base.

In 2007, Olympic Dam produced 2,597 tonnes of uranium oxide concentrate, 117,600 tonnes of copper, 92,450 ounces of gold and 906,000 ounces of silver.

As a by-product of copper production, BHP Billiton's margin cost of producing at Olympic Dam is less than US\$ 3/lb.

The Company is proposing a major expansion of its Olympic Dam Mine, which has the capacity to mine 10 million tonnes ore and advanced processing technology to refined copper, uranium oxide, gold and silver.

The proposed expansion is likely to see the current underground mining operation eventually converted to open pit.

In a staged expansion, annual ore production will increase up to 70 million tonnes. If the expansion proceeds, copper production will increase to approximately 730,000 tonnes.

The proposed expansion is split into five key stages and having passed the Concept Phase (understanding the potential and the possibility), is currently in the Selection phase (Stage 2), which rigorously examines development alternatives and analytically selects a preferred development plan.



Energy Resources of Australia (ERA – ASX) is 68.4% owned by Rio Tinto, is Australia's largest and the world's third largest producer of uranium, providing almost 10% of the world's uranium production in 2007.

After decline in production from 5,006 tonnes in 2005 to 4,748 tonnes in 2006 mainly due to the elevated water level in the operating pit of its Ranger Mine located in the Northern Territory, which resulted from the high rainfall associated with the heavy water season, culminating in cyclone Monica in April 2006, U3O8 output in 2007 was 14% higher at 5,412 tonnes. This was the result of improved operational performance and an increase in grade of ore mined.

The average realised sales price of U3O8 was US\$ 25.06/lb (2006: US\$ 18.36/lb).

During 2007 an additional 8,275 tonnes of contained U3O8 was converted from Measured resources to reserves. After accounting for the low grade ore which cannot be treated until 2020, the current limit on tenure, and depletion via processing the final Proven and Probable reserves at December 31, 2007 are 49,671 tonnes (approximately 110 million pounds) U3O8, contained from 32.11 million tonnes of ore grading 0.15% U3O8 (cut-off grade in situ 0.08% U3O8; cut-off grade stockpile ore 0.06% U3O8).

Total resources are 50,567 tonnes U3O8 contained from 42.39 million tonnes ore grading 0.12% U3O8

In September 2007, ERA announced the next stages in the expansion plan on the Ranger project area. Work has begun on an extension to the operational open pit at Ranger, which will increase the mine's life by four years from 2008 to 2012. The extension at a capital cost of A\$ 57 million, and the optimisation of the open pit design, will yield an additional 4,857 tonnes (or 10.7 million pounds of U3O8).

At the same time, ERA announced a \$ 10 million pre-feasibility study to examine further options for expanding and extending the existing mine (both open pit and underground), expanding the processing plant and the potential application of heap leach technology to low grade ranger ore including existing stock piles. Decisions to take identified options into full feasibility study are expected shortly.

Commission of a new radiometric sorted facility and laterite treatment plant have been scheduled for mid-2008. Each project should deliver further near term growth in production from existing stockpiles with the laterite treatment plant expected to produce up to 400 tonnes of U3O8 per annum from 2008 to 2013, and the radiometric sorter predicted to enhance production by a total of 1,100 tonnes to 2012 through the selective upgrading of the low grade ore stockpiles.

The final aspect of ERA's growth strategy is further exploration of the Ranger Project area. In 2007, ERA spent A\$ 14.1 million on exploration and evaluation (2006: A\$ 7.2 million).

ERA also holds title to the Jabiluka Deposit, situated 22 kilometres north of Ranger. This project is vended long term care and maintenance and will not be developed by ERA without the consent of the Mirrar traditional owners.

Total Proven and Probable reserves at Jabiluka are 59,000 tonnes U3O8 contained from 11.80 million tonnes of ore grading 0.50% U3O8 (cut-off grade 0.20% U3O8) and total Resources are 76,403 tonnes U3O8 contained from 15.80 million tonnes of ore grading 0.50% U3O8.

In the first half of 2008, ERA's U3O8 production of 2,357 tonnes (5.2 million pounds) of U3O8 was 6% lower than in the corresponding period of 2007.

U3O8 production of 1,030 tonnes in the second quarter as 22% lower than in the first quarter and 31% lower than in the corresponding quarter in 2007. This was due to restricted access to higher grade ore. At the end of the wet season, although water levels in the pit were substantially lower than at the same time in 2007, there was still restricted access to higher grade ore, which is located predominantly in the bottom of the pit.

Ore grade processed in the second quarter averaged 0.22% U3O8, as the mill processed stockpiled lower grade ore for the majority of the June quarter. Access to higher grade ore allowed mill head grade to return to 0.31% U3O8 in the last two weeks of June.



Alliance Resources (AGS – ASX) has a 25% free carried interest in the Arkaroola Joint Venture Project in South Australia, where its joint venture partner Quasar Resources is developing the Four Mile Uranium Project.

Quasar Resources is an affiliate of Heathgate Resources, which owns and operates the Beverly Uranium Mine, located immediately east of the Arkaroola Project.

Heathgate is an affiliate of US Company General Atomics.

The Four Mile Project has an existing JORC-compliant Inferred mineral resource of 34.9 million tonnes at 0.7% U3O8 for 15,000 tonnes or 32 million pounds of U3O8.

In January 2008, the Company formalised an Exploration Target Range in accordance with the JORC Code for the nearby Four Mile East Deposit of between 30 million and 47 million pounds of U3O8.

Also in January 2008, Alliance unveiled an initial blueprint for development of the Four Mile Uranium Project including details of a Concept Evaluation Study, provided by Quasar. The Study outlines a staged mining development potentially increasing up to a projected long-term production capacity of 4.5 million pounds U3O8 per annum and with U3O8 production proposed to commence in 2010, at an initial capacity of 1.5 million pounds per annum (Stage I).

This scenario has since been modified with First Stage Mining now scheduled to commence in late 2009 with an initial production rate of 1 million pounds per annum.

Alliance is also developing the 100%-owned Maldon Gold Project in Victoria, exploring for copper-gold at the 100%-owned Warrina Project in South Australia, and exploring for base metals at the 100%-owned East Frome Project in New South Wales.



Energy Metals Ltd. (EME – ASX) has 8 projects located in the Northern Territory (NT) and Western Australia covering over 4,000 km². Most of the properties contain uranium mineralization discovered by major companies in the 1970s, including the advanced Bigrlyi Project (NT), which is characterised by relatively high uranium grades (with vanadium credits) and excellent metallurgical recoveries.

The Bigrlyi Project comprises 10 granted exploration licences located approximately 390 km northwest of Alice Springs. The Project, which is a joint venture with Paladin Energy subsidiary Valhalla Uranium (42.06%), and Southern Cross Exploration (4.20%), was subject to significant exploration activities in the period 1974 to 1982.

A substantial extensive drilling program (274 holes for 554,031 metres) was completed at Bigrlyi during the 2007 field season, with anomalous values (> 100 ppm U₃O₈) indicated from approximately 75% of the holes drilled.

In March 2008, Energy Metals announced a dramatic increase in the resources at Bigrlyi, which now totals 23.4 million pounds of U₃O₈ and 43.7 million pounds of V₂O₅ (at a cut-off grade of 500 ppm U₃O₈), representing a 64% increase in uranium and 168% increase in vanadium, compared with previous March 2007 resource.

Importantly, the uranium grade is unchanged at 0.14% U₃O₈ and the vanadium grade has increased by 60% to 0.26% V₂O₅.

The mineralization remains open at depth and along strike.

Other properties include the Ngalia Regional Project in NT, and the Lake Mason and Mopioke Well projects in Western Australia.



Toro Energy (TOE – ASX) reached agreements to commercial terms with Deep Yellow (DYL – ASX) for the farm-in and acquisition of the Napperby Uranium Project, located 150 km northwest of Alice Springs, in Northern Territory, which is the Company's most advanced project.

Napperby's current JORC compliant Inferred resource amounts to 1.9 million tonnes at 0.036% U₃O₈ for 670 contained tonnes or approximately 1.47 million pounds of U₃O₈.

In May 2008, a new resource drilling program commenced to add to existing uranium resources. The campaign, along with previous drilling, is expected to complete at least 70% of the target mineralised area by the end of the program in 5 months time.

Toro has flagged the market that it may be possible to bring Napperby into production by 2012.

For the Lake Way & Centipede Project, Western Australia, resource specialist SRK Consulting, in May 2008 completed a revised geostatistical interpretation and estimation of the resources.

The JORC compliant combined resource has been increased to 25.8 million tonnes grading 420 ppm (0.042%) U₃O₈ for 10,835 tonnes (24 million pounds) of contained U₃O₈ using a 200 ppm cut-off, compared with a 2006 JORC compliant Inferred resource estimate of 19.8 million pounds U₃O₈ (300 ppm cut-off).

The Centipede Project has been upgraded with 90% of the Deposit now in the Indicated resource category, with 11.5 million tonnes grading 460 ppm (0.046%) U₃O₈ for 4,542 tonnes (10 million pounds) of contained U₃O₈.

The Warrior Project is the most advanced and largest known uranium palaeochannel deposit in the Gawler Craton and fourth in Southern Australia behind Beverly, Honeymoon and Goulds Dam.

INC the former Japanese Government sponsored uranium exploration company that undertook a significant amount of exploration in Australia, delineated mineralization at the Warrior Deposit in the 1970/80s over a strike length of some 15 km of palaeochannel.

In Namibia, Toro holds the Gawik West Exclusive Uranium Exploration Licence (EPL) 3668, located about 12 km west of Paladin's Langer Heinrich Deposit, and also holds two exploration tenements over known uranium occurrences in Guinea, West Africa.

In Morocco, under a Memorandum of Understanding with the government, the focus is to review the potential of selected Moroccan prospects for uranium mineralization.



Mega Uranium (MGA – TSX) is an international mineral resources company with quality uranium resources in Australia and interests in extensive uranium exploration properties in five continents, comprising properties in Australia, Canada, Argentina, Colombia, Bolivia, Mongolia and Cameroon.

In anticipation of the uranium ban lifted in Queensland and Western Australia, Mega has commenced pre-feasibility studies of its Ben Lomond and Lake Maitland resources.

Ben Lomond, located in Queensland, has a NI 43-101 compliant resource of 10.7 million pounds U₃O₈ contained in an Indicated resource of 1.33 million tonnes grading 0.27% U₃O₈ and an Inferred resource of 0.6 million tonnes grading 0.21% U₃O₈.

Lake Maitland in western Australia has a NI 43-101 compliant Inferred resource of 23.7 million pounds U₃O₈ contained in 32.70 million tonnes grading 0.03% U₃O₈.

The Maureen Property, located in Queensland, has a historical (non NI 43-101 compliant) Indicated resource of 6.5 million pounds U₃O₈ contained in 2.38 million tonnes grading 0.12% U₃O₈.

Other Georgetown deposits, located in Queensland have a historical (non NI 43-101 compliant) Inferred resource of 6.4 million pounds U₃O₈ contained in 2.90 million tonnes grading 0.10% U₃O₈.

Mega's total resources in Australia are 47.3 million pounds of U₃O₈.

In Western Australia, Mega's principal exploration project, Kintyre Rocks, is adjacent to the lease containing Rio Tinto's 79 million pounds U₃O₈ Kintyre resource, and contains good uranium discovery potential within 5 km of Kintyre.

In South Australia and Northern Territory, Mega holds interests in more than 11,700 km² of prospective uranium ground containing projects at various stages, from grassroots to drilling.

In Canada, Mega has interests in uranium exploration properties in the country's premier uranium areas, including the Athabasca Basin in Saskatchewan, Central Mineral Belt of Labrador, the Wernecke Mountains in the Yukon, the Great Bear Magmatic Zone in the Northwest Territories and the Thelon Basin in Nunavut.

In South America, Mega holds or is earning interests in 13,167 km² of ground with uranium discovery potential in Argentina, Bolivia and Colombia. The properties range from grassroots exploration to the drilling stage.

Mega's largest 100%-owned ground holdings are in Argentina in Chubut Province and Mendoza Province, in the vicinity of the country's two largest uranium resources, Cerro Solo (10 million pounds U₃O₈) and Sierra Pintada (30 million pounds U₃O₈), respectively.

The Company's most advanced property is the Patagonia Project in Chubut Province in Argentina, where the 2008 drilling programme of three prospect areas is underway .

In Cameroon, Mega currently has a 92% interest in 3 properties, Kitongo (2,700km²), Lolodorf (1,000km²) and Teubang (1,000km²). In the Kitongo and Lolodorf properties limited historical drilling has intersected significant uranium mineralization. Recent detailed airborne magnetic-radiometric surveys have identified other previously untested radiometric anomalies in the three properties.

In Mongolia, Mega has earned a 50% interest from Red Hill Energy in 8 uranium exploration properties totalling approximately 1,850 km². The properties cover various uranium occurrences, radiometric anomalies and favourable geological settings for uranium delineated by previous Russian/Mongolian exploration programs.



In March 2008, Mega announced a total 2008 budget of \$ 44 million for its worldwide uranium exploration properties. The \$ 44 million total does not include funding of ongoing pre-feasibility studies of Mega's Ben Lomond (10.7 million pounds U3O8) and Lake Maitland (23.7 million pounds U3O8) uranium resources in Australia, for which there is a separate budget .

Around 87% of the \$ 44 million exploration budget is allocated to 3 countries, Canada (\$ 20.5 million, 47% of the total), Australia (\$ 11.7 million, 26%) and Cameroon (\$ 6 million, 14%).

Included in the Canadian portion of the budget was an allocation of \$ 9.1 million for the Central Mineral Belt in Labrador, which has been adjusted to \$ 4.5 million, principally by the postponement of a significant drill program on the Allik East Property due to the uncertainty surrounding a 3-year moratorium on uranium mining recently enacted by the Nunatsiavut Government of Labrador.

Mega's proposed exploration programs in 2008 will include a total of 82,000 metres of drilling in 20 projects in 5 countries: Australia, Canada, Cameroon, Argentina and Mongolia.



Laramide Resources (LAM – TSX) has interests in uranium properties in Australia and the United States, as well as precious metals properties in Canada and Mexico. The Company also holds equity investments in several other public and private junior exploration companies.

The Westmoreland Project in Queensland is Laramide's flagship uranium project, acquired in August 2005 and formerly owned by Rio Tinto. Since having licensed Rio Tinto's extensive historic database for Westmoreland in April 2006, Mining Associates having used this database information, completed an NI 43-101 compliant resource calculation for Westmoreland in October 2006.

This resource estimate includes an Indicated resource of 15.6 million pounds of U3O8 contained in 8.0 million tons at a grade of 0.088% U3O8 and an Inferred resource of 32.9 million pounds contained in 16.0 million tons at an average grade of 0.093% U3O8.

In June 2007, Laramide completed an amended scoping study for Westmoreland. The study confirms that at current prices, Westmoreland is a very robust project economically.

The study estimates a mining and milling rate of 1.5 million tonnes per year at an average grade of 0.10% U3O8 for an annual production of 3 million pounds of U3O8, with a price assumption of US\$ 50 per pound. Production costs are estimated to average US\$ 19 per pound U3O8 for the first 6 years and US\$ 25 per pound from year 7 onward. Mine life assumptions were in excess of 11 years..

In December 2007, drilling commenced at Westmoreland after delays related to acquiring drilling clearance certificates from the traditional owners. Drilling results have to date been better than expected.

As part of its strategy to build its position in Australia, Laramide has entered into joint venture agreements to control two large properties adjacent to Westmoreland in uranium mining friendly Northern Territory, where exploration is continuing.

Exploration licences include two joint venture agreements, one with NuPower Resources (formerly Arafura Resources) and the other with Gulf Mines (formerly Hartz Range Mines).

In the United States, Laramide acquired from Homestake Mining and La Jara Mesa Mining (both wholly owned subsidiaries of Barrick Gold), three uranium properties and an option to purchase a fourth property. The properties, La Jara Mesa, Los Ochos, Metrich and La Sal (optionable) are located in the Colorado Plateau in Utah and in the Grants Mining District in New Mexico.

The two most significant of the four properties are the La Jara Mesa and the La Sal properties.

The mineral resource estimated for La Jara Mesa (2006 Homestake Mining) is estimated at Measured and Indicated mineral resources totalling 7.26 million pounds of U3O8 at an average grade of 0.23% U3O8, and an additional 3.17 million pounds of U3O8 contained in 793,161 tons at an average grade of 0.20% U3O8 as Inferred mineral resources.

Laramide also holds equity investments in several other public and private junior companies of which Uranium Equities and Kahn Resources (engaged in Mongolia) are the most significant in terms of strategic value.

The Goliath Project, Ontario Canada, is the flagship asset of a spin-off of Laramide's gold and polymetallic base metal assets into a separate entity named Treasury Metals, which is expected to complete an exchange listing shortly.



Paladin Energy (AUD – ASX)

Paladin Energy's 100%-owned Langer Heinrich Uranium project, located in the west of central Namibia, Africa, is one of the world's major uranium deposits and started production in December 2007.

Production for the first half of 2008 reached 1.06 million pounds of U₃O₈ and current forecast production of calendar year 2008 is between 2.45 million pounds and 2.6 million pounds U₃O₈.

Measured and indicated resources are stated at 49.8 million pounds of U₃O₈ and Inferred resources at 55.98 million pounds of U₃O₈.

Paladin also has major uranium assets in Mali and Australia.

In Australia, the Mt Isa Joint Venture (Paladin 50%, and 81%-owned Summit Resources), includes the Valhalla and Skal Uranium deposits in Queensland.

Summit completed 5,839 metres of RC and 1,729 metres of diamond drilling during the March 2008 quarter, as part of a drilling program of approximately 50,000 metres of RC and diamond drilling scheduled for a 9 month period.

In the June 2008 quarter, a JORC compliant Mineral resource for the Skal Deposit, covering all three identified Skal mineralised zones Skal South, Skal North and Skal Far North, adjacent to the historic King George copper workings, had been completed.

The current Inferred resource at Skal is estimated to be 7.6 million tonnes grading 508 ppm containing 3,781 tonnes (8.5 million ounces) U₃O₈ at a 250 ppm cut-off grade.

At the Valhalla Deposit, 50,000 metres of ongoing resource drilling is expected to be completed in the September 2008 quarter, with an updated Mineral resource estimate expected in the December 2008 quarter.

At the Mt Isa North Uranium Project (100% Summit), a JORC compliant Inferred resource estimate has been completed for the Bikini Uranium Deposit. The current estimate is 10.1 million tonnes grading 517 ppm U₃O₈ containing 5,216 tonnes (11.5 million pounds) U₃O₈ at a 250 ppm cut-off grade.

Total Indicated resources attributable to Paladin in the Mount Isa Region now stand at 33.9 million pounds U₃O₈, with attributable Inferred resources standing at 41.9 million pounds U₃O₈.

The Bigrlyi Uranium Joint Venture, (Paladin's wholly-owned subsidiary Valhalla Uranium - 42.06%, Energy Metals - 53.74% and Southern Cross Exploration NL - 4.2%, Energy Metal's manager, in the Northern Territory announced an updated resource prepared by Hellman & Schofield in the March 2008 quarter.

Indicated resources are 2.33 million tonnes grading 1,739 ppm U₃O₈ and 2,429 ppm V₂O₅ (vanadium) for 4,053 tonnes U₃O₈ and 5,660 tonnes V₂O₅.

Inferred resources are 5.23 million tonnes grading 1,250 ppm U₃O₈ and 2,702 ppm for 6,537 tonnes U₃O₈ and 14,149 tonnes V₂O₅.

The Angela Joint Venture, Northern Territory (50:50 between Paladin Energy and Cameco Australia), has been awarded the Angela Project and selected to explore the Angela Uranium Deposit by the Northern territory Government in the March 2008 quarter.

The joint venture parties have committed to a comprehensive confirmatory and exploration work program, plus a Pre-feasibility Study which, if successful, will then progress to a full Bankable Feasibility Study and an Environmental Impact Assessment.

Extensive evaluation work was undertaken on the Angela and Pamela Uranium deposits by Uranerz Australia between 1972 and 1983.

Historic uranium mineralization defined at the time comprised approximately 12,000 to 13,000 tonnes of U₃O₈ in the general range of 0.10% to 0.13% U₃O₈ and remains open at depth.

Paladin owns all the original drill hole data for the deposits.