

COMPANY UPDATE

Perth, Australia -- August 26, 2008

Dear Shareholder

As Chairman, I would like to provide you with the following update on the Company.

The current market climate has proven to be a testing time for resource companies and has seen some unprecedented trading in the Company's stock. These recent conditions and other issues are circumstances that have largely been beyond the control of the Company. However, I would like to outline the Company's commitment to the development of its key asset, the Goanikontes uranium project located in Namibia, and to reaffirm its confidence in the future direction of the Company and the project.

Those aspects of the business which the Company does have control over have proven that the team is well on top of heading the project towards successful development. We have continually successfully reached our targeted goals and indeed have surpassed them in some cases. We are rapidly building the right team with recent board and senior management changes leading the way.

With respect to the proceedings being brought against the Minister of Mines and Energy and the Company in Namibia I would like to make it very clear that the Company has taken advice from Senior Counsel in Namibia and the Company's Australian lawyers on the basis of the affidavit material filed to date. It is the Company's view that Savanna's application is without merit and will fail. In summary:

- The proceedings have been brought primarily against the Minister of Mines and Energy in Namibia (the Minister). The Company is the second respondent.
- Savanna claims that the Minister did not have the power to grant Bannerman's application for EPL 3345.
- The Company and the Minister have filed their affidavit evidence responding to Savanna's claim. Savanna was required to submit any answering affidavit(s) by 9 July 2008. It has failed to file any affidavit in reply despite repeated requests from the Company to do so.

- Both the Company and the Minister are of the view that Savanna's claim should be rejected prior to any substantive hearing of the case on the grounds that Savanna is guilty of serious and unacceptable delay in waiting nearly 2 years to bring proceedings when it was been aware of the Company's activities on EPL 3345 during that period.

I would also like to point out that in his affidavits the Minister has also strongly opposed Savanna's claim.

Currently the Company has no debt and sufficient cash to fund the ongoing Feasibility Study into the development of the project. The study is well underway and is being conducted by GRD Minproc; a world renowned engineering group that has extensive experience in the construction of major resource projects and with particularly relevant African and Namibian experience.

The Company has commenced discussions with a range of interested parties in relation to the future funding of the project and, with its advisors, is reviewing and progressing several options in this regard.

The Company has continued to achieve its targets at the Goanikontes uranium project. It has defined a world class uranium resource with excellent potential to further significantly grow the resource base. A bankable feasibility study is progressing well and is on track for completion at the end of Q1 2009. The Company believes the resource at Anomaly A has the potential to underpin one of the largest uranium producing operations in the world in Namibia; a stable, transparent and investment friendly southern African country. Your company is serious about its intentions to maximise shareholder value by bringing this project into production in a successful and timely manner.

I look forward to your continued support during this exciting period of growth for the Company,

Yours faithfully,

Geoff Stanley

Chairman

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