

**sxr Uranium One Inc.**  
390 Bay Street, Suite 1610  
Toronto, Ontario M5H 2Y2

Trading Symbols: SXR – The Toronto Stock Exchange, the Johannesburg Stock Exchange

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## NEWS RELEASE

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Toronto, Ontario

### **sxr Uranium One Announces Honeymoon Feasibility Study and Approves Honeymoon Project**

Toronto, Ontario and Johannesburg, South Africa -- sxr Uranium One Inc. announced today that its Board of Directors has approved the development of the Honeymoon In-Situ Leach (ISL) Uranium Project in north-eastern South Australia.

The Board's decision follows a detailed review of a feasibility study on the Honeymoon Project prepared by Mayfield Engineering Pty Ltd. and Aker Kvaerner Australia and others and a revised mineral resource estimate for the Honeymoon Project completed by K.F. Bampton MSc, MAusIMM, MAIG of Ore Reserve Evaluation Services (Adelaide).

Highlights from the feasibility study include:

- Indicated mineral resource estimate of 1.2 million tonnes ore, grading 0.24% U<sub>3</sub>O<sub>8</sub> (2,900 tonnes U<sub>3</sub>O<sub>8</sub>)
- Project capital costs of US\$35.9 million
- Life of mine average cash operating costs of US\$14.13/lb U<sub>3</sub>O<sub>8</sub>
- NPV of US\$37.7 million at an 8% discount rate and after-tax IRR of 40%
- Payback period of 2.9 years from commencement of construction

In light of the results of the feasibility study, Uranium One's Board of Directors has approved the development of the Honeymoon Project. The Company intends to fund the Project with an appropriate mix of finance from debt and internal sources.

In commenting on the feasibility study, Neal Froneman, CEO of Uranium One, said: "We are pleased that the feasibility study confirms that the Honeymoon ISL Project is both technically viable and financially robust. Today's announcement follows closely on feasibility studies completed for our Dominion Uranium Project in late July and for the Modder East Gold Project in early August. It is particularly gratifying to be in a position to announce a production decision on a second uranium project within the span of 4 weeks. With the feasibility studies behind us, we are now moving towards uranium production, first in South Africa at Dominion in the first quarter of 2007 and then at Honeymoon, where we look forward to commissioning Australia's fourth uranium mine in 2008."

## **The Honeymoon Project**

The Mayfield feasibility study examined the development of a commercial uranium ISL project with an annual production capacity of 400 tonnes (880,000 lbs) of  $U_3O_8$  and a total project life of between 6 – 7 years. The basic wellfield design will be based on ‘7-spot’ patterns consisting of six injection wells arranged in a 20 – 60 metre hexagon, with a centrally located production well. The production plan is designed to bring the wellfield on-line in two stages during the first year; first year production is assumed to be 75% of design.

The process plant will utilize solvent extraction technology to recover uranium from the pregnant leach solution. While Honeymoon ore shows greater than 90% recovery rate in laboratory leaching tests, the Project model assumes a 70% recovery rate in commercial operation, based on published information on acid in-situ leach operations in central Asia. The 70% recovery rate, however, is subject to qualifications relating to the efficiency of leach operations, including the control of gypsum precipitation and the possible need to reduce well spacing to improve solution passage through mineralized areas.

Implementation of the Project has already been initiated. Discussions are underway with potential suppliers for long-lead items and infrastructure development. Project commissioning is expected within 17 months.

### *Capital and Operating Costs*

Capital costs for the Honeymoon Project are estimated by Mayfield and Aker Kvaerner to be US\$35.9 million, with an additional US\$5.6 million allocated for working capital-related costs (all at an assumed exchange rate of US\$0.75/A\$1.00). The life of mine average operating costs are estimated at US\$14.13 per pound of  $U_3O_8$ .

### *Financial Evaluation*

Based on a 70% recovery rate from an indicated mineral resource containing 2,900 tonnes of  $U_3O_8$ , the Project has a net present value of US \$37.7 million at an 8% discount rate and an after-tax internal rate of return of 40%, applying a flat uranium price of US \$46.50 per pound over the life of the project. The payback period is 2.9 years.

## **Revised Mineral Resource Estimate**

The revised mineral resource estimate reflects the results of a recent two-stage drilling program that comprised a total of 236 holes (29,200 m) on a nominal 40 metre square pattern directed at the Honeymoon deposit only and excluding the East Kalkaroo resource. Grade estimation is based solely on the new holes using PFN technology to directly measure  $U_3O_8$  grades and refined geological modelling using sophisticated geophysical techniques applied to model the resource. Economic mineralisation extends over an area of 900 x 450 metres at an average depth of 110 metres within Tertiary-aged Eyre Formation Basal Sand. While the grade of the Honeymoon deposit has increased from 0.11% to 0.24%, the revised resource estimation reflects a 12% reduction in contained  $U_3O_8$  to 2,900 tonnes (6.5 million pounds) from the previous indicated mineral resource estimation (2.8 million tonnes ore, grading 0.12%  $U_3O_8$  (3,300 tonnes  $U_3O_8$ )) contained in the December 2001 independent technical report prepared by Hackester Pty Ltd. (available on SEDAR). The reduction in contained  $U_3O_8$  can be ascribed to the fact that many thin low-grade intercepts, believed not addressable by ISL mining, have been excluded.

The revised resource estimation has, however, significantly improved the geological understanding of the deposit, which will enhance wellfield design, thereby resulting in the potential for improved recoveries during future mining operations. The main difference in the resource estimation is that the revised resource has been individually calculated for 5 laterally extensive sand packages, whereas the previous resource was estimated from only upper and lower sand units whose intercepts were cumulated.

In addition, the revised resource has been:

- directly measured using PFN, whereas the previous estimation was based on indirect gamma methods (estimated equivalent eU<sub>3</sub>O<sub>8</sub> grades from gamma-emitting daughter products);
- estimated from new drilling undertaken on a regular 40 metre square grid, whereas the previous resource was based on irregular historic drilling undertaken during the 1970's and early 1980's; and
- estimated from drill intercepts with more stringent parameters applied (0.03% vs. 0.01% U<sub>3</sub>O<sub>8</sub> primary cut-off and 40cm minimum width versus no minimum width intercepts).

The revised indicated mineral resource estimations per sand unit, estimated from drill intercepts of 0.4m minimum thickness and 0.03% U<sub>3</sub>O<sub>8</sub> minimum grade with up to 1m of internal dilution, are shown in the table below. An economic grade thickness cut-off of 0.1m% U<sub>3</sub>O<sub>8</sub> has been applied.

Sand	Ore (tonnes)	Grade (% U <sub>3</sub> O <sub>8</sub> )	Tonnes U <sub>3</sub> O <sub>8</sub>	Pounds U <sub>3</sub> O <sub>8</sub>	Thickness (Metres)	GT (m%U <sub>3</sub> O <sub>8</sub> )
EBS-5	89,000	0.13	120	260,000	1.4	0.18
EBS-4	45,000	0.17	77	170,000	1.2	0.20
EBS-3	140,000	0.37	530	1,170,000	1.4	0.51
EBS-2	410,000	0.28	1,100	2,500,000	1.7	0.47
EBS-1	530,000	0.20	1,100	2,400,000	2.1	0.43
<b>Total</b>	<b>1,200,000</b>	<b>0.24</b>	<b>2,900</b>	<b>6,500,000</b>	<b>1.7</b>	<b>0.42</b>

- (1) Minor apparent multiplication mismatch of contained U<sub>3</sub>O<sub>8</sub> in the resource figures is due to post-computational rounding of all components to 2 significant figures.
- (2) Mineral resources have been estimated by K.F. Bampton, MSc, MAusIMM, MAIG, of Ore Reserve Evaluation Services (Adelaide) and reported in accordance with JORC.
- (3) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

The majority of drilling was open hole rotary-mud, which is the most applicable drilling method suitable for wireline logging in unstable unconsolidated sediment; however, a total of 7 core holes were also drilled for quality control/assurance purposes, mineralogical analysis and to confirm the geological model.

Sophisticated geophysical logging backed up by logging drill cuttings and the core drilling has significantly improved the geological model of the host stratigraphy. The Basal Sand unit has now been modelled as five separate laterally continuous sand packages, each with its own hydro-geological characteristics arising from different genetic episodes of sedimentation. This model has been generated in conjunction with a detailed sedimentological analysis undertaken by Dr. Ian Dyson. Professor Paul Ashley of the University of New England has completed a mineralogical study of selected core samples and concludes that mineralisation comprises an extremely fine grained, acid soluble mineralogy of uraninite, coffinite and uranium phosphates, which are amenable to ISL mining.

## Quality Assurance and Quality Control

All drilling was carried out under the direction of Mr. Colin Skidmore MAusIMM, Vice President Exploration Australia, sxr Uranium One Inc. who is a qualified person for the purposes of NI 43-101. A comprehensive quality control and quality assurance programme was overseen by Dr. David Lawie of ioGlobal (Perth), who compared PFN measured grades with the results of XRF assays from quarter core, compared duplicate PFN data collection runs and verified the quality of the PFN calibration process. The resource estimation was undertaken by Mr. Ken Bampton MSc, MAusIMM, MAIG of Ore Reserve Evaluation Services (Adelaide), who is a qualified person for the purposes of NI 43-101 and a competent person under the JORC code and Mr. Bampton audited the available drill hole data for completeness, consistency of hole identifiers, negative PFN values, overlapping sample intervals or sample data beyond maximum hole depth. The resource estimation, geological model and independent technical report, which is being prepared by Mr Bampton for filing in accordance with the requirements of NI 43-101, has been independently audited by SRK Consulting (Perth).

Ken Bampton is the qualified person as defined in NI 43-101 responsible for the preparation of the information relating to the revised mineral resource estimate contained in this news release.

Victor J. Absolon MSc.(Eng), FAusIMM, C.P. Met., M.M.I.C.A is the qualified person as defined in NI 43-101 who supervised for Mayfield Engineering Pty Ltd the preparation of the information relating to the feasibility study contained in this news release.

### *About sxr Uranium One*

sxr Uranium One Inc. is a Canadian uranium and gold resource company with a primary listing on the Toronto Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. The Corporation owns the Dominion Uranium Project in South Africa and the Honeymoon Uranium Project in South Australia, and is actively pursuing growth opportunities in the western United States. The Corporation holds a 75% interest in Alease Gold Limited, which owns the Modder East gold project in South Africa. Through a joint venture with Pitchstone Exploration Ltd., the Corporation is also engaged in uranium exploration activities in the Athabasca Basin of Saskatchewan.

For further information please contact:

Jean Nortier  
Chief Financial Officer  
Tel: + 27 11 482 3605

Chris Sattler  
Vice President, Investor Relations  
Tel: +1 416 350 3657

Greg Cochran  
Executive Vice President  
Tel: +61 8 8363 7006

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