Uranium Resources Plc / Market: AIM / Epic: URA / Sector: Exploration

21 March 2011

**Uranium Resources Plc ('Uranium Resources' or 'the Company')**

**Half-Year Results**

Uranium Resources Plc, the AIM listed uranium exploration and development company operating in Tanzania, announces its results for the six month period ended 31 December 2010.

## Managing Director's Report

During the period under review we have made strong progress on all fronts in building a uranium focussed resource development company. In particular, we have undertaken a very successful drilling programme at our flagship Mtonya project ('Mtonya') in southern Tanzania. The results of the 2010 programme have enabled us to verify our geological and structural model of Mtonya and demonstrated that conditions favourable for roll-front uranium mineralisation exist well below the already known horizons. Furthermore the characteristics of the intercepted sandstone and other strata suggest that Mtonya would be amenable to in-situ uranium recovery. This technology is currently the most cost-effective and environmentally-friendly process for extracting uranium.

In addition to Mtonya, we are currently building a pipeline of projects on our extensive exploration holdings in Tanzania. We are using the same comprehensive approach as we utilised at Mtonya to evaluate, prioritise and advance our other targets, which include Likuyu, Foxy, Eland and Pedro.

## Exploration Update

### *Mtonya*

The Company's main asset is its 1,200 sq km Mtonya uranium project located approximately 100 km east of the district capital of Songea. Its geology comprises Usagaran orogenic basement rocks and clastic sediments of the Luwegu subbasin. Roll-front style uraniferous mineralisation is hosted by the Karoo sandstone units and is thought to be analogous to that of Mantra's Nyota deposit, which contains a Measured and Indicated Resource of 65.5 million pounds $U_3O_8$.

A comprehensive analysis of the results of earlier exploration drilling was followed by an extensive and thorough compilation of regional data, such as airborne and heliborne magnetics and radiometrics, satellite imagery and topography. Synthesising these various data has led to adjustments in our exploration strategy and the development of new drill targets at Mtonya.

Following this analysis, we designed the 2010 drilling programme which was launched in June last year. The 2010 programme was designed to verify our geological and structural model and generate both near-surface and deep mineralisation targets. The programme comprised 11 vertical diamond drill holes totalling 4,170 m. These holes, 300 m to 500 m deep and 500 m to 4,000 m apart, were positioned in three intersecting fences covering a large area 8 km long and 4 km wide.

The data obtained during the 2010 drilling programme confirmed our expectations and demonstrated that conditions favourable for roll-front uranium mineralisation exist well below the already known horizons. Of particular note were holes 1, 2, 8, 9, 10 and 11 which intersected beds of permeable arkose sandstone and extensive zones of reduction and pervasive oxidation down to a depth of 400 m. The lithological composition of the host rock units, porosity, location and extent of the oxidised zones indicate ideal geological settings for multiple mineralised roll-fronts. The scale and intensity of the observed redox processes is particularly encouraging as they are considered adequate for producing significant uranium deposits. Roll-front uranium deposits form in flat-lying, permeable clastic sediments at the interface of advancing oxidising groundwater and reducing conditions. The intensity of oxidation and its spatial extent are indicative of the duration of these processes and volume of the sedimentary rock that has been altered and depleted of uranium and associated elements.

Of particular importance are the characteristics of the intercepted sandstone (grain size, porosity and permeability), thicknesses of these sandstone beds and the ‘stacked’ nature of sandstone strata confined between impermeable mudstone units. All of these features make Mtonya ideal for hosting a sandstone-hosted roll-front deposit that is amenable to in-situ uranium recovery (‘ISR’). This technology is currently the most cost-effective and environmentally-friendly process for extracting uranium. The uranium minerals are dissolved by pumping a slightly acidic solution (much like table vinegar) in the ground and pumping out pregnant solution to the surface where the minerals are recovered by conventional methods. There is very little land disturbance and no waste rock or tailings is produced. This technology has been advanced to the point where it is controllable, safe, and an environmentally benign method of mining. In addition, the low capital and operating cost requirements (in comparison to conventional open-pit or underground mining) make uranium deposits amenable to ISR very attractive exploration targets.

The ongoing in-depth interpretation of geological and geochemical results of the 2010 programme will significantly narrow our search radius and generate defined drill targets for the 2011 programme. To compress the timeframe and minimise exploration risks, the Company is utilising sophisticated geological and geochemical modelling to process the 2010 data. Since acquiring control of the Tanzanian projects, we have developed a complex, proprietary geological model by using remote sensing, geophysical, field mapping, and structural interpretation data. This model is continuously enhanced and updated.

Within the areas with previously known mineralisation, the drilling produced contiguous intercepts with significant $U_3O_8$ grades in holes 1, 9, 10, and 11, reaching 731 ppm $U_3O_8$.

Details of the significant uranium grades are given in the table below.

**Table 1. 2011 Mtonya Drilling Results (composited intercepts, 100 ppm cutoff)**

| Drill Hole | Longitude | Latitude | From, m | To, m | Width, m | $U_3O_8$ ppm |
|---|---|---|---|---|---|---|
| URAMT 01 | 36.52 | -10.56 | 76.60 | 79.60 | 3.00 | 122 |
| | | | 92.60 | 96.60 | 4.00 | 215 |
| | | | *Including 731 ppm $U_3O_8$ at 93.6-94.6 m* | | | |
| URAMT 09 | 36.54 | -10.54 | 20.00 | 26.00 | 6.00 | 157 |
| URAMT 10 | 36.52 | -10.55 | 15.60 | 18.10 | 2.50 | 144 |
| | | | 46.70 | 54.60 | 7.90 | 141 |
| | | | *Including 436 ppm $U_3O_8$ at 50.6-52.0 m* | | | |
| | | | 66.60 | 69.40 | 2.80 | 163 |
| | | | *Including 425 ppm $U_3O_8$ at 67.6-68.4 m* | | | |
| | | | 74.30 | 75.80 | 1.50 | 106 |
| URAMT 11 | 36.47 | -10.55 | 7.00 | 11.00 | 4.00 | 239 |
| | | | *Including 460 ppm $U_3O_8$ at 10.0-11.0 m* | | | |
| | | | 14.00 | 16.00 | 2.00 | 142 |
| | | | 29.00 | 34.00 | 5.00 | 118 |

The 2010 drilling programme has provided the Company with important data which is particularly noteworthy because of the extensive lateral coverage, far-reaching depths, large-diameter core, and geochemical assays (33 elements) on all of core. The drill core was thoroughly logged and systematically photographed before and after splitting and sampling. The Company adheres to the industry's best quality assurance practices and protocols.

Uranium Resources intends to undertake further drilling on this project in 2011 and will publish details of this programme in due course.

***Likuyu***

The Likuyu target area ('Likuyu') is located about 65 km northeast of Songea. The 197 sq km area is underlain by the Precambrian basement gneisses to the west and the Mesozoic Karoo clastic sediments to the east and southeast. The project area occupies the western margin of the Luwegu Rift and is in part comprised of the same sedimentary sequences that host Mantra's Nyota deposit, about 50 km to the east.

A number of prominent northwest-southeast airborne radiometric anomalies and uranium occurrences have been identified in the project area during previous reconnaissance campaigns. The airborne anomalies appear to be trailing the northeast-trending regional structures similar to the Mkuju River fault along which Mantra's Nyota deposit is hosted. The presence of uranium anomalism, similar structural framework and the same lithologies indicates a good potential for Nyota-like deposits in this area.

Likuyu is one of the Company's priority targets for the 2011 exploration programme and we plan to conduct a ground follow-up, mapping traverses and rock sampling in H1 2011 with a view to generating exploration targets for drilling by the end of 2011.

***Foxy***

The Foxy project ('Foxy') is situated some 60 km to the southeast of Mtonya. The area covers approximately 914 sq km and is underlain by the Karoo clastic sediments within a sub-basin that opens up to the north into the Luwegu basin. In a setting similar to that of Mantra's Nyota deposit and Mtonya, Foxy features a 400 m long radiometric anomaly which was identified by a heliborne radiometric survey and a 13,400 ppm $U_3O_8$ grab sample collected during the 2007 reconnaissance programme. The same reconnaissance work also isolated several 'hotspots' ranging up to 20,000 cps ('counts per second') along two northeast-southwest trends (about 0.5 sq km on surface) during a ground scintillometer survey. In a limited follow-up campaign, we drilled 19 reverse circulation shallow holes that identified limited and poddy near-surface uranium mineralisation. The Company is now working on making a very thorough compilation of data for Foxy and augmenting its regional database to enhance the understanding of the project with a view to generating drill targets based on the geological model. The exploration strategy for Foxy will be developed once this analysis is completed.

***Eland***

The Eland project is located in south-western Tanzania, about 105 km to the south of Mtonya. The area covering some 197 sq km is thought to be underlain by Precambrian basement gneiss with a large, scarp-like outcrop of fenitized gneiss and nepheline syenite in the southern part of the tenement. The occurrence is situated in the hanging wall of a significant NE-striking, NW-dipping structure.

In 2008, the Company undertook a field follow-up on a contrast radiometric anomaly (with an average tenor of 300 cps over an area of 0.6 sq km). During follow-up work over 70 rock samples were collected. These samples defined a U-Th-Nb-Ta anomaly with magnetic and geochemical characteristics typical for Nb-Ta-REE carbonatite deposits. Significant rare-earth deposits of this type are being developed in Tanzania by Montero Mining and Exploration Ltd (Wigu Hill) and in Malawi by Lynas Corporation Ltd (Kangakunde). During the uranium-focussed field programme in 2008, samples were analysed only for La, Ce and Y and not for the entire suite of rare earth elements and no fieldwork was conducted in the central part of the inferred carbonatite complex. In 2010, we carried out a thorough review of all available data on Eland with the objective of determining the merits of further work. The management views Eland as a valid carbonatite target and is planning a REE-focussed field programme on the property in 2011.

***Pedro***

The Pedro target is located in the Ruhuhu basin, some 70 km northwest of the district capital of Songea. The target area comprises radiometric anomalies hosted in the coarse arkose sandstone of the Karoo age. The area was identified through reviewing historical airborne data and a follow-up heliborne radiometric survey. In 2007, we conducted a limited ground fieldwork programme with helicopter support when a grab sample grading 2,400 ppm $U_3O_8$ was collected. The geology of Pedro appears to bear similarities with Paladin Energy Ltd's Kayelekera deposit and is being considered for follow-up work. The Company is currently conducting a thorough collation of all available data and review of past work in order to generate field follow-up targets.

***Regional Generative Work***

As the compilation of data and enhancement of the Company’s databases continues, we remain confident that new exploration opportunities will be generated on our ground. We consider most of our holdings in Tanzania prospective for a number of commodities.

**Financial Results**

With Uranium Resources being at the exploration stage, we are not producing revenue and as such I am reporting a pre-tax loss of £560,135 (31/12/09 half-year: £256,414;

30/06/10 full year: £641,714) (including a share based payments charge of £144,000 (31/12/09: £Nil; 30/06/10: £Nil)) for the six months ended 31 December 2010.

During the period under review, we completed two placings, raising approximately £1.7 million through investors including our cornerstone shareholder, Estes Limited.

**Outlook**

2010 was a very productive year for Uranium Resources, particularly the last six months covered by these half-year results. Having confirmed our geological model at Mtonya, we look forward to executing the 2011 drill programme. In addition, we are developing a pipeline of projects by advancing other properties in Tanzania.

Finally, I would like to take this opportunity to thank my fellow directors and our shareholders for their dedication and support through what has been a transitional period for the Company, and look forward to what I believe will be a fruitful future.

Alex Gostevskikh

Competent Persons declaration

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information assessed by Alex Gostevskikh who is a Member of the Mining and Metallurgical Society of America. Mr Gostevskikh 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 of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gostevskikh consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**For further information please visit www.uraniumresources.co.uk or contact:**


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**Definitions**

U – Uranium; Th – Thorium; Nb – Niobium; Ta – Tantalum; La – Lanthanum; Ce – Cerium; Y – Yttrium; REE – Rare Earth Elements

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

| | Notes | Half-year ended 31 Dec 2010 (Unaudited) £ | Half-year ended 31 Dec 2009 (Unaudited) £ | Year ended 30 June 2010 (Audited) £ |
|---|---|---|---|---|
| Administrative expenses | | (414,254) | (322,620) | (710,228) |
| Share-based payments charge | | (144,000) | - | - |
| Foreign exchange (loss) / gain | | (1,955) | 62,971 | 65,279 |
| Total operating expenses | | (560,209) | (259,649) | (644,949) |
| **Group operating loss** | | (560,209) | (259,649) | (644,949) |
| Interest receivable | | 74 | 3,235 | 3,235 |
| **Loss before taxation** | | (560,135) | (256,414) | (641,714) |
| Taxation | | - | - | - |
| **Loss for the period** | | (560,135) | (256,414) | (641,714) |
| **Other comprehensive income** | | | | |
| Exchange differences on translating foreign operations | | (45,232) | - | 108,707 |
| **Total comprehensive loss attributable to the equity holders of the parent** | | (605,367) | (256,414) | (533,007) |
| **Loss per share (pence)** | | | | |
| Basic | 4 | (0.12p) | (0.09p) | (0.18p) |
| Diluted | 4 | (0.12p) | (0.09p) | (0.18p) |

**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2010**

| | Note | 31 Dec 2010 (Unaudited) £ | 31 Dec 2009 (Unaudited) £ | 30 June 2010 (Audited) £ |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant & equipment | | 8,661 | - | 10,187 |
| Exploration & evaluation assets | 6 | 4,190,365 | 1,325,591 | 3,323,406 |
| | | 4,199,026 | 1,325,591 | 3,333,593 |
| **Current assets** | | | | |
| Receivables | | 27,390 | 228,725 | 13,213 |
| Cash and cash equivalents | | 691,640 | 2,201,961 | 365,529 |
| | | 719,030 | 2,430,686 | 378,742 |
| **Total Assets** | | 4,918,056 | 3,756,277 | 3,712,335 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | | (134,042) | (186,647) | (131,954) |
| **Total Liabilities** | | (134,042) | (186,647) | (131,954) |
| **Net Assets** | | 4,784,014 | 3,569,630 | 3,580,381 |
| **EQUITY** | | | | |
| Share capital | 7 | 481,744 | 291,000 | 406,494 |
| Share premium | | 6,834,411 | 3,094,360 | 5,244,661 |
| Share application | | - | 1,978,451 | - |
| Share-based payments reserve | | 1,421,879 | 1,869,879 | 1,869,879 |
| Foreign exchange reserve | | 63,475 | - | 108,707 |
| Retained losses | | (4,017,495) | (3,664,060) | (4,049,360) |
| **Total Equity** | | 4,784,014 | 3,569,630 | 3,580,381 |

## UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
## FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

| | Share capital | Share premium | Share application | Share-based payment reserve | Foreign currency translation reserve | Retained losses | Total shareholders equity |
|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ |
| **As at 1 July 2009** | 291,000 | 3,094,360 | - | 1,869,879 | - | (3,407,646) | 1,847,593 |
| Total comprehensive income | - | - | - | - | - | (256,414) | (256,414) |
| **Transactions with owners:** | | | | | | | |
| Shares subscribed for, but not yet issued | - | - | 1,996,800 | - | - | - | 1,996,800 |
| Cost of shares subscribed for, but yet not issued | - | - | (18,349) | - | - | - | (18,349) |
| **Total transaction with owners** | **-** | **-** | **1,978,451** | **-** | **-** | **-** | **1,978,451** |
| **Balance at 31 December 2009** | **291,000** | **3,094,360** | **1,978,451** | **1,869,879** | **-** | **(3,664,060)** | **3,569,630** |
| | | | | | | | |
| **As at 1 July 2009** | 291,000 | 3,094,360 | - | 1,869,879 | - | (3,407,646) | 1,847,593 |
| Total comprehensive income | - | - | - | - | 108,707 | (641,714) | (533,007) |
| **Transactions with owners:** | | | | | | | |
| Issue of share capital | 115,494 | 2,168,650 | - | - | - | - | 2,284,144 |
| Cost of share issue | - | (18,349) | - | - | - | - | (18,349) |
| **Total transaction with owners** | **115,494** | **2,150,301** | **-** | **-** | **-** | **-** | **2,265,795** |
| **Balance at 30 June 2010** | **406,494** | **5,244,661** | **-** | **1,869,879** | **108,707** | **(4,049,360)** | **3,580,381** |
| | | | | | | | |
| Total comprehensive income | - | - | - | - | (45,232) | (560,135) | (605,367) |
| **Transactions with owners:** | | | | | | | |
| Issue of share capital | 75,250 | 1,624,750 | - | - | - | - | 1,700,000 |
| Cost of share issue | - | (35,000) | - | - | - | - | (35,000) |
| Cancellation of options | - | - | - | (592,000) | - | 592,000 | - |
| Share based payments | - | - | - | 144,000 | - | - | 144,000 |
| **Total transaction with owners** | **75,250** | **1,589,750** | **-** | **(448,000)** | **-** | **592,000** | **1,809,000** |
| **Balance at 31 December 2010** | **481,744** | **6,834,411** | **-** | **1,421,879** | **63,475** | **(4,017,495)** | **4,784,014** |

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

| | Half-year ended 31 Dec 2010 (Unaudited) £ | Half-year ended 31 Dec 2009 (Unaudited) £ | Year ended 30 June 2010 (Audited) £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating loss | (560,209) | (259,649) | (644,949) |
| Adjustments for non-cash items: | | | |
| Share-based payments charge | 144,000 | - | - |
| Depreciation | 1,262 | - | 178 |
| (Increase) / decrease in receivables | (14,177) | (9,761) | 12,292 |
| Increase / (decrease) in payables | 12,052 | 74,349 | (28,323) |
| **Net cash used in operating activities** | (417,072) | (195,061) | (660,802) |
| **Investing activities** | | | |
| Acquisition of subsidiaries, net of cash acquired | - | (193,459) | (1,418,815) |
| Funds used for exploration and evaluation | (921,891) | (90,474) | (225,444) |
| Funds used for plant and equipment | - | - | (10,365) |
| Interest received | 74 | 3,235 | 3,235 |
| **Net cash used in investing activities** | (921,817) | (280,698) | (1,651,389) |
| **Financing activities** | | | |
| Proceeds from share application/issue of shares | 1,700,000 | 1,996,800 | 1,996,800 |
| Cost of share application | (35,000) | (18,349) | (18,349) |
| **Net cash from financing** | 1,665,000 | 1,978,451 | 1,978,451 |
| **Increase / (decrease) in cash and cash equivalents** | 326,111 | 1,502,692 | (333,740) |
| Cash and cash equivalents at beginning of the period | 365,529 | 699,269 | 699,269 |
| **Cash and cash equivalents at the end of the period** | 691,640 | 2,201,961 | 365,529 |

## NOTES TO THE UNAUDITED HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

### 1 General information

Uranium Resources Plc ('the Company') is domiciled in England. The condensed consolidated half-year accounts of the Company for the six months ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as 'the Group').

The condensed half-year accounts for the period 1 July 2010 to 31 December 2010 are unaudited. In the opinion of the Directors the condensed half-year accounts for the period presents fairly the financial position, and results from operations and cash flows for the period in conformity with the generally accepted accounting principles consistently applied. The condensed half-year accounts incorporate unaudited comparative figures for the interim period 1 July 2009 to 31 December 2009 and the audited financial year to 30 June 2010.

The financial information contained in this half-year report does not constitute statutory accounts as defined by section 434 of the Companies Act 2006.

The comparatives for the full year ended 30 June 2010 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, included references to the going concern note in the accounts to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) – (3) of the Companies Act 2006.

### 2 Accounting policies

The condensed half-year accounts have been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. The condensed half-year accounts have been prepared using the accounting policies which are expected to be applied in the Group's statutory financial statements for the year ending 30 June 2011.

**Basis of preparation and going concern**

During the period ended 31 December 2010 the Group made a loss of £560,135 (31/12/09: £256,414, 30/06/10: £641,714). Included in this loss is a share based payments charge of £144,000 (31/12/09: £Nil, 30/06/10: £Nil). At the period end date the Group had net assets of £4,784,014 (31/12/09: £3,569,630, 30/06/10: £3,580,381) and cash balances of £691,640 (31/12/09: £2,201,961, 30/06/10: £365,529).

The Group currently has cash balances of approximately £300,000 and therefore will require further funds to meet its budgeted operating and committed drilling costs of £1,000,000 for the period ending 31 March 2012 (being 12 months from approval of these half-year results). The Directors are confident that they will be able to raise the additional funds and continue to meet their obligations, as they fall due. In coming to this conclusion, the Directors noted their previous capital raisings and the continued support received from its major shareholder, Estes Limited.

The operations of the Group are currently being financed from funds which the Company raised from private and public placings of its shares. The Group has not yet earned revenue as it is still in the exploration phase of its business. The Group is reliant on the continuing support from its existing and future shareholders.

The Board believes that the Group will have sufficient cash and other resources to fund its activities and to continue its operations for the foreseeable future and for the Group to continue to meet its liabilities as they fall due, and for at least the next twelve months from the date of approval of these financial statements. The financial statements have, therefore, been prepared on the going concern basis.

## 3 Taxation

No taxation has been provided due to losses in the period.

## 4 Loss per share

The basic loss per share has been calculated using the loss attributable to equity shareholders for the financial period of £560,135 (six months ended 31 December 2009: £256,144; year ended 30 June 2010: £641,714) and the weighted average number of ordinary shares in issue of 448,198,913 (31 December 2009: 291,000,000; 30 June 2010: 349,888,887).

The diluted loss per share has been calculated using a weighted average number of shares in issue and to be issued of 494,462,615 (31 December 2009: 360,000,000; 30 June 2010: 418,888,887). The diluted loss per share has been kept the same as the basic loss per share as the conversion of share options decreases the basic loss per share, thus being anti-dilutive.

## 5 Subsidiary undertakings

| **Subsidiary undertakings** | **Principal activities** | **Percentage of ordinary share capital held** |
|---|---|---|
| **Direct** | | |
| Deep Yellow Tanzania Limited | Uranium exploration | 100% |
| URA (St Henri) Limited | Applied for exploration licences | 100% |
| WML Uranium Holdings Limited | Holding company | 100% |
| **Indirect** | | |
| Western Metals Tanzania Limited | Uranium exploration | 100% |
| Western Metals Exploration Limited | Applied for exploration licences | 100% |
| Western Metals Uranium Limited | Applied for exploration licences | 100% |

The Directors have assessed the carrying value of the investments in subsidiaries, all of which are incorporated in Tanzania, and in their opinion no impairment provision is considered necessary.

## 6 Exploration and evaluation assets

| | Unaudited 31 Dec 2010 £ | Unaudited 31 Dec 2009 £ | Audited 30 June 2010 £ |
|---|---|---|---|
| **Exploration and evaluation** | | | |
| **Cost** | | | |
| At beginning of period | 3,356,184 | 1,268,644 | 1,268,644 |
| Acquired during the period | - | - | 1,707,343 |
| Additions | 909,125 | 89,725 | 261,871 |
| Currency translation adjustment | (42,166) | - | 118,326 |
| **Total cost** | **4,223,143** | **1,358,369** | **3,356,184** |
| **Impairment** | | | |
| At beginning of period | (32,778) | (32,778) | (32,778) |
| Impairment charge | - | - | - |
| **Total impairment** | **(32,778)** | **(32,778)** | **(32,778)** |
| **Net book value** | **4,190,365** | **1,325,591** | **3,323,406** |

The exploration and evaluation ("E & E") asset represents costs incurred in relation to the Group's Tanzanian licences. These amounts have not been written off to the statement of comprehensive income as exploration expenses, as commercial reserves have not yet been established or the determination process has not been completed, and there are no indicators of impairment. The outcome of ongoing exploration and evaluation, and therefore whether the carrying value of E & E assets will ultimately be recovered, is inherently uncertain. The Directors have assessed the value of the uranium exploration and evaluation expenditure carried as intangible assets and in their opinion no further provision for impairment is currently necessary.

## 7. Share capital and share options

| | Unaudited 31 Dec 2010 £ | Unaudited 31 Dec 2009 £ | Audited 30 June 2010 £ |
|---|---|---|---|
| **Authorised share capital** | | | |
| 10,000,000,000 ordinary shares of 0.1p each | 10,000,000 | 10,000,000 | 10,000,000 |
| **Allotted, called up and fully paid share capital** | | | |
| 481,743,750 (31/12/09: 291,000,000; 30/06/10 406,493,750) ordinary shares of 0.1p each | 481,744 | 291,000 | 406,494 |

During the period the Company issued the following Ordinary 0.1 pence fully paid shares for cash:

| Date | Issue Price | Number of Shares | Nominal Value £ |
|---|---|---|---|
| 1 July 2009 | Opening balance | 291,000,000 | 291,000 |
| **31 December 2009** | **Closing balance** | **291,000,000** | **291,000** |
| 4 January 2010 | Placing at 1.92p per share for cash | 104,000,000 | 104,000 |
| 12 January 2010 | Consideration shares at 2.50p per share | 11,493,750 | 11,494 |
| **30 June 2010** | **Closing balance** | **406,493,750** | **406,494** |
| 23 July 2010 | Placing at 2.00p per share for cash | 40,000,000 | 40,000 |
| 26 November 2010 | Placing at 2.55p per share for cash | 35,250,000 | 35,250 |
| **31 December 2010** | **Closing balance** | **481,743,750** | **481,744** |

**Share options and warrants**

The following equity instruments have been issued by the Company and have not been exercised at 31 December 2010:

| Date of grant | Number of options | Exercise price | Exercisable between |
|---|---|---|---|
| 28 November 2006 | 15,000,000 | 2.5p | Up to 28 November 2011 |
| 28 November 2006 | 15,000,000 | 5.0p | Up to 28 November 2011 |
| 15 April 2007 | 2,500,000 | 2.5p | Up to 28 November 2011 |
| 15 April 2007 | 2,500,000 | 5.0p | Up to 28 November 2011 |
| 24 July 2008 | 2,000,000 | 5.0p | Up to 23 July 2013 |
| 24 July 2008 | 2,000,000 | 15.0p | Up to 23 July 2013 |
| 24 July 2008 | 2,000,000 | 35.0p | Up to 23 July 2013 |
| 12 July 2010 | 8,000,000 | 2.5p | 1 January 2011 to 23 July 2013 |
| 12 July 2010 | 10,000,000 | 5.0p | Up to 23 July 2013 |
| 12 July 2010 | 10,000,000 | 10.0p | Up to 23 July 2013 |
| | 69,000,000 | | |

On the 12 July 2010, the Company cancelled 28,000,000 options with exercise prices at 5p, 15p & 35p and issued 28,000,000 options with exercise prices at 2.5p, 5p and 10p.

## 8. Share based payments

The assessed fair value at the grant date has been determined using the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. Share based payments are recognised over the vesting period of the options.

During the period, the Company granted options to Directors, management and consultants as tabled below.

The inputs into the Black Scholes model are as follows:

| Grant date | Share price at date of grant | Exercise price | Volatility | Option life | Dividend yield | Risk-free investment rate | Fair value per option |
|---|---|---|---|---|---|---|---|
| 12/07/2010 | 1.77p | 2.50p | 83% | 23/07/2013 | 0% | 1.37% | 0.8p |
| 12/07/2010 | 1.77p | 5.00p | 83% | 23/07/2013 | 0% | 1.37% | 0.5p |
| 12/07/2010 | 1.77p | 10.00p | 83% | 23/07/2013 | 0% | 1.37% | 0.3p |

Expected volatility was determined by calculating the historical volatility of the Group's share price for the past three years.

The Group recognised £144,000 (30 June 2010: £Nil; 31 December 2009: £Nil) related to equity-settled share based payment transactions during the period.

****ENDS****