

CORACHAPI RESOURCE UPDATE

ANNOUNCEMENT

17 November 2008

Contact Uranium Limited (“Contact or “the Company”) advises that independent mining consultants SRK have now completed their resource estimate for the Corachapi Uranium Project. As foreshadowed in the Company’s quarterly report dated 30 September 2008 the results of the SRK review are a significant down grade of the previously announced resource.

Revised JORC Inferred Resource

The updated JORC resource (using a 100ppm cut off) is **6.49mt** at an average grade U₃O₈ of **257ppm** for a contained **3.675mlbs** of U₃O₈. SRK have classified the resource as an **inferred resource**. Table 1 below shows the resource at various cut off grades to 200ppm.

Table 1 – Resource at various Cut-off Grades

U Cut-Off (ppm)	Ore Tonnage (MTons)	U Grade (ppm)	U3O8 grade (ppm)	U3O8 Metal (lb)
0	7.019	208	245	3,797,773
50	7.019	208	245	3,797,773
100	6.492	218	257	3,675,200
150	4.674	254	300	3,086,604
200	3.098	294	347	2,371,133

A block model of the resource was built, with a block size of 20m x 40m x 1m, corresponding to approximately half the grid size in X and Y. The estimation methodology used was Ordinary Kriging of equivalent Uranium (eU), which was performed separately within 3 geographically distinct domains.

Topcuts were applied to eU for variography purpose: the topcuts used were respectively from North to South: 2800ppm, 3500ppm and 2500ppm. Despite the topcuts, the variograms show rather poor spatial continuity, with ranges of up 100m in N30 direction and 4 to 7m vertically. This clearly indicates that the higher grade mineralisation is quite spotty and that the current drill spacing is insufficient to get a precise handle on the local continuity and variability.

Summary of Exploration Work

Most of the exploration work at Corachapi focused on the zone where the Peruvian Nuclear Authority (“IPEN”) carried out work in the 1980’s. Two discrete areas of mineralisation have been identified; Corniza Oeste to the West and Quebrada Corral to the East. The current resource estimation only covers part of Corniza Oeste and the southern extremity of Quebrada Corral, drilled since 2007.

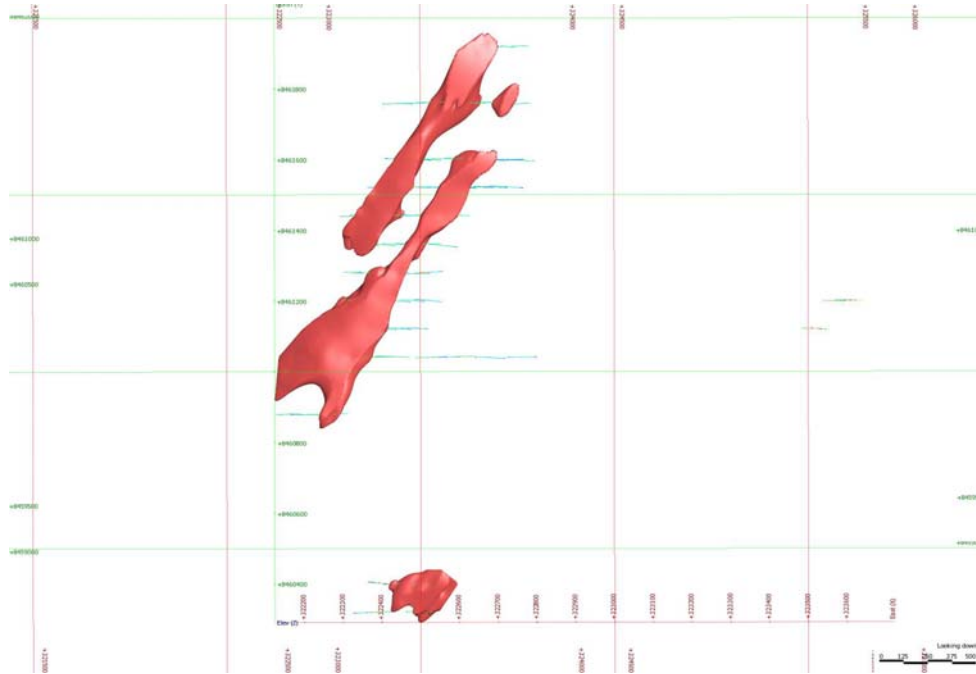
A total of 193 HQ diamond drill holes (including 4 repeat holes) were completed for a total advance of over 10,000m. They are drilled on 80m or 160m spaced EW lines. On each line, the spacing between drilling locations is 40m. In general, two holes are drilled from each location, one dipping 50° east, the other 50° west. Core recovery varies but is generally over 85-90%.

All holes (with one exception) were analysed by downhole spectral gamma probes, which measure the gamma radiation generated by uranium and its descendants. Transformation of the raw gamma log measurements into equivalent Uranium grades (eU) was performed by contractor Val d’Or Geophysics.

A total of 103 holes were totally or partially assayed (the assaying programme is not complete) using “wet” chemical techniques (ICP-MS or ICP-OES) or, preferentially for grades higher than 100ppm, by XRF.

Geological Model

The eU values obtained from the gamma measurements were composited over regular 1m composites and used to define the geological model. To this effect, a powerful 3D interpolation package Leapfrog™ was used, at various cut offs from 50ppm to 100ppm, with anisotropies reflecting the continuity of the mineralised zone. The final envelope retained corresponds to the 60ppm cut-off, after removal of isolated small shapes, and is shown in the following picture:



The two main domains cover the Corniza Oeste, while the southern small domain is the southern extremity of Quebrada Corral.

To build the topography, SRK used a file prepared by Val d'Or Geophysics, the drill hole collars were adjusted to the topography. Differences were generally less than 1m.

The resource estimation is constrained by the Leapfrog envelope. SRK Note that this envelope is restrictive. There are isolated high grades outside of it, and the **potentially mineralised area extends further North for both Corniza Oeste and Quebrada Corral.**

Comparison between Current and Previous Resource Estimate

The January 2007 estimate was based exclusively on 645 samples collected from 77 trenches cut across the strike of the mineralisation at 50m or 100m intervals, thus it was calculated with considerably less data than is currently to hand. There is a significant difference between the two resource estimates.

SRK have reviewed the previous resource estimate against the Current Resource and note that a number of factors can explain the difference:

- The quality of the samples used in the January 2007 estimate is impossible to assess, as the sampling and assaying processes are undocumented and no QA/QC information is to hand.
- The area covered by the trenches is more extended than the area for which the present estimate is made.
- The grades observed in the trenches are clearly higher, but in the absence of QA/QC information it is impossible to know whether some preferential sampling of the mineralised fractures did occur, or if there was possibly some cross contamination of higher grade results during the sampling process.
- The specific gravity assumed (2.2) is much higher than the average specific gravity supported by the recent sampling of recovered drill core which was 1.8.

SRK Conclusions

The current resource estimation is based essentially on transformed eU values. While these values are extremely useful as they represent larger volumes than cores, there is some uncertainty attached to them, in particular they seem to overestimate the geochemical grades. The relationship between the gamma measurements and eU needs to be independently reviewed.

Whilst disseminated uranium mineralisation can be found over the full thickness and higher concentrations of uranium exist within mostly sub-vertical fractures the higher grade mineralisation is quite spotty and the current drill spacing is insufficient to get a precise handle on the local continuity and variability. Further infill drilling may increase the confidence level in respect to the grade between the existing drill lines.

Despite the significant reduction in the size of the current JORC resource there is nevertheless a scope for significantly increasing the resource by targeting Quebrada Corral and the North of Corniza Oeste.

It is clear that using a selective mining method a number of small shallow pits could be mined and the grade would be significantly higher, but very detailed grade control would be required.

Future Activities

As a result of the extremely disappointing results of the SRK resource estimation detailed above and the Company's current financial capacity all field work in Peru has now been halted and the projects are being placed on a care and maintenance basis. It is clear that the Corachapi project will benefit from a thorough review of the exploration practices used and a better understanding of the geology before any further work is undertaken.

The board is currently reviewing options for the Corachapi project and the other assets in Peru, which could include a sale or joint venture.

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The information in this report that relates to the Corachapi Mineral Resources is based on information compiled and summarised by Daniel Guibal of SRK who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Guibal has sufficient experience that 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 Guibal consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.