

Uranium Sector Review January 2011

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Executive Summary

Overview

- In compiling this report we have reviewed over 300 ASX listed stocks that list uranium in their portfolio. Most of these were micro stocks that jumped on the 2007 uranium bubble and have done nothing since then.
- The stocks that we have decided to focus on have a story to tell and we will be looking to instigate formal coverage on a selection.
- This review will be updated quarterly and as new story evolves or covered stories underperform we will change the list of stocks reported on.

Key Points

- Strength returning to uranium price, up ~60% in 2H10. Price rise supported by fundamentals rather than speculation.
- 30% of worlds uranium supplies currently sourced from secondary supplies, including the decommissioning of nuclear weapons, this program is to wind down in 2013.
- Various nations are rapidly expanding their nuclear power generation capabilities, lead by China and India.
- Supply constraints and increased demand point to a sustained period of price strength for uranium.
- The recent bid for Mantra at ~\$10 per resource pound U₃O₈ has put the spotlight back onto the acquisition of quality long term uranium assets.

WHY BE IN URANIUM?

- Fundamentals of supply and demand point to a period of strength in the uranium sector. It is these fundamentals that are driving the current price rise rather than the speculative market that drove up the price to unsustainable levels in 2007/2008.
- The value put on quality assets can be seen in the all cash bid late in 2010 for Mantra. At \$8/share this implies a value of \$10.26/lb U₃O₈ for Mantra's resources. With a price more than double the average ASX EV/resource of \$4.00/lb U₃O₈ for developers the bid implies there is still room for growth in the uranium sector.

Investment Thesis – Uranium prices are likely to remain strong as the demand increases and the production of uranium fuel from decommissioned weapons stops in 2013.

Demand - Globally there are 442 reactors currently in production, with another 63 being built 156 on order or planned and 322 proposed. Even if only a portion of the proposed reactors are built it is still a significant increase in numbers and will correspond to increased demand.

China alone currently has 13 operational nuclear reactors with 25 under construction and more planned. The Chinese target is to increase by ~800% the electricity produced from nuclear energy by 2020.

Supply - Uranium is sourced from both mines and also from the secondary market. The secondary market is largely a finite resource, with a significant portion of this supply stopping in 2013. Delays in bringing new mines on stream (Cigar Lake and Olympic Dam) and mature operations (Rossing and Ranger) both reduce the primary supply available. The shortfall has been filled by increased production from Kazakhstan but the number of new mines coming on line is slowing.

Risks - New supply from secondary supplies such as from the stockpiles being introduced to the market could negatively impact on the uranium price.

TOP IDEAS

Producers

PDN – With two producing assets both increasing production rates and exposed to the strengthening spot market PDN are in a good position to not only grow organically but also look at consolidation within the sector.

Developers

BKY – With the opportunistic bid failing it now frees up BKY to progress with their projects. Having a plant and associated infrastructure in place accelerates the timeframe to production.

DYL – A strategic land holding in Namibia with advanced stage projects and an exciting EXT style discovery. In addition to advancing their own projects we would see DYL as a target for consolidation within the Namibian uranium plays.

Explorer

UNX – The exploration assets have the potential to deliver more value to UNX than their development assets. The proximity to two significant uranium projects in similar geology is an exciting prospect.

Speculative

THX – The exploration program planned for 2011 should provide a good news flow. The uranium targets are high grade and success in finding more deposits like their flagship prospect is crucial. The closeness to SFR is also of interest.

Summary Table of Companies included in this report

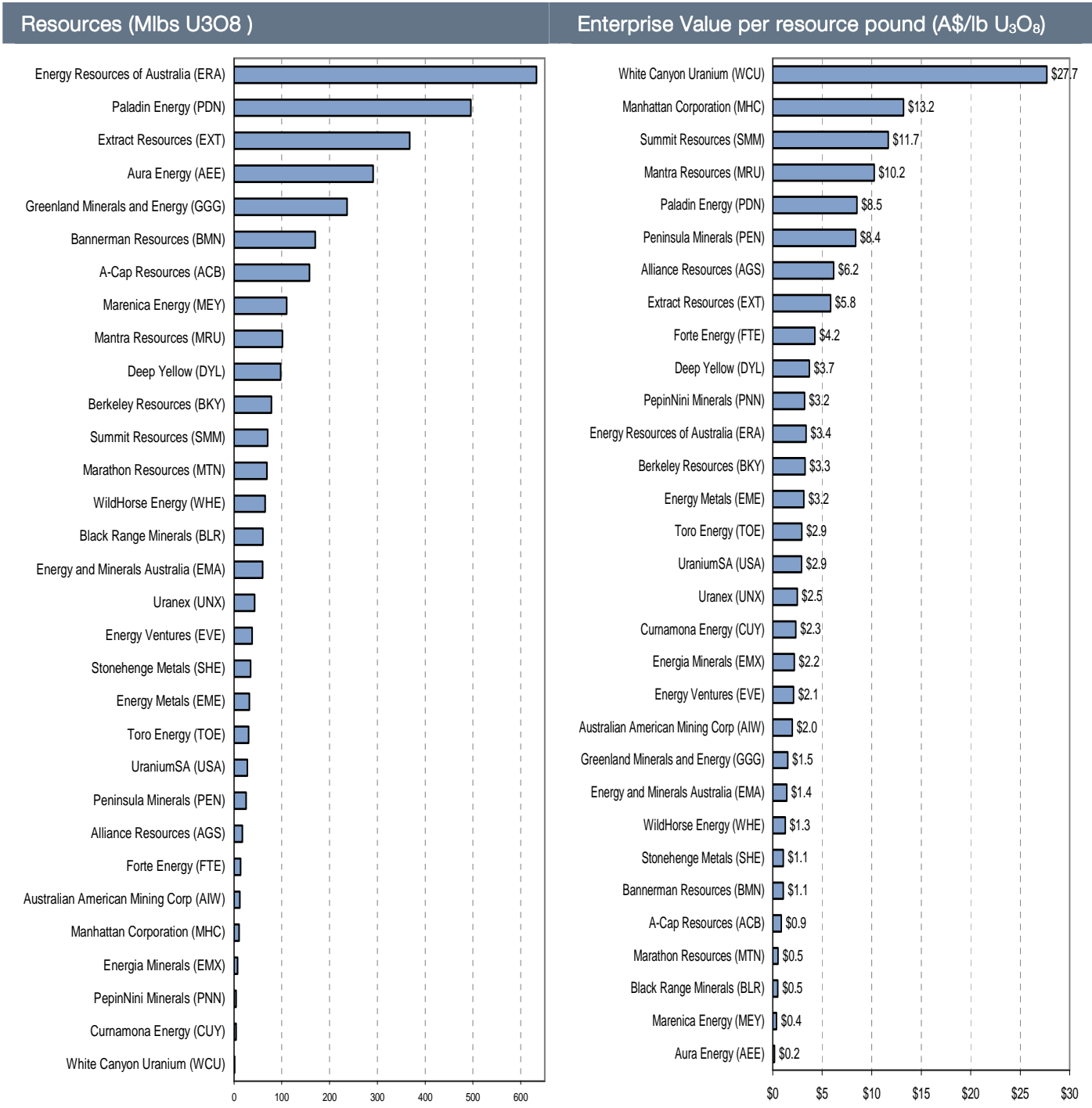
Company	Mkt Cap (dil) (A\$m)	Cash (A\$m)	3 Month Performance	Resource (mt)	Grade (ppm)	Contained U ₃ O ₈ (Mlb)	EV/resource (A\$/lb U ₃ O ₈)	Location
A-Cap Resources Limited (ACB)	\$151	\$17	97%	463.7	154	157.8	\$0.85	Botswana
Bannerman Resources Limited (BMN)	\$197	\$23	61%	400.5	190	170.0	\$1.08	Namibia
Berkeley Resources Limited (BKY)	\$263	\$7	10%	79.3	455	78.1	\$3.27	Spain
Crusader Resources Limited (CAS)	\$122	\$3	46%	-	0	0.0	-	Western Australia & Brazil (Fe)
Deep Yellow Limited (DYL)	\$387	\$25	60%	168.4	264	97.9	\$3.69	Namibia, Northern Territory & Queensland
Energia Minerals NL (EMX)	\$21	\$5	78%	12.2	290	7.4	\$2.20	Western Australia
Energy and Minerals Australia Limited (EMA)	\$89	\$5	15%	55.4	491	59.8	\$1.41	Western Australia
Energy Resources of Australia Limited (ERA)	\$2,300	\$165	-9%	184.1	1543	633.0	\$3.37	Northern Territory
Energy Ventures (EVE)	\$81	\$3	186%	69.3	248	37.9	\$2.11	USA
Extract Resources Limited (EXT)	\$2,199	\$53	17%	366.5	453	367.3	\$5.84	Namibia
Forte Energy NL (FTE)	\$74	\$16	69%	19.0	324	13.7	\$4.25	Mauritania
Manhattan Corporation Limited (MHC)	\$145	\$1	40%	16.0	310	10.9	\$13.21	Western Australia & South Australia
Mantra Resources Limited (MRU)	\$1,105	\$67	33%	108.9	422	101.4	\$10.24	Tanzania
Paladin Energy Limited (PDN)	\$3,629	\$275	18%	391.7	587	495.4	\$8.50	Namibia, Malawi, NT, QLD & Canada
Thundelarra Exploration Limited (THX)	\$112	\$19	0%	-	0	0.0	-	Northern Territory, Western Australia
Toro Energy Limited (TOE)	\$140	\$50	12%	29.7	467	30.6	\$2.94	Western Australia
Uranex NL (UNX)	\$115	\$7	283%	120.0	160	43.0	\$2.49	Tanzania
UraniumSA Limited (USA)	\$90	\$8	100%	45.5	280	28.0	\$2.92	South Australia

Comparison of Company Type

Type	Average \$EV/Lb	Average 3 Month performance
Producers	5.94	5%
Developers	4.23	60%
Explorers	4.46	45%

Source: Austock Securities estimates

Companies – Summary



Source: Austock Securities estimates, Company reports

Source: Austock Securities estimates, Company reports

Producers

Energy Resources Australia (ERA)

- Production from ERA's Ranger Mine continues to be plagued by decreasing head grade and limited feedstock supply. Magnifying the production issues are that ERA is having to buy uranium on the spot market to meet long term contracts.
- The turn around catalyst for ERA will be the development of the Ranger Deeps and Heap Leach operations. Given the timing for these two are not for sometime we see the story languishing for the short to medium term.

Paladin Energy (PDN)

- With a production profile on the increase from their two producing mines PDN provides good exposure to the rising uranium price.
- Although the latest guidance was for a reduction in FY11 production from 7.0Mlbs pa to 6.0-6.3Mlbs U₃O₈ we see the issues as temporary and rectifiable. The production issues had partly been flagged to the market but the latest power outages were a new issue.
- At the Langer Heinrich Mine (Namibia) production is running at nameplate capacity (3.3Mlbs U₃O₈ pa) with Stage 3 expansions to lift production to 5.2Mlbs U₃O₈ pa almost complete. At the Kayelekera Mine (Malawi) achieving nameplate capacity has been hampered by production issues.
- Outside of the producing assets PDN is targeting organic growth through their exploration projects in Australia (NT, WA, QLD). Also recently PDN has embarked on a period of growth through acquisition, with the purchase of projects in Niger and Canada.

Developers/Advanced

Bannerman Resources (BMN)

- BMN's key asset is the 80% interest in the Etango Deposit located in central Namibia. The total resource is 500Mt @ 190ppm for 212Mlbs contained U₃O₈ (170Mlbs attributable to BMN) This is a large volume low grade style deposit.
- The deposit is in the right neighbourhood to attract the attention of a partner to help develop the project.

Berkeley Resources (BKY)

- With much of the worlds uranium interest focussed on Kazakhstan, Namibia, Australia and Canada a project in Spain might struggle to get attention. But the advanced project being developed by Berkeley in western Spain did gain the attention of a major uranium producer and now that the takeover bid has lapsed BKY is certainly worth a look.
- The deposits are being advanced in JV with the Spanish Government and with production last undertaken in 2000 there is a certain amount of existing infrastructure in place, which will assist BKY.

Deep Yellow (DYL)

- Another of the ASX listed uranium companies enjoying success in Namibia. In addition to the Namibian assets DYL has a large portfolio of tenements in Queensland and the Northern Territory.
- The Omahola Project, In Namibia, is the main focus for DYL. The project is emerging as a central processing hub for the INCA and Tubas Red Sand deposits and the Alaskite prospect. DYL is currently well advanced on a PFS for the project.
- The proximity of DYL's Namibian projects to several world class deposits would make them an attractive target for large uranium companies.

Energy and Mineral Resources (EMA)

- The discovery of uranium mineralisation underneath the lignite hosted mineralisation is a promising sign for EMA.
- Now the next steps for EMA are to resolve the outstanding litigation, complete the PFS and define additional resources in the sandstone hosted material.

Extract Resources (EXT)

- Extract Resources is currently focussed on their world class Husab Deposit in Namibia. The deposit presently is at 367Mlbs U₃O₈ and has the potential to reach 500Mlbs U₃O₈.
- A DFS is nearing completion on Zones 1 and 2, to date 5 mineralized zones have been identified.
- Additional exploration upside exists.

Mantra Resources (MRU)

- Mantra is currently subject to an offer from the Russian company ARMZ valued at a total A\$1.16bn or \$10.26 per resource pound U₃O₈.
- This offer has set a new benchmark for the sector and reinforces the interest in shoring up quality long life supply in uranium friendly jurisdictions.
- Mantra's Mkuju River Project is located in southern Tanzania and is in similar geology to Paladin's Kayelekera Mine and Uranex's Mkuju Project.

Toro (TOE)	<ul style="list-style-type: none"> Toro is a very well funded and experienced developer and explorer of uranium projects. The team assembled is well positioned to take their flagship project at Wiluna (WA) into production and fully explore their prospective exploration portfolio. OZMinerals (OZL) maintains a 43% ownership in TOE and TOE retains an interest in uranium rights to the ground surrounding Prominent Hill.
Uranex (UNX)	<ul style="list-style-type: none"> A change in management for Uranex and a change in project focus has reinvigorated UNX. Now with the focus on their sandstone hosted targets in Tanzania, that are in the same rock units as the nearby Mantra and Paladin deposits, it looks like promising times are ahead for UNX.
Uranium SA (USA)	<ul style="list-style-type: none"> The discovery at Mullaquana on the Eyre Peninsula of South Australia is one of the few greenfields discoveries to come out of the last uranium boom. The project in an uranium friendly State and close to a mining service town make this an promising project. Through the application of a methodological approach to exploration USA has developed a good understanding of the project geology which is now being successfully used in regional exploration.

Explorers

A-Cap Resources (ACB)	<ul style="list-style-type: none"> ACB have defined a large resource in Botswana and are undertaking a PFS, due for completion late 1Q11. Even with a good share price performance since December 2010 ACB are still trading at a very low EV/lb for an advanced explorer when compared to peers.
Crusader Resources (CAS)	<ul style="list-style-type: none"> In addition to an early stage uranium project in Western Australia CAS has established a base in Brazil and has acquired an interesting gold project and is soon to start producing iron ore from a boutique mine. Brazil has a strong mining history and is increasingly becoming a focus for a broad range of commodities.
Energia Minerals (EMX)	<ul style="list-style-type: none"> Grass roots explorer in WA with some promising looking palaeochannel hosted mineralisation. A modest resource at present but recent step out drilling has confirmed that the mineralisation extends outside of the current resource and that resource upgrades are a distinct possibility.
Energy Ventures (EVE)	<ul style="list-style-type: none"> Purchased their flagship project in the USA during 2010, for a relatively cheap ~\$0.11/lb U₃O₈. The current resource is a respectable 39Mlbs and growing. EVE have recently added a large land holding to their portfolio of projects. The new tenements include areas of historic uranium mining.
Forte Energy (FTE)	<ul style="list-style-type: none"> Early stage projects in Mauritania and Guinea, progress has been slow due to logistical issues in Mauritania and political instability in Guinea.
Manhattan Corporation (MHC)	<ul style="list-style-type: none"> MHC is exploring for palaeochannel style mineralisation in central Western Australia and has defined a 10Mlbs resource based on historic work. Despite their resource being situated within an area that has limited access MHC has recently completed an extensive drill campaign 'along strike' of the resource and is hopeful of gaining access to the restricted portion of their tenement. The scope of the drilling undertaken late in 2010 gives us confidence that the resource will be significantly added to.
Thundelarra Exploration (THX)	<ul style="list-style-type: none"> THX are focussed on uranium in the Northern Territory with stand out grades reported from drilling on their Thunderball prospect, a maiden resource is due 1Q11. In addition to the uranium projects THX has picked up tenements adjacent to Sandfire's DeGrussa deposit in WA and is targeting copper mineralisation. THX are well funded (~\$19m) and are planning a large exploration program in 2011.

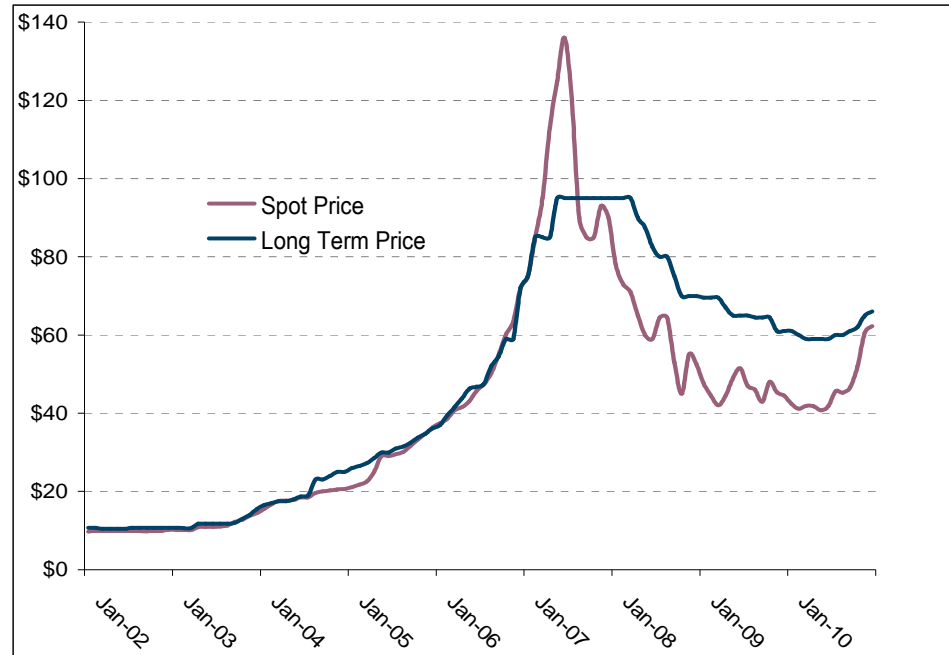
Uranium Price

The spot price for uranium has risen from \$41/lb U₃O₈ in mid 2010 to \$70/lb in January 2011. The spot price movement reflects demand from countries like China for refined uranium and uranium resources alike.

Current price rise different from 07/08

The current price rise is based on demand rather than the speculation bubble price rise and deflation in 07/08. Therefore we should see a more conservative rise with sustained long term prices.

Uranium Price (\$US per lb) 2002 – Present



Source: Ux Consulting LLC, TradeTech, IRESS

Higher cost operations need stronger commodity prices

As lower grade deposits are brought on-line and regulatory hurdles delay projects the cost of production is increasing. The implication is that uranium prices will need to sustain their current strength to support the development of new projects.

The uranium market is different from the majority of other metals markets in that nuclear power generators need to secure long term supplies, therefore sales agreements are typically set many years out and run for a number of years. A spot market has evolved that is more transparent but is the domain of the speculator and traders alike.

Uranium Demand

Market Demand on the rise

Rapid increases in demand for uranium are expected as countries around the globe expand their nuclear power capacity. Countries such as China and India are leading the way with large nuclear power programs underway.

Long Term purchases support price increase

We are seeing increased Chinese demand for uranium. In late 2010 Areva and the Chinese Guangdong Nuclear Power Corp (CGNPC), signed a supply deal for 20,000 tonnes of uranium over 10 years for approximately US\$3.5 billion, significant market premium.

As the price started to rise in 2010, a number of uranium producers were buying on the spot market suggesting that at around the \$40/lb it is cheaper to buy in the market to meet long term contracts rather than expand production.

50% increase in reactor numbers

Globally there are 442 reactors currently operating, with another 63 being built, 156 on order or planned and a further 322 have been proposed. Therefore the amount of reactors being constructed and planned today is ~50% of the total number of reactors in operation.

Current global capacity is ~370 GWe using ~70,000 tonnes of U_3O_8 pa. which is mainly supplied from mine production of ~50,000t U_3O_8 pa and the remainder from the secondary sources such as the deactivation of nuclear weapons.

Speculation Demand

Whilst the current price rise has been driven largely by physical demand there is still a component of speculative buying being done, although not to the same level as the 2007 price bubble.

China

Mainland China currently has 13 operational nuclear reactors, with 25 under construction and more planned. Current electricity produced from nuclear energy is ~10 gigawatts (GWe), under government plans this number will be increased to 80GWe by 2020, then 200GWe by 2030 and 400GWe by 2050.

To put this in context Australia's electricity generation capacity is ~56GWe, therefore by 2020 China wants to increase their nuclear generated electricity capacity by 125% of Australia's total electricity production capacity.

New demand outside of China

According to the World Nuclear Association 45 countries that do not currently have nuclear power capabilities are considering installing nuclear power facilities. These include a mix of developed and developing nations.

Indian Demand

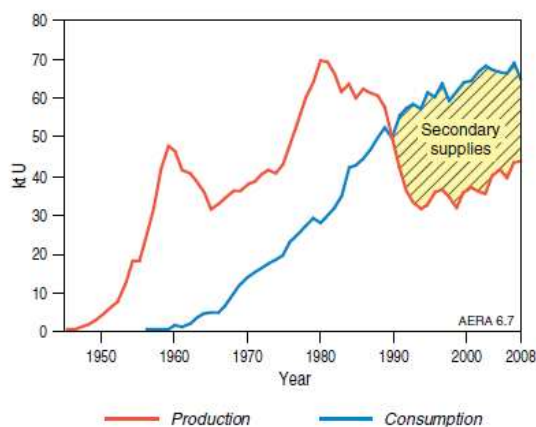
In 2008 a 30 year ban by the 45-member Nuclear Suppliers Group on exports to India was lifted. Since then India has rapidly expanded their nuclear program. One of the most recent developments involved an agreement with the French company Areva to build two nuclear reactors and supply fuel for 25 years, with the deal likely to expand to 6 reactors. Construction is to start in early 2011.

India plans to add 60 GWe of nuclear capacity by 2015.

Historic demand

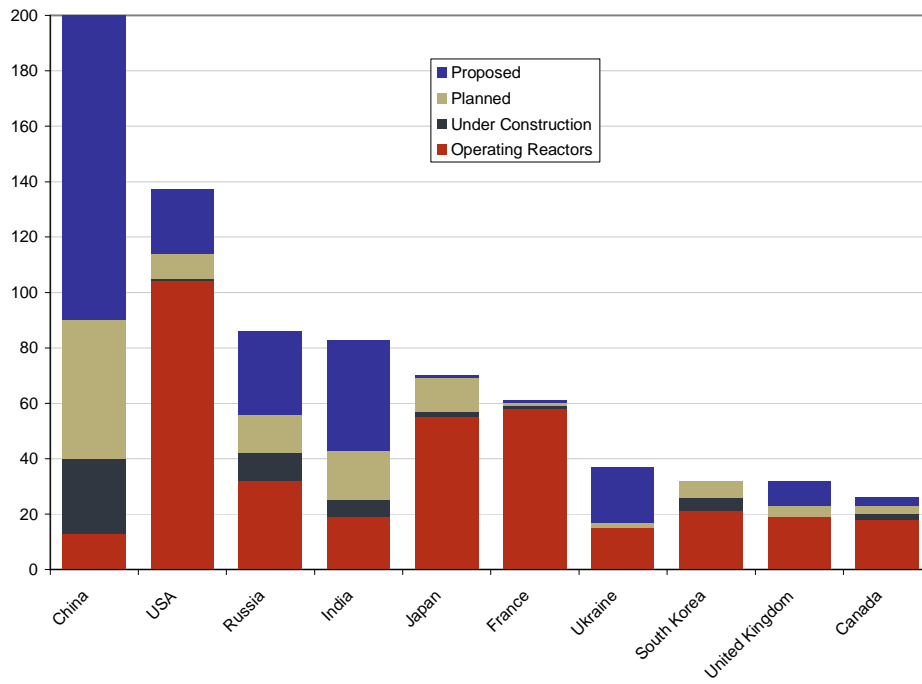
In the period prior to 1989 global supply of Uranium was constantly outpacing demand, in 1990 this situation reversed and demand outstripped supply. The shortfall in production has been met by secondary uranium supplies.

Historical uranium production and consumption



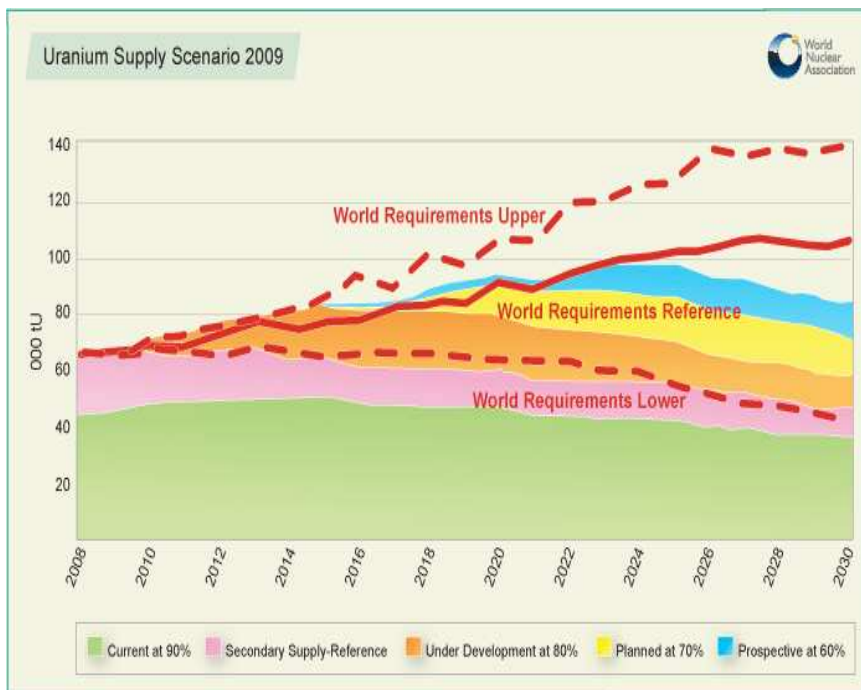
Source: ABARE

Nuclear Reactors Operating, Planned and Proposed



Source: World Nuclear Association (WNA), International Atomic Energy Agency (IAEA)

Global Uranium Supply and Demand



Source: WNA, IAEA

Uranium Supply

World uranium mine production has increased by an average 2.8 per cent per year since 2000, whereas world demand for uranium is projected to increase at 3.7 per cent per year to 2030.

Uranium for use in nuclear reactors or medical purposes is typically derived from:

- Primary Sources – refinement of natural resources
- Secondary market supplies, such as;
 - ‘down-blending’ weapons grade, Highly Enriched Uranium (HEU), as a result of anti proliferation agreements;
 - re-enrichment of tails from production;
 - use of inventory stockpiles;
 - re-enriched or reprocessed uranium with plutonium in the form of mixed-oxide fuel (MOX).

Primary Production – currently ~70% of U₃O₈ comes from mines

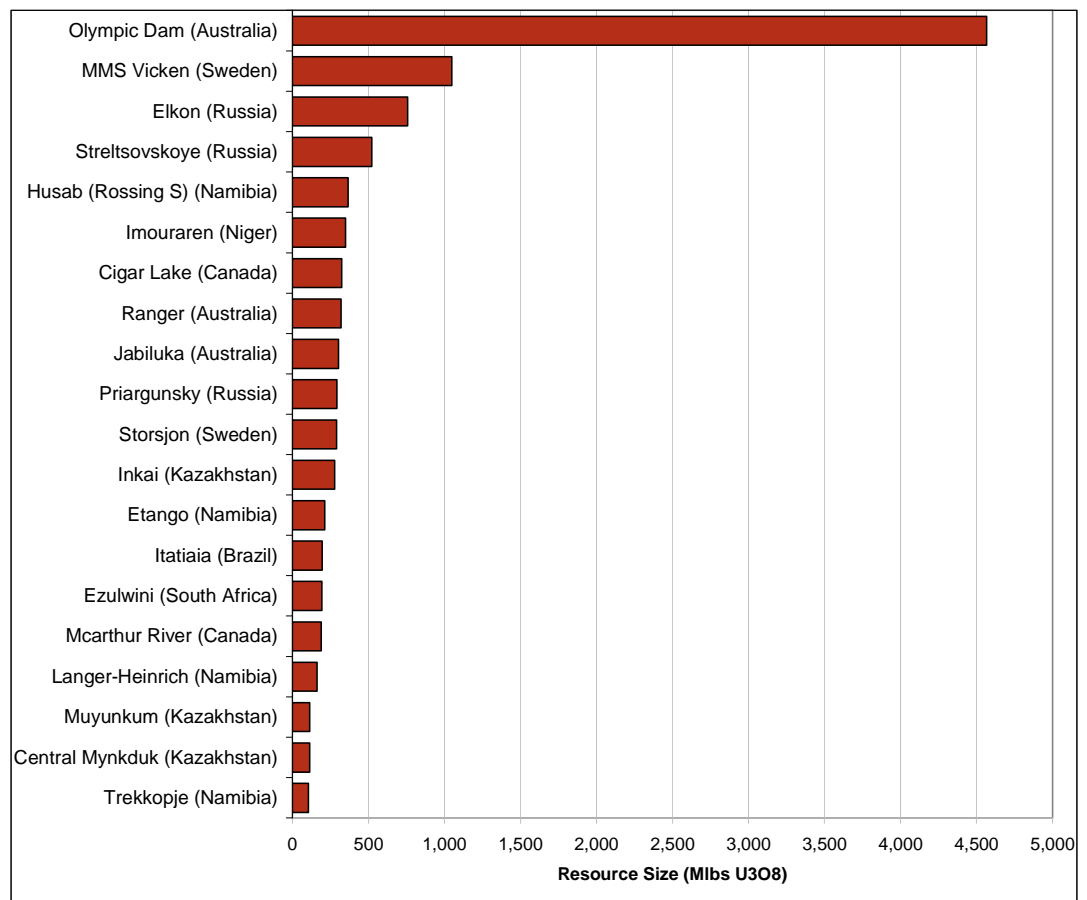
Supply constraints due to exploration costs?

Mine production from mines for the period 2003 to 2007 was on average ~40,000t U₃O₈, in 2008 production levels increased to ~44,000t then in 2009 50,772t U₃O₈ was produced, forecasts for 2010 production are for ~55,000t. Most of the increased production is coming from Kazakhstan and Namibia.

Kazakhstan Production

In 2009 Kazakhstan overtook Australia and Canada as the leading producer of uranium with production figures for the first half of 2010 42% up on 2009 and total production for 2010 estimated at 18,000t U₃O₈, up from 14,020t U₃O₈ in 2009. Kazakhstan plans to expand its uranium production to 30,000 tons a year by 2020. At this point the profile flattens and the rate of growth in Kazakhstan production slows. Therefore the rapid expansion in Kazakhstan production that has helped meet the growing demand has a limit, again putting pressure on supplies.

Global Uranium Deposits (Mlbs U₃O₈)



Source: Austock Securities estimates, Company reports

Australia not pulling its weight?

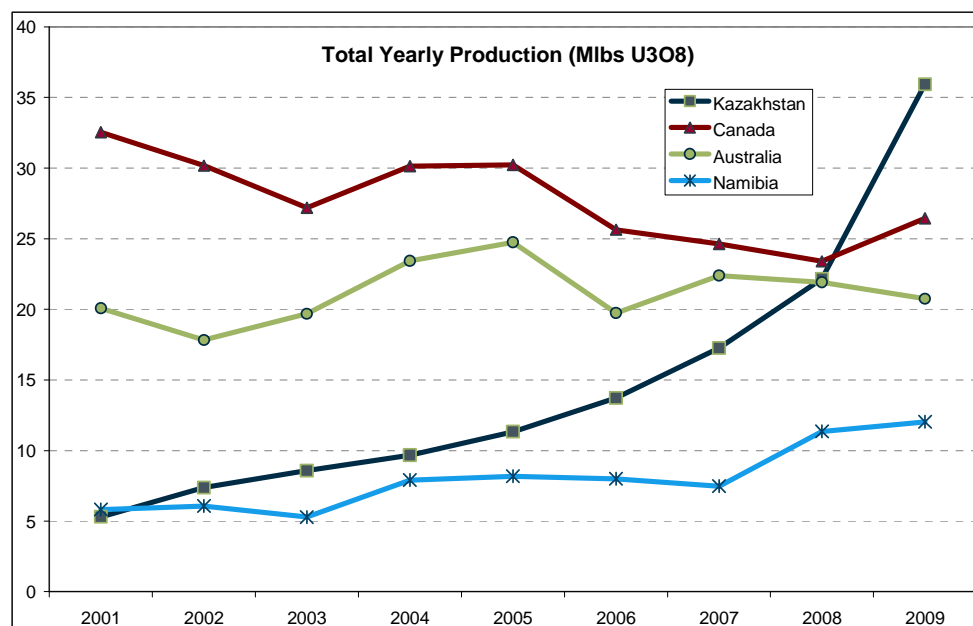
Australia has by far the most known uranium resources with 31% of the global total, followed by Kazakhstan with 12%. The majority of Australia's resources are low-cost (<US \$80/kgU) Reasonably Assured Resources (RAR), despite this Australia is only the third-largest producer behind Kazakhstan and Canada.

The Australian Bureau of Agriculture and Resources' (ABARE) March 2009 Quarter Commodities report forecasts a 38% increase in uranium export volumes by 2014 in response to increased demand. However, production problems at Olympic Dam from late 2009 into 2010 set this back considerably over those two years (-50% from March 2009-2010). The report also projected Australian production of uranium oxide to increase by an average 6 per cent per year until 2030.

Barriers to production

The stagnation of Canadian and Australian production levels reflects technical issues (Cigar Lake and Olympic Dam) but also the regulatory hurdles placed on uranium production. The Kazakhstan government has not stood in the way of production and is now reaping the benefits. Archaic and restrictive political policies in Australia have not helped the local industry. Whilst barriers are being eroded it is still worth looking at ASX listed uranium plays with assets in more uranium friendly nations.

Leading Global Uranium Producing Nations Production (Mlbs U₃O₈)



Source: TradeTech

Uranium mining methods – ISL

Most uranium mining in the USA and Kazakhstan uses In-Situ Leach (ISL) methods. Many sandstone deposits are amenable to uranium extraction by ISL mining, which is now a well established technology and in 2009 accounted for 36% of world uranium production.

In the USA ISL is seen as the most cost effective and environmentally acceptable method of mining when the conditions to support it are met and Australian experience supports this. Due to the low capital costs (relative to conventional mining) it can often be a more effective method of mining low-grade uranium deposits. Sandstone-hosted uranium deposits account for approximately 18% of world uranium resources and 7% of Australia's total uranium reserves and resources.

In Australia, most uranium is currently recovered using conventional mining techniques such as open cut or underground mining, with only one ISL mine (Beverly, SA).

Supply risk

In terms of the risk of significant supply side shocks, like any technical mining operation there exists the possibility of interruption from any number of unfortunate occurrences, such as the events at Cigar Lake (water inflow) and Olympic Dam (skip accident). It is worth noting however, that the diverse geographical distribution of uranium resources and processing activities (90% of all world uranium production is spread over Australia, Canada, Kazakhstan, Namibia, Niger, the Russian Federation and Uzbekistan) allows for a reasonable degree of confidence that the risk of massive supply disruptions is low.

Secondary Supply

The current deficit in supply is being met by secondary sources, the amount of material available from which is steadily diminishing and in 2013 a major portion of this supply will stop with the completion of the Megatons to Megawatts program. In 2007, ~35% of the total market for Uranium was made up of secondary supply, but by 2014, for reasons discussed below, only ~10% of total market demand is likely to be available from sources other than mining.

Megatons to Megawatts

In 1993 an agreement was made between the USA and Russia to reduce the inventory of nuclear weapons by 80% and convert the highly enriched uranium (HEU) into fuel for nuclear reactors. Weapons grade uranium is highly enriched to over 90% U235 and has to be blended down to produce low enriched uranium (LEU). The decommissioning of 500t HEU by 2013 equates to 152,000t of mine production or ~ double the current annual global mine production. To date 412t of HEU has been recycled, equivalent to 16,494 warheads.

~13% of global uranium comes from this program

At the current rate of decommissioning the supply from the Megatons to Megawatts program produces 10,600t U₃O₈ pa or ~13% of the worlds current uranium needs.

With the program finishing in 2013 and little likelihood of the agreement being extended beyond 2013, there is a need for primary production to meet this eventual shortfall.

Plutonium as a supply

In addition to the weapons grade uranium; stockpiles of weapons grade plutonium is also being converted to nuclear fuel. The plutonium is blended with uranium oxide to form mixed oxide (MOX) fuel.

Department of Energy stockpile

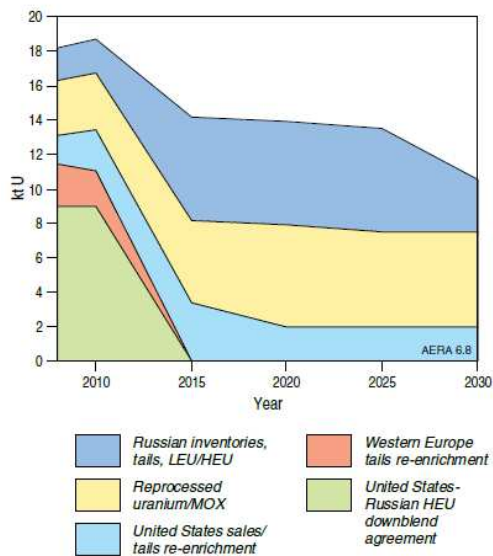
The U.S. Department of Energy (DOE) reportedly has 59,000 tonnes of U₃O₈ inventories built up for military purposes and will release the stocks gradually over 25 years.

The DOE has agreed with uranium producers to limit the amount of uranium delivered into the market, however potential changes to the rate could be made and would affect the spot price. Such an incident occurred in 2008 when the DOE increased the rate of release which negatively affected the spot price.

Consensus on future of supply

Whilst estimates on the rate of new mine production and secondary supply levels vary, the consensus of opinion is that there needs to be an increase in the level of mining and development of natural uranium to meet demand in the medium to long term.

Sources of Secondary uranium supply projects to 2030



Source: ABARE

A-Cap Resources Limited (ACB)

Opinion Data

Recommendation	
Risk Rating	
Current security price	\$0.70
12 month target price	N/R
Market cap (A\$m)	\$151
Cash (A\$m)	\$17
3 Month Performance	97%
Resource	463.7mt @ 154ppm
Contained U₃O₈	157.8Mlb
EV/Resource (A\$/lb U₃O₈)	\$0.85
Location	Botswana

Austock Estimates

Company background

ACB is advancing two projects located in northeast Botswana. At the main Letlhakane Project a scoping study has been completed with feasibility studies underway.

Infrastructure in the project areas is good and will be an advantage in the project development.

Resource upgrades are expected in early CY11, PFS results due 2Q11 and BFS due late CY11.

Current resources are 158Mlbs U₃O₈ with ACB targeting a resource of 300Mlbs U₃O₈.

With an EV/resource lb well under that of their peer group and resource upgrades pending ACB has the potential for growth.

Letlhakane Project (Botswana)

The resource at Letlhakane was last updated in late 2009 and stands at 463Mt @ 154ppm for 157.8Mlbs U₃O₈; a resource upgrade is expected in early 2011.

There are three ore types included in the resource, the majority (~97%) of which is primary mineralisation that is divided into oxidised (30%) and fresh (67%) ore zones. Metallurgical test work has shown that recoveries of up to 86% can be achieved using acid leaching.

The shallow (<15m) secondary ore accounts for ~3% of the total deposit and is associated with amounts of carbonate minerals making acid leaching difficult, testing has shown that the use of alkaline solutions is preferential and recoveries of up to 80% have been achieved.

The mineralisation is contained within shallow (<50m) essentially flat lying Karoo Supergroup sediments. These are the same rocks that host the mineralisation at Paladin's Kayelekera deposit in Malawi, Mantra's Nyota Deposit and Unanex's projects in Tanzania. ACB has 5,000km² of prospective Karoo Supergroup rocks under licence.

Project Development

The scoping study completed in 2009 put the capital costs at US\$170m, operational costs at US\$33/lb U₃O₈ for production of 1,500 to 2,000t U₃O₈ pa.

A draft Environmental and Social Impact assessment (ESIA) was completed in May 2010, which is now being revised ahead of final submission in early 2011.

To gain a mining licence in Botswana ACB need to have completed a feasibility study and gained the ESIA approval, both of these are expected in mid 2011.

Good infrastructure exists close to the project areas with rail, road, power and water all with accessible distances.

Funding

A recent raising of \$9.6m (@ \$0.42) in addition to a full take up on the SPP currently on offer will see ACB fully funded to complete the BFS and continue exploration.

News Flow

- A resource upgrade is due early in 2011, which will include a component of infill and also exploration drilling.
- Mining Licence Approval mid 2011
- Completion of BFS late 2011
- Construction during 2012, first production 2013.

The **Southern Pans Project**, located in eastern Botswana, has only seen early stage exploration at this stage with the results yet to be released.

Upside – Resource size

ACB has stated that they have an exploration target of 300Mlb U₃O₈ for the Letlhakane Project, equivalent to double the current resource.

Upside – improvements in processing

Post the scoping study improvements to the proposed processing stream have been identified in the use of a radiometric sorter to improve the grade by 50% and reduce the treated material by 50%.

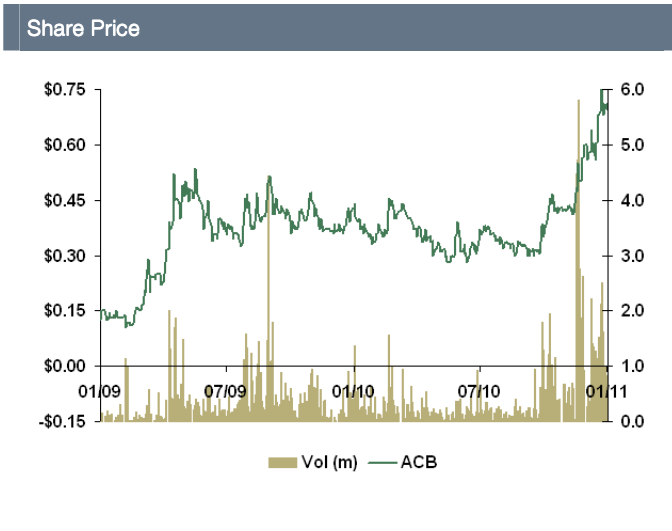
Additionally metallurgical testing has shown that the primary ores can be treated using less expensive acidic solutions when compared to the original plan to use alkaline processing for both primary and

secondary ores.

Corporate Activity

ACB is currently seeking a strategic partner to help with the development of the Lethakane project, they are presently in negotiations with several companies.

In Late 2010 ACB completed a placement (\$9.6m) and SPP (\$6m) to raise \$15.6m @\$0.42



Source: IRESS, Austock Securities



Source: Company Report

Bannerman Resources Limited (BMN)

Opinion Data

Recommendation	
Risk Rating	
Current security price	\$0.82
12 month target price	N/R
Market cap (A\$m)	\$197
Cash (A\$m)	\$23
3 Month Performance	61%
Resource (Attributable)	400.5mt @ 190ppm
Contained U₃O₈	170.0Mlb
EV/Resource (A\$/lb U₃O₈)	\$1.08
Location	Namibia

Austock Estimates

Company background

Bannerman has significant resources in a uranium friendly region, with exploration upside.

BMN's key asset is an 80% interest in the Etango Deposit, with a resource of 212Mlbs U₃O₈ located in central Namibia, close to other major deposits.

BMN is soon to commence a BFS on the deposit and is targeting production of 5-7 Mlbs U₃O₈ pa from 2014.

BMN announced on the 20th December 2010 that \$15m in funding was secured through placements of 30m shares @ \$0.50.

BMN is dual listed on the ASX and TSX.

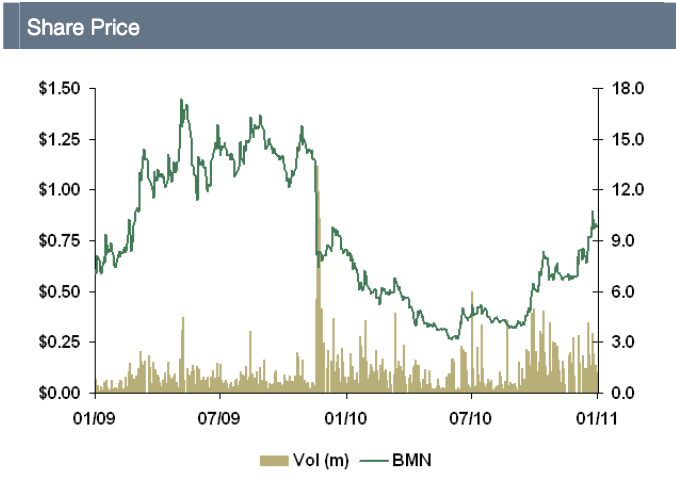
The search is on for a development partner to assist with bringing Etango online.

Etango Deposit	Bannerman's Etango project in Namibia (80% BMN) is alaskite hosted, similar to Extract and Deep Yellow deposits in the region.
Resource Upgrade	<p>A total resource of 212Mlbs U₃O₈ is a large scale lower grade deposit consisting of Measured and Indicated resource 336.2Mt at 201ppm for 148.7Mlbs U₃O₈, and Inferred resources of 164.6Mt at 176ppm for 63.9Mlbs U₃O₈ (cut-off 100ppm U₃O₈).</p> <p>Resource definition drilling and exploration drilling resulted in the delineation of two satellite deposits, these two deposits have been included in the resource figure and are within 5kms of the main deposit.</p> <p>The earlier 2009 PFS was updated in late 2010 to incorporate a resource upgrade and additional exploration information. The outcome of the update is that the Etango Project is expected to produce an average of 5-7Mlbs U₃O₈ per annum over a 16 year mine life at a cash cost of US\$42/lb U₃O₈.</p> <p>Mining will be open pit of up to 6km long and a maximum depth of ~350m, with the deposit being open at depth. Material handling will need to be efficient given the bulk of material to be moved, with a strip ratio of 3.7:1 in pit waste disposal is being investigated.</p>
PFS updated Dec 2010	
Permitting	BMN lodged the Mining Licence Application in December 2009, in April 2010 the company received the Environmental Certificate from the Namibian Government. Based on the updated PFS BMN will lodge an amended mining licence application earlier in the June quarter 2011.
BFS early 2011	The BFS on the Etango Deposit will commence in early 2011 and is due for completion in early 2012.
Heap Leaching Processing	<p>One of the outcomes of the updated PFS is that BMN has elected to adopt a heap leach processing flow sheet for the ore. In column testing recoveries of over 92% have been achieved.</p> <p>Heap leaching operations typically have lower capital and operating costs (power, water, acid) compared with a tank-based process route, the trade off is in lower recovery rates. We will be interested in the BFS results in relation to recovery rates and the operational costs. Also of importance in the BFS will be refining the mine plan optimisation to reduce handling of waste material.</p> <p>BMN has identified that there is limited carbonate material within the ore which will help in keeping acid consumption levels low.</p> <p>Reducing costs associated with the key consumables of water, power and acid will very beneficial to the BFS. BMN will also be looking to identify opportunities to improve operating and capital costs, possibly by reducing material handling and also increasing the mine throughput rate.</p> <ul style="list-style-type: none"> • Undertake BFS during 2011 • Finalise BFS in early 2012 • Decision to mine in early to mid 2012 • Construction and pre strip 2012-2013 • Plant commissioning 2014
Work Program	
Regional Potential	<p>The exploration potential is high as the Etango tenement is in the 'alaskite corridor' that hosts the Rossing and Husab Deposits.</p> <p>The Etango deposit is exposed at the surface and therefore has been the focus of attention to date, areas along strike that are either poorly exposed or under cover have now been identified as prospective</p>

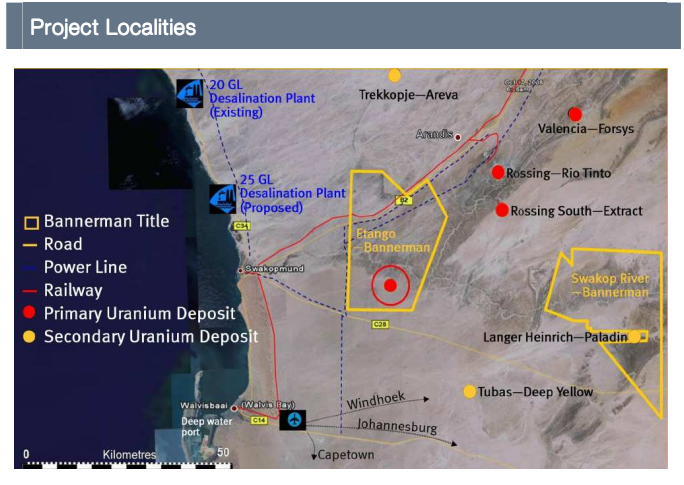
by BMN. Significant new discoveries outside of Etango are possible

Corporate Activity

BMN recently completed a \$15m placement to existing and new shareholders, taking the total cash position to ~\$23m post placement.



Source: IRESS, Austock Securities



Source: Company Report

Berkeley Resources Limited (BKY)

Opinion Data

Recommendation	
Risk Rating	
Current security price	\$1.77
12 month target price	N/R
Market cap (A\$m)	\$263
Cash (A\$m)	\$7
3 Month Performance	10%
Resource	79.3mt @ 455ppm
Contained U₃O₈	78.1Mlb
EV/Resource (A\$/lb U₃O₈)	\$3.27
Location	Spain

Austock Estimates

Company background

Berkeley is a dual listed (AIM & ASX) uranium developer with an advanced project located in Spain.

BKY is conducting a feasibility study (FS) in two stages on four deposits located in western Spain, three of which are in JV with the Spanish Government.

A takeover proposal announced late in 2010 may have taken the markets focus away from BKY's projects but not the company. The FS and resource definition drilling have continued and we now feel that the Board will be looking beyond the bid and want to quickly add value to the projects.

1Q 2011 looks like being very busy for BKY with the completion of the first stage of the FS, the Severstal bid still simmering and key stages in the approval process required, all to be done while finding a new MD.

Projects

BKY's flagship Salamanca Project is located in western Spain and consists of the 100% owned Retorillo Deposit and the State Reserves deposits. The State Reserves include the Águila (Sageras, Palacios and Majuelos), Alameda (Alameda North and South) and Villar Areas along with the Quercus uranium processing plant. BKY's other 100% owned project, Gambuta, is located 200kms south in the Caceres region.

2 Part Feasibility Study

The first phase of the FS is based on three deposits (Sageras, Palacios North and Alameda South) which are all within trucking distance of the Quercus Plant, and is due for completion in 1Q 2011.

The second phase of the FS will consider increasing production by the inclusion of satellite deposits (Retorillo, Alameda North and Villar), it will also involve the running a pilot plant to increase confidence levels and finalising the plant design. The second phase of the FS is due for completion in Q311.

State Reserves

The State Reserves are a series of deposits that BKY is currently in JV with the Spanish Government's uranium body Enusa Industrias Avanzadas S.A.(ENUSA). BKY has the right to acquire 90% of the State Reserves.

The State Reserves are not conservation reserves but are mineral reserves which include previously mined uranium deposits.

Significant plant infrastructure remains in place from the last phase of mining, conducted by ENUSA between 1974 and 2000, which ceased due to low uranium prices. Permits are in place for the existing plant to produce 2.1Mlbs U₃O₈ pa. The infrastructure and permits in place potentially provides BKY with a short timeframe to production.

The mineralisation is hosted in veins within metasedimentary units and occurs at the surface down to 130m depth, open cut mining methods will be used.

Resources

The global resource is 84.6Mt @ 446ppm for 83.2Mlbs U₃O₈ of which 78.0Mlbs U₃O₈ is attributable to BKY.

Take Over Proposal

In late 2010 a potential takeover was announced, the proposal, by the Russian company Severstal, included a conditional \$2.00/share offer. The exclusivity period for the offer lapsed in late 2010 with no formal offer being made. The delay in Severstal completing their due diligence has put into doubt a potential placement by Severstal that was conditional on a bid being made.

In discussions with management we have come to the view that whereas BKY initially supported the proposal they are now confident of being able to add value to the Salamanca Project above the proposed takeover valuation.

We feel that since the proposal was made the uranium market dynamics have changed in the favour of BKY being able to source the funding required to develop the project. Both the spot and long term price have appreciated significantly and there has been a renewed level of M&A activity taking place.

PFS Due 2Q11

Throughout the corporate activity BKY has continued with the FS that commenced in mid 2009, with the final results expected in 3Q11.

Tank leach test results were released in December 2010 which delivered extraction rates at ~93% at atmospheric pressure and 20°C and recoveries within 8 -14 hours. The tank leach testing is focussed on the deposits close to the existing plant, for the satellite deposits up to 25kms away, BKY are currently

reviewing the possibility of using either heap or tank leach and transporting a pregnant resin back to the Quercus Plant.

Production Rate

The FS is targeting an initial production rate of 2.1Mlbs U₃O₈ commencing in 2013 and then ramping up to 5.0Mlbs pa in 2015, subject to permitting.

JV with ENUSA

Whilst the formal results of the FS will not be finalised until 3Q 2011, the preliminary results will be used by the Board to make the “Decision to Exploit”, similar to a Decision to Mine.

This decision triggers the next phase of the JV agreement with ENUSA, whereby a JV company is formed (90% BKY, 10% ENUSA free carried) and a €20m payment to ENUSA.

Funding Options

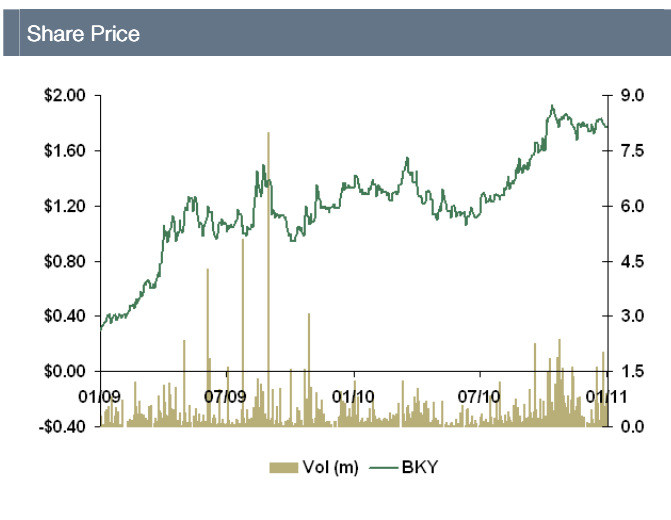
Equity – As part of the Severstal proposal a conditional placement of 16.3 million new Berkeley shares at a price of A\$1.70 per share, provided that a takeover offer of \$2.00 per share was made. This placement had until 14/1/11 to be finalised.

Kepeco MOU – In August 2010 BKY entered into a MOU with the Korea Electric Power Corporation (KEPCO) for an equity and project financing arrangement. The MOU has since expired but the relationship still exists and a new arrangement is possible.

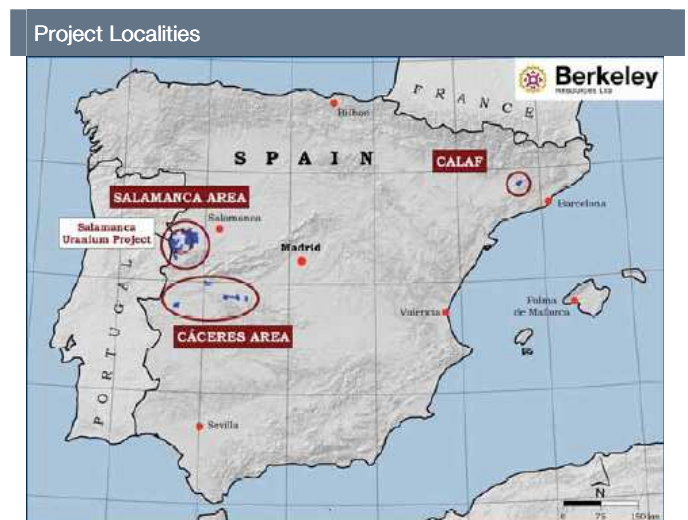
TSX Listing – BKY have flagged to the market that it will be seeking to list on the TSX in 2011.

RCF Placement – In November 2010 BKY made a placement to Resource Capital Fund of \$4.8m @ \$1.45/share. BKY has retained the option at their discretion to place an additional 7.04m shares at \$1.45/share prior to 31/01/2011, provided the Severstal bid does not proceed.

As the corporate activity for BKY and the FS continue it will be an interesting time for BKY in 1Q2011.



Source: IRESS, Austock Securities



Source: Company Report

Crusader Resources Limited (CAS)

Opinion Data

Recommendation	
Risk Rating	
Current security price	\$1.24
12 month target price	N/R
Market cap (A\$m)	\$122
Cash (A\$m)	\$3
3 Month Performance	46%
Resource	- mt @ 0ppm
Contained U₃O₈	0.0Mlb
EV/Resource (A\$/lb U₃O₈)	-
Location	Western Australia & Brazil (Fe)

Austock Estimates

Company background

Not strictly a pure uranium company but has some interesting looking projects for a junior resources stock.

CAS has been in Brazil for the past 5 years, maintaining an active presence for most of this time.

The experience gained by being based in Brazil is now paying dividends with one project on the verge of production and another in the development phase.

In addition to the Brazilian iron ore and gold projects CAS has an early stage uranium project in Western Australia.

Borborema Gold (100%) Brazil

In late 2009 CAS entered into an option agreement to purchase a gold asset located in northeast Brazil. CAS have since paid the A\$2.4m purchase price and lifted the resource from ~300,000oz (non-JORC) to a JORC compliant resource of 839,000 oz gold (15.39Mt @ 1.70g/t – 0.5g/t cut off).

Historic production from a heap leach operation and artisanal mining yielded ~300,000Oz gold from a limited part of the mineralised zone.

The gold is associated with a shear zone that has been identified in historic drilling and trenching to strike for ~3.5km. The current resource is contained within 1.3km of this zone and at depths of less than 180m (vertical), providing scope for resource upgrades as the drilling continues along strike and down dip.

The gold is associated with quartz-sulphide veining hosted in a shear zone which dips to the east at an angle of ~35° and occurs as multiple zones, ranging up to 30 metres in thickness. The mineralisation is reasonably consistent and not prone to a nugget effect. Preliminary metallurgical testing has shown that the gold is non-refractory and good recoveries should be achieved by conventional CIP/CIL methods.

Resource upgrade March/April 2011

There are three rigs on site at present and drilling will continue into 1Q11. The drilling results will be incorporated into a resource upgrade in March/April 2011. Guidance is for a resource in the range of 1.2-1.3.Moz gold.

Infrastructure at the site is good with roads, power and water all close by, the project is situated on 3 granted mining leases and CAS own the free hold farm land.

At this early stage CAS is targeting production to commence late in 2012 at the rate of >100,000oz gold pa from an open cut operation.

Posse Iron (100%) Brazil

The iron ore project being developed by CAS is a boutique operation which will produce a niche product to be sold at 'mine gate' to local smelters. Whilst the project has the ability to generate some good cash flows it is unlikely to be a company maker for CAS, but it could provide sufficient cash flow to help advance their other projects.

The current resource is 36Mt @ 43.5% Fe of itabirite ore, within this there is a high grade (>60% Fe) hematite zone of 1-2mt.

Mining will be undertaken in two stages. Stage 1 will see the selective mining of the high grade ore to produce 300-500kt pa of ~61% Fe lump product. This will then be sold to local smelters. Stage 2 will involve the installation of magnetic separation processing capabilities to treat the lower grade ore. The capex for Stage 2 is estimated at ~US\$10m. The approximate timing for Stage 2 is mid to late 2012.

Stage 1 infrastructure complete and commissioned.

The construction and commissioning of the processing equipment for Stage 1 production has been completed for a total of US\$2m. Production has been halted due to a state wide embargo on the type of mining licence that CAS has. The licence should be reinstated by the end of 1Q11.

CAS estimates that the cost of production will be ~US\$20-\$25/t and that sales will be for ~US\$50-\$80/t dependant on quality, free cash flow will be in the range US\$10-\$15m pa from Stage 1.

Lake Throssell Uranium (WA)

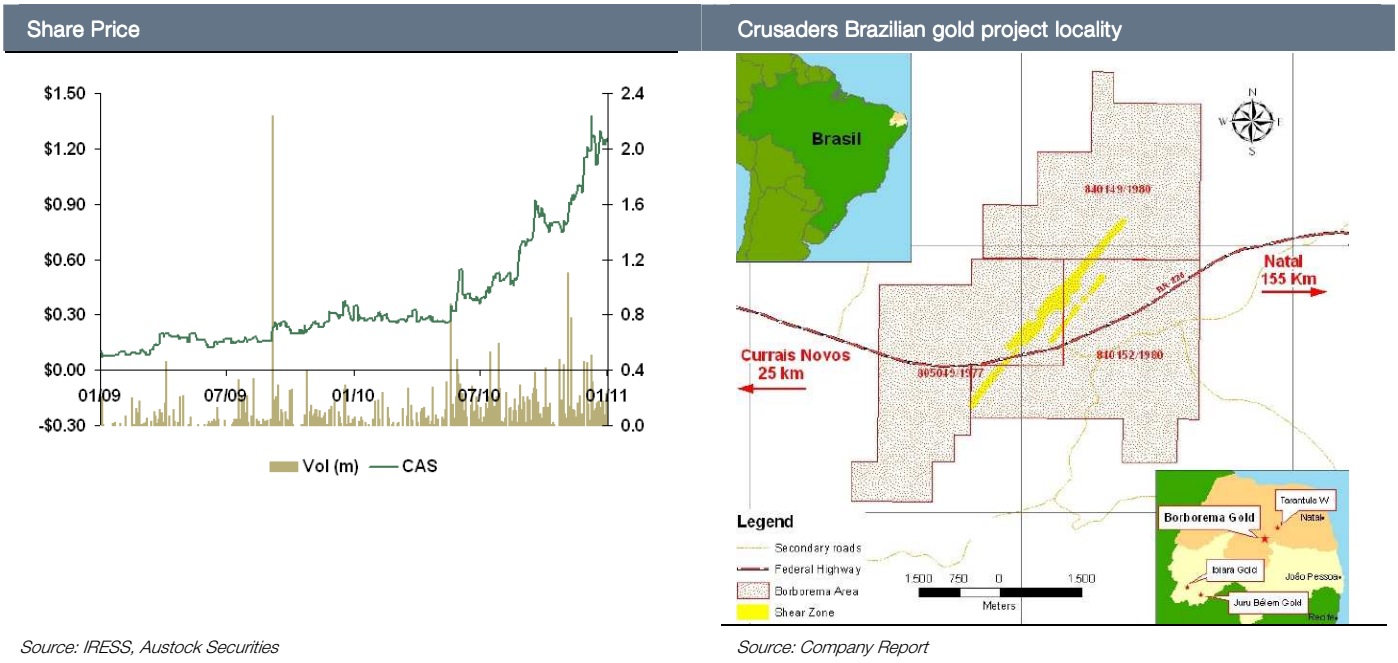
The Lake Throssell uranium project is an early stage exploration play targeting calcrete hosted mineralisation.

The target is the confluence of two drainage systems where carnotite mineralisation has been identified

during field mapping. The carnotite is coincident with a strong airborne radiometric anomaly, also the anomaly is located 'downstream' of Uranex's Thatcher Soak deposit (14 Mlbs U₃O₈).

Whilst the project has been in the CAS stable for three years, progress has been slow due to Native Title access issues.

Now that access has been gained the next stage will be to conduct a first pass drilling program in 1Q11-2Q11.



Deep Yellow (DYL)

Opinion Data

Recommendation	
Risk Rating	
Current security price	\$0.35
12 month target price	N/R
Market cap (A\$m)	\$387
Cash (A\$m)	\$25
3 Month Performance	60%
Resource	168.4mt @ 264ppm
Contained U₃O₈	97.9MIb
EV/Resource (A\$/lb U₃O₈)	\$3.69
Location	Namibia, Northern Territory & Queensland

Austock Estimates

Company background

On first inspection DYL appears to be a complicated story with numerous different projects in Australia and Namibia.

DYL are focussing most of their attention on the uranium rich corridor in central Namibia.

The proximity of DYL's Namibian projects to several world class deposits would make them an attractive target for large uranium companies.

DYL has a well regarded and highly experienced technical team

DYL has ~\$20m in the bank and has 7 rigs working on the uranium projects and 1 rig on the magnetite prospect, providing a steady news flow from DYL. Exploration expenditure is ~\$1-\$1.5m per month.

We feel that as DYL continue to focus on advancing their Namibian projects they will start to gain market appreciation and are worth keeping on the radar.

Revitalised management structure, lots of activity in 1Q11

Namibia

Deep Yellow's Namibian projects are in the same uranium rich corridor as the Rossing Mine (RIO), the Husab Deposit (EXT), the Langer Heinrich Mine (PDN) and Etango deposit (BMN).

DYL's projects can be categorised as either calcrete hosted palaeochannel style mineralisation ie Langer Heinrich style or hard rock mineralisation.

Omahola Project

The Omahola Project is emerging as a hub for the potential processing of ore from three geologically different ore sources all located within a 20km radius.

Scope of PFS expanded

A PFS on two of the sources has recently been expanded to include a third, the recently discovered Ongolo Alaskite deposit. The revised PFS is due for completion in 2Q11.

Omahola Project – 3 potential ore sources

The three deposits that can potentially be an ore source for a central processing plant are:

Tubas Red Sand Deposit 4.9MIbs U₃O₈ @160ppm – DYL is in the process of importing a trial beneficiation plant to upgrade the ore ~500ppm prior to processing, the plant is due to arrive on site over Christmas and will run during 1Q11.

Inca Deposit – 13.4MIbs U₃O₈ @ 405ppm – DYL has identified a correlation between uranium and magnetite allowing multiple new targets to be identified. The Inca deposit is shallow with depths <20m.

Ongolo Alaskite Prospect is located in the same alaskite corridor as the Rossing and Husab deposits. A high grade (>400ppmU₃O₈) mineralised zone up to 2km in length has been identified. A maiden resource figure is due to be released early 2011.

Preliminary PFS results

- Production beginning in 2014 at a rate of 1,000t (2.2MIbs) U₃O₈ pa, over a 12 year mine life.
- 80% of plant feed to come from Inca and 20% from Tubas Red Sand deposit.
- Conventional processing plant incorporating sulphuric acid leach and solvent extraction.
- Capital costs estimated to be US\$324 to US\$336 million with 10% contingency. Estimates exclude third party provision of services such as power and water.
- Operating costs estimated to be US\$24.90 to US\$25.30 per pound U₃O₈
- By-products from the magnetite hosted Inca mineralisation will include saleable quantities of iron ore and the on site production of sulphuric acid.

Access to water is a key risk with all Namibian uranium projects, DYL have conducted pump testing of local aquifers & have identified that these could provide sufficient water for the Omahola plant, although final quantities will depend on government permitting requirements. An on-site plant to desalinate the groundwater has been included in the capital estimate.

Alaskite mineralisation similar to Rossing and Husab

Our estimates are that for a plant to be constructed a ~30MIbs resource at grades >400ppm U₃O₈ will need to be defined. Whilst resource upgrades are possible at both Inca and Tubas Red Sand we are confident that the Ongolo Alaskite Prospect will add additional pounds to the global resource.

Drilling is currently in progress at Ongolo Alaskite prospect and a maiden resource is expected to be released in late March 2011.

Outside of the Omahola Project DYL has defined a 59.7Mlbs U₃O₈ (@ 224ppm) resource at the **Tubas-Tumas Palaeochannel**, this contains a high grade resource of 34.8Mlbs U₃O₈ @ 420ppm.

Australia

In addition to the Namibian projects DYL has a large number of tenements in Queensland and the Northern Territory, which account for ~30% of exploration expenditure.

Northern Territory

Napperby Project (NT) has reverted back to DYL after Toro Energy (TOE) completed their exploration program and rehabilitation. DYL are currently assessing the data before deciding on future directions for the project.

Queensland

DYL is maintaining a scaled back exploration program in Queensland, with efforts aimed at retaining their projects until such time as the political tolerance to uranium changes.

Iron Ore – Shiyela Project (Namibia)

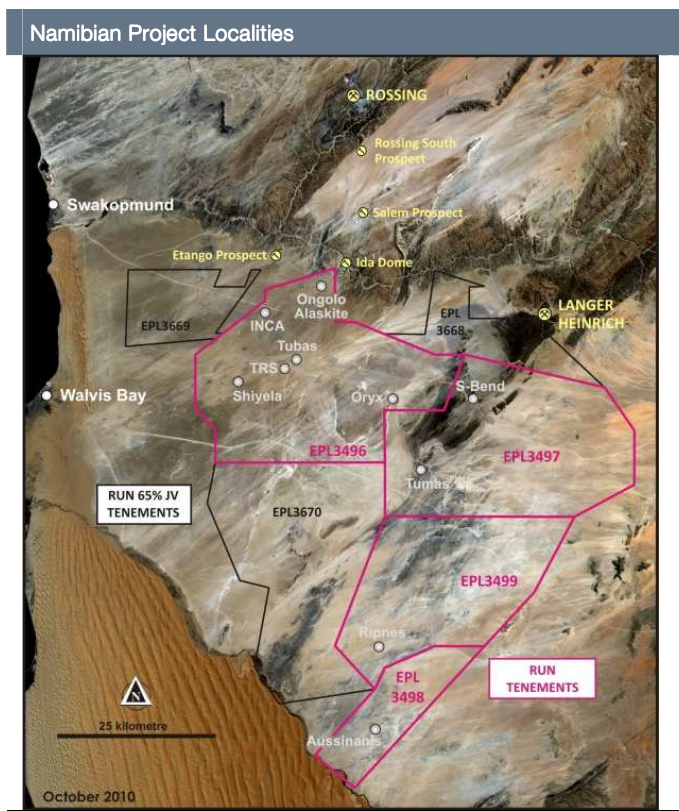
First drilled in 2008 with a 340m intersection of magnetite but no U₃O₈ it was thereafter put to one side. DYL have since revisited the prospect; drilling ~50 holes on three targets testing 400m of 1,000m – 1,500m of strike length to date. The project is located only 30km away from port facilities at Walvis Bay. A resource and pre-scoping study are both expected in 2Q11.

Whilst DYL are seeking to add value to the iron ore opportunity the uranium projects remain the primary focus

Major Shareholders: Paladin 19.56%



Source: IRESS, Austock Securities



Source: Company Reports

Energia Minerals NL (EMX)

Opinion Data

Recommendation	
Risk Rating	
Current security price	\$0.29
12 month target price	N/R
Market cap (A\$m)	\$21
Cash (A\$m)	\$5
3 Month Performance	78%
Resource	12.2mt @ 290ppm
Contained U₃O₈	7.4Mlb
EV/Resource (A\$/lb U₃O₈)	\$2.20
Location	Western Australia

Austock Estimates

Company background

Energia is focussed on their flagship project, Carley Bore in the Carnarvon Basin of Western Australia, targeting sandstone hosted mineralisation in palaeochannels.

In addition EMX has two advanced projects in Italy. The Italian government has commitment to source 25% of their electricity from domestic nuclear power by 2030, requiring 8 – 10 nuclear reactors. Mineralisation has been confirmed at one of the projects and some 6 km of underground mine development was completed prior to the Italian nuclear industry shutting down in the 1980's.

We see EMX as a prospective explorer, with the WA project possibly supporting a stand alone operation and the Italian projects potential proving up an economic resource close to the French nuclear industry.

Western Australia

At the Carley Bore deposit EMX delivered its Maiden Inferred Mineral Resource of 7.46Mlbs U₃O₈ within 7 months of listing. The resource sits within 2km of a 60km largely un-drill tested palaeochannel system. A drilling program was completed in late 2010 to increase the resource size and also test the continuation of the palaeochannel. Results from this drilling have shown that the mineralised zone extends for an additional 2.5km and is still open.

The assay results released January 2011 look promising with highlights including intervals of 6m @ 1,480ppm U₃O₈ (which was received in the most southern drill line) and 6m @ 818ppm U₃O₈.

Resource Update 1'Q11

These results will be incorporated into a revised JORC resource in 1Q11. EMX has an exploration target of 10-15Mlbs U₃O₈ @ 200-500ppm, in addition to the current resource.

Preliminary test work results indicate potential amenability to In-Situ Recovery mining with around 80% recovery, low acid consumption and low residence time.

The Carley Bore deposit is in the same region as the 24Mlbs U₃O₈ Manyingee deposit of Paladin (PDN) and the 4.8Mlbs U₃O₈ Bennet Well deposit of Cauldron Energy (CXU).

Italy

EMX has two licence applications for uranium projects and seven granted base metal exploration licences.

A former Australian Diplomat was recently appointed as country manager with the first task being to obtain exploration permits, until the tenements are granted no on ground work can be undertaken.

Italy currently imports a majority of their power from France and is looking to grow their own in country generating capabilities. To become more self sufficient in power generation Italy is proposing to build 8 to 10 nuclear reactors by 2030.

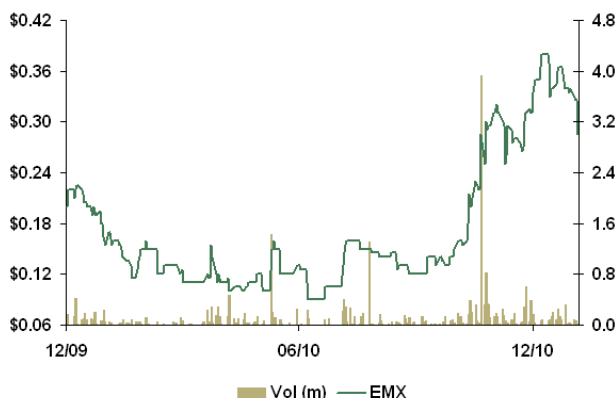
Novazza Mine – located in northern Italy the mine development was undertaken prior to the Italian nuclear industry closing down in the 1980's. It has an exploration target of 2.5 – 3.0Mlb U₃O₈.

EMX was listed late in 2009 on the back of the uranium assets of Carbon Energy (CNX), CNX retains a 41% interest in EMX.

South Australia

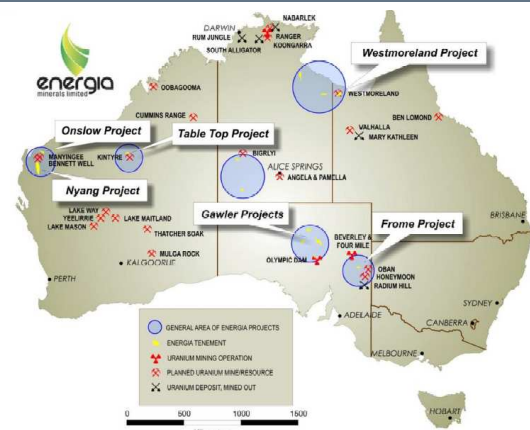
EMX has 8 granted tenements in South Australia all of which are early stage projects. The targets are IOCGU and sandstone hosted uranium.

Share Price



Source: IRESS, Austock Securities

Project Localities



Source: Company Report

Energy and Minerals Australia Limited (EMA)

Opinion Data

Recommendation	
Risk Rating	
Current security price	\$0.23
12 month target price	N/R
Market cap (A\$m)	\$89
Cash (A\$m)	\$4.55
3 Month Performance	15%
Resource	55.4mt @ 491ppm
Contained U₃O₈	59.8Mlb
EV/Resource (A\$/lb U₃O₈)	\$1.41
Location	Western Australia

Austock Estimates

Company background

EMA have a ~60Mlbs U₃O₈ resource in WA that also contains; nickel and cobalt with minor copper, scandium, vanadium and Rare Earth Elements.

The discovery of sandstone hosted uranium mineralisation in palaeochannel sands in addition to the lignite hosted material is very encouraging and represents a key opportunity for EMA.

The story is held back by ongoing litigation and a tight register. An investment into EMA would need to be a long term play with the hope that the litigation and corporate structure can be cleaned up to unlock the value in this project.

Background

The Mulga Rocks uranium deposit in Western Australia was discovered by the Japanese company PNC Exploration in the 1980s. A ban on uranium mining and low uranium prices saw the project stalled.

Litigation – still hanging around

Since day one of the new uranium era the project has been the subject of legal challenges, firstly from potential JV partners and more recently ongoing and to date unsuccessful litigation challenging EMA's tenure.

EMA sees the ongoing litigation as lacking substance and has been progressing the project unabated. Most recently a positive scoping study was completed, with production targeted to commence in 2014.

Project

The Mulga Rocks project is located in the central south of Western Australia, approximately 250km northeast of Kalgoorlie. The ~60Mlbs resource is contained within 3 separate deposits (Ambassador, Emperor and Shogun) positioned approximately 20kms apart.

The closeness of the deposits would allow for one central processing plant. To date most of EMA's focus has been on the Ambassador deposit (28.5Mlbs U₃O₈) with the scoping study and drilling of sandstone resources undertaken at this deposit.

Defining sandstone hosted mineralisation a key development

Historically the mineralisation has been defined within lignite layers, which can be a metallurgical challenge to extract.

In mid 2010 EMA for the first time defined a sandstone hosted resource, some of which underlies the lignite mineralisation.

In addition to the defined sandstone resource a large sandstone prospect (29 Mlbs exploration target tonnage) has been identified only 6 kilometres from the planned process plant site. Extraction of the sandstone hosted material by in-situ recovery (ISR) methods is a common mining method and has the potential to reduce production and capital costs.

More than an uranium deposit

As the lignite layers act like giant sponges trapping any metals passing through the groundwater the Mulga Rocks deposits also contain minor amounts of nickel, cobalt and Rare Earth Elements (REE). These can be recovered along with the uranium, the economics of doing so is currently being accessed by EMA.

Scoping Study Results

The scoping study looked at a dual process mining operation incorporating an ISR operation targeting the sandstone mineralisation followed by open cut mining to extract the lignite hosted ore.

With potential production commencing in 2014 at an initial rate of 400-600tpa U₃O₈ from ISR mining then ramping up to 1,200tpa U₃O₈ as the open pit operations come online in 2016.

A total production of 12,000t (26.5Mlbs) U₃O₈ between 2014 and 2025

Additional metals revenue keeps cash cost low.

Capital costs are estimated at A\$260m and operational costs at US\$23/lb U₃O₈ (C1 Cash cost with revenue from associated metals included).

The revenue breakdown is: ~78% from uranium, ~9% from Ni, ~8% from Co, ~6% from a combination of other minerals.

Recovery rates of the uranium from the lignite will be a key determination on the viability of the project, for the scoping study a recovery rate of 82% was used. The lignite ore will be treated through agitated-tank atmospheric acid leaching at 40°C. Testing is continuing to see if the recovery rate can be improved

by heating the leach material.

Next Stages

The next major stage for EMA will be to undertake a PFS on the Ambassador deposit in conjunction with additional drilling at the Emperor and Shogun deposits targeting sandstone hosted mineralisation. A field leach trial will also need to be performed as part of the PFS.

The large sandstone hosted exploration target will be drilled out to bring it to a JORC resource

The undertaking of a PFS will be subject to the completion of capital raising, estimated to be in the order of \$20-\$30m.

Upside – scope to define stand alone ISR resource.

The initial sandstone hosted resource (3.7Mlbs U₃O₈) has only been defined underneath a small portion of the Ambassador deposit and significant scope exists for more of this type of mineralisation to be defined.

EMA have set an exploration target of 17-29Mlbs U₃O₈ of sandstone hosted mineralisation, based on interpretation of historic drilling results.

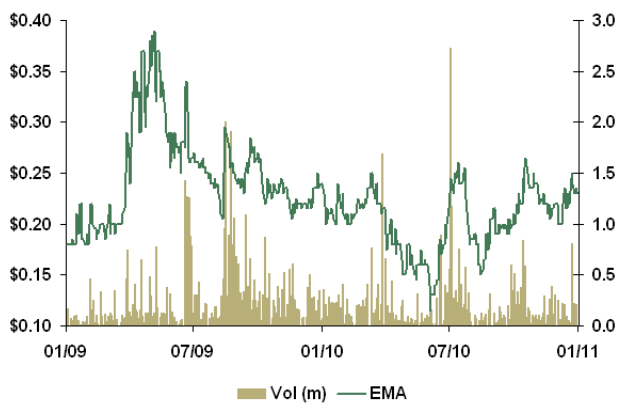
If a resource at the upper end of this estimated range can be defined it would make the Mulga Rocks project an attractive stand alone ISR proposition.

Risks

With the board and management holding ~76% of the stock there is a liquidity issue with the stock.

With an estimated \$20-\$30m needed to complete the PFS a capital raising is possible.

Share Price



Source: IRESS, Austock Securities

Project Locality



Source: Company Report

Energy Resources of Australia Limited (ERA)

Opinion Data

Recommendation	Buy
Risk Rating	Medium
Current security price	\$11.97
12 month target price	N/R
Market cap (A\$m)	\$2,300
Cash (A\$m)	\$165
3 Month Performance	-9%
Resource	184.1mt @ 1543ppm
Contained U₃O₈	633.0Mlb
EV/Resource (A\$/lb U₃O₈)	\$3.37
Location	Northern Territory

Austock Estimates

Not looking too good for ERA in the short term

Production downgrades, profit downgrades, resource downgrades and production issues all point to a rocky future for ERA.

ERA are currently producing from the Ranger Uranium Mine in the Northern Territory. The Ranger Mine is one of the three operational uranium mines in Australia and has been in operation since 1980. ERA is 68.4% owned by Rio Tinto.

Our resource figure includes both the low grade stockpiles and the Jabiluka deposit. Accessing the ~310Mlbs U₃O₈ at Jabiluka is a very distant possibility.

ERA is due to report on a difficult 2010 on 28 January 2011.

ERA has been on a downward slide since the start of 2010 as production issues have impacted on performance and revenue. Until some clarity is provided by ERA on the two new projects we would expect the share price to be a poor performer.

ERA released guidance late in 2010 of a reduction in production and profit levels. They are caught in the position of an underperforming mine not meeting production targets resulting in an inability to fill contracts from in house production.

Profit Downgrades

Guidance is now for full year 2010 profit after tax of between \$45 and \$55 million, down from \$272.6 million for 2009. Margins have been hit by lower grade ore reducing production, thus necessitating the purchase of uranium oxide to meet sales commitments and lowering the average realised sales price compared to 2009.

Realised price per lbs in 2009 was

Production Downgrades 2010 – 3,900t U₃O₈

Guidance for production in 2010 is ~3,900t U₃O₈, down from previous guidance of 4,300t to 4,700t U₃O₈, this compares to production in 2009 of 5,240t U₃O₈.

This will hurt ERA not only from reduced revenue but also as shortfall from sales commitments of an estimated 5,000t will need to be covered by purchases.

Reserve Downgrade

A downgrade of reserves was announced in late 2010 following on from an infill drilling program in the Ranger 3 Pit. The reserve was reduced by a total of 2,400t U₃O₈, a combination of 1,310t from grade reductions, 540t from lower than expected recovery rates on the oxide ore and 550t due to pit redesigns due to instability issues.

Revenue in 2010 will also be affected by the increase in the A\$, in 2009 the average A\$:US\$ exchange rate was \$0.805.

Head Grade dropping

Historically the head grade has been the range of 2,800 to 3,000ppm U₃O₈, in 1H'10 the grade dropped to 1,500ppm due to mine scheduling, this grade improved slightly in 3Q10 to 1,800ppm. Based on the reserve downgrade we would expect the grade for the remaining in-situ material to be ~2,000ppm. If low grade (~1,000ppm) stockpiled material is added to the plant feedstock we would expect the average head grade to be lowered in 2011 and 2012.

Production 2011-2012

For 2011-2012 we see the production levels remaining at or under 2010 levels, this is based on current production rates and reserve downgrades. ERA anticipate that mill feed will come from ROM product during 2011-2012 with some lower grade (1000ppm) stockpile material to be included.

Production 2013 onwards

The Ranger 3 pit is scheduled to close at the end of 2012, one option for feedstock post closure is the possible processing of stockpiled low grade ore. Current stockpiles of low grade ore include 21.43Mt @ 1,000ppm for 49Mlbs U₃O₈.

Heap Leach Operation

In addition to the low grade ore ERA has stockpiled resources of 44.5Mt @ 400ppm for 38Mlbs U₃O₈ which it plans to process using heap leaching techniques.

Provided that the heap leach operation is approved and production commences in 2013 our estimate of production will be in the range of 2,500t to 3,000t pa. Guidance is for production totalling 15,000t to 20,000t U₃O₈ over a 5 to 6 year period.

The next stage for the heap leach is the completion of the feasibility study (due 4Q10), followed by government approvals expected to be gained in 1H'11.

Following ERA Board approval construction and commissioning is expected to take 18-24 months, with first production in 1H'13

Ranger 3 Deeps

A resource of 34,000t U₃O₈ (10mt @ 3,400ppm) has been identified at depth to the east of Pit 3. ERA is in the advanced stages of the decision process to develop an exploration decline to conduct detailed underground drilling.

Although a decision on the decline was to be made in late 2010 no formal announcement has been made.

If the go ahead is made then site activities would be likely to commence after the wet season finishes in 2Q11 with development to take 12 months.

Growth?

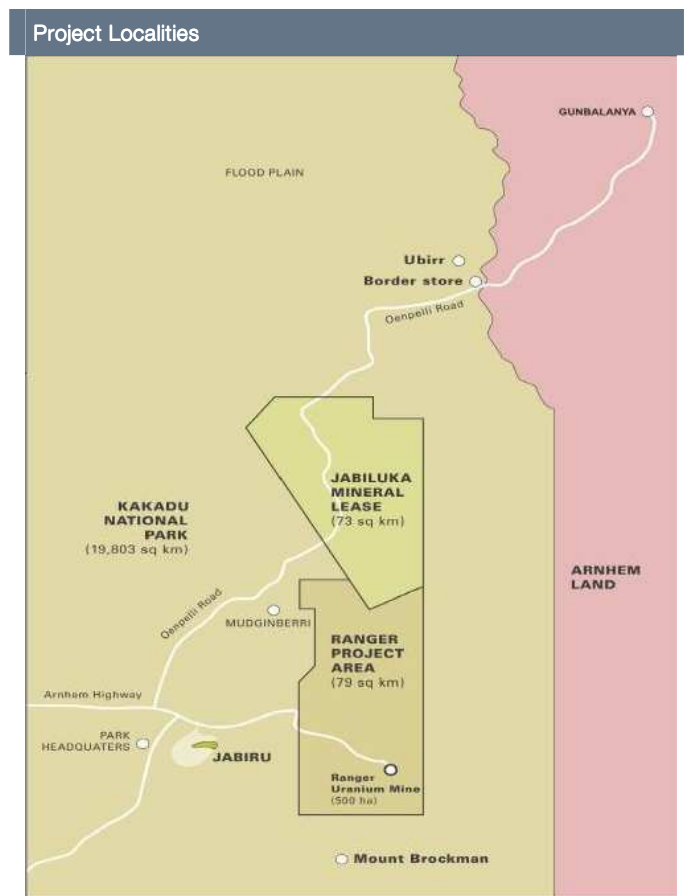
Where are the catalysts for ERA to reverse the current trend?

- Become more transparent on the operations and the timing for new initiatives.
- Make positive decisions on the Ranger 3 Deeps and provide guidance on timing associated with the development.
- Successful approval of the heap leach program and the ERA board electing to go ahead.

Gaining access to the high grade Jabiluka deposit (312Mlbs U₃O₈) is a remote possibility.



Source: IRESS, Austock Securities



Source: Company Report

Energy Ventures (EVE)

Opinion Data

Recommendation	
Risk Rating	
Current security price	\$0.24
12 month target price	N/R
Market cap (A\$m)	\$81
Cash (A\$m)	\$3
3 Month Performance	186%
Resource	69.3mt @ 248ppm
Contained U₃O₈	37.9Mlbs
EV/Resource (A\$/lb U₃O₈)	\$2.11
Location	USA

Austock Estimates

Company background

EVE has acquired historic resources in the USA with significant amounts of exploration undertaken in the 1970's, allowing EVE an opportunity to capitalise on the earlier work.

Looking to leverage off in-country demand from an established USA nuclear industry.

Purchased flagship project in mid 2010, before the uranium price started its recent appreciation.

EVE paid \$2m for 18.3Mlbs or around \$0.11/lbs U₃O₈, which compares favourably to our average EV/lbs for explorers of \$4.23

Targeting 50Mlbs U₃O₈ from a current 18.3Mlbs resource base.

Project Acquisition

In mid 2010 EVE acquired the Aurora Project located in the southeast region of Oregon, USA; from Uranium One for \$2m and then subsequently picked up another three projects. All projects are located in the uranium friendly states of Oregon, Nevada and Colorado. The flagship project is technically well advanced and therefore offers a short lead time to production.

Strategic focus

Beyond these acquisitions EVE is looking to grow by exploring the current projects and acquiring additional historic resources in the USA. With potential future production to supply the USA domestic market. The USA currently generates ~20% of their power by nuclear methods, with more reactors planned. Projects are located close to major gold producing centres therefore there is readily available mining services available.

History

The flagship Aurora Project, located in a historical uranium production area, was drilled in the late 1970's by Placer Amex, with the last drilling completed in 1980.

Mineralisation

The mineralisation is associated with uranium rich fluids passing up through deep vertical faults and then preferentially deposited in flat lying tuffaceous volcanic flows. The deposits are close to the surface, <100m. At this stage limited regional exploration has been undertaken by EVE.

Resource

Based on the historic drilling a historic indicated resource of 69.3Mt @ 248ppm U₃O₈ for 37.9Mlbs U₃O₈ has been determined.

This includes a high grade core of 18.4Mt @ 444ppm U₃O₈ for 18Mlbs U₃O₈. The high grade core will form the basis of the feasibility studies.

A low grade halo (100-300ppm U₃O₈) exists around the current resource and is being looked at being included into the feasibility study. By reducing the cut off to 200ppm from the current 300ppm has the potential to add ~10Mlbs U₃O₈ to the resource.

Indicative Project Parameters

Preliminary estimates of operational costs are US\$30/lb and with capital requirements of \$150m, utilising a tank leach processing operation with production at a rate of 1.5 to 2.0Mlbs for 10 years.

Open cut mining methods are possible with a mining depth of less than 70m and a low strip ratio of approximately 1:1.

All of these are very early stage estimates and will be the subject of future feasibility studies.

Exploration

EVE will be undertaking a drilling program at Aurora during 1Q11 to test ground geophysics targets. We would expect assay results to be reported from late 1Q11.

In addition they will also be drilling along strike from the Aurora deposit on regional targets during the same period.

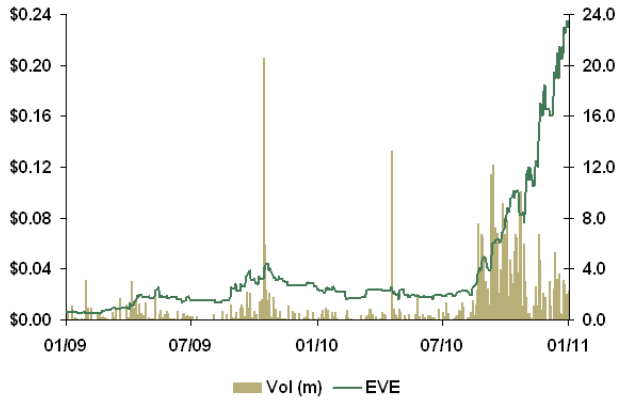
Outside of the drilling at the Aurora Project EVE will fly a radiometric survey and then follow up with a RC drilling program in 1H11.

Corporate

Cash of ~\$2.8m will last for a while but EVE do have a \$4m exploration program planned for 2011.

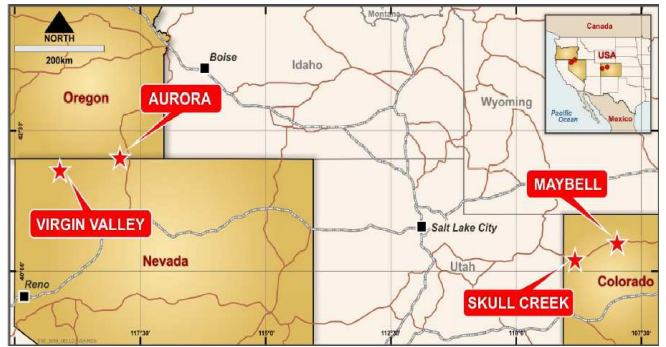
One source of funding could be the sale of the ~13m shares in Africa Energy (AFR) that EVE retain, currently valued at ~\$9m.

Share Price



Source: IRESS, Austock Securities

USA Project Localities



Source: Company Report

Extract Resources (EXT)

Opinion Data

Recommendation	
Risk Rating	Medium
Current security price	\$9.04
12 month target price	N/R
Market cap (A\$m)	\$2,199
Cash (A\$m)	\$53
3 Month Performance	17%
Resource	366.5mt @ 453ppm
Contained U₃O₈	367.3Mlb
EV/Resource (A\$/lb U₃O₈)	\$5.84
Location	Namibia

Austock Estimates

Company background

Extract Resources is currently focussed on their world class Husab Deposit in Namibia. The deposit presently is at 367Mlbs U₃O₈ and has the potential to reach 500Mlbs U₃O₈.

A DFS is nearing completion on Zones 1 and 2, to date 5 mineralized zones have been identified. Additional exploration upside exists.

Production is targeted to be at a rate of ~15Mlbs U₃O₈ pa and based on earlier estimates at a cost of US\$23.60/lb U₃O₈, with capex at US\$704m.

Extract is a listed on the Australian (ASX), Toronto (TSX) and Namibian (NSX) exchanges.

Background

The Husab Project (formerly Rossing South Project) is located in a globally significant uranium rich region in central Namibia.

EXT's project is ~6km from RIO's Rossing mine, which has been in production since 1976. The Rossing Mine accounts for ~8% of the worlds uranium, with total past and future production estimated at 500Mlbs U₃O₈ over the life of the mine.

The Husab discovery made by EXT is a significant technical achievement given that the majority of the tenement is covered by sand.

Resource

The resource at Husab is 367Mlbs U₃O₈, 257Mlbs is in the indicated category from Zones 1 and 2 and 110Mlbs is in the Inferred category from Zones 1,2, 3 and 4.

The deposit is on track to reach the target resource of 500Mlbs U₃O₈. On the global scale the deposit is currently the 5th largest uranium only deposit.

The uranium mineralisation is associated with strata bound granitic (Alaskite) bodies that generally dip shallowly to the east. The resource is defined in 4 of 5 mineralised zones, with exploration potential existing for more zones to be identified.

History

Through a JV with Kalahari Minerals plc in 2005 Extract entered into Namibia, then in 2007 purchased 100% of the project by issuing script, Kalahari maintain a 42.83% interest in EXT.

The Husab discovery was made in early 2008 and has rapidly advanced to one of the world's significant recent uranium discoveries. The project is located in the uranium friendly country of Namibia.

Project Economics

Preliminary studies have been completed, the latest in March 2010. The results concluded that production of 14.8Mlbs U₃O₈ pa could be achieved with at a cost of US\$23.60/lb U₃O₈ over a 20 year mine life, from 2014.

Preliminary capital estimates are US\$704M for a 40,000tpd (15.0Mtpa) plant

At this production rate the Husab project has the potential to become the 2nd largest uranium mine in the world.

A relatively high strip ratio of 6.9:1 would imply that mining costs will be a large component of the overall production costs.

Capital costs US\$704m - with major items excluded.

Results of a study released in August 2009 put the capital cost at US\$704m, with ±40% accuracy. The estimated capital costs excluded the following; desalination plant, water pipeline, port facilities, rail siding, mining, on-going capital, owner's costs and owner's contingencies.

As part of the DFS EXT is determining the possibility of deferring some of these costs to third parties, the outcome will have a significant factor on the final capital cost. A final capital cost above US\$1bn is a possibility.

Power

The required 80Mw Power can possibly be provided by the local supplier, NamPower. EXT has paid a deposit to NamPower to fund front end work associated with supplying power.

Water

Initial water requirements, estimated at 1.2m³ pa, can be met during the development phase but longer term a purpose built desalination facility will be needed as the requirements would increase to 8m³ pa. As the project is situated in a region with several other uranium projects that could require water there is potential for the Namibian Government and the companies to reach a collaborative solution,

such as a desalination plant located on the coast.

Acid Supplies

The extraction process for the uranium will require a secure supply of sulphuric acid, the possible sources are either to have the acid delivered to site or construct an acid manufacturing plant. If the acid can be produced on site cost savings are possible.

Transport Route

The project area is located about 55km east of the coastal town Swakopmund and north east of the deep water port of Walvis Bay. Equipment and materials for constructing and running the mine could be brought in through Walvis Bay. A rail line connecting Walvis Bay to the African network runs within 40km of Husab.

Mining Licence Application

In conjunction with the current DFS EXT has also commenced on the Mining Licence application, which was lodged in late 2010. The Mining Licence Application will require the completion of the Environmental Impact Assessment (EIA) and the Environmental Management Plan (EMP). Both of these are in progress with the draft EIA released late in 2010.

DFS in progress,

EXT commenced a DFS in April 2009 based on ore production from Zones 1 and 2 at a rate of 15Mtpa to a conventional agitated acid leach plant to produce ~15Mlbs U₃O₈ pa.

The DFS is currently optimising a potential mine schedule to look at fast tracking the higher grade and less complicated Zone 2 over Zone 1.

At this stage potential ore from Zones 3 and 4 will not be incorporated in to the DFS. Ore from these zones has the potential to extend the mine life.

DFS due 1Q11 and decision to mine to follow

In the latest quarterly EXT are still targeting for the DFS to be completed in 1Q11. Beyond the DFS Extract are making preparations for the transition to the Engineering Procurement Construction Management (EPCM) to minimise disruption with project development. A decision to mine is expected by mid 2011.

Project Financing

EXT is examining debt and equity funding options along with Offtake rights linked to equity funding.

Beyond the DFS

The regional exploration potential of the project is still to be fully tested with 6km of the 15km 'strike length' still to be tested. We see the target resource of 500Mlbs U₃O₈ as being an achievable goal.

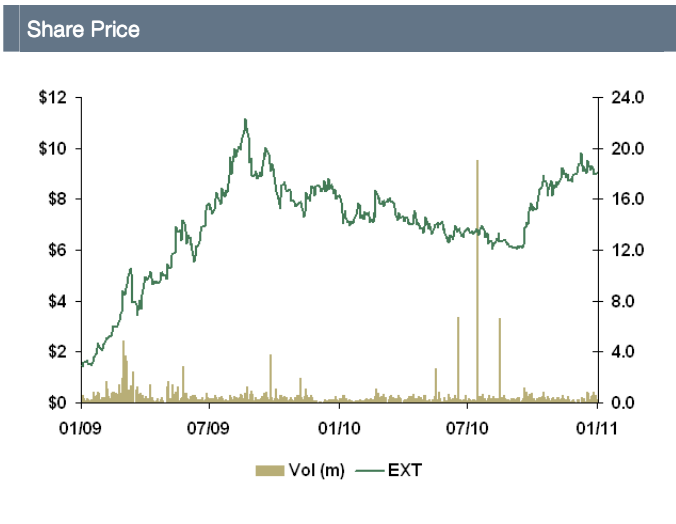
News Flow

With 17 drilling rigs active during 4Q10, most on the priority infill drilling at Zone 1, we would expect a resource upgrade in 1H11.

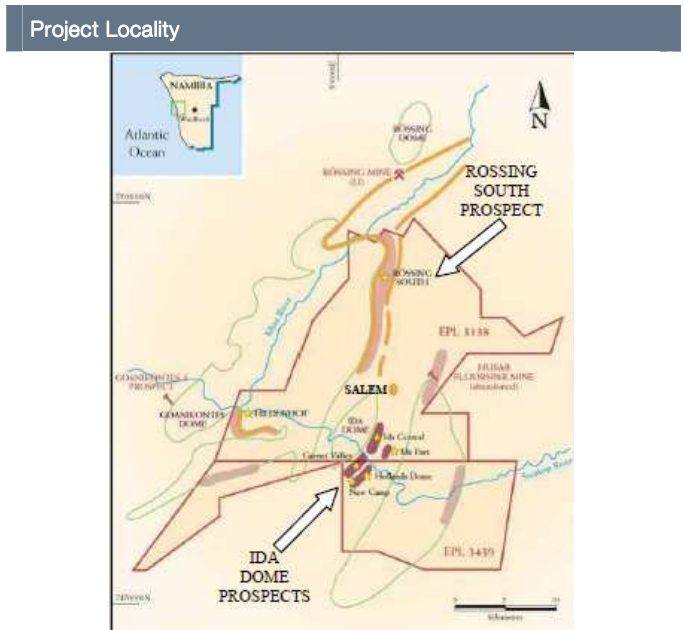
Other key announcements early in 2011 will be the; results of the DFS, the decision to mine and the financing strategy to be utilised

Corporate Activity

The latest raising was announced in December '10 for \$60.9m by placement of 7.3m shares to Kalahari Minerals plc.



Source: IRESS, Austock Securities



Source: Company Report

Forte Energy NL (FTE)

Opinion Data

Recommendation	
Risk Rating	
Current security price	\$0.14
12 month target price	N/R
Market cap (A\$m)	\$74
Cash (A\$m)	\$16
3 Month Performance	69%
Resource	19.0mt @ 324ppm
Contained U₃O₈	13.7Mlb
EV/Resource (A\$/lb U₃O₈)	\$4.25
Location	Mauritania

Austock Estimates

Company background

Early stage explorer in a jurisdiction that is starting to get a lot of attention.

Forte Energy is a dual listed (ASX & AIM) explorer with projects in the West African countries of Mauritania and Guinea.

Progress has been slow in Guinea due to political instability and in Mauritania due to delays in assays.

We see FTE as a high risk long term uranium play with some interesting projects and an interest from an international uranium company.

The identification of Rare Earth Elements in a limited number of samples has also helped the story to gain attention

Guinea appears to be the company's flagship project by virtue that it is the most advanced; however the grades at Mauritania and the size of the exploration target make this a more interesting project in our opinion.

Guinea

At the Firawa project a JORC compliant resource of 17.7Mt @ 296ppm for 11.6Mlbs U₃O₈ has been defined.

The resource at Firawa is contained within a 2.5km long structure that has been mapped to over 5.5km, the deposit is open at depth and along strike. The mineralisation is within a shear zone within a granite host. Within a shear zone a central zone of hematite alteration 50-80m wide is associated with grades of >1,000ppm U₃O₈. The hematite does present a potential issue with acid consumption during process that will need to be addressed.

No field work has been done in Guinea since early 2009 due to political instability over the 2009/2010 field seasons. The situation has now become more stable allowing field work to recommence in 2011.

Targeting a 2Mlbs pa operation for 10 years

Infill and extensional drilling will commence 1Q11, with the results to lead in to a PFS to commence 2H11.

Mauritania

FTE has a large tenement holding at the Bir Morghran Region in northern Mauritania. The uranium mineralisation is structurally controlled and follows a regional tectonic structure, with ~300km of strike length in the FTE tenements.

History

The Mauritanian project was explored by Areva in the 1970-1980's then dropped when uranium prices flattened in the 1980's. FTE was granted the tenements in 2006 and began exploration, this attracted Areva back to the project in 2008. As part of the deal Areva took a placement in FTE and provided access to their Mauritanian database. Areva maintain a 11% interest in FTE, but no board position or formal JV arrangement.

Progress in Mauritania has been slow due largely to assays taking up to 6 months, leading to delays in designing and conducting drilling programs.

Maiden Deposit

The maiden resource at Bir En Nar deposit is 1.33Mt @ 704ppm for 2.06Mlbs U₃O₈, although a modest size the grade is encouraging. The deposit is situated at the southern end of a large SE-NW structure that extends for ~150km within the FTE tenements, a second parallel structure also exists within FTE's tenements to the east.

Regional Exploration

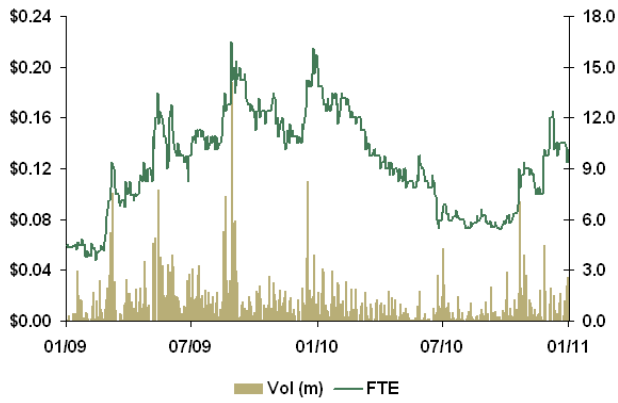
Recent drilling at the A238 prospect, a second target situated on the same structure as the Bir En Nar deposit but ~130km to the north, has confirmed the geological model. FTE will now be using these results to target several anomalies with the model of proving up an economic resource from a number of smaller deposits.

Work Program

- Drilling in Guinea to commence in March 2011
- PFS on a vat heap leach operation in Guinea to commence in 2H11
- Drilling at Mauritania during 1Q11
- Resource upgrade from Mauritania late 1Q11/early 2Q11
- Re-assaying for REE's

The above work program will ensure a steady news flow but will require funding, with ~\$2.6m in the bank FTE will be looking to raise funds in the near future.

Share Price



Source: IRESS, Austock Securities

Project Localities



Source: Company Report

Manhattan Corporation Limited (MHC)

Opinion Data

Recommendation	
Risk Rating	
Current security price	\$1.41
12 month target price	N/R
Market cap (A\$m)	\$145
Cash (A\$m)	\$1
3 Month Performance	40%
Resource	16.0mt @ 310ppm
Contained U₃O₈	10.9Mlb
EV/Resource (A\$/lb U₃O₈)	\$13.21
Location	Western Australia & South Australia

Austock Estimates

Company background

Access issues have not restricted MHC in undertaking an extensive drilling campaign during 2010 on some of their prospective ground targeting palaeochannel hosted uranium.

The drilling results will feed into an updated resource due for release in early 2011. An exploration spend of ~\$4m in 2010 should translate to a sizeable upgrade to the existing resource.

The focus of activity has been at the Ponton Project located 200km northeast of Kalgoorlie (WA). The project includes 130km of prospective palaeo-drainage that links up with the 53Mlbs U₃O₈ deposit at Mulga Rocks, currently under development by Energy Metals Australia (EMA).

Indicative Valuation

On an EV/Resource basis MHC is currently trading at ~\$13/lbs, well above our peer average of ~\$4.50/lbs, however this is based on a modest resource of 10.9Mlbs U₃O₈. We are confident that the recent drilling program will add significantly to the current resource base. If the resource hits the upper limit of MHC's target range of 30 to 50Mlbs then based on our average EV/resource lbs this would see a valuation of ~\$225m \$2.24/share. It appears that the market is pricing an increase to 30Mlbs.

Resource

The maiden inferred resource at the Double 8 deposit is 16Mt at 310ppm U₃O₈ containing 10.9Mlb U₃O₈ (200ppm cutoff). The resource is based on drilling done in the 1980's by the Japanese company PNC Exploration. In addition to the inferred resource a target potential of 6.6-15.4Mlbs U₃O₈ has also been reported, based on broader spaced drilling done by PNC.

Uranium at the Double 8 Deposit is hosted in carbonaceous sands over a 9km x 0.5km area, at a depth of 50 to 70m. The sands sit on a granitic basement and are capped by clay, providing the ideal physical setting for an In-Situ Leach (ISL) operation. The next step will be to successfully complete metallurgical testing on the sands to determine if the uranium can be extracted and if the saline ground waters present any issues to the leaching process.

Exploration

MHC has been concentrating their exploration 'along strike' of the Double 8 deposit in areas that are currently accessible. MHC are in the process of completing a 700 hole program at three prospects. The results from this drilling will go into an updated resource figure. Given the mineralisation style at Double 8 we would expect the resource upgrade to add significantly to the current 10.9Mlbs figure. The 9km of channel hosting the resource sits within 135km of channels located in MHC's tenements.

Access

At present the Double 8 deposit is not accessible as it lies within the Queen Victoria Spring Nature Reserve. This is not a National Park and access was restricted as part of the previous state Labour Government policy, with a Liberal government now in WA access is possible. One tenement inside the reserve has been granted to MHC with the tenement containing the Double 8 deposit expected to be granted soon.

Timetable

- Resource upgrade early 2011
- Drilling to start March 2011 within reserve
- Mid 2011 resource upgrade, commence PFS
- Mid 2012 Complete PFS
- 2013 Construction/Production

Beyond Ponton

At the Gardner Range project (WA) Northern Uranium Limited and Areva are earning a 60% interest by spending \$1.05m. The JV partners have recently undertaken a 3,000m drilling program targeting unconformity style uranium mineralisation.

MHC are currently trying to farm out their Siccus Project (SA).

Beyond these two MHC is also looking to expand their portfolio through acquisition, with an off shore target a possibility.

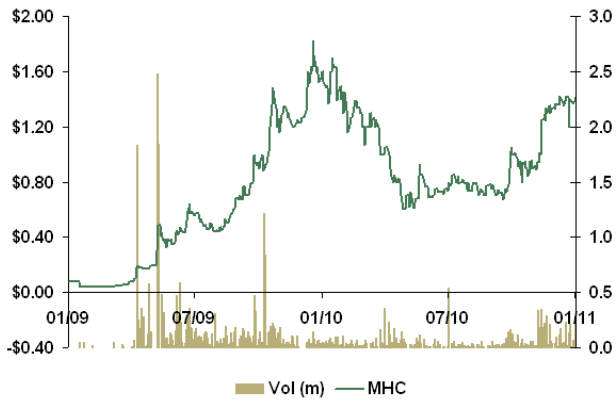
Register

MHC is a tightly held stock that is well supported by institutional investors.

Funding

In addition to cash balance of ~\$1m MHC holds ~\$6.5m in investments into EXT, DYL and PDN.

Share Price



Source: IRESS, Austock Securities

Project Localities



Source: Company Report

Mantra Resources Ltd (MRU)

Opinion Data

Recommendation	
Risk Rating	
Current security price	7.82
12 month target price	N/R
Market cap (A\$m)	\$1,105
Cash (A\$m)	\$67
3 Month Performance	33%
Resource	108.9mt @ 422ppm
Contained U₃O₈	101.4Mlb
EV/Resource (A\$/lb U₃O₈)	\$10.24
Location	Tanzania

Austock Estimates

Company background

Whilst Mantra has an advanced stage world class deposit, the main interest at present would have to be the all cash bid that has been made for the company.

The interest is not only from the MRU share holders but also from the broader uranium industry, because it sets a new benchmark for uranium assets.

Mantra is dual ASX and TSX listed, with their main project located in southern Tanzania and a second project in Mozambique.

Given that the bid is by way of Scheme of Arrangement that has been endorsed by the Board of MRU we have not gone into detail on the projects.

Mantra is currently subject to an offer from the Russian company ARMZ valued at a total A\$1.16bn or \$10.26 per resource pound U₃O₈. ARMZ are the worlds 5th largest uranium producer with operating mines in Russia, they are wholly owned by the Russian State Atomic Energy Corporation, "Rosatom".

This offer has set a new benchmark for the sector and reinforces the interest in shoring up quality long life supply in uranium friendly jurisdictions.

Uranium assets are on the global shopping list

The all cash bid made mid December 2010 for A\$8.00/share (~20% premium to the share price at the time) confirms that interest in securing uranium assets is continuing. Also that it is not just a Chinese lead push but multiple nations wanting to secure supplies for future power generation needs.

Schedule

The Scheme is conditional on regulatory and shareholder approvals. Provided that all approvals are achieved the Implementation date will be 29 April 2011.

The Asset

The Mkuju River Project is located in southern Tanzania. Within the project the Nyota Deposit is the most advanced asset with a PFS completed and a DFS nearing completion. The project area includes a large land holding of the uranium rich Karoo Sediments. This rock unit host a number of uranium deposits in the region.

Two stage development plan

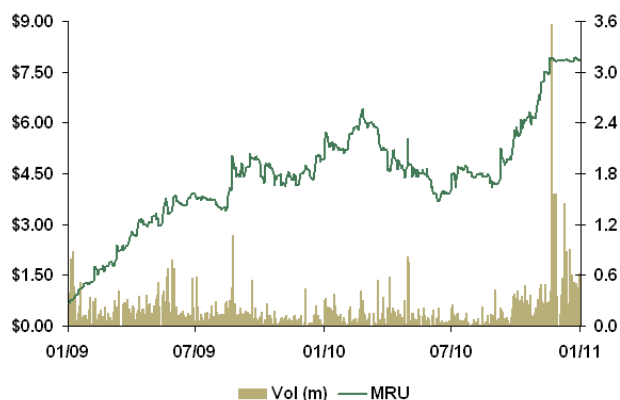
At the deposit a two phase development plan is being studied. In Phase 1 a RIP plant will be established to process the higher grade ore (>200ppm) and once this reaches steady state production a second phase will commence, treating the lower grade material in a heap leach operation.

Quality asset

From the Phase 1 PFS results; the potential production rate is 3.7mlbs U₃O₈ pa, with a 12 year mine life commencing in 2012, operational costs of US\$25.05/lb and estimated capital costs US\$298m.

Despite the potential access issues posed by the location of the deposit partially inside the Selous Game Reserve, the potential operation will be a large, low cost uranium producer, with exploration upside.

Share Price



Source: IRESS, Austock Securities

Project Localities



Source: Company Report

Paladin Energy Limited (PDN)

Opinion Data

Recommendation	
Risk Rating	Medium
Current security price	\$4.93
12 month target price	N/R
Market cap (A\$m)	\$3,629
Cash (A\$m)	\$275
3 Month Performance	18%
Resource	391.7mt @ 587ppm
Contained U₃O₈	495.4Mlb
EV/Resource (A\$/lb U₃O₈)	\$8.50
Location	Namibia, Malawi, NT, QLD & Canada

Austock Estimates

Company background

One of the two ASX listed uranium only producers. With a production base on the rise as their second mine continues to ramp up. Both mines are well leveraged to an increasing uranium price. Dual listed on the ASX and TSX.

At the Langer Heinrich Mine (100%) in Namibia Stage 3 expansions are in progress and the Kayelekera Mine (85%) in Malawi production is in the ramp-up phase. FY11 production is forecast at 6.0 – 6.3Mlbs U₃O₈, a 40-45% increase on FY10 production levels (4.3Mlbs).

In addition to the producing assets in Africa and exploration plays in Australia PDN is looking to also grow through acquisition. They recently completed the takeover of NGM Resources and the acquisition of Canadian company Aurora Energy.

Exploration program & investments

We feel that PDN is well positioned to capitalise on increases in the uranium price as they are not bridled with any legacy purchase agreements. They are also one of only a handful of companies that are experienced in bringing an uranium mine into operation, enabling them to look at stranded assets.

In addition to the African assets PDN also have an extensive exploration portfolio in Australia and investments in Deep Yellow (DYL) and Summit Resources (SMM).

Langer Heinrich (Namibia) Production profile increasing

At Langer Heinrich production from the calcrete ore body commenced in early 2007 and has steadily ramped up since then. Stage 1 production was at 2.6Mlbs U₃O₈, this lifted to the current 3.7Mlbs U₃O₈ pa with Stage 2. Construction of the Stage 3 expansion is 85% complete, with commissioning to start in 1QCY11, name plate capacity for Stage 3 will be 5.2Mlbs U₃O₈ pa.

Resource/Reserve upgrade

The results of a 50,000m drilling program conducted in 2010 have lifted the resource figure to 173Mlbs U₃O₈ and the mine reserve to 134Mlbs U₃O₈.

LH Stage 4 Expansion Studies

Based on the recourse/reserve upgrade PDN has commenced Stage 4 expansion studies. Stage 4 has a target of lifting production to 10Mlbs pa of U₃O₈, the approximate capex is \$350m

Long life operation

At the stage 3 production rate of 5.2Mlbs pa the mine life at Langer Heinrich is 25 years

At Langer Heinrich the C1 cash costs are currently US\$26/lb U₃O₈. The

Kayelekera (Malawi 85%)

The Kayelekera Deposit (Malawi) is contained within sandstone and siltstone units of the Karoo Sediments. The Karoo sediments are an extensive geological unit that is rich in uranium and also plays host the mineralisation at Mantra's (MRU) Nyota Deposit, Uranex's (UNX) Mukuju Project and A-Cap Resources (ACB) Lethakane Project.

Production issues progressively fixed

At Kayelekera volumes were down in 2H10 due to issues with the processing plant and the power supply. The processing plant issues were resolved in mid September 2010 and production rates were on track towards nameplate capacity of 3.3Mlbs U₃O₈. However power outages late in 2010 affected production resulting in a reduction in production guidance

Kayelekera Cash Costs

C1 cash costs at Kayelekera for the September 2010 quarter were US\$50/lbs U₃O₈, which was an improved performance from the June quarter of US\$59/lbs U₃O₈. The trend of cost reductions is likely to continue as the project continues to ramp up and processing issues are resolved. Targeted cash costs at Kayelekera are US\$28/lb U₃O₈.

Total Production increasing, although not as quickly as originally forecast

PDN's production in FY10 from both Kayelekera and Langer Heinrich was a combined 4.3Mlbs U₃O₈, guidance for production in FY11 is in the range of 6.0-6.3Mlbs U₃O₈, then ramping up to 10Mlbs U₃O₈ by FY14 as Stage 4 at Langer Heinrich reaches full capacity.

Realised Price increasing

The average realised price in 4QCY10 was \$52/lb U₃O₈ which was up from the previous quarter of US\$46.50/lbs U₃O₈. The price increase reflects an increase in the spot price and a change in the proportion of spot to long term contract prices realised.

Queensland - Exploration

Mount Isa North Project (Total resources 118Mlbs). PDN has an effective 91% interest in the Valhalla Deposit (76.3Mlbs U₃O₈) and the Skal Deposit (14.5Mlbs U₃O₈) deposits through 50% direct interest and 82% ownership of the project partner Summit Resources (SMM).

Current expenditure on the Mount Isa projects is ~\$10m, this figure will be reduced as the drilling stops

and the feasibility studies start. PDN view the Mount Isa projects as a 2015/2016 development story, by which time the policy on uranium in Queensland should be changed.

Northern Territory - Exploration

PDN acquired a 41.7% interest in the **Bigryli Deposit** (NT) in 2009 through the acquisition of Valhalla Uranium Ltd. The current resource at Bigryli is 16.2Mt @ 807ppm for 28.8Mlbs U₃O₈. A scoping study is currently in progress.

Pamela and Angela (NT) (50/50 JV with Cameco) historical resource of between 26 to 28Mlbs U₃O₈. The first JORC compliant resource is expected to be released in 1Q11. Recently the NT government pulled their support for the project placing the development in limbo. Although the decision does not send a good message to the Northern Territory Uranium the approval for the project largely rests with the Commonwealth Government therefore the announcement is largely political.

Western Australia

Oobagooma (100%) – Based on historical work an exploration target of 22Mlbs U₃O₈ has been proposed, however access issues have halted progression the project, limited work is being done at present.

Manyingee (100%) Roll front style mineralisation with a resource of 24Mlbs U₃O₈. The deposit is located close to the Bennet Well Deposit of Cauldron Energy (CXU).

Strategic Relationship

PDN have signed an MOU with China Guangdong Nuclear Power Holding Co Ltd (CGNPC) to develop; a long term sale framework, possible partnerships with PDN on new projects and possible advancement of the Bigryli Deposit (Northern Territory). PDN currently have a 41.7% interest in Bigryli with JV partner Energy Metals Ltd (EME) retaining 53.3%, inturn CGNPC hold 69.3% of EME.

NGM Takeover

PDN completed the takeover of NGM Resources in late 2010, the acquisition has provided PDN with a large ground position in Niger and a maiden resource of 23Mt @ 210 for 11Mlbs U₃O₈. Given the instability in the country PDN will not be active on the project in 2011.

Aurora Takeover

PDN's first venture into Canada has commenced with the all script offer of C\$260.9m (52.1m shares) to Fronteer Gold (TSX:FRG), for their subsidiary Aurora Energy Resources.

Large resource with upside

Aurora's global resources are; measured and Indicated 40.2mt @ 900ppm U₃O₈ for 83.8Mlbs and inferred 29mt at 800ppm U₃O₈ for 53Mlbs. A total of 136.8Mlbs U₃O₈ for acquisition costs of \$260.9m equates to ~\$1.90/lb U₃O₈, which compare favourably to the \$10/lb on offer for Mantra's resources.

PDN will seek to increase the resource base to 200Mlbs through exploration, the timing of which will fit in with the current local government moratorium on uranium mining due to end in March 2011.

The deal is conditional on certain regularity approvals which are mostly procedural in nature. Upon completion of the acquisition Fronteer will hold a ~6.7% interest in PDN, which will be subject to various clauses if Fronteer seeks to sell the holding.

The acquisition provides PDN with an advanced project in uranium friendly Canada that fits well with the pipeline of projects in Africa and Australia.

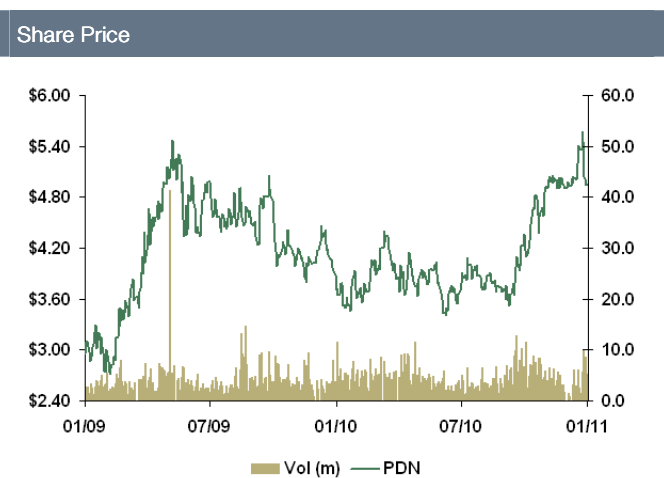
Convertible bonds

In October 2010 PDN issued US\$300m in Convertible Bonds to refinance the US\$250m Convertible Bonds that matured in 2011.

The term of the new bonds is for 5 years at 3.625% pa.

Investments

PDN maintain investments in Deep Yellow (DYL 19.29%), and Summit Resources (SMM 82.05)%



Source: IRESS, Austock Securities



Source: Company Report

Thundelarra Exploration Limited (THX)

Opinion Data

Recommendation

Risk Rating

Current security price

\$0.68

12 month target price

N/R

Market cap (A\$m)

\$112

Cash (A\$m)

\$19

3 Month Performance

0%

Resource

- mt @ 0ppm

Contained U₃O₈

0.0Mlb

EV/Resource (A\$/lb U₃O₈)

-

Location

Northern Territory,
Western Australia

Austock Estimates

Company background

Explorer in three known uranium regions of the Northern Territory plus interests in projects adjacent to Sandfire's DeGrussa Deposit.

Raised ~\$26m in late 2009 through the sale of their interests in United Minerals Corporation (UMC) to BHP. This funding is now going towards the exploration for uranium and base metals.

With a strong cash position and an ambitious drilling program, the news flow during 2010 should be prolific. During 2010 THX completed 30,000m of drilling and plans to drill 40,000m in 2011.

A maiden resource at the Thunderball prospect is expected early in 1Q11.

Cashed up active explorer, high grade uranium hits and next door to Sandfire

Projects – Northern Territory

THX's main uranium focus are three projects in the Pine Creek area of the Northern Territory, located approximately 100km SE of Darwin, namely the Hayes Creek, Allamper and Mary River Projects.

The tenement package in the Pine Creek area is a mixture of 100% THX ground and JV's earning between 70-80% interests.

The region is prospective for uranium with several deposits and occurrences present including the Rum Jungle and Adelaide River deposits.

Hayes Creek Project (NT)

The Thunderball prospect was discovered in late 2008 and since has been extensively drilled, with the best intercept to date 11m @ 34,000ppm U₃O₈.

The mineralisation is structurally controlled and associated with the Hayes Creek Fault. The challenge for THX will be define sufficient strike length of the mineralisation.

Thunderball maiden resource due soon

Whilst the resource at Thunderball is likely to be high grade it is unlikely to be of sufficient size to justify a stand alone plant. THX are targeting similar deposits along the Hayes Creek Fault zone and the Bella Rose Fault zone to define several small but high grade deposits all within a 10km radius of a central processing plant.

The prospectivity for the project has been confirmed by early stage drilling and surface sampling at other prospects in the region returning similarly high uranium grades.

In earlier work THX intersected significant gold mineralisation, including 12m @ 4.96g/t Au from 66m. Whilst the intercept was located along strike from the Thunderball deposit it is not located on a tenement where THX has the gold rights. Discussions are continuing with the owner of the gold rights.

Allamper Project (NT) – early days but promising

The JV between THX (70%) and Excelsior Gold (EXG) has returned some promising uranium and copper grades from drilling undertaken in 2010, including:

7m @ 9.69% Cu from 7 to 23m depth,
12m @ 328ppm U₃O₈ from 27 to 39m

Based on these results a drilling program is planned during the 2011 dry season.

Ngalia Basin (NT) (100% & earning 70%)

The Nagalia Basin is located in central NT and contains the Napperby (DYL) and Biglryi (EME and PDN) deposits.

THX were granted the tenements in 2009 and since then has undertaken a successful first pass drilling program in 2010. The early stage results have shown economic grade mineralisation hosted in a palaeochannel setting that may be amenable to ISR mining methods. Drill results including 3.0m @ 670ppm U₃O₈ and 1.05m @ 708ppm U₃O₈ have been reported.

In 2010 an airborne geophysical survey was flown to map out the palaeochannels, the results from this survey will be used to target the next phase of drilling.

Whilst these results are from broad spaced exploration drilling they are certainly interesting enough to warrant more exploration on the project.

Murphy Inlier Project (NT)

Located on the border of Queensland and Northern Territory to the west of the Westmoreland Deposit

(48Mlbs U₃O₈).

The tenements are in the application stage at present, pending the granting of access. THX is actively pursuing access and plans to be on the ground from mid 2011

Base Metals Projects (WA)

Doolgunna Region (WA) – The **Red Bore Prospect** (60% THX) is 'along strike' from the DeGrussa Deposit of Sandfire (SFR). The Conductor 5 deposit of Sandfire is only 200m from the tenement boundary with THX.

At Red Bore drill testing of outcropping gossan was undertaken and the initial results looked promising, including 14m @ 2.08% Cu from 72m and 17m @11.71% Cu from 29m. However the mineralisation appears to be pinched out at depth, a program of down hole EM is planned to test for off hole conductors, possible sulphides.

A ground IP survey was completed and a drilling program completed on two of the anomalies, the assays are still pending but the description of the drill core released to the market makes this more of a technical success. However the results will be useful in targeting more drill holes.

The **Curara Well Prospect** (100% THX) is also close to the DeGrussa Deposit and is prospective for the same style of mineralisation. THX has conducted geophysical testing of the tenement, a drilling program is planned for 1Q11.

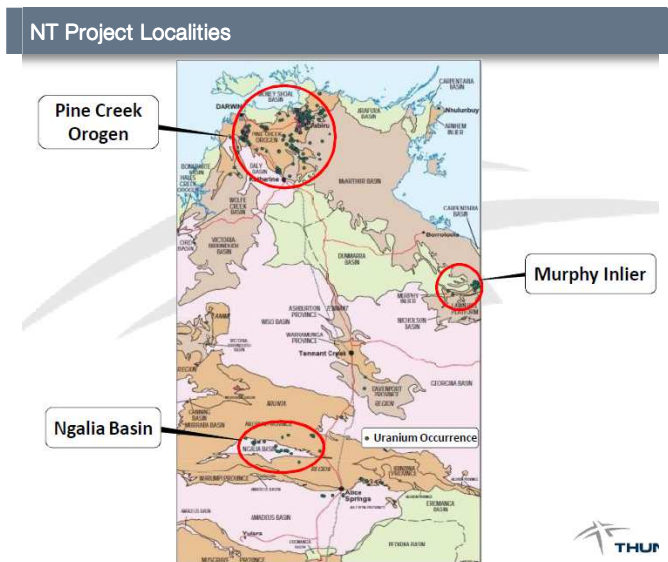
Copernicus Nickel Mine

Open pit mining operations at the Copernicus Nickel mine (THX 40% & Panoramic 60%) were suspended in December 2008 in response to weak nickel prices.

The pit remains on care and maintenance pending an improvement in the nickel price.



Source: IRESS, Austock Securities



Source: Company Report

Toro Energy Limited (TOE)

Opinion Data

Recommendation	
Risk Rating	
Current security price	\$0.15
12 month target price	N/R
Market cap (A\$m)	\$140
Cash (A\$m)	\$50
3 Month Performance	12%
Resource	29.7mt @ 467ppm
Contained U₃O₈	30.6Mlb
EV/Resource (A\$/lb U₃O₈)	\$2.94
Location	Western Australia

Company background

We see Toro as being a very well funded developer and explorer of uranium projects. The team assembled is well positioned to take Wiluna into production and fully explore their prospective exploration portfolio.

The relationship with OZMinerals (OZL) extends beyond the 43% ownership to include TOE retaining the uranium rights to the ground surrounding Prominent Hill.

In the Wiluna region of central Western Australia TOE has been advancing their flagship project with the BFS on the two main deposits in progress. Additionally TOE has been increasing their footprint in the region through the acquisition of surrounding projects.

Austock Estimates

Wiluna becoming a processing hub.

Toro originally listed on the back of the uranium assets held by Minotaur (MEP) and Oxiana (OZL) and has grown through exploration and acquisition. Toro acquired their Wiluna Project, 750km NE of Perth, through the takeover of Nova Energy in 2007 and recently added the Dawson-Hinkler and Firestrike projects to their stable. Other opportunities exist in the area to add more calcrete hosted resources.

The Wiluna resource base is now 30.6Mlbs which is approaching the 35-40Mlbs range that would provide a level of comfort on the construction of a plant.

Wiluna at present

Results from the trial mining of 22,000t completed in late 2009 are now being fed into an updated BFS, which is due to be completed 3Q11.

Based on the results of the Optimisation Study completed in Sep 2009 the preferred processing option is to use alkaline agitated tank leaching with recoveries of ~86%, capital costs of A\$258m and operational costs of ~A\$45/lb producing 1.65Mlbs U₃O₈ pa.

The addition of resources through acquisition and/or exploration would improve the market attractiveness of the Wiluna project.

The purchase of the nearby Dawson-Hinkler Well from U3O8 (UTO) for \$6.2m equates to ~\$1 resource pound. Which is a favourable price given our average EV/resource pound for developers of ~\$4.00/lbsU₃O₈ and the ~\$5.90/lbs U₃O₈ that a Japanese consortium paid in 2009 for part of the nearby Lake Maitland deposit.

Wiluna going forward

It is expected that the final environmental approval submission will be lodged in 1Q11, processing the application will take ~12 months. This timeframe fits within TOE's schedule of first production in 2013.

Wiluna Offtake

Given the advanced stage of Wiluna it is not surprising that TOE has been fielding enquiries from various uranium users in offtake agreements but at present they are in no rush to strike an agreement.

Napperby (NT)

TOE has withdrawn from the Napperby Project (NT) JV with Deep Yellow (DYL) and has completed the final rehabilitation.

Exploration

The exploration team assembled is very experienced and has already enjoyed success with the discovery of the **Theseus prospect** at Lake Mackay (WA). Unfortunately follow-up drilling during 2010 was limited due to extensive rain.

The discovery of palaeochannel hosted uranium was made within a short time of TOE starting work on the ground and shows the ability of the team to quickly and effectively test targets. In 2011 an extensive drilling program is planned. On their Australia projects TOE has budgeted ~\$5m for CY2011 on exploration.

Reynold Range (NT)

At the **Reynolds Range Project (NT)** TOE is targeting alluvial hosted uranium in a similar geological setting to the highly mineralised Frome Embayment of South Australia and the Chu-Sarysu Basin of Kazakhstan. A first pass drilling program was completed in 2010, the results of which showed that a redoX front existed, proving the geological model. More drilling is warranted beyond the one line of broadly spaced holes completed so far.

The weather in 2010 across TOE's exploration portfolio limited the amount of drilling that could be undertaken. In 2011 TOE are planning an extensive exploration program on all the drill targets that they were able to work up while they were stuck indoors last year.

Exploration Priorities

Drilling at Theseus Prospect (WA) in 1Q11, followed by testing of IOCGU targets in 2Q11. Also in the first

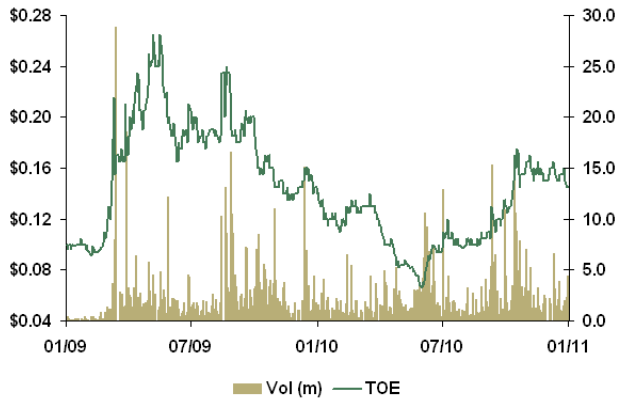
2011

half of 2011 TOE plan to drill at the Reynolds Range project.

Namibia

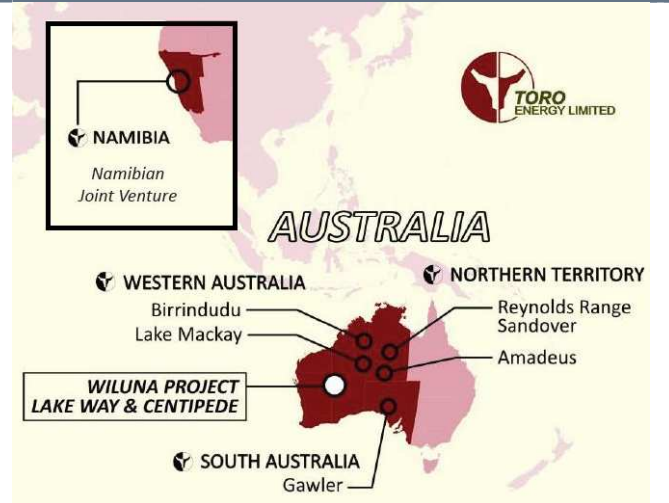
Deep Yellow (DYL) are currently earning 65% of TOE's Namibian tenements through the expenditure of A\$3.5m. By entering in to the JV, TOE is able to leverage off the experience and work being undertaken by DYL on the adjacent projects.

Share Price



Source: IRESS, Austock Securities

Project Localities



Source: Company Report

Uranex NL (UNX)

Opinion Data

Recommendation

Risk Rating

Current security price

\$0.68

12 month target price

N/R

Market cap (A\$m)

\$115

Cash (A\$m) * Assumed post rights issue

\$7

3 Month Performance

283%

Resource

120.0mt @ 160ppm

Contained U₃O₈

43.0Mlb

EV/Resource (A\$/lb U₃O₈)

\$2.49

Location

Tanzania

Austock Estimates

Bold New Strategy Paying Rewards

A change in management for Uranex and a change in project focus has reinvigorated UNX.

UNX have for sometime failed to excite the market with their focus on calcrete targets in Western Australia and Tanzania.

Now with the focus on their sandstone hosted targets, that are in the same rock units as the nearby Mantra and Paladin deposits, it looks like promising times are ahead for UNX.

In addition to the Australian projects UNX have been in Tanzania for 5 years and have developed a significant amount of in country experience.

UNX is in good position with new management that have a high grade project in the right neighbourhood, with the support of major shareholders

Uranex has a portfolio of projects ranging from grass roots exploration to feasibility stage, located in WA, NT and Tanzania.

New Management

UNX has recently undergone a change in management and after a strategic review have shifted their main focus from the challenging calcrete deposits in Tanzania and WA to the more exciting sandstone hosted prospect at Mkuju located in the south western corner of Tanzania.

Mkuju Project (Tanzania) – the new focus

The close proximity and similarities of the UNX's **Mkuju Project** (100%) to Mantra's (MRU) Nyota Deposit and also to Paladin's (PDN) Kayelekera Mine make this project an exciting prospect. UNX's Likuyu prospect is 30km south of MRU's 101Mlbs U₃O₈ Nyota Deposit.

Mantra Resources Limited, is currently the subject of a A\$1.16 billion all cash takeover offer, which equates to US\$10.26 per pound of resource at Nyota.

Initial Drilling Successfully Completed

UNX recently completed a drilling campaign at the Likuyu prospect targeting palaeochannels within the sedimentary package. The style of mineralisation presents an interesting geological challenge in the defining of drill targets, the results of the recent drilling will be valuable in assisting in understanding the geology.

Drilling undertaken in late 2010 reported peak grades of up to 5,990ppm U₃O₈ in the sandstone host. Results reported in December 2010 returned the first intervals of 10m with grades >1,000ppm U₃O₈. All 16 holes of the current program have now been completed with the assays due in 1Q11.

The Mkuju Project area covers 5000km² of the highly prospective Karoo Sediments; this geological formation is a well established uranium host.

PFS continuing on the calcrete deposit

The **Manyoni Project** (Tanzania) is a calcrete hosted deposit with a JORC resource of 29Mlbs U₃O₈, which is open and a resource upgrade to 50Mlbs has been touted as possible by the company.

Calcrete processing a challenge

The uranium mineralisation at Manyoni is in shallow playa lakes of free digging material however the potential processing options are presenting a problem. The difficulty has arisen from variable leach test results with the search for a low cost processing option still being evaluated.

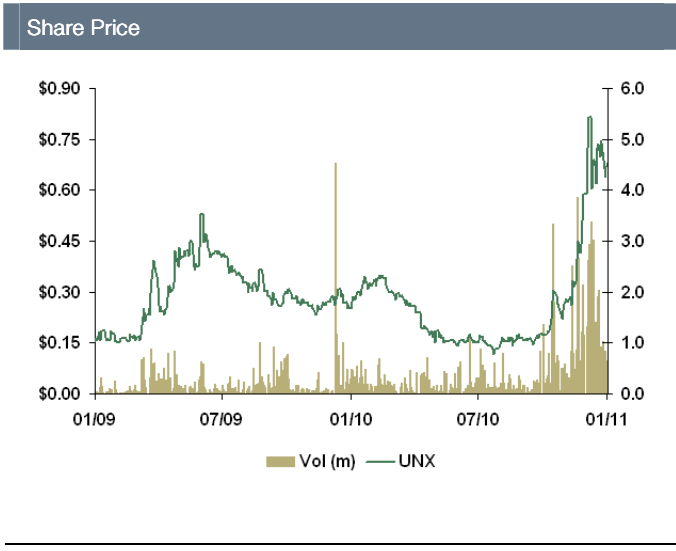
A PFS is in progress and is due to be completed during Q211.

Western Australia

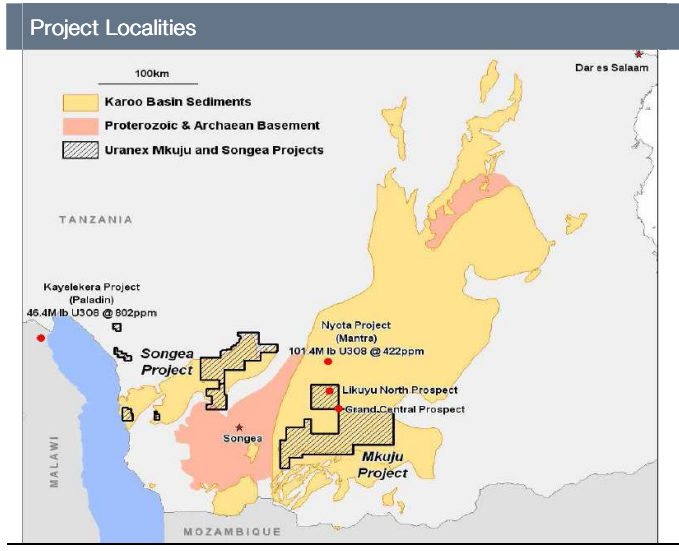
In Western Australia UNX has the **Thatcher Soak** Deposit which is a calcrete hosted resource of 14Mlbs U₃O₈, located in the Yilgarn region.

Northern Territory

In the Northern Territory grass roots exploration targeting unconformity style mineralisation will commence after the wet season.



Source: IRESS, Austock Securities



Source: Company Report

UraniumSA Limited (USA)

Opinion Data

Recommendation	
Risk Rating	
Current security price	\$0.56
12 month target price	N/R
Market cap (A\$m)	\$90
Cash (A\$m)	\$8
3 Month Performance	100%
Resource	45.5mt @ 280ppm
Contained U₃O₈	28.0Mlb
EV/Resource (A\$/lb U₃O₈)	\$2.92
Location	South Australia

Austock Estimates

On track to reach 44Mlbs in 1Q11– currently 28Mlbs

Since announcing their initial discovery in late 2007 Uranium SA have made steady progress in not only increasing the size of the resource to the current 28Mlbs U₃O₈ but also gaining a comprehensive geological knowledge of the deposit.

USA are on target to define 44Mlbs U₃O₈ during 1Q11.

The discovery at Mullaquana on the Eyre Peninsula of South Australia is one of the few greenfields discoveries to come out of the last uranium boom.

Location	As the real estate industry decreases, location is paramount; and USA's flagship project is in the most uranium friendly Australian state, is close to a major mining town and has the potential for limited environmental risk. The Project is located on Eyre Peninsula and is only 20kms from the regional centre of Whyalla.
Blackbush just the start	At USA's Mullaquana Project most work to date has been focussed on the Blackbush Deposit (28Mlbs U ₃ O ₈). This deposit is just one of 4 prospective targets. In late 2010 USA undertook an extensive drill program at the Plumbush Prospect, located ~7kms to the south of Balckbush. By owning their own drill rig, USA has been able to systematically drill at Mullaquana to not only define the Blackbush Deposit but also develop a significant amount of in house geological understanding of the mineralisation at the project.
Recent Drilling	The experience gained during the early stages of exploration is now greatly assisting USA in vectoring in on mineralisation. So much so that during a recent drilling program at the Plumbush Prospect only 3 out of 20 holes failed to intersect mineralisation. The geological model refined at Blackbush is now being applied to other prospects within the project. Based on the success to date we are confident that USA will significantly increase their resource. Whilst USA has now a strong grasp of geology of the project there are still issues to overcome with the project, such as the chloride levels in the ground waters at ~30,000TDS. These metallurgical issues known and are being addressed by USA. USA has been independently researching the most suitable resin to be used in the Resin In Pulp (RIP) technique to be used.
Positive Ore Body Properties	Metallurgical tests show that the uranium mineralisation of coffinite and uraninite is readily leachable and that recovery levels of 90% are reached within 48 hours. Testing of the ore zones has also shown that porosities of 35-40% are present and that the sand layers are contained within impermeable layers. All these properties are positive for potential ISL mining; the next test will be to prove permeability through pump testing.
Regional Prospectivity	Outside of the Blackbush Deposit and Plumbush prospect USA has a number of other targets to be tested 2011.
Development Proposal	USA are pursuing a modularised approach to production, starting off at a modest 900,000lbs pa plant for ~A\$40m then ramping up production by adding additional modules.
Forward Schedule:	1Q11 – Resource upgrade based on Plumbush drilling, targeting 44Mlbs U ₃ O ₈ . 1H11 - Bench testing of ore to test processing options 2H11 - Field leach trial. 2012 – Sales arrangements, approvals and construction. 2013 – Proposed commencement of production



A few Juniors worth a mention

Cauldron Energy (CXU)

Cauldron Energy formed through the merger of Scimitar Resources and Jackson Minerals in 2008 and now has a portfolio of projects in Western Australia, South Australia and Argentina. CXU has some interesting early stage exploration projects and has the support of Cpa Lambert (CFE) through their 17.3% holding in CXU.

The company's flagship project at Yannery Project in Western Australia has defined a resource of 4.8Mlbs U₃O₈ at 300ppm. This modest sandstone resource is in the same region as Paladin's Mayingee Deposit. Exploration is continuing at the project, with CXU setting an exploration target of 35-35Mlbs U₃O₈.

In South Australia the Marree Project is currently in JV with a Korean consortium who are funding the exploration to \$6.2m to earn 50%.

At the Argentinean projects CXU has completed some first pass drilling and is now undertaking geophysical programs to define drill targets.

Outside of uranium CXU has reported copper and zinc intercepts from their Beadell Project (WA). Whilst the grades are sub economic there is enough in the results to warrant follow up work.

Market Capitalisation ~\$30m and cash of \$3.0m (30 September 2010)

Stonehenge Metals (SHE)

In what we feel is a first for an ASX listed company SHE is exploring for uranium in South Korea. SHE is aiming to supply the Korean uranium market from within Korea.

SHE has acquired 100% of four projects in South Korea, which include an Inferred Resource of 34.9Mlbs U₃O₈ @ 340ppm. A maiden drilling program commenced in late 2010 and will continue into 1Q11.

Whilst this is an early stage project for SHE there has been significant amounts of historical work undertaken on the projects.

Market Capitalisation of ~\$35m and cash of \$2.2m (30 September 2010)

Aura Energy (AEE)

Aura are currently advancing projects in Mauritania, Sweden and Australia.

In Sweden AEE are developing a large scale/low grade deposit. The resource currently is 297Mlbs at 162ppm U₃O₈. The resource is low grade but AEE are evaluating the use of bio-heap leaching technologies to process the ore. The deposit sits within a large land package held by AEE that has the potential to host a globally significant deposit.

In Mauritania AEE are aiming to release their maiden resource by first half 2011.

Market Capitalisation of ~\$60m and cash of \$2.3m (30 September 2010)

Uranium Equities (UEQ)

UEQ are continuing to focus on the West Arnhem region in the Northern Territory and the extraction of uranium from phosphate.

The West Arnhem Project includes the Narbalek and Headwaters projects. At the Narbalek Project UEQ has 100% interest in the existing mine lease and 40% JV with Cameco on the surrounding tenement. UEQ are continuing to explore both projects and have reported some encouraging drill results.

The extraction of uranium during the manufacture of phosphoric acid is a historic source of uranium, with production ceasing in the 1990's as the price of uranium made the process uneconomic. UEQ has been working on refining the technology for a number of years and is in the advanced testing stage of a bolt on process that can be attached to an existing plant.

Market Capitalisation of ~\$40m and cash of \$12.9m (30 September 2010)

A couple of troubled soles

Marathon Resources (MTN)

Marathon's flagship project is located in the Gammon Ranges of South Australia. As well as being in a uranium rich region the project is situated within a private conservation reserve. The reserve that has a large amount of public interest in the project not going ahead. We see that access issues will hold up progress for a long time on this project and as such there are better ways to play the uranium market.

Alliance Resources (AGS)

AGS's main asset is a 25% contributing interest in the Four Mile Deposit with JV partner Heathgate Resources. Heathgate are the operators of the nearby Beverly Mine. The JV relationship has broken down to a stage where there has been little progress on the project for sometime. The deposit itself is a significant resource with upside potential, if the two parties could resolve their differences then it will be time to look at AGS again.

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Austock Securities Investment View is based on an absolute 1-year total return equal to capital appreciation plus yield.

Buy	Hold	Sell
>20%	20% – 5%	<5%

A Speculative recommendation is when a company has limited experience from which to derive a fundamental investment view.

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