

September 2009



## Namibia - the world's fourth largest uranium producer

Global uranium production increased by 6.5% in 2008 to 511,837 tonnes U<sub>3</sub>O<sub>8</sub> compared with 48,209 tonnes U<sub>3</sub>O<sub>8</sub> in 2007. Production in the two leading countries, **Canada** and **Australia** actually fell by 775 tonnes U<sub>3</sub>O<sub>8</sub>.

Conversely, **Kazakhstan** production rose by 28% to 10,050 tonnes U<sub>3</sub>O<sub>8</sub>, edging Australia into third ranking, highlighting the increasing dependence of the nuclear power industry on non-traditional style sources.

Uranium production in **Namibia** increased by 52% to 5,152 tonnes U<sub>3</sub>O<sub>8</sub>. This makes Namibia now the fourth largest producer and drawing attention to Africa as a growing uranium supply resource, in large part of Paladin Energy's success at 100%-owned Langer Heinrich.



**Rio Tinto's** 68.6%-owned **Rössing Uranium Mine** commenced production in 1976. After a sharp decline due to low world uranium prices and low demand, the surge in the U<sub>3</sub>O<sub>8</sub> price since 2005 has given the Mine an extended life of mine beyond 2020, as well as expansion opportunities within its licence area.

The vast open-pit at 345 metres deep and 3.5 kilometre long Rössing mine is situated some 70 kilometres northeast of the town of Swakopmund in the Erongo region of Namibia.

Uranium mineralization is present in the form of uranite (UO<sub>2</sub>), as well as secondary uranium minerals.

With 33 years in operation, Rössing currently produces about 8% of the world's primary produced U<sub>3</sub>O<sub>8</sub>.

In 2008, the Mine produced 4,108 tonnes U<sub>3</sub>O<sub>8</sub>, the highest production achievement in the past 20 years and making it the third largest uranium mine in the world. There are plans to increase its production to 4,500 tonnes by 2012.

At the end of 2008 Rössing had Proven and Probable reserves of approximately 65,000 tonnes uranium at an ore grade of 0.034% and Measured and Indicated resources of approximately 24,000 tonnes at an ore grade of 0.21%.



Since **Paladin Energy** made its first name plate production in December 2007, the 100%-owned Langer Heinrich Uranium Mine has been progressively and methodically optimizing its mine and process plant operation.

Stage I production for fiscal 2009, ending June 30, 2009 amounted to 2.6 million pounds U<sub>3</sub>O<sub>8</sub>, 200,000 pounds below target which had been based on an earlier completion of the Stage II

production.

However, the operation did successfully produce an annual surplus of 102,856 pounds above original plant design capacity, in spite of the construction/operational interfaces associated with stage II construction.

A similar approach will be taken for Stage III production.

Stage II production was completed in July 2009. Construction and commissioning commenced during the quarter and is 95% complete.

A new nameplate of 3.7 million pounds U<sub>3</sub>O<sub>8</sub> is expected to be achieved during the September quarter.

Langer Heinrich Stage III expansion is budgeted to increase production to 5.2 million pounds from the December 2010 quarter at an estimated capital cost of US\$ 71 million. Stage III expansion is expected to take 15 months to complete.

Based on a long US\$ 65 per pound U3O8 price, Paladin expects a pay back in 15 months, a main life of Langer Heinrich maintainable for approximately 20 years. The potential exists for further expansion.

In **Malawi**, Paladin's is developing its 3.3 million pounds U3O8 Kayelekera Project (RIP/elution) plant.

Albeit still very much in its commissioning and ramp-up phase, Kayelekera produced 34,600 pounds U3O8 during the June 2009 quarter.

In **Australia**, Paladin holds a 50% interest in the Isa Uranium Joint Venture, Queensland, including the Valhalla and Skal ore bodies, with Summit Resources holding the remaining 50%.

A resource target of 100-120 million pounds U3O8 is required for the project to achieve targeted financial criteria.

In June 2009, Paladin acquired an 81.9% interest through a take over bid on Summit Resources holding a 100% in the Mount Isa North Uranium Project.

Paladin also holds a 16.7% equity interest in NGM Resources (NGM – TSX.V) focused on **Niger**.



**Areva's** \$ 750 million Trekkopje Uranium Project is located 70 kilometres northeast of Swakopmund and is expected to become one of the world's 10 largest uranium mines and will also be one of the top five low-cost open-pit mining operations in the world.

In June 2008, Areva announced that Canadian engineering company SRK Consulting would conduct a bankable feasibility study expected to be completed by the second half of 2009 at a cost of US\$ 7 million. Already more than 1,240 metres of drill work had been carried out in 69 holes from a planned total of 1,800 metres of percussion drilling.

The Project received its mining licence from the Namibian Ministry of Mines and Energy in February 2009 and is expected to produce about 3,000 tonnes of U3O8 per year at an average grade of 120 ppm (8 million pounds of U3O8).

The Trekkopje Project is an opencast mine containing a shallow, high-tonnage deposit of low-grade uranium, hosted by calcretised palaeochannels. The main mineralization covers an area of about 16 kilometres by 4 kilometres and consists of two uranium deposits, Trekkopje and Klein Trekkopje, located approximately 7 kilometres apart.

The Project hosts a resource of 340 million tons grading 0.014% U3O8 for 105 million pounds U3O8.

At the end of March 2009, the first production of sodium diuranate (SDU) was achieved at Trekkopje's minipilot plant, proving the heap-leach treatment process a success. This is the first time the method has been used on this scale for the processing of uranium.

The minipilot plant has continued heap leaching to improve the overall recovery process within a period of six months. Although the current SDU production is very small, the pilot plant production will ramp up and a larger pilot is expected to enter into production by the end of the year.

The Trekkopje Uranium Mining Project has completed the first major phase in its development, producing an 80,000 tons bulk sample, and is currently busy with a second stage to produce a larger sample of 3 million tons.

The third stage will be full production of some 8.5 million pounds of U3O8 over its 12 year mine life.

## Namibia – front runner in uranium exploration

With a population of less than 1.5 million people, is a politically stable country, since achieving independence from South Africa in 1990, with an excellent infrastructure and an established and diverse mining industry. Operating mines in Namibia include Rio Tinto's Rössing Uranium Mine, which, since 1976, has produced in excess of 140 million pounds of U3O8. Rössing is one of the world's largest open pit uranium mines and currently produces 8% of the world's uranium. Sales from Rössing contribute approximately 26% of Namibia's export earnings and are responsible for 10% of the country's gross domestic product (GDP). Paladin Resources' Langer Heinrich Deposit has commenced production in December 2007.



Enhanced by two existing mining operations, **Rio Tinto's** 68.6%-owned Rössing Mine, which produced 4,108 tonnes of U3O8 in 2008 and **Paladin Energy's** 100%-owned Langer Heinrich Mine, which produced 2.6 million pounds U3O8 in fiscal 2009 (ending June 30).

Namibia has become the global hot spot for uranium exploration in the last few years. Trekkopje, owned by **Areva** through its US\$ 2.5 billion takeover of UraMin in 2007, is on track to become Namibia's third uranium mine. Trekkopje will cost US\$ 920 million and has a planned annual production capacity of 8 million pounds of U3O8.

Leaders in the uranium rush are: **Bannerman Resources** (BMN – ASX), **Deep Yellow Resources** (DYL – ASX) and **Extract Resources** (EXT – ASX) all three of Australia, and **Forsys Metals** (FSY – ASX) of Canada.

### Overview of **NAMIBIA's** uranium resources

September 1, 2009

Company	Name of resource	Size of resource		Milion pounds U3O8
		Mt	at ppm	
Extract Resources	Rössing South	267	487	267
	Ida Dome	53	213	25
Rio Tinto	Rössing	304.8	340/210 <sup>1)</sup>	196 <sup>1)</sup>
Paladin Energy	Langer-Heinrich	127	600	164
Bannerman Resources	Etango (80%)	356	204	160
Areva	Trekkopje	561	130	157
Forsys Metals	Valencia	255	153	81 <sup>2)</sup>
Deep Yellow	Tumas-Tubas	87	241	46
West Australian Metals	Marenica	111	140	34

1) of which reserves 190.3 Mt at 0.034 ppm (143 million pounds)  
resources 114.5 Mt at 0.021 ppm ( 53 million pounds)

2) of which reserves 51.4 million pounds U3O8



**Extract Resources** (EXT – ASX) principal asset is its 100%-owned Husab Uranium Project which encompasses 630 km<sup>2</sup> and contains two known uranium deposit areas; Rössing South and Ida Dome.

Rössing South, representing a 15 kilometre target zone, is located about 5 kilometres south and along strike of Rio Tinto's Rössing Mine and has progressed rapidly from a "concealed" discovery to a large resource definition target since the first drilling results were announced in January 2008.

On July 1, 2009 Extract announced a resource estimate compliant to JORC code guide lines for Zone 1 of Rössing South at 100 ppm U<sub>3</sub>O<sub>8</sub> cut-off, which consisted of an Indicated resource of 21 million tonnes grading 527 ppm for 24 million pounds U<sub>3</sub>O<sub>8</sub> and an Inferred resource of 126 million tons grading 436 ppm for 121 million pounds U<sub>3</sub>O<sub>8</sub>.

Mineralization is defined over a total strike length of 4.4 kilometres with 9 kilometres remaining virtually untested.

On July 22, 2009 Extract announced a maiden resource estimate, compliant to JORC code guide lines for Zone 2 of Rössing South which consisted of an Inferred resource of 102 million tonnes grading 543 pm for 122 million pounds U<sub>3</sub>O<sub>8</sub>, as a result of which the Rössing South resource has combined resources of 267 million pounds U<sub>3</sub>O<sub>8</sub> or 121 million tonnes U<sub>3</sub>O<sub>8</sub>.

The fact that Rössing South has delivered the resource after only 18 months of resource drilling gives Extract extra confidence that a resource well in excess of 300 million pounds should be achieved by the end of the year.

A Feasibility Study on Rössing South has commenced in March 2007.

Ida Dome has a maiden resource of 25 million pounds U<sub>3</sub>O<sub>8</sub>. Major shareholders of Extract Resources are

On August 25, 2009, Extract announced a A\$ 91 million equity raising by way of a non-renounceable pro-rata offer to eligible shareholders and a private placement to accredited institutional investors.

The Company's three largest shareholders, Kalahari Uranium (40%), Rio Tinto (15.1%) and Polo Resources (10.1%) have each provided irrevocable commitments to apply for their full entitlements in the Offer by collectively contributing A\$ 33.1 million.

Extract intends to apply the funds raised to accelerate exploration activities at Rössing South including accelerating and increasing the drilling programs for Zones 1 and 2 and to extend and accelerate the regional exploration program which will include areas of identified mineralization located south of Zone 2.

Proceeds will also be used for the Definitive Feasibility Study.



**Bannerman Resources** (BMN – ASX) has a 1,300 km<sup>2</sup> prospective land holding in Namibia and received the complete licence documents for Exclusive Property Licences (EPL) 3345 and 3346 from the Ministry of Mines. The licences are used in the name of Turgi Investments, a company 80% owned by Bannerman.

The Company's principal asset is the Etango Project situated southwest of Rio Tinto's Rössing Uranium Mine and to the west of Paladin Energy's Langer-Heinrich Uranium Mine.

Bannerman's licences both contain known occurrences of uranium in geological environment and styles of mineralization similar to both the Rössing and the Langer Heinrich deposits.

Bannerman's principal focus at present is the Goanikontes Uranium Deposit. The Company is also conducting exploration programs at its Swakop River exclusive prospecting licence which surrounds the Langer Heinrich Uranium Mine.

As per July 2009 an updated Technical Report prepared by Coffey Mining, showed a 21% increase of Measured and Indicated resources from 89.2 million to 107.7 million pounds U<sub>3</sub>O<sub>8</sub> at an average grade of 208 ppm U<sub>3</sub>O<sub>8</sub>. The Inferred resources increased 40% from 37.4 million pounds to 52.4 million pounds at an average grade of 197 pm U<sub>3</sub>O<sub>8</sub> for a total resource estimate of 160 million pounds U<sub>3</sub>O<sub>8</sub>, of which 67% in the Measured and Indicated categories.

Two thirds of the totals resource estimate is located within 200 metres of surface.

Mineral resource for the Ishiveli Deposit increased to 12.4 million pounds U3O8 of Indicated resources and 8.3 million pounds U3O8 of Inferred resources.

Inaugural mineral resources for the Onketo Deposit comprises Inferred resources of 20.2 million pounds U3O8.4

The 5 kilometres long mineral resource at Etango occurs over a broad width and at shallow depth with approximately two thirds of the resource located within 200 metres from surface.

Bannerman is continuing with resource extension drilling and is well advanced with a feasibility study into the viability of an open-pit uranium mining operation at Etango.

Results from the ongoing resource extension drilling will be released as they become available during the second half of 2009.

Bannerman is focused on the feasibility assessment and development of a 5-7 million pounds per annum U3O8 open-pit mining operation at Etango at operating costs between UAS\$ 23 ad US\$ 26 per pound and capital costs of a maximum of US\$ 450 million (not including acid plant).



**Forsys Metals Corp.** (FSY – TSX) Valencia Uranium Deposit on the farm Valencia 122, approximately 75 kilometres southwest of the town of Usakos, covers an area of 736 hectares (7.36 km<sup>2</sup>).

After establishment of the Uranium Mine, several attempts were made to find similar deposits in the region. Historical work on the project was conducted by Goldfields Namibia between 1973 and 1977. This included borehole drilling, chemical analysis, and radiometric sorting tests on bulk ore samples in 1979, followed by two preliminary feasibility studies in 1981 and 1989.

Due to low uranium prices at the time, Goldfields concluded that the Project was uneconomical.

In December 2005, Forsys acquired a 90% interest in the deposit, while the remaining 10% interest was owned by Ongopolo Mining & Processing. As of March 2007, Forsys obtained 100% ownership.

Uranium mineralization is present in the form of uraninite (UO<sub>2</sub>), as well as secondary minerals, also occurring at Rössing.

In addition to Valencia, the Company's flagship property being scheduled for production in 2010, Forsys holds five additional uranium licences in the region, solidifying a pipeline of uranium projects far into the future.

In August 2008, Forsys received its Mining licence No. 149 to bring the Valencia Project to production, which at that time was only the second licence to be granted within the last few decades in Namibia.

On May 1, 2009, Forsys announced the results of a Technical Report prepared by Snowden Mining Industry Consultants, showing a 68% increase in the JORC-compliant Probable Reserve of Valencia to 51.4 million pounds U3O8 from 30.6 million pounds U3O8 contained in 146.8 million tonnes of ore. The average reserve grade increased by 33% to 159 ppm from 120 ppm. The reserve cut-off grade increased by 20% to 72 ppm. The reserve includes 39.1 million pounds U3O8 with an average grade of 211 ppm. The life of the Mine increased to 15 years from 11 years.

The ore reserve has been estimated from the Mineral resource (Measured and Indicated) of 209.1 million tonnes with a grade of 153 ppm U3O8 (70 million pounds U3O8).

The Inferred resource of 11 million pounds offers strong potential of further reserve increase with ingoing drilling.

### **Takeover bid at Cdn\$ 7.00 per share not honoured**

On November 14, 2008, Forsys entered into a definitive agreement (which was amended by way of an amended agreement on January 28, 2009) with **George Forrest International** ("GFI") pursuant to which it was intended that GFI will effectively acquire, by way of a court-approved plan of arrangement, all of the outstanding common shares of Forsys on the basis of Cdn\$ 7.00 per share in cash.

The consideration to be received pursuant to the Arrangement valued Forsys at approximately Cdn\$ 579 million, representing a 51% premium to Forsys closing share price on the TSX on November 3, 2008.

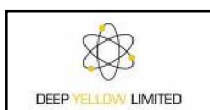
With Forsys having received shareholder approval for the Arrangement on February 29, 2009 and court approval for the Arrangement on March 3, 2009, the closing date for the Arrangement was to close on or before March 18, 2009, but no later than July 31, 2009, which deadline was postponed again because of Forest still having problems to get the funding in place.

Catching investors by surprise as demonstrated by Forsys' share price booming 39% to a high of Cdn\$ 6.57 from \$ 4.74, albeit with extremely high trading volume in the five preceding days, on August 4, 2009 Forsys and Forest announced that they had entered into dinging investment agreements upon terms which permit them to complete the plan of arrangement transaction.

However, on August 28, 2009 Forsys announced that it was terminating the transaction because GFI still hadn't transferred the funds needed to complete it and it is demanding GFI to pay the Cdn\$ 20 million reverse break fee under the terms of the arrangement agreed.

While GFII has accepted that the arrangement agreement is terminated, it is disputing Forsys' right to claim the Cdn\$ 20 million reverse break fee payment, as was not a lack of funds, but was the unexpected intervention of the4 Canadian government following changes to the Investment Canada Act.

In the meantime, Forsys' share price had already lost its total gain at extremely huge trading volumes pointing at insider trading and even touched a low under Cdn\$ 4.00 on August 31.



**Deep Yellow's** (DYL – ASX) through its wholly-owned subsidiary Reptile Uranium Namibia, holds 6 projects within its four Extensive Prospecting Licences (EPL's) containing mineralization identified in the 1970s and early 1980s.

The Company is also earning a 65% interest in three EPL's through a Joing venture with Nova Energy Namibia (a wholly-owned subsidiary of Toro Energy).

The conceptional/initial mine and production scenario that Deep Yellow has modelled is to combine ore from the Tubas Red Sand Project with that from INCA (discovered in 2007) to produce around 1,000 tonne per annum U3O8 at a grade of +400 ppm.

It is estimated that an initial resource of 8,000 to 10,000 tonne will suffice to fund this development while drilling will continue with a view to increasing the resource as regional holes indicate a much larger zone of alteration and mineralization is present at INCA.

Combined JORC Code Inferred and Indicated resources for Reptile (Tubas-Tumar) amount to 87,279 tonnes U3O8 at 241 ppm or 46.45 million pounds U3O8 for heap leach.

Aussinanis and Tuba Red Sand drilling ceased end 2008 and Deep Yelow is now cometing initial JORC Code resource data from approximately 4,500 holes.

Deep Yellow's exploration budget for 2009-2010 is \$ 20 milion.

All drilling is about 70% JORC Code orientated.

In **Australia**, Deep Yellow has significant prospective interests around Mount Isa in Queensland.

To date, 81 RC drill holes for 7,607 metres have been completed and 2,535 samples collected from the 2009 program.



**West Australian Metals** (WME – ASX) principal asset is its 80%-owned Marenica Uranium Project located in the uranium rich Damara Province. The Project covers 706 sq.km, with high prospectivity for both secondary and primary uranium deposits.

The Company has a current Inferred resource at Marenica which stands at 111 million tonnes grading 140 ppm U3O8 , containing 17,000 tonnes or 34 million pounds U3O8.

WME has recently commenced down-hole probing of approximately 750 historic holes, the results of which are not included in the calculation of the current Inferred resource.

The current 5,000 metres RC in-fill drilling and re-probing program aiming to convert a high portion of the resource to Indicated status and extend the resource.

In July 2009, WME raised A\$ 9.9 million. The exploration budget for 2009 is A\$ 5 million.



**Xemplar Energy** (XE – TSX.V) has a 100% interest in uranium projects in the Warmbad, Cape Cross, Aus and Garub regions of Namibia through 6 exclusive uranium prospecting licences (EPL's ) being awarded by the Namibian Mines and Energy Department. The Company has a pending EPL for nuclear fuel minerals for the Engo Valley Property.

Xemplar's primary focus is the Warmbad Project, where the Company has been actively engaged in an aggressive exploration and definition drilling program since October 2007 in a province where eight zones of uranium mineralised continuity with grades of 100 ppm to 150 ppm has been found.

Project success for Warmbad for the short term is defined as expansion for the existing eight zones and identification of additional mineralised bodies.

The 2009 extensive drill program is well underway at Warmbad and in July 2009 also the drill program on the Cape Cross Uranium Property commenced.

With Cdn\$ 14.5 million cash on hand in early May 2009 and a current annualised burn rate of Cdn\$ 7 million, Xemplar is well positioned to carry out its planned activities.

Overviews of uranium companies active in Namibia									
September 1, 2009									
Trade symbol			Share price		Change in %	12 months		Net shares issued million	Market cap. million
			current	Ult. '08		H	L		
<b>Namibia</b>									
<i>Producers:</i>			A\$	A\$		A\$	A\$		A\$ mln
Paladin Energy	PDN	ASX	4.60	2.48	85	5.89	1.63	623.5	2,868.1
<i>Development / Exploration:</i>			A\$	A\$		A\$	A\$		A\$ mln
Extract Resources	EXT	ASX	10.06	1.32	662	10.20	0.75	229.1	2,304.7
Deep Yellow	DYL	ASX	0.29	0.11	164	0.47	0.10	1123.4	325.8
Bannerman Resources	BMN	ASX	1.13	0.86	31	1.49	0.23	201.7	227.9
West Australian Metals	WME	ASX	0.19	0.08	138	0.28	0.05	449.3	85.4
Magna Mining	MAN	ASX	0.01	0.01	0	0.02	0.00	444.4	4.4
			Cdn\$	Cdn\$		Cdn\$	Cdn\$		Cdn\$ mln
Forsys Metals	FSY	TSX	3.96	5.88	-32	6.70	2.00	79.0	312.8
Xemplar Energy	XE	TSX.V	0.26	0.23	17	0.77	0.12	119.6	31.1
1) Extract has announced a capital raising of A\$ 91 million at A\$ 7.75 per share (6.54 million new shares and 5.20 million special warrants)									