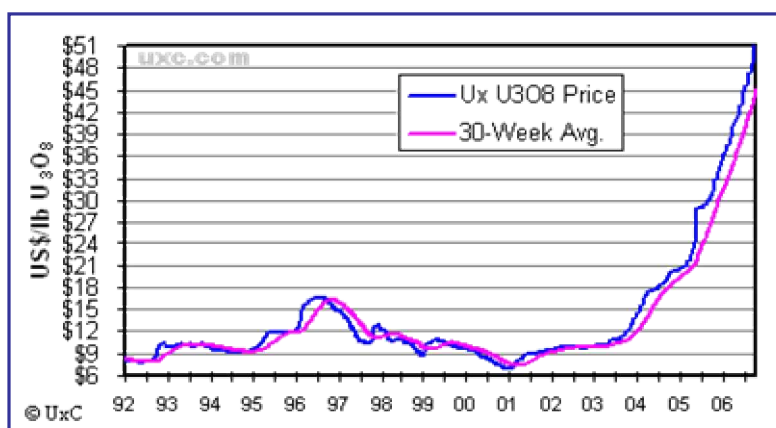


## Special Report

### Uranium price (U3O8) remains on the move

- best performer in current bull cycle in mining -  
shortage in supply could result in further price increase above \$ 60 per pound in 2006



Since having already tripled to more than \$ 20 per pound U3O8 in the foregoing five years, due to years of under-investment in the supply chain and enhanced by soaring oil prices, the price of uranium has remained on the move having soared 180% from \$ 20.00 at year-end 2004 to a current historic high of \$ 56.00 per pound. This makes it the best and most sustainable performing mineral in the bull cycle in mining.

Since June 2003, at \$ 10.90, the U3O8 price did not show any correction, in contrast with precious metal and base metal prices.

With uranium supply falling short of demand over the next decade, the outlook for a further price increase looks good, thereby considering that nuclear power is the most cost effective and environmental friendly alternative for electricity generating as a substitute for traditional fossil fuels, with uranium only representing some 5% of the total processing costs.

This will result in new nuclear power plants being built and consequently in a further price increase for U3O8. The International Atomic Energy Agency expects 168 new nuclear reactors to be built within the next 15 years., most of these in China, India, Russia, Japan and the US.

China announced that it plans to build 40 nuclear reactors within the next 15 years to increase the proportion of its electricity generated by nuclear power from the current 2.4% to 4%, equal to a growth from 7 gigawatt electricity (GWE) to 36 GWE by 2020. In India, there are now 15 reactors operating and another 8 under construction. The country's consumption of uranium for nuclear power generating is expected to more than double from a current 1,334 tonnes to 3,100 tonnes by 2010. Russia is planning to build 42-58 nuclear power units for its own needs by 2030 and 40-50 units abroad in the next 30 years.

### History

In the 1940s, the US government began buying large amounts of uranium in the effort to produce the world's first atomic bomb. After World War II, the Atomic Energy Commission began examining peaceful uses. The first privately funded nuclear energy plant came online in Illinois in 1959.

By the 1970s, about 250 nuclear reactors were planned across the United States – but then the Pennsylvania located Three Mile Island Unit 2 (TMI-2) nuclear power plant accident in 1979 happened and starting in the 1980s utilities were cancelling plants. This resulted in a collapse of the uranium price from a high of \$ 45 per pound U3O8 to a low of \$ 7.10 per pound U3O8 at December 31, 2000.

Since then, the U3O8 price, hasn't only fully recovered from its low, but has further increased to a current new historic high of \$ 52,00 per pound, equal to a price increase of more than 600% since year end 2000.

A second blow to the uranium industry came when the Soviet Union fell apart in 1991, and enriched uranium removed from Russian bombs was blended down to reactor-grade fuel and dumped on the market. The third jolt occurred when the Clinton-administration privatised a government-owned uranium-enrichment program, and 70 million pounds of "yellowcake" was unloaded on the market.

## Growing uranium needs temporarily met by secondary uranium supplies

The growing uranium needs were met by the utilisation of so-called “secondary uranium supplies” which reflected a draw down of stockpiles developed in the pre-1990 timeframe.

Since the late-1980s, the global uranium market was dominated by secondary uranium supplies especially as the Republics of the Former Soviet Union (FSU), particularly the Russian Federation, aggressively pursued uranium sales as one avenue to raise hard currency following the dissolution of the USSR.

The international non-proliferation program involving the down-blending of Russian weapons grade uranium into commercial grade fuel being consumed in the United States, the “Megatons-to-Megawatts” Program had a huge impact on uranium prices in the latter half of the 1990s.

The program involves an estimated 360-400 million pounds U3O8 that is sold into the US market under strict limitations (Europe/Asia Pacific) or shipped back to the Russian Federation. Since the program began in 1995, shipments of HEU-derived nuclear fuel have contained about 158 pounds U3O8.

In June 2004, three western companies: Cameco Corporation, Cogema (AREVA) and RWE NUKEM signed an amended deal for uranium from dismantled Russian nuclear weapons with Techsnabexport (Temex) that ensures the continued operation of the UF6 feed component.

Under the current HEU contract, which runs to 2012, Russia annually delivers the equivalent of 24 million pounds of uranium derived from HEU into the United States. While Russia can deliver approximately 24 pounds per year, sales to utility and users in the US are limited by annual legislated quotas. In 2004 and 2005 quota was 14 and 16 million pounds U3O8 respectively, to be followed by annual increase of 1 million pounds U3O8 from 2006 to 2009. From 2009 to 2013 the quota is 20 million pounds U3O8 per year.

Other reserves included substantial uranium incentives held by the US government, which were transferred to the U.S. Enrichment Corporation (USEC) upon its privatisation in 1998. Much of that uranium, totalling about 74 million pounds U3O8, found its way into the market place, either spot or term, with resultant price declines.

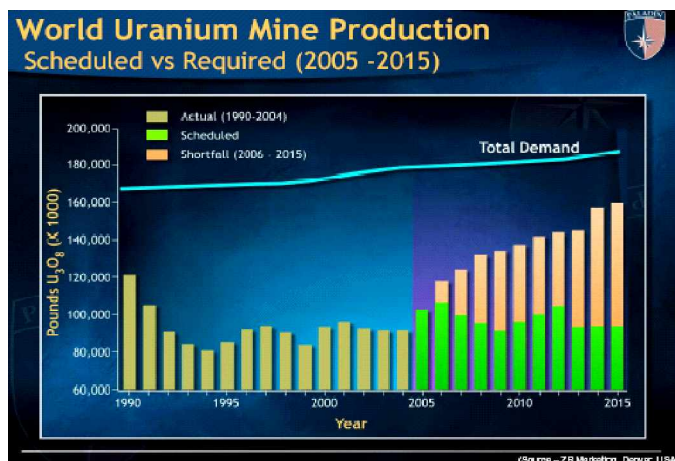
Uranium reserves currently held by the U.S. Department of Energy (USDOE) are another potential source of uranium to the market place. A recent source of uranium that USDOE’s uranium stockpile totals almost 75 million pounds U3O8-various forms.

A large portion of the US government inventory (52.6 million pounds U3O8 equivalent or 70%) must be held in a Monitored Stockpile until 2009 under terms of the US-Russian HEU Program and another 7.6 million pounds U3O8 (10%) is in the form of HEU which would not meet technical specifications for commercial-grade fuel and requires extensive processing.

## Uranium supply will fall short of demand over the next decade

Concerns over shortage of oil and gas with resulting high prices in these fossil fuels, along with environmental issues regarding greenhouse gas emissions, has fuelled a new interest in nuclear energy as the source of power to meet current and future global demand for electricity.

New supplies of uranium will come at a higher cost which, in turn, will continue to put upward pressure on the price of uranium.



Nuclear power provides nearly 17% of the world’s total annual electricity generation and 34% of the European Union’s needs. France receives 78% of its electricity from nuclear, Belgium almost 56%, Sweden close to 50%, South Korea 40%, Switzerland 40%, Japan 25% and the United States 20%.

In Asia, nuclear energy is an increasingly important source of power.

Korea is expected to increase its dependence on nuclear power up to 60% in three decades. The country now operates 19 nuclear reactors.

<b>Uranium production 2005 (tU)</b>		
<b>Country</b>	<b>Output (in tonnes)</b>	<b>in % total</b>
Canada	11,628	28
Australia	9,519	23
Kazakhstan	3,719	9
Niger	3,282	8
Russia	3,431	8
Namibia	3,149	8
Uzbekistan	2,300	6
U.S.	1,039	2
Ukraine	800	2
China	750	2
South Africa	674	2
Others	855	2
<b>World total</b>	<b>41,595</b>	<b>100</b>
<i>In 2004</i>	<i>40,219</i>	

For more than a decade, world-wide annual uranium production has remained below 100 million pounds U3O8, for short of the actual consumption which totalled about 175 million pounds U3O8 by the currently 440 commercial nuclear reactors operating in the world, with one more to be brought back on-line in 2007. These reactors have a combined capacity of 368 gigawatts electricity (GWE) that provides 16% of the world's electricity.

There are 24 more reactors under construction and a total of 168 new nuclear power plants are expected to be built within the next 15 years.

World uranium production in 2005 totalled 49,000 tonnes (108 million pounds) U3O8 (Cameco estimate) with Canada and Australia producing 55% of that aggregate output.

International Nuclear's most recent "Scheduled Uranium Production Forecast" shows world-wide uranium production increasing from current levels up to as much as 115 million pounds U3O8 per year by 2010-2011, before declining as some mines reach reserve depletion.

Projected worldwide annual uranium needs will expand in accordance with the installed nuclear capacity. According to Dustin J. Garrow, President of International Nuclear Inc. current global uranium requirements approximate 173.3 million pounds U3O8 and will increase to 185.2 million pounds by 2010, reaching 202.5 million pounds in 2020.

However, Cameco, based on a projected 2% annual growth rate, expects world demand to reach 217 million pounds in 2015.

<b>Major uranium producers</b>		
<b>Company</b>	<b>Production localities</b>	<b>Production U3O8 in tonnes</b>
AREVA(Cogema)	Canada/Africa/US	5,174
Cameco	Canada/US/Central Asia	8,276
ERA (Rio Tinto)	Australia, Namibia	5,583
WMC	Australia (by-product)	3,688
KazAtomProm	Kazakhstan	4,032
Priargunsky	Russia	3,431
Navoi	Uzbekistan	2,300
<b>Total</b>		<b>32,484</b>
in % of total production: 78%		

<b>Global uranium reserves estimated at 4.18 million tonnes (9.2 billion pounds) U3O8</b>			
Australia	28%	Uzbekistan	4%
Kazakhstan	18%	United States	3%
Canada	12%	Mongolia	3%
South-Africa	8%	Ukraine	2%
Namibia	6%	Niger	2%
Brazil	4%	Others	6%
Russia	4%		
<i>one metric tonne is equal to 2.2 million pounds</i>			

Source: World Nuclear Association – [www.world-nuclear.org](http://www.world-nuclear.org)

In 2004, US production was only about 2 million pounds U3O8, most coming from the Smith Ranch-Highland mine (1.2 million pounds) north of Douglas, Wyoming, and Cameco's other active mine, the Crow Butte operation (0.8 million pounds) near Crawford, Nebraska. US production for 2005 was 2.3 million pounds.

America's 103 nuclear power reactors - that is a quarter of world's total reactors - are housed in 66 plants that have cranked out more than 700 billion kilowatt hours for five straight years, but American uranium production peaked in 1980 at 43.7 million pounds, according to the US Energy Information Administration.

For nearly a decade, nuclear power plants' 20% share of US electricity production - compared to half of its electricity within cheaper coal-burning plants - has held steady, keeping pace as overall electricity output has risen 10%. In the 1990s and 80s unscheduled shutdowns for repairs or other problems limited US plants to less than 65% of their potential output. Today, with experience and improved operating practices, output exceeds 90%.

The Nuclear Energy Institute estimates that without nuclear power playing its current role in the generation of electricity, the US would spew 29% - equal to 190 million metric tonnes - more carbon as it does now.

## Climate change: Kyoto protocol paves the way for nuclear renaissance

Growing public concern over global warming will lead to increasing dependence on nuclear-fuelled power plants as power utilities and governments strive to reduce greenhouse gas emissions of CO<sub>2</sub> from fossil fuel power stations.

The main source of increased CO<sub>2</sub> emissions is from the burning of fossil fuels, accounting for some 88% of world primary energy, including 39% oil, 26% coal, 23% gas, 7% nuclear, 3% hydro and 2% other renewables.

1,000 tonnes of uranium produces the same amount of electricity as 16 million tonnes of coal, which generates 33 million tonnes of carbon dioxide – the principal greenhouse gas. Nuclear power is one of the cleanest methods of producing electricity because it doesn't produce greenhouse gas.

## Environmental Comparison

Nuclear reactors are more fuel-efficient than conventional reactors and emissions free.

A typical pellet of uranium weighs 7 grams (.24 ounces). It can generate as much energy as 3.5 barrels of oil, 17,000 cubic feet of natural gas or 1,780 pounds of coal. The energy contained in one pound of yellowcake, or U<sub>3</sub>O<sub>8</sub>, is equivalent to 31 barrels of fuel oil or 10 tons of coal.

Uranium is an extremely concentrated and efficient fuel, much more so than coal or oil. The following table shows the extent to which this is true:

ENERGY SOURCE	ELECTRICITY PRODUCED
1 kg of firewood	1 kwh (kilowatt hour)
1 kg of coal	3 kwh
1 kg of oil	4 kwh
<b>1 kg of Uranium</b>	<b>50,000 kwh</b>

## In Situ Leaching

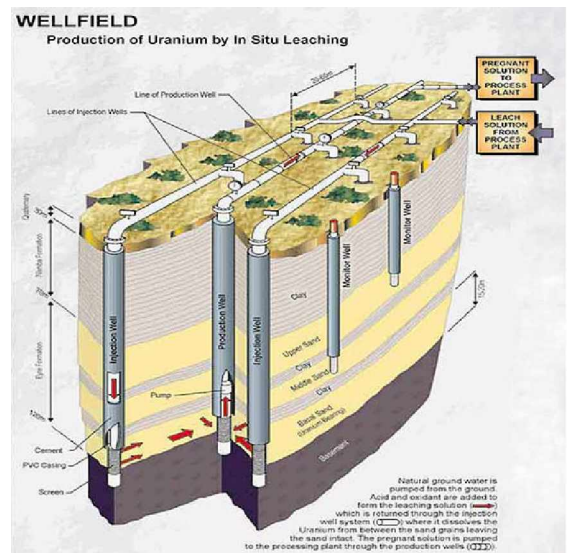
Until the mid-1970s, uranium was produced either by open-pit mining, which peels off layers of surface rock, or by shaft mining, which is entirely done underground. A new technique, called *in-situ leaching*, was developed at that time, which is being used more and more.

*In situ* or "in place" leaching is very similar to the water-flood process commonly employed in the oil business to increase petroleum recovery. Treated water is circulated through an underground ore body to dissolve and wash out the tiny uranium particles, which coat the grains in sandstone formations. The dissolved uranium is then pumped to the surface using submersible pumps commonly found in most ranch and farm water wells.

Before starting commercial leaching, extensive pilot tests are made to ensure the process will work in the area and can be adapted to local conditions. It also has to be determined if the ore can be economically produced.

When all these conditions can be met, *in situ* leaching can be a very advantageous technique. There is almost no disturbance of the ground surface. The local water table remains intact, since relatively small amounts of water are used.

The leaching operation also gives a strong boost to the community tax base without straining local resources, for a typical commercial facility has only about 70 workers, plus another 40 in support activities. Other advantages include faster permitting and much lower capital and reclamation costs.



## Top 10 Western World Uranium Mines (production in tonnes)

Mine	Country	Main owner	Mine type	2005	in %
McArthur River	Canada	Cameco	Underground	7,200	17,3
Ranger	Australia	Rio Tinto	Open pit	5,006	12,0
Olympic Dam	Australia	BHP Billiton	By-product (copper) underground	3,688	8,9
Rossing	Namibia	Rio Tinto	Open pit	3,147	7,6
Rabbit Lake	Canada	Cameco	Underground	2,316	5,5
McClellan Lake	Canada	Areva	Open pit	2,121	5,1
Akouta	Niger	Areva	Underground	1,778	4,3
Arlit	Niger	Areva	Open pit	1,315	3,2
Beverley	Australia	Heathgate Res.	ISL	825	2,0
Vaal River	South Africa	Anglogold Ashanti	By-product (copper) underground	674	1,6
Total				28,061	67,5



### Cameco, largest uranium producer in the world

Canada-based Cameco is the world's largest, low cost uranium producer with four operating mines in Canada and the US. Based on 2005 production of 21.2 million pounds U3O8, the Company provides almost 20% of the world's uranium demand.

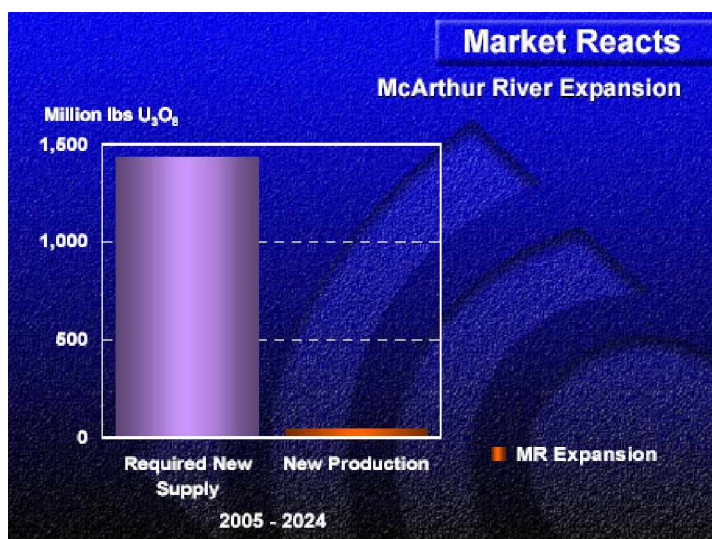
Planned production for 2006 is 21.4 million pounds of U3O8.

Cameco was created in 1988 by the merger of two Crown corporations – Saskatchewan Mining Development Corp. and Eldorado Nuclear Ltd. In 1991, the Company completed its IPO.

In 1996, Cameco purchased Power Resources, Inc., the largest uranium producer in the United States, increasing its reserves and resources by 10%.

Also in 1996, Cameco Gold was formed as a subsidiary of Cameco to conduct the Company's gold business. In 1997, the Kumtor gold operation in Kyrgyzstan, Central Asia, owned one-third by Cameco, achieved commercial production.

In 1998, Cameco acquired Canada-based Uranerz Exploration and Mining Ltd. and Uranerz U.S.A. Inc., increasing its levels by about 30%.



In 1999, Cameco sold a 14% interest in McArthur River, and 17% in Key Lake to Cogema Resources. The McArthur River Mine, the world's largest high-grade uranium mine, located in the Athabasca Basin of northwestern Saskatchewan, Canada, achieved commercial production in November 2000 and became the world's largest high-grade uranium deposit. In 2001, the McArthur River/Key Lake uranium operations achieved full production of 18 million pounds.

In 2005, Cameco's 70% share of production at McArthur River/Key Lake totalled 13.1 million pounds. The operation approached the licensed annual production capacity limit of 18.7 million pounds by the end of November 2005.

Cameco is controlling ownership of the world's largest high-grade reserves and low-cost operations in northern Saskatchewan, with ore graded 100 times the world average. The Company has an aggregate total of 550 million pounds of proven and probable reserves.

Cameco is one of the only three conversion suppliers in the western world. The Company also owns or controls about 40% of western world capacity to produce uranium hexafluoride (UF6) required to produce fuel for light water reactors. The Company is the world's only commercial producer of natural uranium dioxide (UO<sub>2</sub>), the fuel used in the Canadian-built Cantu reactors.

In addition to being the world's largest uranium producer, Cameco is one of the world's largest uranium traders. Recently, the Company bought about 1 million pounds U<sub>3</sub>O<sub>8</sub> (400 tonnes as UF<sub>6</sub>), at an average weighted price less than US\$ 51 per pound U<sub>3</sub>O<sub>8</sub>, of which a portion has already been sold at higher prices.

In 2005, Cameco established a new record for uranium revenue for the fourth consecutive year, which increased by 19% to Cdn\$ 690 million in 2005. The average realised selling price rose 12% in Canadian dollar terms (20% in US dollars), which was mainly the result of higher prices under fixed-price contracts and higher uranium spot prices, which averaged US\$ 28,67 per pound in 2005 compared to US\$ 18.60 in 2004. A 6% increase in sales volume also contributed to higher revenue in 2005.

For 2006, Cameco expects uranium revenue to be about 15% higher than in 2005 due to a projected 20% improvement in the expected realised selling price (in Canadian dollars) and a 4% increase in deliveries. Uranium sales volume is expected to total 36 million pounds in 2006. Cameco's share of uranium production for 2006 is projected to increase slightly to 21.4 million pounds of U<sub>3</sub>O<sub>8</sub> from 21.2 million pounds in 2005. Uranium margins are expected to improve to about 30% compared to 23% in 2005.

Cameco's share of proven and probable reserves at yearend 2005 were 526 million pounds, of which 271 million pounds apply to McArthur River and 116 million pounds to Cigar Lake.

The ore grade is 24,3% U<sub>3</sub>O<sub>8</sub> for McArthur River and 19,1% for Cigar Lake and is valued at US\$ 10,000 per ton, a gold equivalent of \$ 25 oz/ton.

According to Cameco, the energy control of the Company's reserve base of 526 million pounds U<sub>3</sub>O<sub>8</sub> is equal to 15.3 billion barrels of oil or 4.3 billion tonnes of coal.

Cameco has applied for an increase in the annual licensed capacity at McArthur River and Key Lake to 22 million pounds U<sub>3</sub>O<sub>8</sub> per year. The Canadian Nuclear Safety Commission (SNSC) is considering the appropriate process to complete its review of the impacts associated with this proposed expansion.

Continued drilling near the McArthur River area has yielded positive results. Cameco is conducting additional confirmatory drilling in 2006.

Capital expenditures in 2005 were Cdn\$ 108 million, including Cdn\$ 9 million for McArthur River, Cdn\$ 81 million for Cigar Lake, and Cdn\$ 18 million for Inkai (Kazakhstan).

Capital expenditures in 2006 are planned to increase to Cdn\$ 129 million, mainly due to Inkai (Cdn\$ 35 million).

Uranium exploration expenditures increased by Cdn\$ 8 million to Cdn\$ 25 million and were related to programs in Saskatchewan and the Northwest Territories.

Two new mines are being developed in Canada and Central Asia. The Cigar Lake Project is located about 660 kilometres north of Saskatoon, and discovered in 1981. Cigar Lake is the world's second largest high-grade uranium deposit next to McArthur River. Cameco operates Cigar Lake on behalf of a joint venture consisting of Cameco (slightly larger than 50%), AREVA Resources (37%), Idemitsu Uran Exploration Canada (8%) and Tepco Resources (5%).

In December 2004, Canadian Nuclear Safety Commission (CNSC) approved a construction licence for Cigar Lake. Construction began in January 2005 and remains on schedule for completion in the first half of 2007, subject to regulatory approval. Once production begins there will be a ramp-up period of up to 3 years before Cigar Lake reaches expected full production of 18 million pounds U<sub>3</sub>O<sub>8</sub> per year.

The capital costs for the Cigar Lake Project are currently forecast at Cdn\$ 520 million (Cameco's share 50%).

The ISL test mine at Inkai in **Kazakhstan** produced 0.5 million pounds U<sub>3</sub>O<sub>8</sub> in 2005. Approval has been received to increase the test mine's output to 0.8 million U<sub>3</sub>O<sub>8</sub> in 2006. Commercial production is scheduled for 2007. Cameco expects Inkai to ramp up to full production of 5.2 million pounds U<sub>3</sub>O<sub>8</sub> per year by 2010.

Cameco owns a 21.7% interest in **UEX Corp.** (UEX - TSE) formed in 2002 from a combination of exploration assets held by Cameco and Pioneer Metals.

In June 2006, Cameco acquired a 19.5% share of **Unor Inc.** (UNI - TSX.V / formerly Hornby Exploration) through a private placement for Cdn\$ 9.2 million.

UNOR's principal properties are 226 mineral claims in northwestern Nunavut in the Hornby Basin a geological formation with similar characteristics to the Athabasca Basin.



Through its US holding company **AREVA Resources of Canada**, formerly **COGEMA Resources**, the Company is the world's second largest natural uranium producer, next to Cameco.

The AREVA group is the world leader in nuclear energy and the only company to cover all industrial activities in this field.

In 2005, COGEMA produced almost 10 million pounds of U3O8 from its Saskatchewan operations, which include a 70% interest in McClellan Lake (Denison Mines 22.5%), and a 30% interest in McArthur River/Key Lake (70% Cameco). The Company's share of production had been climbing through the late 1990s, peaking at 14.1 million pounds in 2002. This was largely due to an outstanding final year at Cliff Lake, which ceased production in 2002.

The McClellan Lake operation, with the most technologically advanced uranium mill in the world, began producing uranium in 1999 with ore from the now complete JEB and Sue C open pit mines. McClellan produced 6 million pounds of U3O8 in 2004. Reserves as per December 2004 are 41.1 million pounds U3O8 with an average grade of 1.6%.

In May 2005, regulatory approvals were issued to renew the operating licenses and to expand the mill's annual licensed production capacity from 8 million pounds to 12 million pounds. Construction has started on a \$ 60 million expansion to allow the McClellan Mill to process Cigar Lake ore, which is planned to begin in 2007.

Recently, AREVA reported plans to invest € 500-600 million (US\$ 590-700 million) to double its uranium production by 2010 from 5,317 tonnes uranium in 2004. In addition to the usual area of production and exploration (Canada, Niger and Kazakhstan), AREVA intends to conduct exploration in Mongolia, Finland, Australia and South Africa.

AREVA aims to increase its uranium market share from its current 20% to about 25% in the next decade.

In December 2005, AREVA sold its minority stake (7.76%) in Energy Resources of Australia (ERA) for a gross value of A\$ 140.6 million.



### **Denison Mines, second largest Canadian uranium producer**

Denison Mines is one of only three Canadian publicly traded companies that are primary involved in the uranium mining and production business. In the last five years, Denison's uranium business, now centred in Saskatchewan, has evolved from development, to start-up, to a 22.5% interest in the McClellan Lake Uranium production facility, that is one of the five largest in the world.

Production from McLeellan amounted to 6 million pounds in 2005.

Denison also has a 25.17% interest in the Midwest Uranium Project, operated by joint venture partner AREVA, located in northern Saskatchewan, after having acquired a further 5.21% interest from Redstone Resources Inc., a subsidiary of Newmont Mining.

The Company's share of proven and probable reserves at the Midwest Uranium Project increased to 10.48 million pounds U3O8, 8.3 million pounds nickel and 0.64 million pounds cobalt.

In December 2005, the project description for the open-pit mining of the Midwest deposit was submitted to the regulatory authorities. Stripping of the Deposit is expected to commence in 2008.

Denison is engaged in uranium exploration as part of the McClellan and Midwest joint ventures and as a participant in joint ventures in Saskatchewan at Wheeler River, Wolly Waterfound, Russell Lake and in Mongolia.

Denison's share of exploration spending for 2006 is expected to total about Cdn\$ 5.5 million of which Cdn\$ 3.1 million will be spent at the Wheeler River Uranium Project (40% owned), with the option to earn a further 20% interest by funding expenditures to Cdn\$ 7.0 million. The Wheeler Property contains similar geological conditions to that of McArthur River and remains a high priority target where Denison is the operator. Denison also expects to spend over Cdn\$ 800,000 at the Wholly Uranium Project.

*On September 18, 2006 **Denison Mines and International Uranium Corp.** announced that they have entered into an agreement to merge the two companies by way of a plan of arrangement to create a mid-tier, North American-focused uranium producer with the capability of increasing annual production to in excess of 5.5 million pounds of U3O8 by 2010. The Company will own an interest in one operating mine and four North American development projects, all of which are scheduled to commence mining prior to 2010.*

*The share of the combined licensed annual milling capacity will be at 10 million pounds U3O8, to be expanded to 10.7 million pounds in 2007.*

The combined company will be named **Denison Mines Ltd.**, and will have a market capitalization of approximately Cdn\$ 1 billion. Cash and short-term investments are Cdn\$ 127 million.

At the closing of the plan of arrangement holders of Denison common shares will exchange each of their shares for 2.88 IUC common shares. IUC share holders will continue to hold their existing common shares. Existing IUC and Denison shareholders will each own approximately 50% of the new company, which will have approximately 176 million common shares outstanding at the completion of the merger.

The transaction is expected to close by the middle of December 2006.



**International Uranium Corporation** ("IUC") was formed to take advantage of a perceived uranium market production supply shortfall in the mid-1990s. IUC purchased in 1997 all of the uranium assets of a bankrupt company called Energy Fuels – the assets included a permitted, operating uranium mill and tailings system, several uranium/vanadium mines in the US, as well as a large uranium deposit in Mongolia. The purchase price was approximately US\$ 21 million.

There are only two operating uranium mills in the US and IUC's White Mesa Uranium/Vanadium Mill in southwestern Utah, is one of them. The mill is fully permitted and is a large capacity, dual-circuit 2,000 tons per day mill. It is estimated that it would cost a minimum of US\$ 100 million to construct the mill today, if even possible to construct given the onerous permitting process. Total tailings capacity is about 10 million tons, of which over 6 million tons is remaining. The Mill is currently completing an alternative feed contract, which will net the Company in excess of 500,000 pounds uranium in 2006.

In Canada, IUC has assembled a strategic land package in the Athabasca Basin totalling over 350,000 hectares. The Company holds 100% staked land, option agreements with Phelps Dodge and option agreements with JNR Resources (JNN - TSX.V) and Consolidated Abaddon (ABN – TSX.V). IUC is also a significant shareholder in Fortress Minerals Corp. (FST – TSX.V) engaged in precious and base metal exploration in Russia, Nicaragua and Mongolia.

In June 2006 IUC announced the re-opening of its US uranium/vanadium mines. Mining activity will commence immediately and mined ore will be stockpiled at the White Mesa mill. Initial production rates will be approximately 3.4 million pounds of uranium and 5.9 million pounds of vanadium.

IUC holds conventional mining properties in three distinct mining districts in the western United States; the Colorado Plateau, the Henry Mountains and the Arizona Strip. The Company intends to commence mining activities at four of its mines in the Colorado Plateau, to be followed by two additional mines in early 2007.

Based on current mine production schedules, processing of the ore would begin late fourth quarter 2007 or first quarter 2008. IUC anticipates producing approximately 3.4 million pounds of U<sub>3</sub>O<sub>8</sub> and 5.9 million pounds of vanadium thereafter, averaging between 1.5 and 2 million pounds per year of U<sub>3</sub>O<sub>8</sub> and vanadium.



**UEX Corporation** is a uranium exploration company former under an agreement between Pioneer Metals Corp. and Cameco, the Company's largest shareholder (21.7% interest).

On the Company's flagship project the West Bear Uranium deposit, located within UEX's 100%-owned and operated Hidden Bay Project in the Wollaston Lake area of northern Saskatchewan, the current NI 43-101 compliant indicated uranium resource is 46,500 tonnes grading 1,385% U<sub>3</sub>O<sub>8</sub>, containing 1.39 million pounds U<sub>3</sub>O<sub>8</sub>.

A feasibility study carried out by Goldex is expected in June 2007.

UEX has 19 uranium projects, including 7 that are 100%-owned and operated by UEX, one joint ventured with AREVA Resources that is operated by UEX, 10 under option from AREVA and one under option from Japan-Canada Uranium Company, which are operated by AREVA. The 19 projects totalling 386,650 hectares (955,400 acres) are located in the eastern, western and northern perimeters of the Athabasca Basin. UEX's exploration budget for 2006 is Cdn\$ 19 million and the Company has a cash position of approximately \$ 83.0 million.



**Aurora Energy Resources** closed its initial public offering of 6.94 million shares at a price of Cdn\$ 3.60 per share in the second half of March 2006, for gross proceeds of Cdn\$ 25.0 million and began trading on the TSX on March 22, 2006. Earlier, Aurora was created as a private company to hold the uranium assets of

**Fronteer Development** (57%) and **Altius Minerals** (43%).

Aurora's uranium portfolio in coastal Labrador is underpinned by the Michelin Deposit, one of the largest undeveloped uranium deposits in the historic uranium district of the Central Mineral Belt, with a Measured and Indicated mineral resource base of 22.2 million pounds, and an additional Inferred Resource of 13.4 million pounds.

An environmental baseline study and a preliminary engineering study are underway.

The 12-month exploration budget for Aurora is Cdn\$ 14.5 million, which is anticipated to involve approximately 40,000 metres of drilling. The 2006 exploration program commenced in April.



## Australia

Australia is the world's largest source of uranium with 28% of global known recoverable resources within its borders, ahead of Kazakhstan with 16% and Canada with 12%. It supplies 25% of the world's uranium, mainly to the US, Japan and South Korea.

In Queensland, Labour government's historically restrictive policies on developing uranium mining have sidelined two huge uranium deposits at the Valhalla and Skal sites which together comprise Australia's fifth-largest uranium resource owned 50% each by joint venture partners **Resolute Mining** and **Summit Resources**.

Recently, the Northern Territory Government has handed over all responsibility for future uranium mining to the Australian federal government. The significance of this development lies in the election policy of the NT government, formed by the Labour Party, which has stated its preference that no new uranium mines be developed in the territory. While this policy was inherited from the federal Labour Party which adopted the "three mines"-policy on uranium in the 1980s limiting Australia to the operations then existing, the NT had never the authority to block new mine approvals issued by the federal government.

The current federal administration, a Liberal Party-led coalition, has shown a clear willingness to consider new uranium developments in order to take advantage of both the positive outlook for demand and Australia's resource base. The Federal leader of Australia's Labour Party (ALP) announced the intention to repeat the Free Mines Policy at the ALP National Conference in April 2007.

The federal government has come to an agreement with the Chinese authorities allowing China the right to buy Australian uranium. The transfer and safeguard of nuclear material could pave the way for Australia to sell about 2,500 tonnes of uranium annually to China. Based on current uranium prices, the sales could be worth A\$ 250 million (US\$ 193 million).

China's Sinosteel announced an A\$ 30 million investment (60% interest) in the Crocker Well Uranium Project owned by **Peppinnini Minerals**.

*An overall change of policy, to be expected within the next two years, will boost Australia's uranium industry.*

## Wave of consolidation sweeping uranium sector in Australia

In July 2006, **Paladin Resources** announced an A\$ 174 million friendly take-over offer for Valhalla Uranium Ltd. (VUL - ASX). The off market, all scrip offer will comprise 1 ordinary Paladin share for every 3.16 ordinary Valhalla shares, implying a price of A\$ 1.45 per Valhalla share. The offer terms reflect a premium of approximately 41% to the volume weighted average price for Valhalla shares in the 20 trading days prior to the date of the offer.

Valhalla, listed on the ASX in December 2005, is a Western Australian based resource company holding interest in a number of advanced uranium projects acquired from Resolute Mining Ltd. (RSG - ASX) which holds a 83.3% equity interest in Valhalla.

The most advanced project in the Company's portfolio is the Valhalla Project, after which the Company is named. The Valhalla Deposit is located 40 km north of Mount Isa in Queensland and is managed by Summit Resources (SMM - ASX). The Valhalla deposit has an identified JORC Code Mineral Resources consisting of Measured and Indicated Resources of 8.8 million pounds grading 0.147% U3O8 for a total of 28.4 million pounds and Inferred Resources of 2.7 million pounds grading 0.135% U3O8.

In addition, Valhalla's partner Summit has reported incremental historic estimates of 9.0 million pounds at between 0.08% U3O8 and 0.10% U3O8 for 20.1 million pounds U3O8.

Valhalla Uranium is also a participating partner in a series of uranium projects in the Ngalia Basin and Pine Creek districts of the Northern Territory.

On September 7, Paladin declared its takeover offer for Valhalla free from all remaining conditions, after increasing its interest to 94.2%.

**Crosby Capital Partners** of Hong Kong made an unsolicited bid valued at A\$ 33.4 million for **Marathon Resources** (MTN - ASX), which the Directors of Marathon (controlling 22.8% of Marathon) believe to be opportunistic and significantly undervalues Marathon's assets and future prospects.

**Mega Uranium** has acquired 15.6% of the shares and options of the Australian uranium company **Redport Ltd.** (RPT - ASX) for Cdn\$ 10.5 million cash and has entered into an agreement whereby Mega will offer to acquire all of the other securities of Redport for a consideration of 9.36 million Mega shares valued at A\$ 98 million.

Redport's principal asset is the Lake Maitland Uranium Project in western Australia, which contains a NI 43-101 compliant inferred mineral resource of 23.7 million pounds U3O8. Other assets include interests in uranium exploration properties in Western Australia and South Australia, a royalty interest in Paladin Resources' Langer Heinrich Project in Namibia and a cash position of approximately A\$ 9 million (Cdn\$ 7.4 million).

Also in June, Mega completed the acquisition of Future Metals and Energy, which holds historical resources totalling 6.4 million pounds U3O8 adjacent to Mega's Georgetown Project in North Queensland, Australia. The acquisition was obtained for a total consideration of 1 million Mega shares.



**WMC Minerals' Olympic Dam** mine in South Australia, fully-owned by BHP Billiton, 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; uranium 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 total contained ounces of gold at 55.1 million.

Based on these estimates, Olympic Dam contains the world's 4<sup>th</sup> largest remaining copper and gold resources, and contains 38% of the total global uranium resource base.

BHP Billiton is currently spending A\$ 50 million studying expansion plans for Olympic Dam's output up to 15,000 tonnes of uranium oxide and 500,000 tonnes of copper annually. This could make the mine the world's largest producing and lowest cost uranium mine by 2010. As a by-product of copper production, WMC's marginal cost of producing uranium at Olympic Dam is less than US\$ 3/lb.

WMC produced 3,688 tonnes of uranium for export from Olympic Dam in 2005. The Company's uranium is exported to electricity generators in Asia, Europe and North America under bilateral agreements between Australia and host governments.



**Energy Resources of Australia (ERA)**, a 68.4% owned subsidiary of Rio Tinto Australia, is the world third largest uranium producer. The Company is exporting uranium oxide to fuel nuclear electricity utilities in Asia, Europe and North America and is providing 11% of the world's uranium needs.

Since 1981, the Company has mined uranium ore to produce U3O8 at the Ranger Mine, located 250 kilometres east of Darwin in Australia's Northern Territory.

In 2005, ERA had record sales of 5,903 tonnes U3O8 (including 581 tonnes of third party stock) and sales revenues of A\$ 240 million.

In the first nine months of 2006, ERA produced 3.09 tonnes of U3O8, a decline of 28% compared with the corresponding period in 2005, due to a 30% lower mill head grade.

Expenditure on exploration and evaluation on the Ranger Project in the first nine months of 2006 was A\$ 4.8 million.

In October 2005, due to the increase in uranium prices, ERA re-evaluated the resource base at Ranger under the assumption of a cut-off grade reduced from 0.12% U3O8 down to 0.08% U3O8.

Under the revised cut-off grade, total reserves increased by 6,285 tonnes contained uranium, while total resources grew by 14,923 tonnes contained uranium. The additional low-grade ore will be processed between 2011 and 2014, adding three years to the predicted operational life of Ranger. Mining activities at Ranger are still expected to cease in 2008.



## South-Africa

South Africa has decided to build a nuclear industry around the Pebble Bed Modular Reactor with all the appropriate downstream beneficiation.

**AngloGold Ashanti** is South Africa's largest uranium producer, but if its Dominion Reefs Project is successfully developed, that position will be taken by sxr Uranium One.

Combined, the two companies are positioned to control 8% of world uranium output by 2010.



In December 2005, the merger between South-Africa's Aflease Gold and Uranium Resources ("AFL") and Canada's Southern Cross Resources ("SXR") has been officially completed.

sxr Uranium One has united AFL's South African uranium and gold assets within the Australian and Canadian uranium assets of SXR. The Company, which will be focused on the growth and development of its uranium business, also has an approximately 75% interest in Aflease Gold, a new vehicle being formed to develop the pure gold assets of Aflease and Sub Nigel. A recently completed Feasibility Study on Aflease's Mother East Project include expected production at a steady state (2010 to 2015) of approximately 110,000 ounces of gold per annum.

In July 2006, sxr Uranium One completed the Phase I Feasibility Study on its Dominion Reefs Uranium Project, located near Klerksdorp, South Africa. Highlights of the feasibility study, which has used a U3O8 price of US\$ 46.50/lb, include: Phase I, which only contemplates the first 11 years of the mine life is financially robust and technically viable; Phase I probable reserves are 31.1 million pounds of uranium oxide (U3O8) contained within 18.5 million tonnes at an average head grade of 0.77 kg/t; production at steady state (2011 to 2014) will average 3.8 million pounds U3O8 per annum; average cash operating cost for Phase I is US\$ 14.50 per pound of U3O8, net of gold by-product credits; The after-tax all equity IRR for Phase I is 32% and the after-tax all equity NPV is US\$ 184 million at an 8% discount rate at June 1, 2006; Project payback from commencement of Phase I is estimated to be 5 years.

sxr Uranium One is advancing well with development of the Dominion Project with 68% of the work required to commission the new uranium plant having been completed.

The Company remains on target for production of U3O8 in the first quarter of 2007.

By the end of August 2006, the Board of Directors approved the development of the Honeymoon In-Situ Leach Uranium Project in north-eastern South Australia based on a revised mineral resource. Highlights from a detailed review of a feasibility study include: Indicated mineral resource estimate of 1.2 million tonnes ore, grading 0.24% U3O8 (2,900 tonnes U3O8); project capital costs of US\$ 35.9 million; life of mine average cash operating costs of US\$ 14.13/lb U3O8; NPV of US\$ 37.7 million at a 8% discount rate and after-tax IRR of 40%; payback period of 2.9 years from commencement of construction.

With the feasibility studies completed, sxr Uranium One is now moving towards uranium production, first in South Africa at Dominion in the first quarter of 2007 and then at Honeymoon, where the Company looks forward to commissioning Australia's fourth uranium mine in 2008.



## Namibia

**Rio Tinto's** Rossing Uranium Mine is expected to produce 3,500 tonnes U<sub>3</sub>O<sub>8</sub> (2.968 tU) in 2006, slightly down from the 3,700 tonnes (3,137 tU) produced in 2005. The Company aims to soon increase output at the Mine to 4,500 tonnes U<sub>3</sub>O<sub>8</sub> and is investing \$ 120 million to extend the life of the mine by 10 years.



**Paladin Resources'** 100%-owned Langer Heinrich Uranium Project, located in the west of Central Namibia, Southern Africa, was discovered in 1973, mainly by Gencor (the original explorer), a large South African mining house that evolved into BHP-Billiton. In August 2002, Paladin Resources, an Australian publicly listed company, acquired 100% of Langer Heinrich Uranium (Pty) Ltd., the Namibian company holding the Project rights and completed a Pre-Feasibility study at a cost of US\$ 1.26 million. This study was followed by a US\$ 3.0 million Bankable Feasibility Study (BFS) that was completed in the second quarter in 2005.

Langer Heinrich will be an open pit mining operation. The orebody occurs from surface to a depth of about 50 metres in a series of labular lenses. The Project is designed to produce 1,180 tonnes (2.6 million pounds) of U<sub>3</sub>O<sub>8</sub> over a scheduled minimum project life of 17 years. Start-up for the operation is expected in September 2006. The capital estimate for the Project is now estimated to be US\$ 92 million.

Measured and indicated resources are 32.3 million tonnes @ 0.07% U<sub>3</sub>O<sub>8</sub>, from which 20.2 tonnes U<sub>3</sub>O<sub>8</sub> can be recovered. In addition, inferred resources are estimated at 40.0 million tonnes grading 0.068 U<sub>3</sub>O<sub>8</sub> equal to 23.8 million tonnes U<sub>3</sub>O<sub>8</sub>.

Project construction is being maintained on budget. Overall work on the Project is now completed and 95% of the construction budget has been committed. Plant commission remains on schedule for 22 September 2006 start up. Legal documentation for the US\$ 71 million Project Finance Facility has been executed.



## Kazakhstan

Kazakhstan, bordered by Russia, China, Kyrgyzstan, Uzbekistan, Turkmenistan and the Caspian Sea, is the world's 10<sup>th</sup> largest country with a population of 16.7 million. The country has a free market economy and is political stable. GDP growth was 9% in 2004 and per capita income has risen.

Almost \$ 2 billion equity has been raised for Kazakh resource assets in 2005.

Kazakhstan is the world's third largest uranium producer at 7.3 million pounds U<sub>3</sub>O<sub>8</sub> next to Canada with 27 million pounds and Australia with 20 million pounds. All production is low cost In-Situ-Leaching (ISL).

Kazakhstan holds 18% of the world's recoverable uranium resources recoverable, second to only Canada at 28%.

Kazatomprom, the state-owned uranium producer, is setting up joint ventures with Japanese companies Sumitomo Corp. and Kansai Electric Power Co. To expand its uranium mining towards a 2010 target output of 15,000 tonnes per year.

Kazatomprom is also understood to be negotiating with China National Nuclear (CNNC) and Ukorea Hydro & Nuclear Power Corp. (KHNP) on the same basis.

Russia's Rosatom already owns 45% of the Zarechnoye joint venture, and **UrAsia Energy Ltd** (TSX.V - UUU) owns a significant share of three other mines and is bidding for 72% of the Kara Balta uranium mill in Kyrgyzstan, which it intends to refurbish and use to refine its Kazakh output.

Japan's Itochu Corp. is buying 3,000 tonnes uranium over 10 years to be marketed in the USA and Japan.



**UrAsia Energy Ltd.** Is the fourth largest quoted pure producer of uranium in the world, the second largest Canadian listed uranium producer, with an annualised production of 1.4 million pounds U3O8 net upon listing in November 2005.

Focused on Central Asia (Kazakhstan, Kyrgyzstan), UrAsia Energy's corporate goal is to produce 10 million pounds of uranium from three assets by 2015 and be one of the lowest cost producers with In-Situ-Leach (ISL) production.

In November 2005, UrAsia Energy Ltd. Completed its business combination with UrAsia Energy (B.V.I.) Ltd., together with a 2 for 1 consolidation of its common shares, and a name change from Signature Resources Ltd. to UrAsia Energy Ltd.

Pursuant to the business combination, the Company acquired all of the issued and outstanding securities of UrAsia BVI, in consideration for the issuance of 413.58 million post-consolidation shares of the Company to the security holders of UrAsia BVI.

In conjunction with the closing of the business combination, UrAsia BVI completed a brokered financing of 280 million subscription receipts at a price of Cdn\$ 1.80 per subscription receipt for gross proceeds of Cdn\$ 504 million.

As part of the business combination, UrAsia BVI acquired a 70% interest in the Betpak Dala Joint Venture in consideration for US\$ 350 million and future payments based on newly discovered uranium assets. The remaining 30% in the Joint Venture are held by Kazatomprom.

The Betpak Dala Joint Venture has a 100% interest in the Akdala ISL Uranium Mine and a 100% interest in the South Inkai ISL Uranium Development Project, both located in south central Kazakhstan.

Sourced from the RPA Technical Reports, Akdala has proven reserves of 6.4 million pounds U3O8 and probable reserves of 21.4 million pounds U3O8 contained within indicated resources of 30.6 million pounds U3O8 and inferred resources of 15.6 million pounds U3O8.

South Inkai has inferred resources of 36.6 million pounds U3O8.

UrAsia BVI also acquired a 30% interest in the Kharassan Uranium Project located in south central Kazakhstan through the purchase of a 30% interest in the Kyzylkum JV in consideration for US\$ 75 million of which US\$ 37.5 million was paid in cash and US\$ 37.5 million was paid by the issuance of 24.18 million ordinary shares of UrAsia BVI.

The other 70% in the Project is held by Kazatomprom as to 30% and JSC Ulbinsky Metallurgichesky Zavod as to 40%.

A bonus payment of US\$ 24 million is due upon commencement of commercial production, payable in cash or by the issuance of 15.48 million shares of UrAsia Energy at the seller's option. An additional bonus payment of 3.75% of the U3O8 spot price is payable on reserves in excess of 55,000 tonnes of uranium (143 million pounds of U3O8).

Sourced from the RPA Technical Reports, Kharassan has indicated resources of 13.8 million pounds U3O8 and inferred resources of 75.4 million pounds U3O8.

UrAsia has proven reserves of 4.5 million pounds and probable reserves of 15.0 million pounds U3O8 contained within 25.5 million pounds of indicated resources and 59.1 million pounds U3O8 of inferred resources (NI 43-101 compliant).

In addition, UrAsia intends to extend its resource base by converting Russian classified PI mineral resources on its Kazakhstan-based uranium projects through the implementation of an extensive drilling program.

Financial results for the three and nine months period ending April 30, 2006 confirmed that UrAsia produced over 1.0 million pounds of U3O8 from its Akdala Mine's, increased production rates by more than 50% in the last quarter, and is currently producing 2.6 million pounds U3O8 on an annualised basis.



## Mongolia

With only 3% of global uranium reserves, but almost 16% of uranium financings last year, Mongolia is set to emerge as Southeast Asia's number 1 uranium explorer.

Uranium production during the height of the Russian involvement in Mongolia was concentrated east of Bulgan (Province) in the Province of Dornod. Significant discoveries led to the construction of a railroad linking the Mongolian uranium mines with Russian smelting facilities. Railroads connected the properties to Mongolia's capital Ulan Bataar before continuing into China (Beijing) and the Yellow Sea.

Major uranium discoveries in the Province of Dornod include the Dornod Deposit, which has 40 million pounds grading 0.118%, 31.7 million pounds grading 0.177% and 26.3 million pounds grading 0.236%, and the Gurvanbulag Project, operated by Western Prospector, which has a reported resource of 22.7 million pounds grading 0.245% and an additional 19.2 million pounds grading 0.135%.

Located on the northern flank of China and its massive base metal import markets, Mongolia's geographic proximity allows for easy access to Asia's rapidly expanding uranium import markets, led by China and India.



**Western Prospector Group**, focused on the Saddle Hills Uranium Project, is an advanced-stage uranium exploration company in Mongolia. Situated in a region of established infrastructure, the 1,900 square kilometre Saddle Hills Uranium Project is unique in that one of its uranium deposits, the Gurvanbulag, was previously readied for production.

The Gurvanbulag deposit, with a reported historic resource of 41.7 million pounds U308 (not NI 43-101 compliant), was the subject of a feasibility study completed by the Russians during the 1980's.

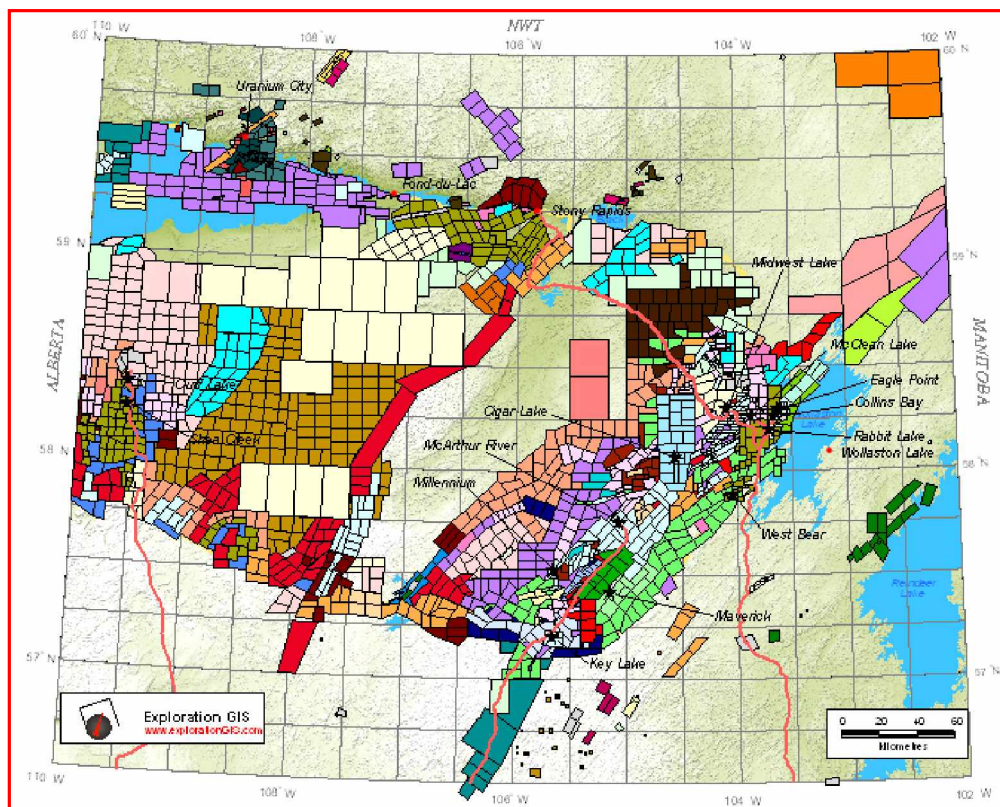
The Company's overall budget for 2005 was Cdn\$ 9.0 million.

## Influx of uranium explorers in Athabasca Basin

Situated in northern Saskatchewan and northeastern Alberta, the Athabasca Basin is the world's most prolific uranium producing district, accounting for more than 30% of global uranium supply. It also hosts the world's richest source of uranium, with average grades up to 21.2% uranium (25% U<sub>3</sub>O<sub>8</sub>). These include the operating McArthur River Mine with reserves of 272 million pounds U<sub>3</sub>O<sub>8</sub> grading 24.3% and the Cigar Lake Mine containing 116 million pounds U<sub>3</sub>O<sub>8</sub> grading 19.1%.

To put this into perspective, the reserve grade at Eldorado Mining and Refining's: Uranium City operations in northern Saskatchewan was 0.19% uranium (0.22 U<sub>3</sub>O<sub>8</sub>) at the end of 1963.

Disposition Holders	
101073531 SK	(30)
101083503 SK	(5)
Allyn Resources	(13)
Areva	(139)
Areva JV	(14)
Areva/UEX	(72)
Bell, S.	(14)
Cameco	(248)
Cameco JV	(36)
Cameco/Areva	(24)
Cameco/Denison	(20)
CanAlaska Ventures	(137)
Cons Abaddon	(4)
Cons Pine Channel	(10)
Dejour Enterprises	(72)
Dubnick, R.	(16)
Duran Ventures	(6)
ESO Uranium	(80)
Forum Development	(28)
GLR Resources	(37)
Golden Valley Mines	(4)
Great Western Minerals	(15)
International Uranium	(76)
International Uranium/JNR Res	(12)
International Uranium/Santoy	(33)
JCU Exploration	(7)
JNR Resources	(59)
Kennecott	(3)
Magnum Uranium	(38)
Mason, M.	(138)
N Can Minerals/American At En	(7)
Nor Can Minerals	(8)
Nor Continental	(10)
Nor Continental/Roughrider	(5)
North-Sask Ventures	(17)
Nuinsco Resources	(7)
Phelps Dodge	(10)
Pitchstone Exploration	(21)
Purepoint Uranium	(48)
Red Dragon Resources	(8)
Red Rock Energy	(13)
Rio Grande Mines	(4)
Roughrider Uranium	(16)
Santoy Resources	(8)
Solitaire Minerals	(3)
Spooner, R.	(4)
Stikine Gold	(4)
Strathmore Minerals	(57)
Studer, R.	(7)
The Claim Group	(9)
Titan Uranium	(30)
Trend Mining	(10)
Triex Minerals	(4)
Triex Minerals/Roughrider	(6)
UEX Corporation	(68)
United Carina	(5)
Uranerz Energy	(2)
Uranium City Resources	(24)
Wescan Goldfields	(5)
Young, T.	(110)
Other	(35)
Pending	(1)



Source: *Exploration GIS* ([www.explorationgis.com](http://www.explorationgis.com))

*The Northern Miner* ([www.northernminer.com](http://www.northernminer.com))

In 1966, when uranium exploration in the basin first began, explorers had no idea that high-grade unconformity deposits deep in the basin existed. Traditional exploration methods were used, which involved the identification of mineralised borders or radiometric anomalies caused by uranium mineralization. The first major uranium discoveries at Rabbit Lake in 1968 was found this way by Gulf Minerals Canada, as were others at Cliff Lake (1969-1980) and Key Lake in 1975.

Although oil companies were common among the earlier explorers, in time, the predominant players became government-owned or large utility based companies that were either nuclear or exploration based.

During the 1970s boom, caused by Uranerz's 1975 discovery at Key Lake, the town of La Ronge, Saskatchewan, became the main staging area for most of the Basin. The Key Lake discovery demonstrated the unconformity model to explain the basin's uranium deposits. The industry now understood that high-grade deposits could be found at the contact between the basin's sandstones and underlying graphitic crystalline basement rocks.

Application of this model led to the re-evaluation of a number of earlier discovered zones and clearly demonstrated uranium deposits existed in deeper parts of the sandstone basin.

The basin's infrastructure also began to develop and expand during the boom of the 1970s. By the early 1980s however, uranium prices had resulted in a drastic decline in exploration expenditures in the region.

Many of the original players abandoned projects in midstream. The level of activity remained low between 1985 and 2003.

Mine operators Cameco and AREVA Resources (formerly Cogema Resources) were the only companies engaged in active-albeit scaled-down exploration. More sophisticated geophysical methods opened up large, deep areas of the basin and led to the discovery by Cameco of the massive McArthur River P2N orebody northeast of Key Lake in 1989.

With the spot market for U3O8 having grown by about 40% in value in 2004 alone, and the high gross value of US\$ 11,000 per tonne, based on a spot price of US\$ 20.00 per pound U3O8 (currently US\$ 56.00), the Athabasca Basin has attracted a strongly increasing number of uranium explorers since 2003.

Saskatchewan Industry and Resources estimates that about Cdn\$ 66 million has been spent on exploration in 2005, a dramatic rise from the 2004 figure of Cdn\$ 31.2 million. Major programs are those of producers Cameco and AREVA Resources Canada and junior UEX, although at least 30 more companies were also active by the end of October 2005, with over 4.5 million ha under mineral disposition in the Athabasca Basin.

Early September 2006, CanAlaska Uranium entered into an agreement with Mitsubishi Development of Japan to explore for uranium on its 100%-owned West McArthur Project. MDP may acquire a 50% ownership in the Project by spending a minimum of Cdn\$ 11million in cash and exploration payments to CanAlaska over a 3½ year period.

## Overview of Uraniumletter's world-wide Peer Group of 20 major Uranium Companies

October 31, 2006	Trade symbol		Share price	12 months prices		Shares net issued million	Market cap. million
				H	L		
<b>France (1)</b>							
			<b>Euro</b>	<b>Euro</b>	<b>Euro</b>		<b>Euro</b>
AREVA (Cogéma)	Euronext	Paris	496.10	650.00	372.20	35.4	17,561.9
<b>Canada (14)</b>							
			<b>Cdn\$</b>	<b>Cdn\$</b>	<b>Cdn\$</b>		<b>Cdn\$</b>
Cameco Corporation	CCO	TSE	39.50	49.95	28.00	352.1	13,908.0
UrAsia Energy	UUU	TSX.V	3.05	4.01	1.45	479.9	1,463.7
<b>sxr Uranium One **</b>	SXR	TSE	12.65	13.10	1.11	130.2	1,647.0
UEX	UEX	TSE	4.35	5.46	2.92	180.6	785.6
Aurora Energy Resources	AXU	TSE	11.91	12.50	3.55	64.8	771.8
International Uranium	IUC	TSE	7.30	7.89	4.28	88.5	646.1
Denison Mines	DEN	TSE	20.80	22.68	10.56	30.5	634.4
<b>Mega Uranium **</b>	MGA	TSX.V	4.66	5.62	1.25	109.3	509.3
<b>Energy Metals **</b>	EMC	TSE	8.60	9.22	2.92	65.9	566.7
<b>Laramide Resources **</b>	LAM	TSX.V	7.00	8.50	4.06	50.4	352.8
Ur-Energy	URE	TSE	3.89	4.19	0.78	68.9	268.0
<b>Alberta Star **</b>	ASX	TSX.V	1.87	2.85	0.58	88.9	166.2
<b>Strathmore Minerals **</b>	STM	TSX.V	2.46	3.00	1.36	69.5	171.0
Crosshair Expl. & Mining	CXX	TSX.V	2.30	2.35	0.70	60.2	138.5
<i>Total</i>							22,029.1
<b>US (1)</b>							
			<b>US\$</b>	<b>US\$</b>	<b>US\$</b>		<b>US\$</b>
Uranium Resources	URRE	OTCBB	3.72	7.92	0.54	51.7	192.3
<i>Total</i>							192.3
<b>Australia (4)</b>							
			<b>A\$</b>	<b>A\$</b>	<b>A\$</b>		<b>A\$</b>
Energy Resources of Australia	ERA	ASX	17.74	17.74	9.65	190.7	3,383.0
Paladin Resources	PDN	ASX	5.77	6.00	1.66	496.3	2,863.7
Resolute Mining	RSG	ASX	1.63	2.76	0.98	229.1	373.4
<b>Summit Resources **</b>	SMM	ASX	2.22	2.35	0.52	197.4	438.2
<i>Total</i>							7,058.3

\*\* individually featured as UraniumStock of the Month or Special Situation

\* individually featured

## Overview of uranium production and exploration companies

October 31, 2006	Trade symbol		current Share price	12 months H L		Shares net issued million	Market cap. million
			<i>Euro</i>	<i>Euro</i>	<i>Euro</i>		<i>Euro</i>
AREVA	Euronext	Paris	496.10	650.00	372.20	35.4	17,561.9
<b>Canada</b>			<b>Cdn\$</b>	<b>Cdn\$</b>	<b>Cdn\$</b>		<b>Cdn\$</b>
Cameco Corporation	CCO	TSE	39.50	49.95	28.00	352.1	13,908.0
Denison Mines	DEN	TSE	20.80	22.68	10.56	30.5	634.4
<b>sxr Uranium One **</b>	SXR	TSE	12.65	13.10	1.11	130.2	1,647.0
UEX	UEX	TSE	4.35	5.46	2.92	180.6	785.6
Aurora Energy Resources	AXU	TSE	11.91	12.50	3.55	64.8	771.8
International Uranium	IUC	TSE	7.30	7.89	4.28	88.5	646.1
<b>Energy Metals **</b>	EMC	TSE	8.60	9.22	2.92	65.9	566.7
UR-Energy	URE	TSE	3.89	4.19	0.78	68.9	268.0
<b>Strathmore Minerals **</b>	STM	TSX.V	2.46	3.00	1.36	69.5	171.0
<b>Alberta Star Development **</b>	ASX	TSX.V	1.87	2.85	0.58	88.9	166.2
Crosshair Expl. & Mining	CXX	TSX.V	2.30	2.35	0.70	60.2	138.5
Cash Minerals	CHX	TSX.V	1.59	2.24	0.32	75.9	120.7
<b>Dejour Enterprises *</b>	DJE	TSX.V	1.95	2.83	0.82	59.4	115.8
JNR Resources	JNN	TSX.V	1.46	1.68	0.70	76.3	111.4
Bayswater Uranium	BAY	TSX.V	1.42	1.69	0.78	59.9	85.1
Red Dragon Resources	DRA	TSX.V	1.38	1.74	0.36	56.3	77.7
Pioneer Metals	PSM	TSE	0.99	1.17	0.36	64.7	64.1
Hathor Exploration	HAT	TSX.V	1.31	1.54	0.25	48.6	63.7
Titan Uranium	TUE	TSX.V	2.23	3.27	1.01	28.0	62.4
High Plains Uranium	HPU	TSE	1.30	1.34	0.46	47.7	62.0
Energy Fuels	EFR	TSX.V	2.14	2.80	0.07	28.9	61.8
Azimut Exploration	AZM	TSX.V	3.90	3.99	0.86	14.2	55.4
UNOR Inc	UNI	TSX.V	0.44	0.77	0.24	117.5	51.7
<b>Uranium Power *</b>	UPC	TSX.V	0.61	0.81	0.31	76.2	46.5
Forsys Metals	FSY	TSX.V	2.46	2.90	0.60	18.7	46.0
Northwest Mineral Ventures	NWT	TSX.V	0.44	1.35	0.27	102.8	45.2
<b>CanAlaska Ventures **</b>	CVV	TSX.V	0.56	0.77	0.30	78.0	43.7
Triex Minerals	TXM	TSX.V	3.05	3.10	1.75	12.7	38.7
Verena Minerals	VML	TSX.V	0.46	0.46	0.13	81.2	37.4
<b>Commander Resources *</b>	CMD	TSX.V	0.62	0.96	0.19	56.3	34.9
Gold-Ore Resources	GOZ	TSX.V	0.52	0.75	0.15	53.7	27.9
<b>Santoy Resources **</b>	SAN	TSX.V	0.38	0.90	0.29	71.0	27.0
Great Western Minerals Group	GWG	TSX.V	0.43	0.75	0.32	61.3	26.4
<b>ESO Uranium **</b>	ESO	TSX.V	0.74	1.48	0.37	32.7	24.2
Pitchstone Exploration	PXP	TSX.V	1.75	2.42	0.58	13.3	23.3
Uravan Minerals	UVN	TSX.V	0.92	1.70	0.80	23.1	21.3
Firestone Ventures	FV	TSX.V	0.43	0.85	0.12	48.8	21.0
Bitterroot Resources	BTT	TSX.V	0.47	0.85	0.27	42.1	19.8
Star Uranium Corp	SUV	TSX.V	0.40	0.89	0.29	48.7	19.5
Forum Uranium	FDC	TSX.V	0.41	0.76	0.28	45.7	18.7
Rampart Ventures	RPT	TSX.V	0.29	0.58	0.21	63.1	18.3
<b>Consolidated Abaddon Res. *</b>	ABN	TSX.V	0.58	0.88	0.15	31.4	18.2
Wescan Goldfields	WGF	TSX.V	0.37	1.03	0.31	44.7	16.5
Kilgore Minerals	KAU	TSX.V	0.84	1.13	0.51	19.3	16.2
Nova Uranium	NUC	TSX.V	1.01	4.55	0.38	15.4	15.6
Universal Uranium	UUL	TSX.V	0.46	0.93	0.32	32.2	14.8
Bluerock Resources	BRD	TSX.V	0.78	0.85	0.15	16.7	13.0
Purepoint Uranium Group	PTU	TSX.V	0.47	0.80	0.28	27.3	12.8
Consolidated Global Minerals	CTG	TSX.V	0.19	0.43	0.13	66.7	12.7
<b>Uranium City Resources *</b>	UCR	TSX.V	0.34	0.70	0.17	35.4	12.0
Northern Continental Res.	NCR	TSX.V	0.29	0.63	0.19	38.6	11.2
<b>Magnum Uranium **</b>	MM	TSX.V	0.68	1.40	0.56	15.8	10.7
Solitaire Minerals	SLT	TSX.V	0.16	0.39	0.08	66.4	10.6
Silver Spruce Resources	SSE	TSX.V	0.46	0.84	0.22	23.0	10.6
Aldershot Resources	ALZ	TSX.V	0.30	0.64	0.18	34.7	10.4
Northern Canadian	NCA	TSX.V	0.40	0.85	0.20	25.3	10.1

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October 31, 2006	Trade symbol		current Share price	12 months H L		Shares net issued million	Market cap. million
Golden Valley Mines	GZZ	TSX.V	0.27	0.54	0.22	34.2	9.2
United Carina Resources	UCA	TSX.V	0.39	0.59	0.21	23.5	9.2
<b>Monster Copper **</b>	MNS	TSX.V	0.35	0.59	0.22	25.1	8.8
Trigon Exploration Canada	TEL	TSX.V	0.28	0.51	0.17	29.0	8.1
International KRL Resources	IRK	TSX.V	0.14	0.49	0.13	56.9	8.0
North American Gems	NAG	TSX.V	0.16	0.32	0.13	44.2	7.1
Stikine Gold	SKY	TSX.V	0.25	0.42	0.08	27.5	6.9
Logan Resources	LGR	TSX.V	0.20	0.76	0.18	32.0	6.4
Waseco Resources	WRI	TSX.V	0.19	0.33	0.08	29.4	5.6
Thelon Ventures	THV	TSX.V	0.13	0.34	0.07	42.5	5.5
Max Resource	MXR	TSX.V	0.40	0.98	0.32	11.1	4.4
<b>Mesa Uranium *</b>	MZU	TSX.V	0.33	0.95	0.20	12.1	4.0
Int. Arimex	IEA	TSX.V	0.12	0.37	0.04	32.4	3.9
Ditem Exploration	DIT	TSX.V	0.19	0.68	0.07	18.7	3.6
Gravity West Mining	GRW	TSX.V	0.07	0.16	0.05	39.2	2.7
Int. Montoro Resources	IMT	TSX.V	0.19	0.50	0.13	9.4	1.8
Belmont Resources	BEA	TSX.V	0.14	0.29	0.08	10.7	1.5
<b>U.S.</b>			<b>US\$</b>	<b>US\$</b>	<b>US\$</b>		<b>US\$ mln</b>
Uranium Resources	URRE	OTCBB	3.72	7.92	0.54	51.7	192.3
U.S. Energy	USEG	OTCBB	4.33	7.36	3.30	19.7	85.3
Uranerz	URNZ	OTCBB	2.41	3.25	0.84	31.8	76.6
Uranium Energy	URME	OTCBB	2.10	7.33	0.83	28.0	58.8
Crested Corp.	CBAG	OTCBB	1.84	3.15	1.26	17.2	31.6
Yukon Resources	YUKR	OTCBB	0.74	1.75	0.41	28.0	20.7
Golden Patriot	GPTC	OTCBB	0.13	0.42	0.06	75.2	9.8
<b>Australia</b>			<b>A\$</b>	<b>A\$</b>			<b>A\$ mln</b>
Energy Resources of Australia	ERA	ASX	17.74	17.74	9.65	190.7	3,383.0
Equinox Minerals	EQN	ASX	2.25	2.68	0.85	434.3	977.2
<b>Summit Resources **</b>	SMM	ASX	2.22	2.35	0.52	197.4	438.2
Resolute Mining	RSG	ASX	1.63	2.76	0.98	229.1	373.4
Alliance Resources	AGS	ASX	0.95	1.05	0.12	243.3	231.1
Deep Yellow	DYL	ASX	0.26	0.29	0.05	652.0	169.5
<b>Redport **</b>	RPT	ASX	0.18	0.19	0.06	565.7	101.8
Uranium Equities	UEQ	ASX	0.48	0.54	0.23	133.3	64.0
Toro Energy	TOE	ASX	0.69	1.60	0.41	72.0	49.7
Marathon Resources	MTN	ASX	0.87	1.45	0.46	38.2	33.2
Energy Metals Ltd.	EME	ASX	2.00	2.90	0.68	15.7	31.4
Nova Energy	NEL	ASX	1.95	1.95	0.35	15.6	30.4
Arafura Resources	ARU	ASX	0.38	0.59	0.25	76.3	29.0
<b>Monaro Mining **</b>	MRO	ASX	1.40	1.50	0.56	19.7	27.6
Pepinnini Minerals	PNN	ASX	0.70	0.76	0.21	31.1	21.8
Stellar Resources	SRZ	ASX	0.32	0.71	0.17	56.9	18.2
Encounter Resources	ENR	ASX	0.44	1.15	0.21	28.5	12.5
Scimitar Resources	SIM	ASX	0.48	0.55	0.22	25.4	12.2
New World Alloys	NWA	ASX	0.04	0.07	0.04	255.8	10.2
Korab Resources	KOR	ASX	0.27	0.38	0.20	30.7	8.3
Reefton Mining	RTM	ASX	0.02	0.04	0.02	364.6	7.3
Mindax	MDX	ASX	0.15	0.22	0.09	40.2	6.0
Drake Resources	DRK	ASX	0.14	0.26	0.10	23.6	3.3
Southern Cross Exploration	SCX	ASX	0.04	0.07	0.04	40.0	1.6
			<b>Cdn\$</b>	<b>Cdn\$</b>			<b>Cdn\$ mln</b>
<b>Mega Uranium **</b>	MGA	TSX.V	4.66	5.62	1.25	109.3	509.3
<b>Laramide Resources **</b>	LAM	TSX.V	7.00	8.50	4.06	50.4	352.8
Buffalo Gold	BUF.U	TSX.V	1.82	2.87	0.35	45.9	83.5

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	<i>Trade symbol</i>		<i>Current Share price</i>	<i>12 months</i>		<i>Shares net issued million</i>	<i>Market cap. million</i>
				<i>H</i>	<i>L</i>		
<b>Other countries:</b>							
<b>South Africa</b>							
<b>sxr Uranium One **</b>	SXR	TSE	<b>Cdn\$</b> 12.65	<b>Cdn\$</b> 13.10	1.11	130.2	<b>Cdn\$ mln</b> 1,647.0
<b>Namibia</b>							
Paladin Resources	PDN	ASX	<b>A\$</b> 5.77	<b>A\$</b> 6.00	1.66	496.3	<b>A\$ mln</b> 2,863.7
Reefton Mining	RTM	ASX	0.02	0.04	0.02	364.6	7.3
UraMin	UMN	AIM	<b>pence</b> 70.00	<b>pence</b> 94.50	46.50	175.5	<b>£ mln</b> 122.9
Xemplar Energy	XE	TSX.V	<b>Cdn\$</b> 0.30	<b>Cdn\$</b> 0.87	0.18	78.3	<b>Cdn\$ mln</b> 23.5
<b>Niger</b>							
Northwest Mineral Ventures	NWT	TSX.V	<b>Cdn\$</b> 0.44	<b>Cdn\$</b> 1.35	0.27	102.8	<b>Cdn\$ mln</b> 45.2
<b>Zambia</b>							
Albidon	ALB	ASX	<b>A\$</b> 1.59	<b>A\$</b> 1.59	0.63	148.0	<b>A\$ mln</b> 235.3
Forsys Metals	FSY	TSX.V	<b>Cdn\$</b> 2.46	<b>Cdn\$</b> 2.90	0.60	18.7	<b>Cdn\$ mln</b> 46.0
<b>Central African Rep.</b>							
UraMin	UMN	AIM	<b>pence</b> 70.00	<b>pence</b> 94.50	46.50	175.5	<b>£ mln</b> 122.9
<b>Madagascar</b>							
<b>Pan African Mining **</b>	PAF	TSX.V	<b>Cdn\$</b> 2.00	<b>Cdn\$</b> 2.75	1.15	16.3	<b>Cdn\$ mln</b> 32.6
<b>Kazakhstan</b>							
UrAsia Energy	UUU	TSX.V	<b>Cdn\$</b> 3.05	<b>Cdn\$</b> 4.01	1.45	479.9	<b>Cdn\$ mln</b> 1,463.7
<b>Kyrgyzstan</b>							
<b>Monaro Mining **</b>	MRO	ASX	<b>A\$</b> 1.40	<b>A\$</b> 1.50	0.56	19.7	<b>A\$ mln</b> 27.6
<b>Mongolia</b>							
International Uranium	IUC	TSE	<b>Cdn\$</b> 7.30	<b>Cdn\$</b> 7.89	4.28	88.5	<b>Cdn\$ mln</b> 646.1
<b>Mega Uranium **</b>	MGA	TSX	4.66	5.62	1.25	109.3	509.3
Western Prospector Group	WNP	TSX.V	3.65	6.25	1.66	42.7	155.9
Khan Resources	KRI	TSX	2.30	2.40	1.11	41.4	95.2
Erdene Gold	ERD	TSE	0.86	1.68	0.55	53.0	45.6
<b>Red Hill Energy **</b>	RH	TSX.V	0.83	1.09	0.65	32.3	26.8
<b>Argentina</b>							
<b>Mega Uranium **</b>	MGA	TSX.V	<b>Cdn\$</b> 4.66	<b>Cdn\$</b> 5.62	1.25	109.3	<b>Cdn\$ mln</b> 509.3
Wealth Minerals	WML	TSX.V	1.60	2.22	1.15	20.0	32.0
<b>Peru</b>							
<b>Strathmore Minerals **</b>	STM	TSX.V	<b>Cdn\$</b> 2.46	<b>Cdn\$</b> 3.00	1.36	69.5	<b>Cdn\$ mln</b> 171.0
Frontier Pacific Mining	FRP	TSX.V	0.40	0.88	0.19	131.6	52.6
<b>Solex Resources *</b>	SOX	TSX.V	0.63	0.83	0.26	38.5	24.3
<b>Vena Resources **</b>	VEM	TSX.V	0.60	0.93	0.41	36.4	21.8
<b>Slovakia</b>							
Tournigan Gold	TVC	TSX.V	2.81	3.25	0.48	112.0	314.7
<b>Sweden</b>							
Continental Precious Minerals	CZQ	TSX.V	1.49	4.74	0.61	27.4	40.8
Mawson Resources	MAW	TSX.V	1.18	2.10	0.41	25.3	29.9

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