

**QUARTERLY REPORT  
for the period ending  
31 December 2009**

**Highlights**

- Exploration permits were granted to allow drilling on the Grants Ridge Joint Venture at Armijo and F33 Projects.
- Aircore drilling on Armijo commenced on 26 November with best result from initial drilling of 1,533 ppm U<sub>3</sub>O<sub>8</sub>.
- RC drilling on F33 commenced on 5 January 2010.
- Drilling to date indicates that the thickness of target Todilto Limestone substantially exceed estimates.
- The company entered into a joint venture to acquire up to 85% of the Uravan Project consisting of 4,080 hectares covering historic uranium mining areas in Colorado and Utah.

**Grants Ridge Joint Venture, New Mexico**

Exploration permits were granted in November to allow drilling over the Armijo and F33 Projects within the Grants Ridge Joint Venture ("GRJV").

Uran is earning a 65% interest from joint venture partner Uranium Energy Corp (NYSE:UEC) in the GRJV. The GRJV holds 2,270 hectares of mineral claims and freehold (minerals to owner) land covering numerous historic shallow uranium mines in the historic Grants uranium mining area. This mineral belt was the largest uranium producing region in the USA in the previous production cycle, producing a reported 155,000 tons of U<sub>3</sub>O<sub>8</sub>.

***Drilling***

Due to the permits being granted later than anticipated drilling is being carried out in the New Mexico winter, often in heavy snow and below-freezing temperatures. This is slowing progress, due to illness and restrictions in the permit regarding travelling on the roads when wet.

Intercepts of the Todilto Limestone have been significantly thicker on average than the assumed 2 metres. Thicknesses for drilling completed to date range from 1 metre to 10 metres with an average thickness of more than 5 metres.

It is difficult to see uraninite in drill chips, however secondary carnotite is visible in drill chips holes from both Armijo and F33.



Armijo Project: In the previous Quarter the company acquired a light RC drill rig which has been modified to allow aircore and RC drilling. Following grant of the drilling permits in November, commissioning of the drill rig began on Armijo on 26 November. Further modifications to the rig were carried out during initial drilling in December, with 10 drillholes for 70.5 metres completed in the south-western part of Armijo.

Drilling re-commenced in early January and to date a total of 25 drillholes have been completed. Drilling of 215 holes on a nominal 120 x 120 metre grid is planned to a depth of about 15 metres. However the greater thickness of Todilto Limestone being encountered is resulting in deeper holes than planned in some places.

F33 Project: RC drilling on the F33 Project commenced on 5 January, using a track-mounted rig. A total of 23 holes for 1,995 metres is planned to test historic close-spaced drilling in the south of the project, and to seek further mineralisation in the area of the Homestake F33 mine.

A total of 12 holes has been completed to date, and drilling is anticipated to be completed in early February.

### **Assay Results**

Samples are being sent to ALS Laboratories in Reno Nevada, however unsatisfactory freight services available in Grants are causing substantial delays in getting samples to the laboratory, and therefore in receiving assay results. No assay results have so far been received in January.

Assays received from the initial 10 holes drilled on Armijo in December were received, with a best result of 6 metres @ 446 ppm  $U_3O_8$  including 1 metre @ 1,533 ppm.

### **Background**

The Grants Ridge project targets the Todilto Limestone, which hosts numerous historic underground and open-pit mines with grades ranging from 0.18 – 0.38%  $U_3O_8$ , with an average mined grade of 0.23%. This compares very favourably with resources currently being explored in other parts of the world. Historic uranium mines in the Todilto Limestone which used carbonate extraction also produced substantial amounts of vanadium at grades ranging from 0.03-0.5%  $V_2O_5$ .

The Grants belt produced over 340,000,000 lbs  $U_3O_8$  (154,545 tonnes) prior to 1986 and was the largest producing uranium field in the USA in the previous production cycle. It is an area known for historic high-grade uranium production. At least two mines in the belt are currently in permitting to resume production.

The project is very favourable for uranium exploration due to the high grade of historical production, at or near surface mineralization, excellent access and infrastructure, and active exploration and development in the area. In addition the acquisition cost is very low compared to similar projects in countries such as Namibia or Australia.

There were several smaller-scale open pit and underground operations on the project area in addition to the underground operations at F33 (Homestake) and the open pits at Sections 4 and 9 (Anaconda). Some of these have had significant historical production at high grades. The widespread mineralisation of the host limestone is considered to provide potential to delineate mineralisation suitable for bulk mining of large tonnages.

Known mineralisation within the project is in fairly flat-lying stratigraphy, at depths ranging from surface at the Section 4 and Section 9 mines, to 150 metres at F33 mine under a small mesa. The shallow depths together with high-grade mineralisation make the area very attractive for mining.

## **Uravan Joint Venture, Utah and Colorado**

In December Uran entered into an agreement with Canadian company Summit Point Uranium Corp ("Summit") to acquire up to an 85% equity in the Uravan Project, which consists of 501 registered mineral claims covering 4,080 hectares straddling the Utah and Colorado border. The project lies at the junction of the Uravan Belt ("uranium-vanadium") and the Lisbon Valley, two significant uranium-producing areas in the USA between 1945 and the early 1980s.

The mineral claims cover numerous historic small to medium-sized open pit and shallow underground uranium mines and lie within an active uranium exploration and mining area.

Uran can earn a 65% interest in the project by:-

- expending US\$300,000 on exploration within 2 years, with a minimum of \$100,000 in Year 1; and
- issuing 2,000,000 shares to Summit upon confirmation of the joint venture following Uran's due diligence, and a further 3,000,000 shares on the earlier of the grant of an exploration permit to allow drilling, or the first anniversary.

Uran is entitled to increase its equity to 85% by:-

- expenditure of a further \$1,200,000 within a further 3 years; and
- issuing 3,000,000 shares to Summit on completion of the earn-in expenditure.

The agreement is conditional on Uran's due diligence, which has been extend to 28 February 2010.

### ***Background***

The Uravan mineral claims lie partly within Utah and partly within Colorado. Utah is seen as a 'permitting-friendly' state, and the mineral claims are entirely on BLM land which will make permitting relatively quick and simple.

The Uravan Project conforms to Uran's strategy in the USA of acquiring projects in historic uranium mining areas in 'mining-friendly' locations where mineralisation is close to surface, and where previous mining targeted only the high-grade core of uranium deposits leaving lower grade mineralisation which may be amenable to bulk mining and heap leaching.

The average mined grade for the project area is reported to have been 0.22% U<sub>3</sub>O<sub>8</sub> from open pit or shallow underground mines. Uranium is present as carnotite with secondary carnotite. Vanadium is present as tyuyamunite and other minerals which are amenable to alkaline leaching.

### **Corporate**

A placement of 9,000,000 shares at 5 cents per share was completed in December to raise \$450,000 for drilling at Grants Ridge.

Cash at the end of the Quarter was \$542,661.

Kate Hobbs  
MANAGING DIRECTOR

#### **Competent Person Statement**

*The information in this statement as it relates to Exploration Results and metal content is based on information compiled by Mr Phill Schiemer, the Company's Exploration Manager, a full time employee of the Company. Mr Schiemer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Schiemer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*