

# NUCLEAR MARKET REVIEW

The Source for Uranium Prices & Industry News Since 1968

A TradeTech publication

<http://www.uranium.info>

## The Market

### MARKET WATCH

Weekly U<sub>3</sub>O<sub>8</sub> Spot Price Indicator \*

**\$52.75** (▲ Up \$0.75)

Daily U<sub>3</sub>O<sub>8</sub> Spot Price Indicator \*

**\$52.75** (01/13/12)

Mid-Term U<sub>3</sub>O<sub>8</sub> Price Indicator \*

**\$55.00** (12/31/11)

Long-Term U<sub>3</sub>O<sub>8</sub> Price Indicator \*

**\$61.00** (12/31/11)

\* US\$ per pound U<sub>3</sub>O<sub>8</sub> equivalent

### The Market This Week . . .

- Three transactions and new demand in the spot uranium market.
- New demand in the term uranium market.
- No transactions or no new demand in the conversion market.
- No transactions or no new demand in the enrichment market.

### Uranium

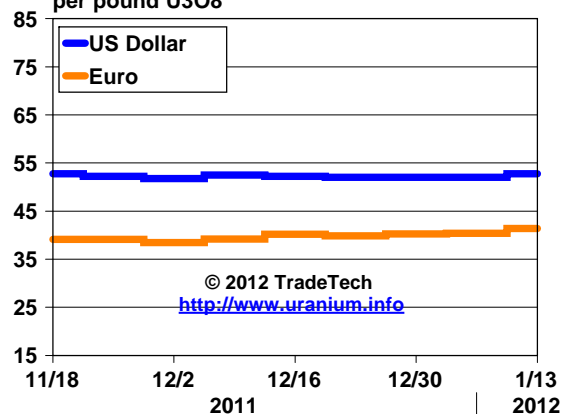
TradeTech's Weekly U<sub>3</sub>O<sub>8</sub> Spot Price Indicator rose \$0.75 to \$52.75 per pound U<sub>3</sub>O<sub>8</sub>. The emergence of new demand, from a non-US utility seeking over 800 thousand pounds U<sub>3</sub>O<sub>8</sub> for delivery by the end of the first quarter, helped trigger the price rise. A non-US producer is also seeking 200 thousand pounds U<sub>3</sub>O<sub>8</sub>. Three transactions totaling less than 400 thousand pounds U<sub>3</sub>O<sub>8</sub> are reported for this

week, which included varied prices due to delivery timing and location. Delivery location remains an important element in price deliberations with material delivered in Europe continuing to command a slightly higher price than material delivered in North America.

New demand also emerged in

the term market with a non-US utility seeking approximately 1.2 million pounds for delivery over a four-year period. A non-US utility, seeking a total of over 1.7 million pounds U<sub>3</sub>O<sub>8</sub> for delivery between 2014 and 2020, is evaluating offers. Another non-US utility continues to evaluate offers for deliveries beginning in 2018 and continuing through 2023. One non-US utility seeking up to 50 percent of its uranium, conversion, and enrichment requirements

TradeTech Weekly U<sub>3</sub>O<sub>8</sub> Spot Price Indicator per pound U<sub>3</sub>O<sub>8</sub>



## The Market

with deliveries beginning in 2015 has concluded its evaluation and has begun contract negotiations with selected suppliers. A fourth non-US utility continues to evaluate offers for up to 2.9 million pounds U<sub>3</sub>O<sub>8</sub> equivalent contained in UF<sub>6</sub> or enriched uranium product (EUP) for delivery that would begin in 2012 and continue for the life of the plant, or until 2032. Another non-US utility is evaluating offers for long-term deliveries that would begin in 2015.

### Conversion

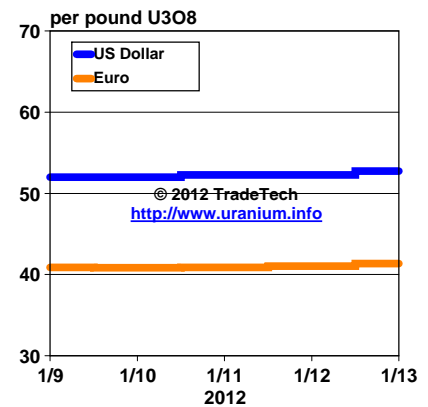
A non-US utility, seeking offers for up to 50 percent of its conversion requirements, has completed its evaluation. Another non-US utility is evaluating offers for up to 1,120 tU of conversion contained in UF<sub>6</sub> or EUP. A non-US utility is awaiting offers for conversion for delivery in the 2013-2019 time frame. Several utilities continue to evaluate offers for conversion or conversion contained in UF<sub>6</sub>. One non-US utility is seeking offers for 500 tU of conversion for delivery in 2015-2019. Another non-US utility is

evaluating offers for 1,700 tU of conversion for delivery in the 2012-2015 period.

### Enrichment

One non-US utility, seeking up to 50 percent of its requirements as SWU and/or EUP, has completed its evaluation and is in the process of contract negotiations with the selected supplier. Another non-US utility is evaluating offers for approximately 1 million SWU to be delivered between 2012 and 2032. A number of US utilities remain in the evaluation process for enrichment services.

TradeTech Daily U3O8 Spot Price Indicator



## Events

Jan 24

### Nuclear Fuel Supply Forum

Westin Georgetown  
Washington, DC, USA

<http://www.nei.org/newsandevents/conferencesandmeetings>

Jan 30-Feb 1

### EUEC 2012

Phoenix Convention Center  
Phoenix, Arizona, USA

<http://www.euec.com>

Feb 6-9

### Mining Indaba

Cape Town Int'l Convention Centre  
Cape Town, South Africa

<http://www.miningindaba.com>

Feb 9-10

### Platts 8<sup>th</sup> Annual Nuclear Energy

Marriott Bethesda North  
Bethesda, Maryland, USA

<http://www.platts.com/ConferenceDetail/2012/pc209/index>

Feb 21-23

### India Int'l Nuclear Symposium

Taj Palace Hotel  
New Delhi, India

<http://www.wna-symposium.org/india/>

For more events, visit:

<http://www.uranium.info>

# The News

## **ERA Reports Higher Q4 Uranium Production**

Energy Resources of Australia Ltd. (ERA) has reported production at its Ranger mine of 1,030 tU<sub>3</sub>O<sub>8</sub> (2.3 million pounds U<sub>3</sub>O<sub>8</sub>) for its fourth quarter ended December 31, which was a 12 percent decrease compared to the same quarter a year earlier and 2 percent higher than the third quarter of 2011.

ERA's uranium production for the full year, which totaled 2,641 tU<sub>3</sub>O<sub>8</sub> (5.8 million pounds U<sub>3</sub>O<sub>8</sub>), was significantly affected by a temporary processing plant suspension during the first half of the year (January 28-June 15, 2011) due to an above average wet season in the Northern Territory.

Following record rainfall in December last year, ERA has been unable to fully dewater Pit 3 at the Ranger project. As a result, access to high-grade ore located at the bottom of the pit will be delayed and "is highly dependent on rainfall experienced for the remainder of the 2011/2012 wet season," according to a January 12 company statement. ERA noted that the excess delay may impact uranium production this year.

Following board and regulatory approvals last year to build the Ranger 3 Deeps exploration decline, ERA has been working to prepare the site. Construction of the box cut is scheduled to begin in May this year.

## **USEC Continues Working on American Centrifuge Project**

USEC announced today that it continues to work on the American Centrifuge project and that the company and the US Department of Energy (DOE) have identified a path to provide interim funding for the initial phase of a research, development, and demonstration (RD&D) program for the project in Ohio.

The US\$300 million program proposed by DOE would provide funding of RD&D activities through the end of March, and would "enhance the technical and financial readiness of the centrifuge technology for commercialization," according to USEC.

In the meantime, USEC will continue to work with DOE and the US Congress to secure funding to complete the RD&D program.

## **Lawmakers Urge DOE to Act on ACP & Tails Re-enrichment Funding**

A group of US lawmakers is urging the US Department of Energy (DOE) to use its authority to move forward a project to re-enrich depleted uranium tails and to budget research, development, and demonstration (RD&D) funds for USEC's American Centrifuge project.

In a January 12 letter to US Secretary of Energy Steven Chu, members of Congress, including

US Representative Ed Whitfield (R-Kentucky) and Speaker of the House John Boehner (R-Ohio), said DOE has the authority to re-enrich the tails and do the American Centrifuge RD&D through "various funding mechanisms, including, but not limited to, conducting a title transfer of tails with the loan guarantee applicant."

The lawmakers asked DOE to take swift action as the title transfer would provide the needed time and resources to ensure USEC's American Centrifuge project moves forward. They also asked DOE to include the project in the Fiscal Year 2013 budget request, which would allow Congress to consider it through the appropriations process.

## **Uranium Mining Around Grand Canyon Banned for 20 Years**

The Obama administration has banned new hard rock mining on over one million acres of uranium-rich land near the Grand Canyon.

US Interior Secretary Ken Salazar said the 20-year mining ban was the "right approach for this priceless American landscape," countering claims from Arizona Republicans who want to open up the land to new mining claims. Republican Senator John McCain (R-Arizona) said the ban is a "devastating blow to job creation in northern Arizona."



# The News

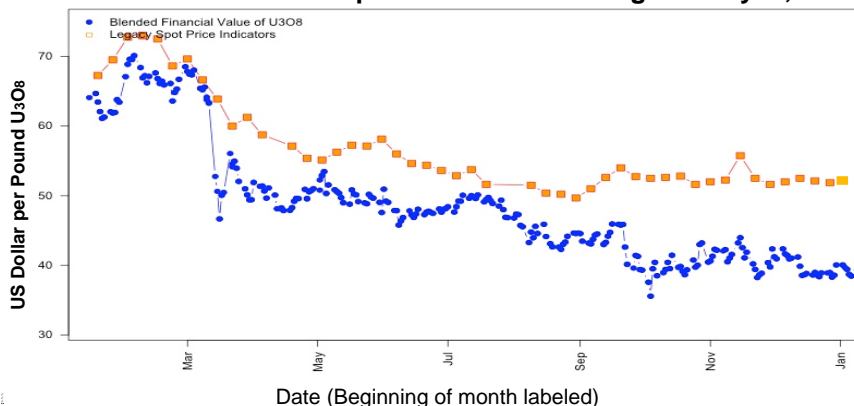
## Altametric Blended Financial Value\*

01/12/12 - **\$42.69** per pound U<sub>3</sub>O<sub>8</sub>

▲ Up \$1.30 from previous day's close

\*as published by Altametric

### Blended Financial Value and Spot Price Indicators through January 13, 2012



BFV Source: Altametric - Last Indicator: TradeTech Only

## STOCK WATCH

1-13-11

Closing Price<sup>1</sup>

### Company

Company	Closing Price <sup>1</sup>	Change	% Change	Value
<b>AREVA (EPA:AREVA)</b>	<b>E19.485</b>	<b>▲ Up</b>	<b>6.5%</b>	<b>E1.19<sup>2</sup></b>
Bannerman Resources Ltd. (ASX:BMN)	A\$0.225	▲ Up	7.1%	\$0.015
BHP Billiton Ltd. (ASX:BHP)	A\$36.60	▲ Up	3.9%	\$1.36
Cameco Corp. (TSX:CCO)	C\$20.65	▲ Up	8.2%	\$1.57
Denison Mines (TSX:DML)	C\$1.61	▲ Up	13.4%	\$0.19
Energy Fuels Inc. (TSX:EFR)	C\$0.30	▼ Dwn	3.2%	\$0.01
Energy Resources of Australia (ASX:ERA)	A\$1.33	▲ Up	14.2%	\$0.165
First Uranium Corp. (TSX:FIU)	C\$0.205	▼ Dwn	8.9%	\$0.02
Paladin Energy Ltd. (ASX:PDN)	A\$1.515	▲ Up	11.0%	\$0.15
Pele Mountain Resources Inc. (TSX:GEM)	C\$0.125	◆ No Chg	0.0%	\$0.00
Powertech Uranium Corp. (TSX:PWE)	C\$0.16	▲ Up	60.0	\$0.06
<b>Rio Tinto plc (LSE:RIO.L)</b>	<b>p3,561.00</b>	<b>▲ Up</b>	<b>7.5%</b>	<b>p247.50</b>
Strathmore Minerals Corp. (TSX:STM)	C\$0.41	▲ Up	9.3%	\$0.035
Toro Energy Limited (ASX:TOE)	A\$0.092	▼ Dwn	4.2%	\$0.004
Ur-Energy Inc. (NYSE-Ait:URG)	US\$0.93	▲ Up	6.9%	\$0.06
Uranerz Energy Corp. (NYSE-Ait:URZ)	US\$2.21	▲ Up	11.1%	\$0.22
Uranium Energy Corp. (NYSE-Ait:UEC)	US\$3.43	▲ Up	11.4%	\$0.35
Uranium One Inc. (TSX:UUU)	C\$2.37	▲ Up	3.5%	\$0.08
Uranium Participation Corp. (TSX:U)	C\$2.37	▼ Dwn	56.5%	\$3.08
Uranium Resources Inc. (NASDAQ:URRE)	US\$0.80	▲ Up	3.9%	\$0.03
URU Metals Limited (LSE:URU)	p6.62	◆ No Chg	0.0%	p0.00
USEC, Inc. (NYSE:USU)	US\$1.33	▲ Up	2.3%	\$0.03
WildHorse Energy Ltd. (ASX:WHE)	A\$0.155	▼ Dwn	3.1%	\$0.005

<sup>1</sup> Stock Watch represents a random sample of nuclear and uranium industry companies traded publicly. Closing prices are gathered from sources believed to be accurate. TradeTech assumes no legal liability or responsibility for the accuracy of this information.

<sup>2</sup> Percent and value change from previous Friday's closing price.

## Financial News . . .

AREVA of France this week denied recent media reports that it may be considering the acquisition of a stake in uranium enricher **URENCO Ltd.** (*Nuclear Market Review*, January 6, 2012).

The UK and Dutch governments each hold a one-third share in URENCO, and the British government has been looking for a buyer for its share since 2009.

TSX-listed **Laramide Resources Ltd.** has completed a second tranche of a non-brokered private placement, which consisted of an additional 750,000 units at C\$0.80 (US\$0.79) per unit for gross proceeds of \$600,000 (US\$589,000) million.

The second tranche combined with the 2.125 million units completed on December 30, 2011, brings the total amount raised under the offering to \$2.3 million (US\$2.26 million).

Laramide plans to use proceeds of the offering to fund its Westmoreland uranium project in Australia, the La Sal uranium project in the USA, and for general corporate purposes.

**Rio Tinto** has acquired, through an indirect wholly owned subsidiary, the remaining 7,944,151 common shares of uranium junior **Hathor Exploration Ltd.** not already owned by Rio Tinto and its affiliates, which represents approximately 5.87% of the outstanding Hathor common shares.

Rio Tinto is now the registered holder of about 135.3 million Hathor common shares, representing 100% of the outstanding Hathor common shares on a fully-diluted basis. Hathor's shares were delisted from the Toronto Stock Exchange on January 12.

## The News

### **Grand Canyon cont'd . . .**

The region contains approximately 40 percent of the USA's known uranium resources and could potentially be worth tens of millions of dollars.

Salazar imposed a two-year moratorium on new mining around the Grand Canyon in 2009 to provide time to study a long-term ban. In June 2011, he extended the moratorium for an additional six months. The ban does not prohibit previously approved uranium mining, and new projects that could be approved on claims and sites with valid existing rights, according to the Interior Department.

### **Crosshair Reports Initial Uranium Resource at Juniper Ridge**

Crosshair Energy Corp. has reported an initial NI 43-101 resource estimate for its Juniper Ridge project in Wyoming that includes an Indicated resource of 5.2 million pounds U<sub>3</sub>O<sub>8</sub>, using a grade thickness cut-off of 0.1 %-ft.

This initial resource estimate will be used as a basis for the company's upcoming Preliminary Economic Assessment. Crosshair expects that with 120,000 feet of drilling planned for 2012, additional uranium resources will be discovered at the project. "Based on historical drilling, there is a potential for 7 to 10 million pounds U<sub>3</sub>O<sub>8</sub>," according to a January 12 company statement.

### **Court Finds German Nuclear Tax within EU Law**

A regional finance court in Germany has ruled that a tax on

nuclear fuel rods in the country's commercial nuclear plant does not violate the constitution or European Union laws.

The tax was introduced by the federal government in 2011, and has been opposed by the country's nuclear utilities. The Stuttgart court's decision this week supports the government's position and sharply contrasts the decisions of two other regional finance courts in Munich and Hamburg, which last year were uncertain if the tax would be legal.

The latest court decision does not supersede the previous decisions, according to a spokesman for the Stuttgart court. He said that the main proceedings over the legality of the nuclear tax will eventually be decided by Germany's federal finance court, according to a Dow Jones report.

### **Duke, Progress Extend Merger Deadline to July**

Duke Energy Corp. and Progress Energy Inc. have agreed that July 2012 will be the new deadline for completing their merger to create the USA's largest electric utility.

The companies had worked all of last year to complete their deal by the end of 2011. That target, however, was delayed when the US Federal Energy Regulatory Commission said the companies need to do more to protect competition in their North Carolina and South Carolina home markets. Duke and Progress said that revising their deal to satisfy federal regulators would take until March at the earliest, but that both companies remained committed to the merger.

The new combined company, valued at US\$65 billion, will have the largest fleet of regulated nuclear plants in the USA. Sixteen percent of the new company's 57,200 MWe generation capacity will be derived from 12 nuclear facilities in North Carolina and South Carolina.

### **Peninsula Discovers High-Grade Uranium at Karoo Project**

ASX-listed Peninsula Energy is continuing exploration drilling at its Karoo Project in South Africa, with further drilling demonstrating widespread distribution of near-surface, high-grade uranium in broad paleochannels.

High-grade results have been returned from Site 29. The depth of mineralization is shallow, averaging 13.1 meters within a range of 7.2-20.2 meters, which is very encouraging from a potential development perspective. The company is planning further drilling this year for Site 29 to determine the subsurface extent of the host sandstone unit and to target further mineralization.

### **CEZ May Lower Reactor Expansion Target**

Czech Republic utility CEZ may reportedly reduce the size of its planned tender for new reactors to two from as many as five, according to media reports citing CEO Daniel Benes.

CEZ had planned to seek a contract for two additional reactors at its Temelin nuclear station with an option for three more reactors at its Dukovany nuclear station.

# Uranium Market Data

## Monthly Market Values

NUEXCO Values	12/31/12	Units
Exchange Value	\$52.00	US\$ / lb U <sub>3</sub> O <sub>8</sub>
UF <sub>6</sub> Value	\$143.25	US\$ / kgU as UF <sub>6</sub>
Loan Rate	1.75	Percent / annum
<b>Conversion Value</b>		
• North American	\$7.50	US\$ / kgU as UF <sub>6</sub>
• European	\$8.00	US\$ / kgU as UF <sub>6</sub>
SWU Value	\$140.00	US\$ / SWU
Transaction Value	\$52.50	US\$ / lb U <sub>3</sub> O <sub>8</sub>
Mid-Term U <sub>3</sub> O <sub>8</sub>	\$55.00	US\$ / lb U <sub>3</sub> O <sub>8</sub>
Long-Term U <sub>3</sub> O <sub>8</sub>	\$61.00	US\$ / lb U <sub>3</sub> O <sub>8</sub>
<b>Long-Term Conversion</b>		
• North American	\$16.75	US\$ / kgU as UF <sub>6</sub>
• European	\$17.25	US\$ / kgU as UF <sub>6</sub>
Long-Term SWU	\$148.00	US\$ / SWU

### DEFINITIONS\*

TradeTech's Exchange Value, UF<sub>6</sub> Value, Conversion Values and SWU Values reflect the company's judgment of the price at which spot and near-term transactions for significant quantities of natural uranium concentrates (U<sub>3</sub>O<sub>8</sub>), natural uranium hexafluoride (UF<sub>6</sub>), or conversion or enrichment services could be concluded as of the last day of the month. The Loan Rate is TradeTech's judgment of the annual interest rate at which uranium loans could be concluded as of the last day of the month. The Transaction Value is a weighted average price of recent natural uranium sales transactions. The Mid-Term U<sub>3</sub>O<sub>8</sub> Price Indicator is our judgment of the base price at which transactions for mid-term or intermediate delivery of natural uranium concentrates could be concluded as of the last day of the month, for transactions in which the price at the time of delivery would be an escalation of the base price from a previous point in time. The Long-Term Price Indicators for U<sub>3</sub>O<sub>8</sub>, Conversion, or SWU are TradeTech's judgment of the base price at which transactions for long-term delivery of that product or service could be concluded as of the last day of the month, for transactions in which the price at the time of delivery would be an escalation of the base price from a previous point in time. The U<sub>3</sub>O<sub>8</sub> Weekly Spot Price Indicator is our judgment of the price at which spot transactions for significant quantities of natural uranium concentrates could be concluded as of the end of each Friday.

The Restricted SWU Value applies to all services delivered in the United States and European Union. The Unrestricted SWU Value applies to all enrichment services delivered outside the United States and European Union.

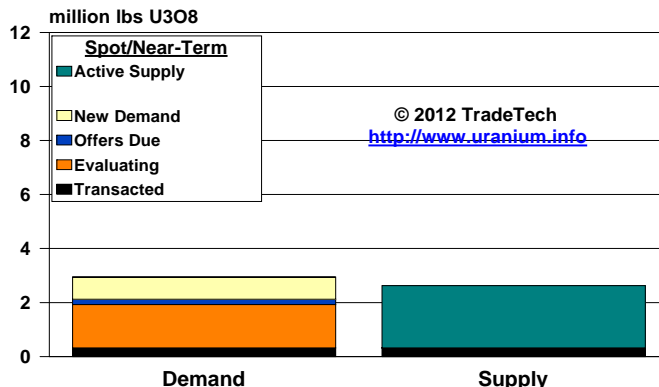
All Market Values are expressed in US\$ and are based on:

- Data from recently completed transactions.
  - Data from pending transactions.
  - Firm bids to buy or borrow, and firm offers to sell or lend.
  - Prices purchasers or rates borrowers have expressed a willingness to pay, but for which we are not aware of firm bids to buy or borrow and prices sellers or rates lenders have expressed a willingness to accept, but for which we are not aware of firm offers to sell or lend.
- In the determination of all Market Values, we do not consider:
- Prices associated with deliveries under old or renegotiated contracts, or other than arm's-length transactions.
  - Charges for transportation other than that customarily provided by suppliers.
  - Prices of services or materials delivered under long-term contracts with primary suppliers.

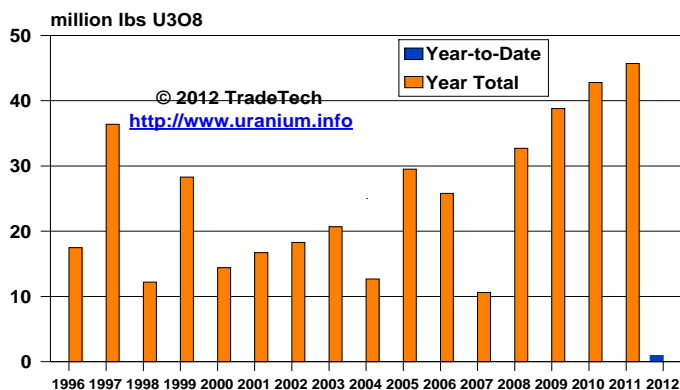
\* Complete definitions, including derivations and comments, can be found on our Web site at: <http://www.uranium.info>.

■ All rights to the names NUEXCO Market Values; NUEXCO Exchange Value®, NUEXCO UF<sub>6</sub> Value; NUEXCO Conversion Value, NUEXCO SWU Value and NUEXCO Loan Rate are the property of TradeTech, LLC, Denver, Colorado, USA.

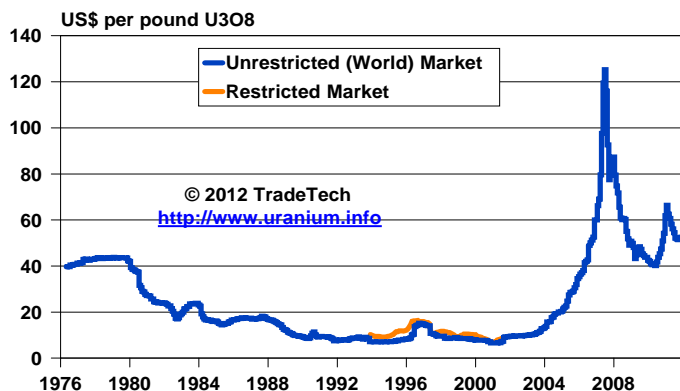
## Uranium Market Activity



## Uranium Transaction Volume



## Transaction Value



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