

Uranium Resources plc / Market: AIM / Epic: URA / Sector: Exploration  
27 March 2009

**Uranium Resources plc ('Uranium Resources' or 'the Company')**  
**Interim Results**

Uranium Resources plc, the AIM quoted uranium exploration and development company operating in Southern Africa, announces its results for the six month period ended 31 December 2008.

**Executive Directors Report**

During the period under review we have made strong progress on all fronts. We have appointed Alex Gostevskikh as Managing Director and Andrew Lewis as a non-executive director, and have implemented a new growth strategy to expand our asset base by identifying additional opportunities with short development cycle requirements. In line with this, we recently signed an option agreement with Rio Tinto Mining and Exploration Limited ('Rio Tinto') to develop the coal potential of our licences in Tanzania and we are currently evaluating a number of further opportunities. Additionally, in conjunction with our joint venture partner, Western Metals Limited ('WMT'), we continue to advance our Tanzanian uranium projects.

**Tanzanian Exploration**

The exploration programme of the Company's three Tanzanian uranium projects, Mtonya, Ruvuma and Ruhuhu is continuing. WMT has a 60% interest in seven tenements at the Mtonya Project and three tenements at the Ruhuhu Project which was achieved after spending its target of AU\$4million on exploration.

2008 witnessed a successful exploration campaign, which was completed on 15 September, with 171 reverse circulation ('RC') holes drilled totalling 10,670m. Results were encouraging and indicated multiple areas of uranium mineralisation. The programme expanded the area of uranium mineralisation around the Henri trend at the Mtonya project and continued to evaluate prospects along the Mtonya Corridor, including the Grandfather prospect. In addition, it identified two new areas of uranium mineral interest, Foxy and Eland at the Ruvuma Project and a further anomaly, Pedro at the Ruhuhu Project.

The 2009 Mtonya drilling programme is scheduled to commence during Q3 2009 after the rainy season.

## Option Agreement - Rio Tinto to Explore for Coal

In January 2009, the Company formed a new working relationship and expanded its commodity exposure to include coal, by entering into an option agreement with mining major Rio Tinto. The agreement gives Rio Tinto the right to exclusively explore for coal at, and farm in to, 2,938 km<sup>2</sup> of Uranium Resources' exploration licence areas in southern Tanzania and relates to all coal contained within the Mtonya and Ruhuhu farm-in licence areas. This does not affect, and is in addition to, Uranium Resources' current uranium farm-in agreement with WMT.

The terms of the agreement provide Rio Tinto with the sole right to explore the Company's licences for coal for a 12 month period from the date on which the agreement becomes unconditional. During this period Rio Tinto may elect to farm in, which permits Rio Tinto to earn a 51% interest in the coal discovered within the licence areas, and the relevant exploration data by sole funding US\$7,000,000 in exploration expenditure within four years of electing to farm in. In addition, Rio Tinto may earn a further 29% interest by sole funding and completing a pre-feasibility study. Additionally, Rio Tinto may withdraw from the agreement at any time within the twelve-month timeframe after spending US\$200,000. If, having earned its initial 51% interest, Rio Tinto withdraws prior to earning the additional 29% interest, it must sell its 51% interest.

The Directors believe this agreement underpins the strength of its Tanzanian portfolio and marks a significant step towards enhancing its value. It not only establishes a new working relationship with a mining major but it also gains exposure to the upside potential of any economic coal deposits discovered, while not committing to any capital expenditure.

### Licence Agreements

Tables 1 and 2 provide a summary of the licence and mineral ownership of the 12,738 km<sup>2</sup> land position in southern Tanzania.

<b>JV Description</b>	<b>WMT</b>	<b>URA</b>	<b>Local Partner</b>	<b>Rio Tinto</b>	<b>Land Area (sqkm)</b>
Farm-in Areas (subject of WMT JV agreement and Rio Tinto agreement)	60%	40%	-	-	2,938
42.5% JV Areas Kapinga	42.5%	42.5%	15%	-	9,589

(Ruvuma and Bindi) 45% JV Areas Makweba (Ngaka)	45%	45%	10%	-	211
					12,738
Rest of Tanzania	URA and WMT consider Tanzania to be an area of mutual interest so each of URA & WMT will offer the other an equal share in any future uranium opportunity in Tanzania.				Country wide

<b>Table 2</b> <b>JV Description</b>	<b>JV Partners &amp; Ownership Coal Rights</b>				<b>Land Area (sqkm)</b>
	<b>WMT</b>	<b>URA</b>	<b>Local Partner</b>	<b>Rio Tinto</b>	
Farm-in Areas (subject of WMT JV agreement and Rio Tinto agreement) 42.5% JV	-	100%	-	Earning initial 51%	2,938
Areas Kapinga (Ruvuma and Bindi)	42.5%	42.5%	15%	-	9,589
45% JV Areas Makweba (Ngaka)	45%	45%	10%	-	211
					12,738

Note Table 2: The Original WMT Agreement relates only to uranium, thorium, vanadium, molybdenum, and strontium. URA reserved a 100% interest in all other minerals contained within those licences including coal. Accordingly, WMT does not participate in the new option and farm-in agreement which URA has signed with Rio Tinto.

The agreement with Rio Tinto relates only to the licences that were the subject of the farm in agreement with WMT dated on or about 3 April 2006 together with all successive renewals and substitute licences. The agreement with Rio Tinto does not apply to the Ruvuma, Bindi and Ngaka JV Areas which URA continues to develop in accordance with its arrangements with WMT.

## **Management Team**

In line with our growth strategy, we strengthened our management team with the appointment of a new Managing Director, Mr. Alex Gostevskikh, and a new non-executive Director, Mr. Andrew Lewis. Alex and Andrew have a wealth of experience having previously developed and operated a number of significant global mining projects across a broad range of commodities. Both Alex and Andrew are already helping the

Company pursue its growth objectives by identifying new opportunities to expand the existing asset base and will continue to advance and seek opportunities for our current project portfolio.

## **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 £1,016,155 (including a non-cash item of £720,000 in respect of share based payments) for the six months ended 31 December 2008. However, with a healthy cash position of £1,263,070 at 31 December 2008, our contribution to this year's exploration budget, in conjunction with WMT's will be more than covered.

During the period, the Company granted 34 million share options to its two new Directors as an incentive. These share options were granted at exercise prices between 5p and 35p. As the Company's share price ranged between 0.75p and 2.75p during the period, the share options were granted at exercise prices which were substantially greater than the market value of the shares. The share options were therefore "out of the money" and there was no intrinsic value in the options during the period. The Company is required by IFRS 2 'Share Based Payments' to calculate the fair value of the options at the date of grant. The fair value of the options represents an estimate of the benefit to be gained by the Group from the services to be provided by the Directors for which the share options granted forms part of their compensation expense. The Company recognises the fair value amount as an expense in the income statement with a corresponding increase in equity. The fair value of the options granted to Directors during the period ended 31 December 2008 was £720,000. More information on the assumptions used to calculate the fair value of the options is set out in note 10 to the financial information.

## **Outlook**

The past six months has seen many developments for Uranium Resources. With a solid portfolio of assets in Tanzania returning positive results, a committed joint venture partner in the form of WMT and a new option agreement with Rio Tinto expanding our commodity reach, I am confident that our success will continue. By leveraging the team's extensive experience in the mining industry we aim to further strengthen our project portfolio in line with our growth strategy of acquiring precious metal targets with short development cycle requirements, and in turn increase shareholder value. Currently we are identifying a number of jurisdictions and opportunities and we will update the market on any developments in due course.

Finally, I would like to take this opportunity to thank my fellow directors, WMT and our shareholders for their dedication and support.

**Ross Warner**

Executive Director

26 March 2009

**\*\*ENDS\*\***

For further information please visit [www.uraniumresources.co.uk](http://www.uraniumresources.co.uk) or contact:

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**Unaudited Consolidated Income Statement  
For The Six Months Ended 31 December 2008**

		Six months ended 31 December 2008 (Unaudited) £	Six months ended 31 December 2007 (Unaudited) £	Year ended 30 June 2008 (Audited) £
	<b>Notes</b>			
Administrative expenses		(247,622)	(205,080)	(396,335)
Share-based payments charge	10	(720,000)	-	-
Impairment expense	7	(32,778)	-	-
Foreign exchange (loss)/gain		(53,374)	-	223,381
		<hr/>		
Total expenses		(1,053,774)	(205,080)	(172,954)
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<b>Group operating loss</b>		(1,053,774)	(205,080)	(172,954)
Interest receivable		37,619	54,852	112,298
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<b>Loss before taxation</b>		(1,016,155)	(150,228)	(60,656)
Taxation		-	-	-
<b>Loss for the period</b>		(1,016,155)	(150,228)	(60,656)
<b>Attributable to:</b>				
Equity holders of the company		(1,016,155)	(150,228)	(60,656)
<b>Loss per share (pence)</b>				
Basic	5	(0.35p)	(0.05p)	(0.02p)
Diluted	5	(0.35p)	(0.05p)	(0.02p)

### Unaudited Consolidated Statement of Changes in Equity For The Six Months Ended 31 December 2008

	Share capital	Share premium	Share based payments reserve	Retained losses	Total equity
	£	£	£	£	£
<b>Six months ended 31 December 2008</b>					
At 1 July 2008	291,000	3,094,360	1,149,879	(2,037,022)	2,498,217
Share-based payments	-	-	720,000	-	720,000
Loss for the period	-	-	-	(1,016,155)	(1,016,155)
At 31 December 2008	291,000	3,094,360	1,869,879	(3,053,177)	2,202,062

### Six months ended 31 December 2007

At 1 July 2007	291,000	3,094,360	1,149,879	(1,976,366)	2,558,873
Loss for the period	-	-	-	(150,228)	(150,228)
At 31 December 2007	291,000	3,094,360	1,149,879	(2,126,594)	2,408,645

### Year ended 30 June 2008

At 1 July 2007	291,000	3,094,360	1,149,879	(1,976,366)	2,558,873
Loss for the year	-	-	-	(60,656)	(60,656)
At 30 June 2008	291,000	3,094,360	1,149,879	(2,037,022)	2,498,217

### Unaudited Consolidated Balance Sheet As At 31 December 2008

Note	31 December 2008 (Unaudited) £	31 December 2007 (Unaudited) £	30 June 2008 (Audited) £
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**ASSETS****Non-current assets**

Exploration & evaluation assets	7	1,023,106	518,711	708,253
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**Current assets**

Receivables		3,366	3,366	3,366
Cash and cash equivalents		1,263,070	1,939,257	1,810,971
		1,266,436	1,942,623	1,814,337

**Total Assets**

		2,289,542	2,461,334	2,522,590
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**LIABILITIES****Current liabilities**

Trade and other payables		(87,480)	(52,689)	(24,373)
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**Total Liabilities**

		(87,480)	(52,689)	(24,373)
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**Net Assets**

		2,202,062	2,408,645	2,498,217
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**EQUITY**

Share capital		291,000	291,000	291,000
Share premium		3,094,360	3,094,360	3,094,360
Share-based payments reserve		1,869,879	1,149,879	1,149,879
Retained losses		(3,053,177)	(2,126,594)	(2,037,022)

**Total Equity**

		2,202,062	2,408,645	2,498,217
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**Unaudited Consolidated Cash Flow Statement****For The Six Months Ended 31 December 2008**

	Six months ended 31 December 2008 (Unaudited) £	Six months ended 31 December 2007 (Unaudited) £	Year ended 30 June 2008 (Audited) £
<b>Cash flows from operating activities</b>			
Operating loss	(1,053,774)	(205,080)	(172,954)
Adjustments for non-cash items:			
Share-based payments charge	720,000	-	-
Impairment of intangibles	32,778	-	-
Increase/(decrease) in payables			
	63,107	27,158	(1,158)
Cash used in operations	(237,889)	(177,922)	(174,112)
Interest received	37,619	54,852	112,298
<b>Net cash used in operating activities</b>	(200,270)	(123,070)	(61,814)
<b>Investing activities</b>			
Funds used for exploration	(347,631)	(9,040)	(198,582)
<b>Net cash used in investing activities</b>	(347,631)	(9,040)	(198,582)
<b>Financing activities</b>			
Proceeds from issue of shares	-	-	-

<b>Net cash from financing</b>	-	-	-
<b>Decrease in cash and cash equivalents</b>	(547,901)	(132,110)	(260,396)
Cash and cash equivalents at beginning of the period	1,810,971	2,071,367	2,071,367
<b>Cash and cash equivalents at the end of the period</b>	<b>1,263,070</b>	<b>1,939,257</b>	<b>1,810,971</b>

## **Notes to the Unaudited Half-Yearly Financial Report For The Six Months Ended 31 December 2008**

### **1. Introduction**

This condensed set of financial statements for the six months ended 31 December 2008 is unaudited and does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. They have been prepared using accounting bases and policies consistent with those used in the preparation of the financial statements of the Company and the Group for the year ended 30 June 2008 and those to be used in year ending 30 June 2009. The financial statements for the year ended 30 June 2008 have been delivered to the Registrar of Companies and the auditors' report on those financial statements was (i) unqualified (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

Information required by AIM Rule 26 is available in the investor relations section of Uranium's website at [www.uraniumresources.co.uk](http://www.uraniumresources.co.uk). The Company is listed on AIM, the Alternative Investment Market of the London Stock Exchange.

This half-yearly financial report was approved by the Board of Directors on 26 March 2009.

### **2. Going Concern**

The current economic climate has not materially adversely affected the Company and the Company has sufficient funds to meet its obligations. Accordingly, the Directors are of the opinion that preparation of the Group's accounts on a going concern basis is appropriate.

### **3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the consolidated financial information, in accordance with IFRS, are set out below. These policies have been consistently applied to all the periods presented.

#### **3.1 Basis of preparation**

This half-yearly consolidated financial report of the Company and its subsidiaries is for the six months ended 31 December 2008. This has been prepared under the historical cost convention, on a going concern basis and in accordance with International Financial Reporting Standards, as adopted by the European Union (“IFRS”), effective as at the time of preparing this half-yearly financial report, including IAS 34 ‘Interim Financial Reporting’ and IFRS6 ‘Exploration for and Evaluation of Mineral Resources’.

### **3.2 Basis of consolidation**

The consolidated financial statements incorporate the accounts of the Company and its subsidiaries and have been prepared by using the principles of acquisition accounting (“the purchase method”) which includes the results of the subsidiaries from their date of acquisition. Intra-group sales, profits and balances are eliminated fully on consolidation.

### **3.3 Exploration and Evaluation Expenditure**

All licence acquisitions and exploration and evaluation costs incurred or acquired on the acquisition of subsidiary undertaking are accumulated in respect of each identifiable project area. These costs, which are classified as intangible assets are only carried forward to the extent that they are expected to be recouped through the successful development of the areas or where activities in the areas have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves (successful efforts).

Pre-licence costs are written off immediately. Other costs are also written off unless commercial reserves have been established or the determination process has not been completed. Accumulated costs in relation to an abandoned area are written off in full against results in the year in which the decision to abandon the area is made.

When production commences the accumulated costs for the relevant area of interest are transferred from intangible assets to tangible assets as “Developed Uranium Assets” and amortised over the estimated life of the commercial reserves on a unit of production basis.

### **3.4 Impairment of Exploration and Evaluation Expenditure**

The carrying value of unevaluated areas is assessed on at least an annual basis or when there has been an indication that impairment in value may have occurred. The impairment of unevaluated prospects is assessed as based on the Directors’ intention with regard to future exploration and development of individual significant areas and the ability to obtain funds to finance such exploration and development.

### **3.5 Decommissioning costs**

Where a material liability for the removal of production facilities and site restoration at the end of the field life exists, a provision for decommissioning is recognised. The amount recognised is the present value of estimated future expenditure determined in accordance with local conditions and requirements. An asset of an amount equivalent to the provision is also created and depreciated on a unit of production basis. Changes in estimates are recognised prospectively, with corresponding adjustments to the provision and the associated asset.

### **3.6 Share based payments**

The Company has made share-based payments to certain directors and employees by way of share options. The fair value of these payments is calculated by the Company using the Black Scholes option pricing model, as the Directors believe that the options are likely to be exercised nearer their expiry dates. The expense is recognised on a straight line basis over the period from the date of award to the date of vesting, based on the Company's best estimate of shares that will eventually vest.

### **3.7 Critical accounting judgements and estimates**

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. IFRS also require management to exercise its judgement in the process of applying the Group's accounting policies. The prime area involving a higher degree of judgement or complexity, where assumptions and estimates are significant to the financial statements, is as follows:

#### *Impairment of intangible assets*

Determining whether intangible assets are impaired requires an estimation of whether there are any indications that its carrying value is not recoverable.

## **4. Segmental reporting**

For the purposes of segmental information, the operations of the Group are focused on Africa and comprise one class of business: the exploration and evaluation for uranium.

The Company acts as a holding company.

The Group's operating loss arose from its operations in Africa. In addition, all the Group's assets (except for current assets which are based in Europe) are based in Africa.

## **5. Loss per share**

The basic loss per share has been calculated using the loss attributable to equity shareholders for the financial period of £1,016,155 (six months ended 31 December 2007: £150,228; year ended 30 June 2008: £60,656) and the weighted average number of ordinary shares in issue of 291,000,000 (31 December 2007: 291,000,000; 30 June 2008: 291,000,000).

The diluted loss per share has been calculated using a weighted average number of shares in issue and to be issued of 334,743,169 (30 June 2008: 302,415,094, 31 December 2007 317,125,761). 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.

## 6. Subsidiary undertakings

<i>Name of company</i>	<i>Ownership</i>	<i>Principal activity</i>
Deep Yellow Tanzania Limited	100%	Uranium exploration
URA (St Henri) Limited	100%	Applied for exploration licences

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

## 7. Intangible assets

The Group's intangible asset consists entirely of capitalised exploration and evaluation expenditure. 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 income statement as exploration expenses because commercial reserves have not yet been established or the determination process has not been completed.

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. In their opinion the value attributed to the Peramiho licence is to be fully impaired as the Group has not renewed its interest in this licence. The costs that were capitalised to this licence included helicopter surveys, access costs and land-owner payments. This impairment of £32,778 has been written off in the income statement for the six months ended 31 December 2008.

	<b>Exploration &amp; evaluation asset</b>
	<b>£</b>
<b>Cost</b>	
At 1 July 2006	391,178
Additions	118,493
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At 30 June 2007	509,671

Additions	198,582
At 30 June 2008	708,253
Additions	347,631
At 31 December 2008	1,055,884
<b>Impairment</b>	
At 30 June 2007 & 30 June 2008	-
Impairment charge	(32,778)
At 31 December 2008	(32,778)
<b>Net book value</b>	
At 31 December 2008	1,023,106
At 30 June 2008	708,253

## 8. Decommissioning expenditure

The Directors have considered the need for any necessary provision for the cost of rectifying any environmental damage, as might be required under local legislation and the Group's licence obligations. In their view, no provision is necessary at 31 December 2008, for any future costs of decommissioning or any environmental damage.

## 9. Future exploration expenditure

The Group has expected exploration expenditure, as set out below. It should be noted that these are not contractual commitments required to maintain the Group's licences, as such commitments do not exist. Rather, they are intentions, which may change with the changes in the exploration programme and financial priorities of the Group.

	31 December 2008 £	31 December 2007 £
Within one year	257,000	662,681
Between one and two years	258,000	883,291
	515,000	1,545,972

## 10. Share based payments

During the period the Company granted 34 million share options to its two new Directors. These share options were granted at exercise prices between 5p and 35p. As the Company's share price ranged between 0.75p and 2.75p during the period, the share options were granted at exercise prices which were substantially greater than the market value of the shares. The share options were therefore "out of the money" and there was no intrinsic value in the options during the period.

The Company is required by IFRS 2 'Share Based Payments' to calculate the fair value of the options at the date of grant. The fair value of the options represents the benefit to be gained by the Group from the services provided by the Directors for which the share options granted forms part of their compensation expense. The Company recognises the fair value amount as an expense in the income statement with a corresponding increase in equity. The fair value of the options granted to Directors during the period ended 31 December 2008 was £720,000. The assessed fair value at the grant date was 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. The volatility measured at the standard deviation of expected share price return is based on statistical analysis of the share price over the period to 31 December 2008, calculated at 140%. The risk free rate was 4.93% at the option grant date. The estimated fair values and other details which were processed into the model are as follows:

Name	Date granted	Number	Exercise price	Expiry date	Fair value grant date per option	Fair value grant date Total
A. Gostevskikh	24/7/2008	8,000,000	5.0p	23/7/2013	0.02p	£192,000
		10,000,000	15.0p		0.02p	£210,000
		10,000,000	35.0p		0.02p	£190,000
A. Lewis	24/7/2008	2,000,000	5.0p	23/7/2013	0.02p	£48,000
		2,000,000	15.0p		0.02p	£42,000
		2,000,000	35.0p		0.02p	£38,000
Total		34,000,000				£720,000

The Company's share price ranged between 0.75p and 2.75p during the period. The closing share price as at 31 December 2008 was 0.88p per share.

## 11. Share capital and share options

	31 December 2008 £	30 June 2008 £
<b>Authorised share capital</b>		
10,000,000,000 ordinary shares of 0.1p each	10,000,000	10,000,000
<b>Allotted, called up and fully paid share capital</b>		
291,000,000 ordinary shares of 0.1p each	291,000	291,000

No shares were issued during the six months ended 31 December 2008 or the year ended 30 June 2008.

The details of share options outstanding at 31 December 2008 are as follows:

**Number of  
share options**

At 1 July 2008	35,000,000
Granted during the period	34,000,000
Exercised or cancelled during the period	-
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At 30 June 2008	<u><u>69,000,000</u></u>

Date of grant	Number of options	Option price	Exercisable between
28 November 2006	15,000,000	2.5p	Up to 28 November 2011
28 November 2006	15,000,000	5p	Up to 28 November 2011
15 April 2007	2,500,000	2.5p	Up to 28 November 2011
15 April 2007	2,500,000	5p	Up to 28 November 2011
24 July 2008	10,000,000	5p	Up to 23 July 2013
24 July 2008	12,000,000	15p	Up to 23 July 2013
24 July 2008	12,000,000	35p	Up to 23 July 2013
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	<u>69,000,000</u>		

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## **12. Material events subsequent to the end of the period**

As discussed in the Executive Director's Statement, the Company expanded its commodity exposure to include coal, by entering into an option agreement with mining major Rio Tinto. The agreement gives Rio Tinto the right to exclusively explore for coal at, and farm in to, 2,938 km<sup>2</sup> of Uranium Resources' exploration licence areas in southern Tanzania and relates to all coal contained within the Mtonya and Ruhuhu farm-in licence areas. This does not effect, and is in addition to, Uranium Resources' current uranium farm-in agreement with WMT.

## **13. Further copies of half-yearly financial report**

Further copies of this half-yearly financial report are available at the Uranium Resources plc registered office at One America Square, Crosswall, London EC3N 2SG.