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## NEWS RELEASE

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Toronto, Ontario

### **Uranium One Completes Phase I Feasibility Study on its Dominion Project and Confirms a 30 Year Mine Life**

Toronto, Ontario and Johannesburg, South Africa – sxr Uranium One Inc. (“Uranium One”) is pleased to announce the results of the feasibility study conducted by Turgis Consulting (Pty) Ltd. (“Turgis”) and independently audited by SRK Consulting South Africa (Pty) Ltd. (“SRK”) on Phase I of its Dominion Reefs Uranium Project (“Dominion Project”) located near Klerksdorp, South Africa.

Highlights of the Dominion Project feasibility study include:

- Phase I, which only contemplates the first 11 years of the mine life, is financially robust and technically viable
- Phase I Probable Reserves are 31.3 million pounds of uranium oxide (U<sub>3</sub>O<sub>8</sub>) contained within 18.5 million tonnes at an average head grade of 0.77 kg/t
- Production at steady state (2011 to 2014) will average 3.8 million pounds U<sub>3</sub>O<sub>8</sub> per annum
- Average cash operating cost for Phase I is US\$14.50 per pound of U<sub>3</sub>O<sub>8</sub>, net of gold by-product credits
- The after-tax, all equity IRR for Phase I is 32% and the after-tax, all equity NPV is US\$184 million at an 8% discount rate at June 1, 2006
- Project payback from commencement of Phase I is estimated to be 5 years

The feasibility study values Phase I of the Dominion Project as an underground mine and a metallurgical plant with a designed production capacity of 200,000 tonnes per month. The uranium processing plant will be integrated with Uranium One’s existing carbon-in-leach gold plant. The Dominion Project will process 18.5 million tonnes through the plant over an 11 year period at an average mill head grade of 0.77 kg/t of U<sub>3</sub>O<sub>8</sub> and will recover a total of 27.2 million pounds of U<sub>3</sub>O<sub>8</sub> and 0.5 million ounces of gold. The mine plan has been developed by applying a selective mining cut to all areas exceeding 160 cm channel width in order to optimize metal recovery and reduce operating costs, resulting in the tonnages and grades as stated above. Phase I will focus on mining ore between surface and an approximate depth of 500 metres. The feasibility study has used as a base case a U<sub>3</sub>O<sub>8</sub> price of US\$46.50/lb, a gold price of US\$629/oz and an exchange rate of ZAR6.585 per US\$1. The analysis has been completed in real terms, and the valuation date is June 1, 2006.

In addition, Turgis has prepared a conceptual study for Phase II of the Dominion Project, which has been independently audited by SRK, to assess the viability of extending production from 11 to 30 years by mining the remaining Indicated Resource as well as a portion of the additional Inferred Resources. While this analysis has not been conducted to the level of accuracy contained in the feasibility study for Phase I, the nature of the geological characteristics of the ore body confirms a mine life in excess of 30 years. Phase II will begin production in 2012 as Phase I production levels begin to decline, ensuring a 200,000 tonne per month throughput is maintained.

The results of the feasibility study have enabled the Board of Directors of Uranium One to endorse the previous decision made by the Board of Directors of Aflease Gold and Uranium Resources Limited to proceed with the development of the Dominion Project toward a start-up of production in Q1 2007.

Uranium One's President and CEO, Neal Froneman commented: *"It is very pleasing to declare our first reserve at the Dominion Project of 31.3 million pounds of uranium oxide. We are advancing well with development of the Dominion Project. 68% of the work required to commission the new uranium plant has been completed and we remain on target for production of uranium oxide in the first quarter of 2007. I am also delighted that we are able to demonstrate a convincing and sound case for a mine life in excess of 30 years."*

### **Dominion Project Overview**

The Dominion Project covers an area of approximately 120 km<sup>2</sup> and is located approximately 20 km to the south west of Klerksdorp in the North West province of South Africa. The Dominion Project is a brownfields development project consisting of the Dominion and Rietkuil Sections which include two former uranium and gold mining operations.

Uranium One completed an initial mine study in May 2005 on the Dominion Project and subsequently conducted an extensive exploration program in order to confirm an Indicated Resource for the purposes of completing the feasibility study on Phase I.

### **Mineral Resources and Reserves**

Uranium One published a revised Mineral Resource for the Dominion Project on June 14, 2006, declaring: (i) a uranium resource of 47.5 million pounds U<sub>3</sub>O<sub>8</sub> in the indicated category and 199.2 million pounds U<sub>3</sub>O<sub>8</sub> in the inferred category; and (ii) a gold resource of 0.9 million ounces in the indicated category and 3.6 million ounces in the inferred category. Table 1 below summarizes the previously released resource estimate by category as audited by SRK. The Mineral Resources have been determined using a uranium price of US\$45.00/lb, a gold price of US\$528/oz and a ZAR per US\$ exchange rate of 6.50:1, resulting in lower cut-offs than previously reported.

**Table 1 – SRK Audited Mineral Resource Estimate at the Dominion Project (June 1, 2006)**

<b>Indicated Mineral Resources</b>					
<b>Reef Unit</b>	<b>Tonnes (thousands)</b>	<b>U<sub>3</sub>O<sub>8</sub> Grade (kg/tonne)</b>	<b>Contained U<sub>3</sub>O<sub>8</sub> (k/lb)</b>	<b>Gold Grade (g/tonne)</b>	<b>Contained Gold (k/oz)</b>
Rietkuil Upper	8,575	0.78	14,721	0.89	245
Rietkuil Lower	1,194	1.02	2,694	0.79	30
Dominion Upper	11,240	0.83	20,652	0.99	358
Dominion Lower	4,981	0.86	9,425	1.73	277
<b>Total Indicated</b>	<b>25,990</b>	<b>0.83</b>	<b>47,492</b>	<b>1.09</b>	<b>910</b>
<b>Inferred Mineral Resources</b>					
<b>Reef Unit</b>	<b>Tonnes (thousands)</b>	<b>U<sub>3</sub>O<sub>8</sub> Grade (kg/tonne)</b>	<b>Contained U<sub>3</sub>O<sub>8</sub> (k/lb)</b>	<b>Gold Grade (g/tonne)</b>	<b>Contained Gold (k/oz)</b>
Rietkuil Upper	52,949	0.52	61,096	0.39	664
Rietkuil Lower	39,076	0.75	64,214	0.81	1,018
Dominion Upper	54,977	0.35	42,713	0.55	972
Dominion Lower	31,420	0.45	31,171	0.95	960
<b>Total Inferred</b>	<b>178,422</b>	<b>0.51</b>	<b>199,194</b>	<b>0.63</b>	<b>3,614</b>

- (1) The Mineral Resources have been reported in accordance with the classification criteria of the South African Code for Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code).
- (2) The Mineral Resource was estimated by Dr. Carina Lemmer of Geological & Geostatistical Services and reported to a cut-off of 29 cmkg/t U<sub>3</sub>O<sub>8</sub> for Dominion and 35 cmkg/t U<sub>3</sub>O<sub>8</sub> for Rietkuil and 0.00 g/tonne gold and was audited by Dr Mike Harley of SRK.
- (3) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- (4) Mineral Resources are inclusive of Mineral Reserves

The Indicated Resources detailed in Table 1 have been converted into a Probable Reserve, as shown in Table 2, through a process of mine planning and the application of appropriate modifying factors and is reported as delivered to the plant.

**Table 2 – SRK Audited Mineral Reserve Estimate at the Dominion Project (June 1, 2006)**

<b>Probable Mineral Reserves</b>					
<b>Reef Unit</b>	<b>Tonnes (thousands)</b>	<b>U<sub>3</sub>O<sub>8</sub> Grade (kg/tonne)</b>	<b>Contained U<sub>3</sub>O<sub>8</sub> (k/lbs)</b>	<b>Gold Grade (g/tonne)</b>	<b>Contained Gold (k/oz)</b>
Rietkuil Upper	6,308	0.68	9,471	0.71	144
Rietkuil Lower	639	0.89	1,252	0.50	10
Dominion Upper	8,005	0.83	14,613	0.93	239
Dominion Lower	3,502	0.78	5,991	1.74	196
<b>Total Probable</b>	<b>18,454</b>	<b>0.77</b>	<b>31,327</b>	<b>0.99</b>	<b>589</b>

- (1) The Mineral Reserve was estimated by Pat Willis of Turgis and audited by Roger Dixon of SRK.
- (2) Tonnes and grade are stated on the basis of delivery to the plant.
- (3) Mineral Reserves are included in Mineral Resources

## **Phase I: Mine Design and Production Levels**

The mine has been divided into two operating areas, the Rietkuil and Dominion Sections. Phase I contemplates mining from surface to a depth of approximately 500 metres, initially using two trackless declines on the Dominion Section and one trackless decline at the Rietkuil Section. All declines and footwall roadways will be developed using mechanized loading and hauling. Haul trucks used in the development operation will be used to transport ore, loaded from stope chutes, to surface via the footwall roadways and main access declines. Mining on the reef horizon will be undertaken using traditional South African breast mining methods with face cleaning using scraper winches or water jetting. Based on Uranium One's operational experience, it is expected that this method will provide a flexible, relatively low cost and low risk approach.

A new uranium plant is being established for the Dominion Project and is being integrated with the existing carbon-in-leach gold recovery plant. Ore from the Dominion Project will be crushed and milled at the existing plant, after which both uranium and gold will be extracted. The plants will be operated as a single facility which will give preference to ore from the Dominion Project.

Phase I of the project is designed to treat 2.4 million tonnes per annum, yielding an annual average of 3.8 million pounds of  $U_3O_8$  during steady-state production, with a maximum production of 4.3 million pounds of  $U_3O_8$  in 2012. The metallurgical recovery determined for Phase I of the Dominion Project averages 87% for  $U_3O_8$  and 89% for gold.

### **Project Status**

Three portals have been excavated, and the associated declines are being developed under the prospecting right. The trackless equipment required for initial development has been delivered, and the necessary capital equipment is being procured according to schedule. Staff recruitment and training is in progress.

The existing incline shaft at the Rietkuil Section has been partially re-commissioned to facilitate underground development, and some 390 metres of development has been completed from surface in the new R1 decline at the end of June 2006. Two new declines, D1 and D2, at the Dominion Section are in progress, with some 380 metres and 210 metres of development respectively having already been completed.

Bateman Africa (Pty) Ltd has been awarded the engineering, procurement, construction and management (EPCM) contract for the erection and commissioning of the uranium plant. Construction commenced in November 2005 and 68% of the work required to commission the plant in Q1 of 2007 has been completed.

Contracts have been signed with the South African electricity provider ESKOM for the up-grade of the applicable sub-stations. The supply of service and potable water to the mine has been secured from the local municipality.

The Dominion Project is on schedule for the commencement of production in Q1 2007.

### **Phase I: Operating Costs**

Total operating costs include mining, processing and administrative costs. Administrative costs include environmental and mine site central services. The operating cost summary, inclusive of a contingency of 3%, is shown in Table 3.

### **Table 3 – Phase I Operating Cost Summary**

Item	US\$ per tonne milled
Mining	18.5
Processing	12.6
Administration	3.5
Bulk Services (water, power)	3.8
Contingency	1.1
<b>Total</b>	<b>39.5</b>

Cash operating costs average US\$14.50/lb of U<sub>3</sub>O<sub>8</sub> from the completion of mine construction in December 2007, after deducting gold by-product credits.

### Phase I: Capital Costs

The start up construction capital, which will be spent prior to the commencement of production in Q1 2007, is US\$152 million (R1,001 million). Of this amount, US\$38.8 million (R255 million) has been spent up to June 1, 2006. A further US\$27.8 million (R183.1 million) is the construction capital required to establish the full design capacity of 200 000 tonnes per month by the end of 2007. Ongoing capital over the life of mine will be incurred from January 2008 amounting to US\$63.8 million (R420 million), which is equivalent to US\$2.4/lb of U<sub>3</sub>O<sub>8</sub> produced over the life of Phase I. Increases in capital estimates from previous figures are the result of escalation and design improvements that are intended to minimize the cash operating costs for the Dominion Project. Capital Costs are summarized in Table 4 below.

**Table 4 – Summary Capital Costs for Phase I**

Item	Construction Capital to end of 2007 (US\$ mm)	Ongoing Capital 2008 to 2016 (US\$ mm)
Mining	57.1	60.5
Plant	111.0	0.0
Administrative	3.7	0.8
Contingency	8.0	2.5
<b>Total</b>	<b>179.8</b>	<b>63.8</b>

### Phase I: Financial Evaluation

The project has been valued in real terms as at June 1, 2006. At a real discount rate of 8%, Phase I is estimated to yield an after-tax, all equity NPV of US\$184 million (R1,212 million) and an after-tax, all equity IRR of 32%. Project payback from commencement for Phase I is estimated to be 5 years. Table 5 below summarizes the results of the feasibility study. In addition to the significant NPV of Phase I, this phase of the Dominion Project pays for the infrastructure and processing facilities to be used in the contemplated 19 year Phase II extension.

**Table 5 – Summary of Phase I Feasibility Study Results**

	Total / Average	2006 <sup>(1)</sup>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Tonnes milled (000's)	18,455		466	1,902	2,126	2,404	2,396	2,331	2,194	2,202	1,380	1,054	
U <sub>3</sub> O <sub>8</sub> Mill head grade (kg/tonne)	0.77		0.58	0.78	0.75	0.69	0.81	0.93	0.88	0.77	0.64	0.56	
U <sub>3</sub> O <sub>8</sub> Recovery	87%		83%	87%	86%	85%	87%	89%	88%	87%	84%	82%	
U <sub>3</sub> O <sub>8</sub> produced (lbs 000's)	27,187		491	2,817	3,045	3,106	3,722	4,290	3,746	3,260	1,637	1,073	
Gold produced (oz 000's)	534.8		20.2	55.1	46.1	58.0	78.0	64.0	72.0	75.6	41.5	24.4	
Sales revenue (US\$ million)	1,600.6		24.0	145.0	167.4	180.2	214.9	233.1	225.8	204.8	121.1	71.8	12.5
Opex (US\$ million)	747.8	7.3	29.3	79.2	84.3	98.5	96.4	92.5	84.7	83.1	52.2	40.3	
Construction Capital (US\$ million) <sup>(2)</sup>	141.0	79.9	61.1										
Ongoing Capital (US\$ million)	63.8			21.5	15.0	11.8	8.1	4.3	1.7	1.4			
Taxes and royalties (US\$ million)	245.5				2.5	4.0	31.6	58.6	57.8	49.9	25.9	12.0	3.2
Cash flow (US\$ million) <sup>(3)</sup>	375.1	-87.7	-73.0	10.7	66.1	62.9	68.2	67.3	83.9	72.9	59.0	24.7	20.1
US\$ cost/tonne milled <sup>(4)</sup>	39.5			41.6	39.7	41.0	40.2	39.7	38.6	37.7	37.8	38.2	
US\$ cost/lb produced <sup>(4) (5)</sup>	14.5			15.8	18.2	20.0	12.7	12.2	10.5	10.9	16.0	23.2	

The numbers in the above table have been rounded, and any resulting discrepancies should not be regarded as material.

(1) June 1 to December 31, 2006 only

(2) Construction capital excludes US\$38.8 million spent prior to valuation date

(3) Cash flow shown is after tax, royalties and other adjustments

(4) Costs shown are from the completion of construction in December 2007

(5) Cost quoted after gold credits

### Phase I: Sensitivity Analysis

An analysis of the after-tax, all equity 8% NPV for Phase I of the Dominion Project shows that the mine operation is leveraged to both the uranium and gold price, as well as to changes in the Rand per US dollar exchange rate. The project is less sensitive to changes in capital expenditures and operating expenditures.

**Table 6 – Phase I: 8% NPV Sensitivity (Assuming ZAR7.500 Rand per US\$1)**

<b>Fixed U<sub>3</sub>O<sub>8</sub> Price (US\$/lb)</b>	<b>NPV (US\$ mm)</b>	<b>Fixed Gold Price (US\$/oz)</b>	<b>NPV (US\$ mm)</b>	<b>Change</b>	<b>Construction Capital (NPV US\$ mm)</b>	<b>Cash Operating Costs (NPV US\$ mm)</b>
60.00	348.9	850	259.8	+10%	200.1	180.4
55.00	298.5	750	238.6	+5%	204.9	195.1
46.50	209.8	629	209.8	0%	209.8	209.8
35.00	87.5	550	192.6	-5%	214.6	225.9
30.00	31.8	450	170.8	-10%	220.9	241.2

**Table 7 – Phase I: 8% NPV Sensitivity (Assuming Base Case ZAR6.585 per US\$1)**

<b>Fixed U<sub>3</sub>O<sub>8</sub> Price (US\$/lb)</b>	<b>NPV (US\$ mm)</b>	<b>Fixed Gold Price (US\$/oz)</b>	<b>NPV (US\$ mm)</b>	<b>Change</b>	<b>Construction Capital (NPV US\$ mm)</b>	<b>Cash Operating Costs (NPV US\$ mm)</b>
60.00	324.4	850	232.2	+10%	173.7	152.8
55.00	274.0	750	210.4	+5%	178.9	168.4
46.50	184.0	629	184.0	0%	184.0	184.0
35.00	60.5	550	166.8	-5%	189.2	199.6
30.00	3.4	450	145.1	-10%	194.4	215.2

**Table 8 – Phase I: 8% NPV Sensitivity (Assuming ZAR5.500 per US\$1)**

Fixed U <sub>3</sub> O <sub>8</sub> Price (US\$/lb)	NPV (US\$ mm)	Fixed Gold Price (US\$/oz)	NPV (US\$ mm)	Change	Construction Capital (NPV US\$ mm)	Cash Operating Costs (NPV US\$ mm)
60.00	238.1	850	144.9	+10%	80.7	54.7
55.00	186.4	750	120.9	+5%	87.2	74.2
46.50	93.7	629	93.7	0%	93.7	93.7
35.00	-37.9	550	75.9	-5%	100.1	113.1
30.00	-109.5	450	53.4	-10%	106.6	132.6

### Phase II: Mine Life

Turgis has also prepared a conceptual study to assess the viability of extending the mine life at current production rates from 11 years to 30 years by mining the remaining Indicated Resource as well as a portion of the additional Inferred Resource at the Dominion Project. This study has also been independently audited by SRK. Readers are cautioned that Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Given the geological characteristics of the ore body, the ongoing exploration program and the history of conversion, it is expected that the Inferred Resources will be re-categorized and increased in the future. This will necessitate the revision of the existing plans, which is expected to result in a mine life in excess of 30 years.

### Phase II: Mine Design and Production Levels

The mine design strategy for Phase II will be the same as for Phase I with the addition of a new trackless decline at the Dominion Section, and at the Rietkuil Section a vertical shaft will be sunk to access the down-dip extensions of the resource to a depth of approximately 1,000 metres. Production from Phase II will maintain a constant plant throughput of 200,000 tonnes, extending the life of mine to at least 30 years.

The Phase II study is based on the modelling of a selected portion of the Inferred Resource, totalling 60.8 million tonnes at a grade of 0.74 kg/tonne of U<sub>3</sub>O<sub>8</sub> of the total declared Inferred Resource of 178.4 million tonnes at a grade of 0.51 kg/tonne U<sub>3</sub>O<sub>8</sub>. The anticipated tonnage available for mining will be 48.1 million tonnes at an average head grade of 0.69 kg/tonne of U<sub>3</sub>O<sub>8</sub>, and a gold grade of 0.85 g/tonne, assuming similar modifying factors as in the Phase I study.

The Phase II study has been conducted on Inferred Resources, so it has not been possible to apply a selected mining cut and therefore the grades quoted above are likely to be enhanced when a selected mining cut is applied. The processing facility used for Phase I will treat the tonnage mined during Phase II. The recoveries will remain grade dependent and will therefore be similar to those described in the Feasibility Study.

## **Phase II: Operating Costs**

The study shows that the operating cost per tonne (excluding royalties), adjusted to take into account the depth of mining and changes in mine layout during Phase II, will be approximately US\$41/tonne milled (R264/tonne milled) over the 30 year production plan.

## **Phase II: Capital Costs**

It is expected that Phase II will require additional construction capital of approximately US\$98 million (R645 million) in 2006 dollar terms, to be spent over an 8 year period commencing in 2008, to establish a fourth decline, sink a vertical shaft, and a new tailings facility.

## **Update on Status of Dominion Project Permits**

Uranium One has secured a prospecting right for the Dominion Project, which is in the process of being converted into a new order mining right. In accordance with the mining right application, all environmental planning requirements have been complied with. A water use licence has been approved. An application for registration with the National Nuclear Regulator has been made. All the necessary surface rights for the project have either been purchased or secured.

## **Qualified Person**

Roger Dixon of SRK Consulting South Africa (Pty) Ltd. is the qualified person for the purposes of NI 43-101 and has supervised the preparation of the information that forms the basis of all of the above information.

## **Update on Status of Honeymoon Feasibility Study**

Uranium One is currently awaiting the completion of an agreement regarding the amendment of a legacy uranium sales contract, the commercial terms of which have already been agreed to by the parties. It is anticipated that the definitive contract will be signed as soon as practicable, after which a formal announcement detailing the results of the feasibility study will be made.

## *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 Reefs Uranium Mine in South Africa and the Honeymoon Uranium Project in South Australia, as well as a number of exploration projects. The Corporation holds a 79% interest in Aflase 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.

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***Cautionary Statement***

*No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.*

*This News Release includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and “forward-looking information” within the meaning of applicable Canadian legislation. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding potential mineralization and reserves and future plans and objectives of Uranium One, are forward looking statements (or forward-looking information) that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors could cause actual results to differ materially from Uranium One’s expectations. Such factors include, among others, the actual results of exploration activities, actual results of reclamation activities, the estimation or realization of mineral reserves and resources, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, availability of capital required to place the the company’s property into production, conclusions of economic evaluations, acceptance of the Dominion feasibility study by lending institutions, changes in project parameters as plans continue to be refined, future prices of commodities, possible variations in ore grade or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labor disputes and other risks of the mining industry, delays in obtaining governmental approvals, permits or financing or in the completion of development or construction activities, Uranium One’s hedging practices, currency fluctuations, title disputes or claims limitations on insurance coverage, as well as those factors discussed under “Risk Factors” in Uranium One’s Annual Information Form and Management’s Discussion and Analysis as filed with securities regulatory authorities in Canada. Although Uranium One has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended.*

*There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Uranium One undertakes to update any forward-looking statements that are included herein, except in accordance with applicable securities laws.*

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