

Uranium City Resources Announces Initial Drilling Results of 2006

For Immediate Release

July 5th, 2006

TSX.V:UCR

[Uranium City Resources Inc – UCR:TSX.V, A0F7F5:Berlin] (“UCR” or the “Company”) today announced it has received results from the initial phase of the Company’s 2006 drilling program. The results confirm the presence of both elevated levels of uranium and metals known to accompany uranium mineralisation of the Uranium City Mining District (“UCMD”).

Bob Kasner, CEO of UCR said, “This first phase of drilling is a success both geologically and technically. We are extremely encouraged that we intersected numerous graphitic conductors and found anomalous values of uranium and metals historically associated with uranium mineralisation in the Uranium City region. Finding several graphitic layers is particularly important since it’s known that they are often associated with uranium mineralisation. Based on these initial results we will begin to conduct downhole probing later this year in order to get a better 3D idea of what the rocks look like in the various drill holes completed so far.”

Five high-priority targets were chosen from data compilation (VTEM geophysical and geochemical surveys) and drilled. The targets that were drilled are (i) Eagle Lake; (ii) Martin Lake; (iii) Moose Island; (iv) Quartzite Ridge and; (v) Lorado.

Eagle Lake Drilling

The purpose of drilling at Eagle Lake was to investigate a coincident magnetic and EM anomaly, which was outlined in the VTEM geophysical survey. Key items of drill hole EL06-01 are

- hole drilled with a core length of 200.20 m, dip of -45° and azimuth of 315°
- the intersection of a wide sulphide (predominantly pyrite) mineralisation over a core length of 40.75 m (from 6.90 to 47.65 m) and an amphibolite unit over a core length of 1.0 m (from 46.65 to 47.65 m)
- sporadic high values of Ni (116 ppm), Cu (416 ppm), As (85 ppm), Co (125.7 ppm) and V (381 ppm)
- weakly mineralised rocks with uranium values of up to 13.5 ppm
- mineralisation is associated with haematized rocks, which is a characteristic feature of hydrothermal alteration throughout the UCMD

Martin Lake Drilling

The purpose of the Martin Lake drilling campaign was to investigate a coincident magnetic and EM anomaly, which was outlined in the VTEM geophysical survey. Key items of drill hole ML06-02 are

- hole drilled with a core length of 48.0 m, vertical dip and azimuth of 0°
- an intersection of Martin Formation conglomerate over a core length of 43.0 m (from 5.00 to 48.00 m) with no significant values detected by ground scintillometer

Moose Island Drilling

The purpose of the drilling campaign on Moose Island was to investigate an EM conductor that was picked by Condor Consulting Inc. Key items of drill hole MI06-01 are

- hole drilled with a core length of 198.0 m, dip of -50° and azimuth of 273°
- an intersection of four graphitic schist layers between the core length of 109.90 to 138.10 m, which represent the EM conductors found in the VTEM survey



- an intersection of an amphibolitic unit within a dolomitic unit over a core length of 0.94 m (from 188.06 to 189.00 m) returned high values of Bi (15.6 ppm), Cu (543.4 ppm), Pb (349.1 ppm) and Zn (648 ppm)
- weakly mineralised rocks with uranium values of up to 10.1 ppm

Quartzite Ridge Drilling

Drilling at Quartzite Ridge was conducted in order to test an EM conductor picked by Condor Consulting Inc. Key items of drill hole QR 06-01 are

- hole drilled with a core length of 425.0 m, dip of -70° and azimuth of 317°
- the intersection of the first graphitic schist lens over a core length of 4.80 metres (from 262.20 to 267.00 m) with five more graphitic schist layers intersected below
- sporadic high values of As (56 ppm), Bi (4.7 ppm), Co (60 ppm), Cu (362.7 ppm), Ni (121.6 ppm), U (46.7 ppm) and Zn (247 ppm)
- an anomalous value of 250 ppb Au over a core length of 1.0 m (from 229.77 to 230.77 m) was found within a conglomerate layer of the Martin Formation

Lorado Target Drilling

Drilling at the Lorado target was designed to test an EM conductor that was selected by Condor Consulting Inc. Key items of drill hole L06-01 are

- hole drilled with a core length of 543.0 m, dip of -66° and azimuth of 315°
- intersection of six graphitic schist layers confirm the EM conductors
- sporadic high values of As (60 ppm), Co (39.6 ppm), Cu (175.9 ppm), Ni (104.3 ppm), Pb (62.3 ppm), U (40.6 ppm), V (334 ppm) and Zn (191 ppm)

With the first phase of drilling for 2006 completed, UCR geologists and management are currently assessing these results and refining further exploration information.

Samples were submitted for analysis to TSL Laboratories in Saskatoon, an ISO17025 accredited laboratory. Samples were digested with an *aqua regia* extraction and analysed with an ICP-MS analytical finish. Samples were submitted with internal standards and blanks for QA-QC purposes. Mr. John Cook, P.Eng is the qualified person for the technical aspects of this news release.

About Uranium City Resources:

Uranium City has ten, 100% owned uranium projects within the Uranium City Mining District, an area with over 30 years of past mining and nearly 70 million pounds of uranium production. Since 2005, the Company has spent over C\$3 million exploring its properties and has outlined numerous uranium targets. Recent drill programs have confirmed the presence of uranium mineralisation, drilling is to continue throughout 2006. UCR is well financed and has approximately C\$6.0 million in the treasury (as at 30-Apr-06).

Forward looking statements:

This news release contains certain forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties beyond UCR's ability to control or predict, which could cause actual events or results to differ materially from those anticipated in such forward-looking statements. Although UCR believes that the assumptions inherent in the forward- looking statements are reasonable, undue reliance should not be placed on these forward-looking statements.





Head Office: 4 Al Wende Avenue, P.O.Box 546, Kirkland Lake, Ontario, P2N3J5
T: +1.705.567.5351, F: +1.705.567.5557, E: kasner1@ntl.aibn.com
Corporate Office: 330 Bay Street- Suite 1505, Toronto, Ontario, M5H 2S8
T: +1.416.987.7188, F: +1.416.861.1925

For further information please contact:

Uranium City Resources – Head Office

T: +1.705.567.5351

E: kasner1@ntl.aibn.com

David Leng, VP Corporate Affairs & Investor Relations

T: +1.905.537.5377

E: david.leng@geologist.com

Andreas Curkovic, Equicom Group

T: +1.416.815.0700 ext 262

E: acurkovic@equicomgroup.com

