

ANGLO-CANADIAN URANIUM CORP.

(TSX-V: URA)

Recommendation
Speculative Buy

Risk
High

Price (Closing: January 18, 2010)
\$0.10

52-Week High-Low
\$0.15-\$0.05

Target Price
\$0.25

Potential Return
2.5x

Shares O/S:
40.42 million

Market Cap:
\$4.04 million

Average Daily Volume
50-day: 65,600
200-day: 75,400

Year-End
July 31

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Source: www.bigcharts.com

UPFRONT

Anglo-Canadian Uranium Corp. continues to focus primarily on developing its Quebec properties and is actively seeking joint venture partners. With the current cash balance, we are concerned about the ability of the Company to continue its exploration program beyond the summer 2010. Although none of its properties has a resource estimate, the Company has some interesting uranium projects (Quebec) and gold projects (B.C. and Yukon) to attract investors. We view the long-term outlook for uranium and uranium exploration as being decidedly positive. But the Company can only capitalize on investor sentiment for uranium stocks if it is able to raise new financing in the next few months.

RECOMMENDATION

We are maintaining our Speculative Buy rating and the one-year Target Price of \$0.25. The shares should be considered only by risk-tolerant investors.

PROFILE

Anglo-Canadian Uranium Corp. (“Anglo-Canadian” or the “Company”) is an exploration company, focused on gold and uranium resources. Its uranium properties are located in Quebec and the Four Corners region of the U.S.A.; its gold properties are in British Columbia and the Yukon.

RATINGS HISTORY

Date	Report Type	Recommendation	Stock Price	Target Price
Jan. 15, 2008	Initiating	Speculative Buy	\$0.22	1-Year: \$0.35
Feb. 1, 2008	Bulletin	No Change	\$0.18	No Change
May 16, 2008	Bulletin	No Change	\$0.14	No Change
Aug. 19, 2008	Bulletin	No Change	\$0.125	No Change
Sept. 19, 2008	Update	No Change	\$0.11	Lowered to \$0.20
Feb. 18, 2009	Commentary	No Change	\$0.075	Raised to \$0.25
Mar. 30, 2009	Update	No Change	\$0.065	No Change
May 7, 2009	Bulletin	No Change	\$0.145	No Change
May 27, 2009	Bulletin	No Change	\$0.13	No Change
June 18, 2009	Bulletin	No Change	\$0.12	No Change
July 28, 2009	Bulletin	No Change	\$0.13	No Change
Sept. 14, 2009	Perspective	No Change	\$0.13	No Change
Jan. 19, 2010	Update	No Change	\$0.10	No Change

HIGHLIGHTS

- The Company's Poularies Gold property is located about 55 km north of Rouyn-Noranda, in Quebec. Results of an airborne magnetic survey on Poularies were obtained in January 2010, and identified two structures which may present shear zones through which gold-mineralizing hydro-thermal/metamorphic fluid circulated.
- The Company reported in September and November 2009 that the preliminary exploration efforts on the Ore Gold property and the Arminus property, both in the Yukon, in the White River-Dawson District were completed. The results show the potential for gold and silver.
- In November 2009, the Company announced its intent to complete a non-broker private placement in the amount of \$156,000 through an equity issuance of 1.3 million units at \$0.12 per unit; this would be a combination of flow-through and non-flow through units. The Company has not yet announced the result of this capital raise intention.
- The Company received assay results from the Poularies Gold property on selected grab samples collected during the 2009 summer preliminary exploration program. The results reveal that the pyrite-bearing quartz veins contain from 0.60 to 17.6 g/t Au.
- Anglo-Canadian has received the final interpretation report of the airborne survey that was completed on the Company's Big Mac and Charles uranium projects in the Otish Basin, Quebec. The report identified targets for future exploration. The Company expects to initiate the recommended ground prospecting program this summer, which should lead to the definition of potential drill locations.
- New claims were added to the Company's Princeton property, which is located close to the Copper Mountain Mining Corporation property in British Columbia, on which a feasibility study confirmed the viability of restarting the former open pit copper and gold producing mine.
- The Company continues to reduce operating cash costs and manages its cash in a reasonable manner in order to cope with current adverse market conditions.
- The Company wrote off over \$1.3 million in costs relating to a number of properties (see Properties Summary, page 3);
- Uranium prices remain subdued, with the spot price trading within a band of US\$40-US\$55 per pound since the latter part of 2008. The current spot price stands at US\$44.50 per pound.

THE COMPANY

Anglo-Canadian is an early-stage exploration company, formerly known as Interactive Exploration Inc. The Company changed its name to Anglo-Canadian Uranium Corp. in August 2005. It is headquartered in Vancouver, British Columbia and its shares are listed on the TSX Venture Exchange under the symbol URA. Insider ownership stands at approximately 5%.

PROPERTIES SUMMARY

Anglo-Canadian's activities are focused on exploration for uranium and gold on its 14 properties.

A. Key Properties

Anglo-Canadian's flagship properties are in Colorado, Quebec, British Columbia, and the Yukon as shown in the table below.

Table 1: Key Company Properties			
Property	Type	Location	Comments
Eula Belle	Uranium	Colorado	Completion of 20,000-foot, 26-hole drill program in May 2008. Announced results in August 2008 with mineralization of 0.258% over 3.5 feet.
Joseph	Uranium	Colorado	Successfully completed agreement with Denison Mines to open portal and plugged air vent for access to two mines. One mine is operated by Anglo-Canadian.
Big Mac	Uranium	Quebec	Covers 2,100 hectares. In March 2009, the Company announced the results of the radioactivity survey, which shows a higher level of radioactivity in the revealed areas than in the background. However, the level is lower than in the Charles property. An airborne survey was completed in May 2009.
Charles	Uranium	Quebec	Covers 2,119 hectares. In March 2009, the Company announced the results of the radioactivity survey, which shows a higher level of radioactivity than in the revealed areas than in the background.
Poulararies	Gold	Quebec	Covers 693 Hectares, acquired in September 2009; located 15 km north of Clifton Star Resource's gold discovery.
Armenius	Gold	Yukon	Acquired in July 2009; property covers reported historic gold occurrences in a geological setting similar to that of Underworld Resources' nearby White Gold discovery.
Princeton	Gold	British Columbia	(1) 29 claims were acquired in 2006. In October 2008, 3 more new claims were acquired for \$20,000 cash and 300,000 common shares issued at \$0.09 per share. (2) In June 2009, 19 more new claims (gold and copper) were acquired with the issuance of 115,000 common shares and \$45,000 over the period of two years.

Source: Company reports and eResearch

(1) Colorado:

Several of its properties in the "Four Corners" region of the USA include past-producing mines, including Eula Belle and Joseph. Operations ceased at these mines due to unfavourable economics in the mid-1980s, when uranium spot dropped below US\$10/lb.

- **Eula Belle:** This property consists of 302 uranium and vanadium claims, which cover a 52-claim block and a 250-claim block in Colorado. In November 2007, the Company started a 20,000 foot drill program on this project. The objective of the program was to test for mineralization in the existing two 26-hole cluster drill-outs. In August 2008, the Company announced results of the program, with the highest showing being 0.258% U₃O₈ over 3.5 feet at a depth of approximately 750 feet (see our August 19, 2008 Bulletin, available at www.eresearch.ca). The 2008 work confirmed the presence of uranium mineralization in multiple sandstone beds ranging from 529 to 787 feet.
- **Joseph:** This project consists of 106 claims. In March 2008, the Company opened a plugged air vent to assess the underground workings of its past-producing mine as well as Denison's Van 4 mine.

A Consolidated Uranium Resource Play:

In May 2009, Anglo-Canadian entered into an agreement (the "Agreement") to bring southwestern U.S. uranium exploration properties and a state-of-the art mill project to the marketplace as a consolidated uranium resource play. Under the Agreement, a consortium, including Anglo-Canadian, Mancos Resources Inc., Bluebird Partners, LLC, and Drilling Consultants Inc., intend to develop long-term uranium production to supply the growing demand for nuclear power. The non-exclusive agreement will allow Anglo-Canadian to continue discussions with other uranium exploration and production companies for the development of projects.

COMMENT: *The Agreement is a critical step for Anglo-Canadian in further developing its uranium properties in the southwestern U.S. region. Although it is not clear as to how much each party to the Agreement will contribute to the consortium and under what terms, the Agreement is definitely a positive development in terms of the Company having a much better chance of obtaining funds to further develop its U.S. projects and enhance their value.*

(2) Quebec:

Anglo-Canadian has three promising properties in the Otish Basin in Quebec. Otish is similar to the Athabasca Basin of Saskatchewan with respect to its age, its lithology, and its tectonic settings.

The Company intends to explore for deposits similar to the L-Zone deposit (3 km to the west) and the Matoush deposit (60 km to the north).

- **Charles Property:** The Company owns a 2,119 hectare uranium property in the Otish Basin in Quebec. Results announced in March 2009 show a high level of radioactivity and prospectors found numerous glacially transported sub-angular boulders showing radioactivity above the ground.
- **Big Mac:** This uranium property covers a 2,100-hectare area in the Otish Basin in Quebec. In July – August 2008, 115 line kilometres of line cutting was completed on Big Mac. The Company has contracted with Precision GeoSurveys Inc. to conduct an airborne radiometric and magnetic survey, which was carried out in 2008. The general level of radioactivity and the levels determined on the ground shown by the survey were lower than on the Charles property.

COMMENT: *The final interpretation of the airborne survey was completed in May 2009 for Big Mac and the Charles properties.*

COMMENT: *The magnetic data on the Charles and Big Mac properties show the presence of gabbro dykes or masses, which could host mineralization.*

- **Pouliaries Property:** Anglo-Canadian acquired 14 contiguous mineral claims over an area of 600 hectares in the southern part of the Abitibi Greenstone Belt (Quebec). See our July 28, 2009 Perspective (available at www.eresearch.ca) for details of the acquisition. An airborne magnetic survey was initiated in November 2009 and the results were obtained in January 2010 that identified two structures which may present shear zones through which gold-mineralizing hydro-thermal/metamorphic fluid circulated.

(3) Yukon and British Columbia:

Yukon property: The Company acquired its properties by staking a 100% interest in four separate claim blocks in west-central Yukon Territory in July 2009. The claims were selected to cover reported historic gold occurrences in a geological setting similar to that of Underworld Resources' nearby White Gold discovery (see our September 14, 2009 Perspective available at www.eresearch.ca for details of the acquisition).

Princeton (B.C.) property: We provided details of the expansion of the property in our June 18, 2009 Bulletin. New claims in B.C. bring Anglo-Canadian's total claims at Princeton (copper/gold) to about 50 from 32.

COMMENT: The overall value of the Company's B.C. properties increase as the new claims have a number of copper showings and present significant potential for further exploration. The new claims present a low political risk (located in B.C.) and modest infrastructure risk. The financing risk of the proposed acquisition is reasonable as the Company will mostly finance with equity issuance, will only pay \$45,000 in cash over a period of two years, and has no other obligation in respect of capital expenditures.

B. Other Properties:

The list below shows all other properties owned by the Company.

Table 2: Other Company Properties					
Canadian Properties	Location	Size	Year Acquired	Ownership	Comment
Stirrup (gold)	British Columbia	495 hectares	2005	85%	13 claims; spent over \$100,000 in the first year of acquisition.
Lucky Boy (primarily silver)	British Columbia	1,000 acres	2005	95%	Written-off; cost \$154,918 (July 2009)
Zeus and Zeus #1 (gold)	British Columbia	1,000 hectares	2005	100	Written-off, cost \$129,721 (July 2009)
U.S. Properties	Location	Size	Year Acquired	Ownership	Comment
Locust	Utah	NA	2005	100%	39 mineral claims (including option to acquire 12 uranium claims)
Gunslinger	Colorado	NA	2006	100%	43 claims
Tomcat	Colorado	NA	2006	100%	81 uranium claims
Gunfighter & Lonestar	Colorado	820 acres	2007	100%	110 uranium claims
Spider Rock	Colorado	NA	2006	100%	4 mineral claims - No further obligations
Dragon	Utah	NA	2006	100%	Written-off; cost \$45,733 (July 2009)
Wild Steer	Colorado	NA	2006	100%	Written-off; cost \$239,193 (July 2009)
King	Colorado	NA	2006	100%	Written-off; cost 264,020 (July 2009)
Holly Claims	New Mexico	3,200 acres	2006	100%	Written -off; cost \$336,247 (July 2009)
O8	New Mexico	1,920 acres	2006	100%	Written -off; cost \$207,294 (July 2009)

Source: Company

For a detailed description and photos of the properties (see our January 15, 2008 Initiating Report and our September 19, 2008 Update Report available at www.eresearch.ca). Additional information on Anglo-Canadian's properties can be obtained from the Company's website: www.anglocanex.com.

INVESTMENT CONSIDERATIONS

A. Strengths

- The Company is working on the completion of agreements for proposed joint ventures with respect to its gold properties in B.C. and selected uranium properties in Colorado;
- The Company intends to obtain NI 43-101 resource estimates on properties in Quebec and selected properties in Colorado;
- Anglo-Canadian's activities are focused on exploration for uranium and gold on the Company's 14 properties. Several of its properties are past-producing mines, namely Eula Belle, Joseph, Tomcat, and Lonestar;
- The Company is led by its President and CEO, Mr. Len Harris, who has over 40 years of experience in the mining industry. Mr. Harris founded and developed a number of successful businesses in the natural resource sector; and
- Management's capital expenditure strategy remains disciplined within the context of a continuing difficult operating environment for companies in the uranium sector. Operating expenses, exclusive of property capital expenditures or acquisitions, are managed in a manner that could carry the Company through 2010 without new financing.

B. Challenges

- The Company has a number of uranium and gold properties. However, none of the properties, as yet, has a NI 43-101 resource estimate;
- Substantial capital expenditures are required to achieve a resource estimate on the Company's key properties;
- Current capital market conditions make raising new financing difficult. Investors have turned away from the high-risk, volatile mining sector, particularly with companies that are still far from their production stage; and
- Uranium spot prices have declined sharply to US\$44.50 per pound from the peak in 2007 at US\$138 per pound. Although the long-term contracted price remains relatively favourable in the US\$65-US\$70/lb range, the decline in the spot market negatively impacts the stock price of uranium-focused junior mining companies such as Anglo-Canadian.

VALUATION

In evaluating Anglo-Canadian, we acknowledge that the Company will not generate positive cash flow in the next few years, nor does it have any NI 43-101 resource estimates for its properties. As a result, we are using the following two methodologies in evaluating Anglo-Canadian:

1. Price-to-Book Ratio.
2. Mineral Property Ratio.

For consistency in historical comparison of the ratios, our selection of Anglo-Canadian's comparables (Table 5 below) includes the same companies as we had in our previous reports, except that we have excluded Universal Uranium from the group because this company no longer owns any uranium properties. The comparatives are Ditem Explorations (DIT-V), Energy Fuels (EFR-T), Secova Metals (SEK-V), and Western Uranium (WUC-V).

Table 5 below shows the changes from our January 2008 Initiating Report, to our September 2008 Update Report, our March 2009 Update Report, and to this current Update Report of January 2010.

Table 5: Four Report Comparison - Value and Ratios

	Initiating Report January-08	Update Report September-08	Update Report March-09	Update Report January-10
Stock Price: Anglo-Canadian	\$0.22	\$0.11	\$0.07	\$0.10
Average Price of the Group	\$0.80	\$0.58	\$0.25	\$0.26
Market Capitalization: Anglo-Canadian	\$8.7	\$4.3	\$2.8	\$4.1
Market Capitalization: Group Total	\$217.8	\$95.8	\$64.9	\$83.4
Book Equity Value: Anglo-Canadian	\$8.1	\$7.3	\$6.9	\$5.0
Book Equity Value: Group Total	\$119.9	\$142.2	\$136.5	\$131.9
Property Value: Anglo-Canadian	\$5.0	\$5.0	\$6.7	\$4.6
Property Value: Group Total	\$42.8	\$68.9	\$118.3	\$114.1
P/B Ratio: Anglo-Canadian	1.10x	0.50x	0.40x	0.80x
P/B Ratio: Group Average	1.90x	0.60x	0.52x	0.73x
Property Ratio: Anglo-Canadian	1.10x	0.39x	0.39x	0.78x
Property Ratio: Group Average	3.35x	0.28x	0.44x	0.62x

Source: eResearch

The credit crisis and the fall in commodity prices had a significant impact on the Group's total market capitalization. From our January 2008 Initiating Report to March 2009, the Group total market capitalization declined by 70% or a loss of approximately \$153 million while equity book value and property value increased significantly as the group raised a total of \$50 million through equity issuances over this period.

Since our March 2009 Update Report, the total market capitalization of the peer group has increased to \$83.4 million from \$64.9 million (a 27% increase). This reflects the gradual recovery of the global economy and commodity prices.

The P/B ratio for the Group declined from 1.90x (January 2008) to 0.60x (September 2008) to 0.52x (March 2009). However, it currently stands at 0.73x, a significant increase compared with March 2009. This reflects an improvement in total market capitalization while total book equity declined slightly to \$131.9 million from \$136.5 million.

1. Price-to-Book

Table 6: Book Value Peer Comparison

Price as of January 18, 2010									
Company	Symbol	Price	52-Week Price		% Change	Shares O/S	Market	Book Value	P/B
			High	Low	from High	(million)	Cap (million)	per Share	Ratio
Ditem Explorations	DIT-V	\$0.07	\$0.29	\$0.06	-75%	50.5	\$3.5	\$0.18	0.39x
Energy Fuels	EFR-T	\$0.27	\$0.41	\$0.08	-34%	76.5	\$20.7	\$0.45	0.60x
Secova Metals	SEK-V	\$0.14	\$0.22	\$0.05	-36%	22.9	\$3.2	\$0.12	1.15x
Western Uranium	WUC-V	\$0.94	\$1.15	\$0.60	-18%	59.4	\$55.8	\$1.23	0.77x
Anglo-Canadian Uranium	URA-V	\$0.10	\$0.15	\$0.05	-33%	40.4	\$4.0	\$0.12	0.80x

Source: The Company and eResearch

Table 6 above shows the book values per share and accompanying P/B ratios for the peer companies as well as Anglo-Canadian. Total market capitalization of the Group and Anglo-Canadian fell significantly from our Initiating Report until our March 2009 Update Report. Since then, the Group's market capitalization has remained relatively stable.

The P/B ratio of Anglo-Canadian increased significantly to 0.80x currently from 0.40x in March 2009. Since there was only a slight improvement in the Company's stock price, the main reason for the increase in the P/BV Ratio is that the equity base decreased sharply owing to over \$1.3 million in property write-offs that greatly affected the equity base.

The table below shows different intrinsic values for Anglo-Canadian under different P/B ratios:

Scenario	P/B Ratio	Intrinsic Value
Scenario 1 (current)	0.80x	\$0.10
Scenario 2	1.00x	\$0.12
Scenario 3	1.25	\$0.15
Scenario 4	1.50x	\$0.18
Scenario 5	1.75x	\$0.21
Scenario 6	2.00x	\$0.25

In our March 2009 report, we used the target P/B ratio of 1.0x, with Anglo-Canadian's then P/B ratio being 0.40x.

Although current market conditions still remain weak, we foresee little downside in commodity prices, including uranium, from current depressed levels (although we also are not anticipating a sharp recovery either). In addition, due to the accounting write-off, we believe that the P/B ratio of 1.50x is appropriate and is equivalent to the ratio of 1.00x without the write-offs. As a result, we arrive at an intrinsic value for the shares of Anglo-Canadian of \$0.18 per share.

2. Mineral Property Ratio

We use the property methodology to determine the ratio that investors are placing on Anglo-Canadian's mineral properties and compare that ratio with the peer-group average. It should be noted that in this approach:

- We estimate capital expenditures for Anglo-Canadian over the ensuing 12 months and adjust the value of the property accordingly.
- We also estimate the amount of new equity to be issued to finance the estimated capex over the next 12 months and make adjustments to these two items.
- If a company in the group has a substantial amount of cash, we assume it was raised primarily to finance exploration or drilling activities and, therefore, we add 80% of the cash to the property value.
- Since the stock prices of junior mining companies are volatile, we use a 50-day average price to calculate their market capitalizations.

TABLE 7 PROPERTY RATIO PEER COMPARISON (C\$)

	Anglo-Canadian Uranium URA: TSX-V Oct-31-2009	Ditem Explorations DIT: TSX-V Sep-30-2009	Energy Fuels EFR: TSX Sep-30-2009	Secova Metals SEK:TSX-V Sep-30-2009	Western Uranium WUC: TSX-V Jun-30-2010
Corporate:					
Share Price (January 18, 2010)	\$0.10	\$0.07	\$0.27	\$0.14	\$0.94
Share Price (Average 50 days)	\$0.10	\$0.07	\$0.26	\$0.12	\$0.85
Shares O/S	40,424,872	50,472,000	76,483,000	22,873,000	59,372,000
Market Cap	\$4,082,912	\$3,633,984	\$19,962,063	\$2,699,014	\$50,644,316
Mineral Properties:					
Book Value (Cost)	\$4,563,915	\$8,740,655	\$31,973,138	\$2,145,090	\$60,731,368
Market Value	\$3,537,837	\$2,933,405	\$15,891,103	\$1,914,056	\$37,525,623
Difference	(\$1,026,078)	(\$5,807,250)	(\$16,082,035)	(\$231,034)	(\$23,205,745)
Property Ratio	0.78	0.34	0.50	0.89	0.62
Property Ratio Without Write-Off	0.46				
Average Ratio (Peers)	0.59				
Adjusted Property Book Value (1)	\$4,963,915				
Adjusted Property Ratio	0.73				
Selected Ratio	1.00				
Common Equity (Per Statements)	\$5,026,225				
Adjusted Common Equity (Selected Ratio) (2)	\$5,446,225				
Equity Per Share (Per Statements)	\$0.12				
Adjusted Equity Per Share (Selected Ratio)	\$0.12				

Note (1): Mineral Properties are adjusted for estimated capex of \$400,000 over the next 12 months.

Note (2): Equity is adjusted for \$1.0 million expected to be issued over the next 12 months.

Source: eResearch

The Property Ratio for Anglo-Canadian increased to 0.78x currently from 0.39x in our March 2009 Update Report. The increase largely reflects a sharp decrease in property book value due to over \$1.3 million property write-offs. Without the write-offs, the ratio would have been 0.46x, compared to the peer average of 0.59x.

COMMENT: None of the companies in our table has a NI 43-101 resource estimate and they are in a similar stage of the mining cycle (Energy Fuels and Western Uranium have non-NI 43-101 compliant resource estimates).

The table below shows intrinsic values for Anglo-Canadian's stock under different property ratio scenarios:

AngloCanadian Uranium	Property Ratio	Intrinsic Value
Current Property Ratio	0.78x	C\$ 0.10
Property Ratio: Next 12 Months	1.00x	C\$ 0.12
Property Ratio: Next 12 Months	1.25x	C\$ 0.14
Property Ratio: Next 12 Months	1.50x	C\$ 0.17
Property Ratio: Next 12 Months	1.75x	C\$ 0.19
Property Ratio: Next 12 Months	2.00x	C\$ 0.22

In our view, the Company could attain the property ratio of 1.50x (which is equivalent to our pick with the ratio of 1.00x in our last Update Report without the write-offs) if it achieves both (a) financing and (b) a resource estimate for the Quebec properties.

As a result, we arrive at an intrinsic value of \$0.17 per share, or 2 cents lower than it was in the March 2009 report.

3. Conclusion

We calculate the intrinsic value of Anglo-Canadian shares to be \$0.18 under our P/B method and \$0.17 under the Mineral Property Ratio method. Given the speculative nature of exploration companies, we are maintaining our one-year Target Price for Anglo-Canadian shares at \$0.25 per share.

FINANCIAL REVIEW AND OUTLOOK

Fiscal Year End: July 31

Revenues: Anglo-Canadian is an early-stage exploration company, which has not recognized any revenues to date and may not do so for the next few years.

Burn Rate: The average monthly burn rate, which includes non-discretionary expenses, was approximately \$45,000 in F2009, a significant decrease, compared to \$59,000 in F2007. In light of the write-offs of a number of the properties and tight financing, we expect the Company will further reduce its G&A expenses in F2010. We estimate the average monthly burn will be \$40,000 - \$42,000, or about \$500,000 for the fiscal year.

Cash: We estimate the current cash balance to be \$300,000, which should be sufficient to cover 8 months of operating expenses.

Capital Expenditures (Capex) on Exploration Activities: Capex was substantially reduced to \$429,000 for the 12 months ended October 2009, compared with approximately \$1.7 million in F2007 and \$1.6 million in F2008. The capex reduction reflects the Company's decision to stop activities at Lucky Boy (BC), Zeus, and Zeus #1 (BC) and write off a number of its properties. It only spends sufficient funds to keep all other properties in good standing. We expect the Company to continue its exploration program in Quebec, subject to financing. In this case, we estimate capex on all properties to be \$400,000 for F2010.

COMMENT: *Management has reduced cash expenses, stock-based compensation, and exploration activities since fiscal year-end (July 31, 2009). Given the current cash position, we believe the Company will spend only sufficient funds to keep all properties in good standing.*

Financing: Anglo-Canadian raised over \$1.85 million (net proceeds) in F2006 and over \$5.82 million (net proceeds) in F2007 in new equity issuances. Although the capital market conditions in F2008 were not favourable and Anglo-Canadian did not raise new funds in F2008, the Company announced in November 2009 that it intended to close \$156,000 through an issuance of 1.3 million units at \$0.12 per unit. The Company has not yet announced the result of that capital raise initiative.

COMMENT: *Looking ahead through fiscal 2010 and 2011, we expect the Company's financing strategy to be: (1) raise funds through dispositions of its gold properties; (2) continue to issue shares (including flow-through units) through private placements; and (3) seek partners for joint ventures to reduce capital costs.*

COMMENT: *In the event that no new financing is obtained or no property can be sold, we do not believe the Company could have sufficient cash to carry on its intended exploration program through 2010.*

Future debt financing is not likely, given the business risk level of the Company and the credit market conditions. As a result, we would expect the Company to continue to seek funds through private placements and property dispositions.

Warrants and Options: Based upon exercise prices, as shown in the table below, we do not expect the Company to generate any additional new equity from its list of options outstanding.

Table 3: Options as at October 31, 2009

Options (note the Company has no Warrants outstanding)

<u>Number</u>	<u>Exercise Price</u>	<u>Revised Exercise Price</u>	<u>Expiry Date</u>	<u>Comment</u>	<u>Potential Equity</u>
25,000	\$0.16		March 15, 2010	Out-of-the-Money	\$4,000
250,000	\$0.37	\$0.20	November 1, 2010	Out-of-the-Money	\$50,000
267,500	\$0.40	\$0.20	February 23, 2011	Out-of-the-Money	\$53,500
100,000	\$0.58	\$0.20	March 23, 2011	Out-of-the-Money	\$20,000
60,000	\$0.61	\$0.20	April 12, 2011	Out-of-the-Money	\$12,000
270,000	\$0.38		August 2, 2011	Out-of-the-Money	\$102,600
315,000	\$0.24		August 22, 2011	Out-of-the-Money	\$75,600
600,000	\$0.24		December 20, 2011	Out-of-the-Money	\$144,000
235,000	\$0.51	\$0.20	February 12, 2012	Out-of-the-Money	\$47,000
475,000	\$0.54	\$0.20	June 20, 2012	Out-of-the-Money	\$95,000
100,000	\$0.28		June 19, 2012	Out-of-the-Money	\$28,000
183,750	\$0.20		September 17, 2012	Out-of-the-Money	\$36,750
<u>187,500</u>	<u>\$0.15</u>		<u>June 18, 2011</u>	<u>Out-of-the-Money</u>	<u>\$28,125</u>
3,068,750					<u>\$696,575</u>
Current Price:	\$0.10				

COMMENT: *The number of 2010 options, even if exercised, would provide the Company with only \$54,000. Beyond 2010, it is too uncertain to predict whether these options can be exercised.*

Selected Financial Statements: Abridged financial statements are set out on the following page, and include the Statement of Operations, the Statement of Cash Flow, and the Balance Sheet.

Table 2: Selected Financial Statements**Table 4: Selected Financial Information**

	Fiscal Year Ending July 31			12 mths	Estimate
	F2007	F2008	F2009	Oct. 2009	F2010
Statement of Income/(Loss):					
Revenue	0	0			
General & administrative expense	(783,844)	(715,094)	(634,836)	(538,810)	(500,000)
Interest and Other income	83,557	62,188	5,748	1,148	
Property valuation cost	(5,030)	(23,368)	(13,991)	(14,104)	(10,000)
Amortization	(3,031)	(3,664)	(2,663)	(2,476)	(400)
Loss before all non-cash items	(708,348)	(679,938)	(645,742)	(554,242)	(510,400)
Stock-based compensation	(780,672)	(644,286)	(123,946)	(69,804)	(70,000)
Write off deferred costs	(3,172)	(531,619)	(1,377,126)	(1,378,884)	
Foreign exchange gain (Loss)	(31,363)	12,556	811	(11,105)	
Future income tax recovery	505,000	64,000		0	
Net income/(Loss)	(1,018,555)	(1,779,287)	(2,146,003)	(2,014,035)	(580,400)
Total Shares Outstanding (SO)	38,984,864	41,834,874	40,149,874	40,424,872	47,091,539
Weighted Average SO	34,466,629	39,427,222	40,060,148	40,274,873	43,758,205
Earnings (Loss) Per Share	-\$0.03	-\$0.05	-\$0.05	-\$0.05	-\$0.01
Statement of Cash Flow:					
Net income (Loss)	(1,018,555)	(1,779,287)	(2,146,003)	(2,014,035)	(580,400)
All non-cash Items	281,875	1,115,569	1,503,735	1,451,164	70,400
Cash flow from operations	(736,680)	(663,718)	(642,268)	(562,871)	(510,000)
Property capital expenditures	(1,707,433)	(1,581,357)	(583,357)	(428,997)	(400,000)
Other investing items	(72,023)	(12,042)	(7,199)	8,789	1,500
Free cash flow	(2,516,136)	(2,257,117)	(1,232,824)	(983,079)	(908,500)
Working capital changes	(60,761)	80,279	7,273	(5,445)	15,509
Cash flow before financing	(2,576,897)	(2,176,838)	(1,225,551)	(988,524)	(892,991)
Repayment to related parties	(98,000)	(19,028)		(198)	
Equity financing	5,825,325	0	0	0	1,000,000
Debt financing	0	0	0	0	
Change in cash	3,150,428	(2,195,866)	(1,225,551)	(988,722)	107,009
Cash, Beginning of the Period	919,635	4,070,063	1,874,197	648,646	393,781
Cash, End of the Period	4,070,063	1,874,197	648,646	393,781	500,790
	Jul. 31	Jul. 31	Jul. 31	Oct. 31	Jul. 31
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>	<u>2010E</u>
Balance Sheet:					
Cash	4,070,063	1,874,197	648,646	393,781	500,790
Other Current Assets	116,816	37,761	51,052	35,459	32,000
Mineral Properties	4,207,181	5,273,058	4,428,098	4,663,915	4,963,915
Other Assets	13,442	9,777	88,854	87,835	85,000
Total Assets	<u>8,407,503</u>	<u>7,194,793</u>	<u>5,216,650</u>	<u>5,180,990</u>	<u>5,581,705</u>
Current Liabilities	295,980	109,771	72,685	82,765	135,880
Other Liabilities	0	0	0	0	0
Debt Obligations	0	0	0	0	0
Total Liabilities	295,980	109,771	72,685	82,765	135,880
Shareholders' Equity	<u>8,111,523</u>	<u>7,085,022</u>	<u>5,143,965</u>	<u>5,026,225</u>	<u>5,445,825</u>
Total Liabilities & Equity	<u>8,407,503</u>	<u>7,194,793</u>	<u>5,216,650</u>	<u>5,108,990</u>	<u>5,581,705</u>
Book Value (S.E.) Per Share	\$0.21	\$0.17	\$0.13	\$0.12	\$0.12

COMMENT: Our estimate for F2010 shows that the Company's ability to finance is crucial to its survival. Given that the Company does not have a resource estimate for any of its properties, raising financing is difficult. Seeking partnerships is an alternative.

MANAGEMENT & DIRECTORS**Len Harris - President and CEO**

As an entrepreneur, Len Harris has founded and developed a number of successful businesses in the natural resource sector. He began his career in the late 1960s in the brokerage industry with Hemsworth Turton & Co. To enhance his mining and geological knowledge, Mr. Harris completed the University of British Columbia's Prospectors Course.

David Hudson, CA - Director

David Hudson qualified as a chartered accountant with Peat Marwick Mitchell in Leeds, England in 1973 and as a Canadian chartered accountant with Touche Ross in 1979.

John Nebocat, P.Eng - Director

John Nebocat was appointed a Director of the Company on June 20, 2008. He has 25 years' experience in earth science surveys and mineral exploration.

GEOLOGICAL ADVISORY TEAM**Richard Garnett, Ph.D.**

Richard Garnett has 45 years of mining experience. He previously worked as Chief Geologist for Geevor Tin Mines and Associated Mines, as Senior Mining Engineer for Patino Mining, and as Regional Manager for Rio Tinto Zinc.

N. Ralph Newson, P.Eng, P.Geo

Ralph Newson has 40 years of exploration experience. He was previously involved in uranium exploration for Brinex, a subsidiary of Rio Tinto.

Jim Turner, P.Geo - Director

Jim Turner has extensive experience in the exploration of base metals. He has held management and geologist positions with Newmont, Noranda, and Terrasat Geometics Inc. His work has taken him to Panama, Ghana, Mali, and Brazil. Mr. Turner graduated in 1971 from the University of British Columbia.

Norbert Jerome

Norbert Jerome has 44 years' experience, particularly in mining and developing uranium deposits in the Rocky Mountain uranium district of the U.S.A.

Roger Laine, Ph.D., P.Geo - Director

Roger Laine has 14 years of uranium experience with Cogema, most notably as Vice President of Exploration with Amtok Inc., a Cogema subsidiary.

For more detailed descriptions of the Directors and Management, see our Initiating Report and Update Report.

APPENDIX: THE URANIUM MARKET

The following graph is courtesy of The Ux Consulting Company, LLC. It shows the U3O8 spot price (solid line) and the long-term contract price (dotted line).



The Ux Prices are copyrighted and owned by The Ux Consulting Company, LLC. It should be noted that any reference, use or pictorial display of Ux prices **must be approved by UxC** and **must include** the line:

Source: The Ux Consulting Company, LLC and include a link back to UxC's home page at <http://www.uxc.com/>

The uranium market, like other commodity markets, is volatile in nature, moving with changes in demand and supply conditions. However, the spot uranium market has more exposure to the role-play of speculators, such as hedge funds, and to political influence than other commodities such as copper or nickel. According to the Conservation Council of South Australia, about half of the total uranium production is for military use; only 430 out of a total of 1,100 operating nuclear reactors are for commercial use.

Most demand for uranium comes from five major countries (the U.S.A., Russia, the U.K., France, and China). After the end of the Cold War, the demand for uranium declined significantly. In addition, the Chernobyl and Three Mile Island incidents caused the demand for nuclear power generation to plummet further, as public interest for nuclear power generation waned. This explains the low uranium prices in the 1990s and the first half of the 2000s.

In the advent of China and India emerging as new economic powers, the world's increasing attention for global warming, and the U.S.A. focusing on shifting away from reliance on uneconomic oil and gas-fired fuels for new power plants, the demand for cleaner energy and, henceforth, nuclear power generation, is increasing. With a few uranium mines still in production and very limited exploration activities in the early 2000s, the world experienced excess demand and the price started trending upwards sharply. The upward trend started in mid 2004, reaching its peak in June 2007 at US\$138/lb.

Another factor causing supply shortage was that two major mines were flooded during this period. The first one was Cameco's Cigar Lake (the world's largest undeveloped high-grade uranium deposit) in October 2006 that pushed its expected production date back to 2013 from 2008. The other flooding was Energy Resources (Australia), which significantly reduced the mine production to 7.5 million pounds from a planned production of 11.5 million pounds or 4% of the world's total uranium output.

However, the steep upward slope of the spot price between 2005 and June 2007 did not reflect the shift in demand/supply conditions since the changes in these conditions are more gradual rather than what was indicated by the chart above.

The spot uranium price started trending down after June 2007. This can be explained by: (1) lack of buying interest on the spot market since 85% of commercial uranium transactions are long-term contracts. The spot price tends to be more volatile and does not necessarily reflect long-term contract prices since spot prices are recorded on the latest contract being delivered while the long-term contracts are negotiated between the producers and utility companies; and (2) lack of market liquidity on uranium transactions resulting in speculators and hedge fund selling off their positions. According to StockReview.com, a few million pounds being offered to sell in the spot market would put a lot of downward pressure on prices.

The current spot market price (as of January 11, 2010) is US\$44.50/lb. We believe the current spot price does not reflect long-term contract prices. Industry expectations for the long-term uranium price forecast is US\$80/lb. Currently, the average long-term contract price is about \$65/lb.

Fundamentally, future uranium prices will revolve around demand-supply forces. However, we acknowledge that there are some issues that could cause a significant shift in long-term contract prices, as well as spot market behaviour.

The major demand issues include financing the many proposed mega projects, overcoming potential labour shortages, and dealing with government policies and regulations.

The supply issues include the uncertainty as to whether Kazakhstan can achieve its goal of producing 39 million lbs U₃O₈ by 2010, whether Cameco can realize on its targeted re-opening of Cigar Lake by 2012 (possibly 2013), whether Australia's Olympic Dam can be expanded to its objective of 30 million lbs by 2014, and whether AREVA's Niger mine can open in 2010 and reach optimum output of 10 million lbs by 2014.

COMMENT: *Low spot prices could significantly impact junior exploration companies such as Anglo-Canadian Uranium, since low prices, coupled with tight credit markets, discourage investors, making it difficult for these companies to obtain financing.*

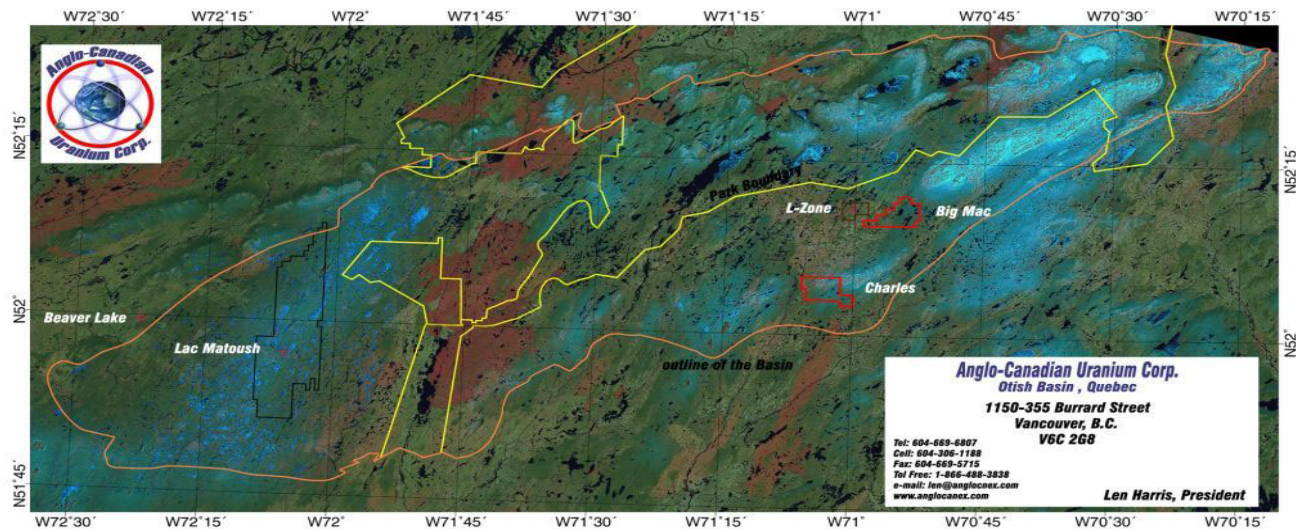
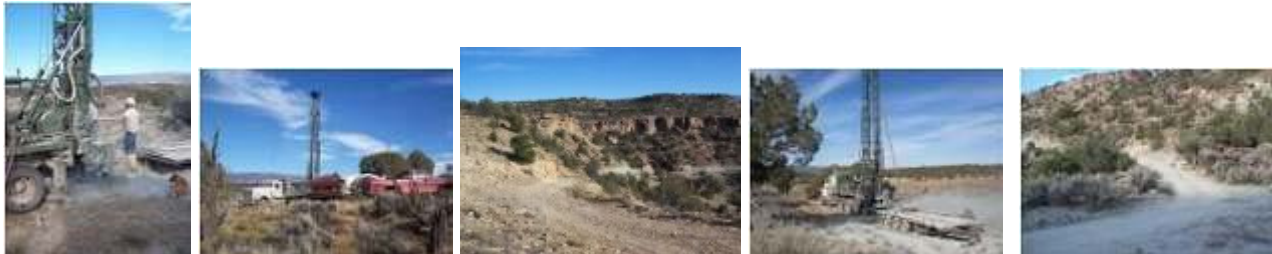
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ANALYST CERTIFICATION

The Research Analyst who was involved in the preparation of this Research Report hereby certifies that:

- (1) the views and opinions expressed herein accurately reflect the Research Analyst's personal views concerning any and all securities and issuers that are either discussed or are the subject matter of this Research Report; and
- (2) the compensation received for the preparation of this report was not related, in any way, to the Research Analyst's views and opinions expressed herein.

eResearch Analysts on this Report:

Eric Eng, BA (Acct., Econ.), MBA - Eric Eng worked at DBRS as an Analyst/Vice President for 10 years. He obtained a BA in Accounting and Economics and a MBA in Finance at the University of Toronto. He joined eResearch in January 2008.

Bob Weir, B. Comm, B.Sc., CFA: Bob Weir has 43 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He joined eResearch in 2004 and has been its President, CEO, and Managing Director, Research Services since May 2005. Prior to joining eResearch, he was at Dominion Bond Rating Service (DBRS), latterly as Executive Vice-President responsible for supervising the firm's 34 analysts and conducting the day-to-day management affairs of the company.

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Buy:	Expected total return within the next 12 months is between 10% and 40%.
Speculative Buy:	Expected total return within the next 12 months is substantial, but Risk is High (see below).
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Operational - Weak competitive market position, early stage of development, unproven operating plan, high cost structure, industry consolidating, business model/technology unproven or out-of-date.
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