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PUBLIC RELATIONS CORPORATE COMMUNICATIONS
ABN 55 042 486 807



Australian
Tuesday 19/12/2006
Page: 23
Section: Business News
Region: National Circulation: 135,000
Type: National
Size: 515.12 sq.cms.
Published: MTWTF

Uran rockets: big rush despite hush

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Energy

SHARES in uranium newcomer Uran climbed dramatically yesterday after investors realised the company was set to leapfrog other sector players and be in production within a year.

But the market will have to be patient about seeing details of the deal Uran has struck in the Ukraine.

This is because managing director Kate Hobbs — literally — can't say too much. Details of uranium deposits are still classified "secret" in the former Soviet republic. And she doesn't want any loose talk to get back to Kiev.

Uran has become the first company from outside the former Soviet Union to penetrate the Ukrainian uranium industry, so it is a case of both parties feeling their way carefully through the procedures.

Documents are in the process of being declassified, so there is a gulf between what Ms Hobbs has seen and what she can tell us.

For all the lack of detail, Uran

shares climbed 30.5c yesterday to 97c. The appeal was Uran's statement that it expected to be producing uranium in 2007. This puts the junior behind only Paladin Resources, in terms of transition to uranium-producer status, among the 80 or listed Australian explorers.

It is just six months since Ms Hobbs, a former Atomic Energy Commission geologist, and Perth mining "can do" man Michael Kiernan transformed what had been Great Western Exploration into a uranium vehicle combing former communist Europe for projects. All Uran at this stage can say is that the projects are called Surskoye and Gurevskoye, and Soviet mining authorities did feasibility studies on them in 1972 and 1982 respectively.

The grades of uranium and tonnages at the two deposits are still on the hush-hush list, but Uran is hopeful these will be made public next month in time for its London-based consulting group, SRK, to start work.

They were not developed back then for the same reason uranium exploration in Australia

stopped dead in its tracks more than 20 years ago: the collapse of the uranium price.

But Ukraine needs uranium to feed its 15 reactors spread over four nuclear plants. Apart from the Chernobyl disaster, the Ukrainians have a good record of safety with their reactors. All the uranium produced in the country is sent to Russia for enrichment before being reimported.

Ms Hobbs said Uran had been able to use its good contacts in eastern Europe to beat others to do the first deal. And the Perth company had the advantage of being happy to sell the uranium to Ukraine, which needs both the foreign capital and to keep the product itself — the Chinese and others would have wanted the uranium for their own industries.

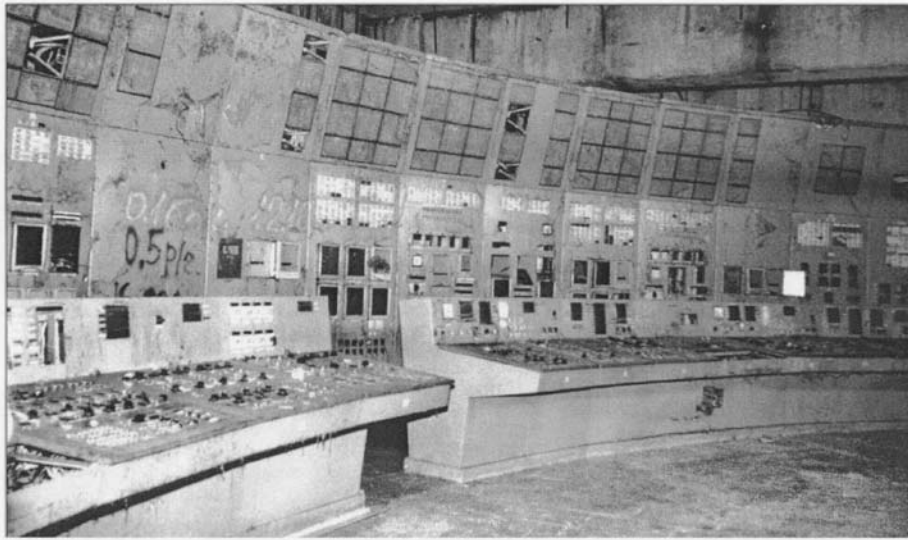
Uran will be in joint venture with two state agencies, the country's fuel and energy department and the uranium mine controller, VostGOK.

Again, however, no details. The size of each party's share of the project is one more item still under wraps. But Ms Hobbs said

Ukraine would pay a small discount to the spot price, and Uran would not have all the usual marketing and transport costs.

With the present spot price being \$US63 a pound — and some of the world's largest producers still getting only around \$US20/lb on contracts that were drawn up back at the time of low prices — that seems a pretty good deal to her. "A modest discount to spot would be very acceptable to us."

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