

NUCLEAR MARKET REVIEW

The Source for Uranium Prices & Industry News Since 1968

A TradeTech publication

<http://www.uranium.info>

The Market

MARKET WATCH

U₃O₈ Weekly Spot Price Indicator

\$60.00

US\$/lb U₃O₈ equivalent

▲ Up \$0.10

U₃O₈ Transaction Value *

\$47.40

U₃O₈ Mid-Term Price Indicator *

\$56.00

U₃O₈ Long-Term Price Indicator *

\$62.00

* US\$/lb U₃O₈ equivalent
As of October 31, 2010

The Market This Week . . .

- Two transactions in the spot uranium market.
- One transaction in the uranium term market.
- No transactions or new demand in the conversion market.
- No transactions or new demand in the enrichment market.

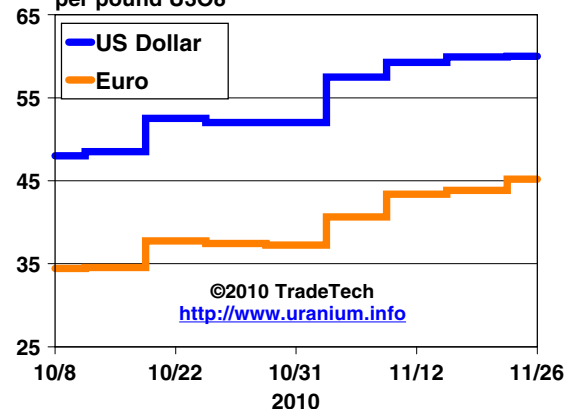
reported for the week. Current demand is primarily comprised of discretionary buyers in search of bargains and the gap between willing buyers and willing sellers widened this week. However, in spite of the slowdown in market activity, sellers were encouraged by the announcement this week that China made further long-term commitments and continued to increase offer prices. TradeTech's Uranium Spot Price rose \$0.10 to \$60.00 per pound U₃O₈, a price level not seen since August 2008.

Uranium

Market participants came together in Beijing this week to attend the first *China International Nuclear Symposium* (*In Focus*, p. 3). The conference, sponsored by the World Nuclear Association and the China Nuclear Energy Association, was a venue for members of the international nuclear power industry to discuss the developing nuclear renaissance, with the spotlight on China, which

is aiming for significant long-term nuclear power expansion. The industry's focus on this international conference, as well as the US Thanksgiving holiday, led to light trading volume in the uranium spot market this week. Only two spot transactions totaling less than 500 thousand pounds U₃O₈ are

TradeTech U₃O₈ Weekly Spot Price Indicator
per pound U₃O₈



The Market

One transaction is reported in the term uranium market this week. China Guangdong Nuclear Power Co. announced this week that it has committed to the long-term purchase of 29 million pounds U₃O₈ from Cameco Corp. (*The News*, p. 4). One utility is evaluating offers for up to 975 thousand pounds U₃O₈ equivalent to be delivered between 2012 and 2014, and up to 1.5 million pounds U₃O₈ equivalent for delivery between 2015 and 2018. Another utility is seeking up to 1 million pounds U₃O₈ for delivery in the 2012-2016 period, and another 2.5 million pounds U₃O₈ for delivery between 2017 and 2021. A third utility is seeking offers for deliveries beginning in 2012. In addition, offers are due next week to a non-US utility seeking offers for long-term deliveries beginning in 2015.

Conversion

In the conversion market, several utilities continue to evaluate offers for conversion or conversion services contained in UF₆. One US utility is evaluating offers for nearly 400 tU of conversion or conversion contained in UF₆ to be delivered between 2012 and

2014, and for almost 600 tU of conversion or conversion contained in UF₆ for delivery in 2015 through 2018. One non-US utility is looking to purchase over 400 tU of conversion for delivery in 2011. One non-US entity has requested offers for 100 tU of conversion contained in UF₆. A US utility is seeking 200 tU for delivery in 2011 and 2012, and up to 425 tU of conversion or conversion contained in UF₆ for delivery in 2015 and beyond. Another non-US utility is evaluating offers for 1,700 tU of conversion for delivery between 2010 and 2014.

Enrichment

No activity is reported this week in the enrichment market. One utility is seeking a total of approximately 100 thousand SWU. A number of other utilities remain in the market seeking offers for spot SWU purchases. One utility is seeking 400 thousand SWU for delivery beginning in 2011, while another utility awaits offers for long-term enrichment supply.

Events

Dec 5-10

NWMA 2010 Annual Meeting, Exposition, and Short Courses
Spokane Convention Center
Spokane, Washington, USA
<http://www.nwma.org>

Dec 7-8

Nuclear Energy in Asia 2010
Regal Kowloon Hotel
Hong Kong, China
<http://www.nuclearenergyasia.com/Event.aspx?id=355856>

Jan 26, 2011

Nuclear Fuel Supply Forum
W Washington DC Hotel
Washington, DC, USA
<http://www.nei.org/newsandevents/conferencesandmeetings>

Feb 7-10, 2011

Mining Indaba
Cape Town Int'l Convention Centre
Cape Town, South Africa
<http://www.miningindaba.com>

Feb 16-18, 2011

Platts 7th Annual Nuclear Energy
Marriott Bethesda North
Bethesda, Maryland, USA
<http://www.platts.com/ConferenceDetail/2011/pc109/index>

Feb 27-Mar 3, 2011

WM 2011
Phoenix Convention Center
Phoenix, AZ, USA
<http://www.wmsym.org>

Apr 5-7, 2011

World Nuclear Fuel Cycle
Swissotel Chicago
Chicago, Illinois, USA
<http://www.wnfc.info>

For more events, visit:
<http://www.uranium.info>



The News



In Focus . . . The First China International Nuclear Symposium

This week in Beijing, the first “China International Nuclear Symposium” brought together nuclear industry participants to discuss the global nuclear renaissance, with a major focus on China. The conference, hosted in Asia’s fastest growing economy, presented the opportunity for participants to exchange information about the evolving nuclear power industry.

Focus on Asia

Sponsored by the World Nuclear Association and the China Nuclear Energy Agency (CNEA), the conference focused on international nuclear developments, particularly in China, as the country strives to rapidly increase nuclear generating capacity. The CNEA has recommended the government adopt a 2020 goal of 70 GWe of nuclear power capacity, while companies in the nuclear sector are pushing for more, according to association Vice Chairman Zhao Chenkun. China is expected to unveil a development plan for its alternative energy sector in the coming months, which will reflect updated 2020 targets for nuclear energy and renewable energy sources such as hydropower and wind power. The country’s rapid expansion of nuclear energy means it is expected to surpass the existing goal of 40 GWe, which could be raised to as much as 80 GWe by the government.

Asia—the location of more than 30 reactors currently under construction—is the center of nuclear power expansion. According to the International Atomic Energy Agency Deputy Director General Yury Sokolov, the best strategy to strengthen energy supply security is to diversify among sources and suppliers. In most countries, nuclear expansion would increase diversity in the electricity sector.

“Volatility in nuclear fuel costs is less likely than other fuel sources, in particular natural gas prices. Nuclear fuel is provided by a diverse global roster of stable uranium producers, and a long-term supply of fuel requires little storage space. And for nuclear power, fuel costs are a smaller fraction of generation costs than they are for either gas-fired or coal-fired generation,” Sokolov explained.

Nuclear Growth in China

State-owned China National Nuclear Corp. (CNNC) is working toward the future and following a path to build thermal reactors in the near term, fast reactors in the mid term, and fusion reactors in the long term. Expansion of China’s nuclear power sector is being led by CNNC, as well as China Guangdong Nuclear Power Co. (CGNPC), China Power Investment Corp., and China Datang Corp. Daya Bay Nuclear Management Co., which operates China’s first nuclear plant at Qinshan and the country’s first commercial nuclear station at Daya Bay, both commissioned in 1994, will provide training services for new nuclear plants.

While China is advancing its indigenous nuclear power program, it is also relying on assistance from the international nuclear community in the form of joint ventures to build some new reactors. State-controlled Electricité de France (EDF) holds a 30 percent interest in the Taishan Nuclear Power Joint Venture Co. to develop and operate two 1,750 MWe EPRs with CGNPC. Construction of Taishan 1 and 2 began in November 2009 and April 2010, respectively. Unit 1 is scheduled to begin operating in 2013, according to Michel Pierrat, CEO of EDF’s China Division. EDF has been in cooperation with China’s nuclear power sector for 25 years, according to Pierrat.

The News

NYNCO Blended Financial Value

\$58.92

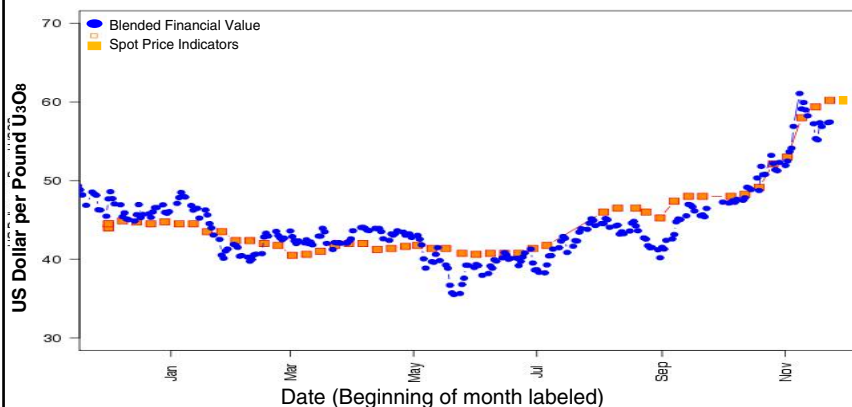
US\$/lb U₃O₈ equivalent *

▼ **Down \$0.15****

* as of 11/26/10

** from previous day's close as published by New York Nuclear Corp.

Blended Financial Value and Spot Price Indicators through November 26, 2010



BFV Source: Uranium OnLine - Last Indicator: TradeTech Only

STOCK WATCH

11-26-10

Closing Price ¹

Company	Closing Price	Change	% Change	Value
AREVA (PSE:CEI)	E331.50	▼ Dwn	3.96%	E13.30 ²
Bannerman Resources Ltd. (ASX:BMN)	A\$0.62	▲ Up	8.8%	\$0.05
BHP Billiton Ltd. (ASX:BHP)	A\$43.20	▼ Dwn	0.9%	\$0.41
Cameco Corp. (TSX:CCO)	C\$37.54	▲ Up	4.2%	\$1.52
Denison Mines (TSX:DML)	C\$3.30	▲ Up	26.4%	\$0.69
Energy Fuels Inc. (TSX:EFR)	C\$0.65	▲ Up	3.2%	\$0.02
Energy Resources of Australia (ASX:ERA)	A\$11.25	▼ Dwn	0.1%	\$0.01
First Uranium Corp. (TSX:FIU)	C\$1.30	▲ Up	21.5%	\$0.23
Niger Uranium Ltd. (LSE:URU)	p6.50	▼ Dwn	16.1%	p1.25
Paladin Energy Ltd. (ASX:PDN)	A\$4.92	▲ Up	6.5%	\$0.30
Pele Mountain Resources Inc. (TSX:GEM)	C\$0.33	▲ Up	20.0%	\$0.055
Powertech Uranium Corp. (TSX:PWE)	C\$0.385	▲ Up	1.3%	\$0.005
Rio Tinto plc (LSE:RIO.L)	p4,179.00	▼ Dwn	1.2%	p51.00
Strathmore Minerals Corp. (TSX:STM)	C\$1.30	▲ Up	20.4%	\$0.22
Toro Energy Limited (ASX:TOE)	A\$0.165	▲ Up	6.5%	\$0.01
Ur-Energy Inc. (NYSE-Alt:URG)	US\$1.99	▲ Up	15.0%	\$0.26
Uranerz Energy Corp. (NYSE-Alt:URZ)	US\$3.85	▲ Up	20.3%	\$0.65
Uranium Energy Corp. (NYSE-Alt:UEC)	US\$6.39	▲ Up	5.8%	\$0.35
Uranium One Inc. (TSX:UUU)	C\$5.41	▲ Up	13.2%	\$0.63
Uranium Participation Corp. (TSX:U)	C\$8.17	▲ Up	3.7%	\$0.29
Uranium Resources Inc. (NASDAQ:URRE)	US\$3.18	▲ Up	27.7%	\$0.69
USEC, Inc. (NYSE:USU)	US\$5.84	▲ Up	7.6%	\$0.41
WildHorse Energy (ASX:WHE)	A\$0.30	▼ Dwn	4.8%	\$0.015

¹ 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.

² Percent and value change from previous Friday's closing price.

Financial News . . .

Cameco Corp. has signed an agreement with **China Guangdong Nuclear Power Holding Co., Ltd. (CGNPC)** to supply 29 million pounds of uranium concentrate under a long-term agreement through 2025.

"This agreement is further evidence that our plan to double uranium production by 2018 aligns well with China's remarkable nuclear reactor construction program," said Cameco CEO Jerry Grandey. The agreement follows the June 24, 2010 signing of a framework agreement with CGNPC. The long-term supply agreement with CGNPC is subject to Chinese government approval.

Uranium One Inc. has received US Nuclear Regulatory Commission approval to close its transaction with Russia's JSC Atomredmetzoloto (ARMZ), which is the final regulatory approval required for the transaction.

The company has completed initial closing of the transaction, including the issue of 178,127,165 new common shares of Uranium One to ARMZ in return for US\$610 million in cash. Uranium One's board has declared a special dividend of \$1.06, payable on December 20, to all shareholders of record (other than ARMZ), on December 10.

The second closing, including acquisition of ARMZ's interest in the Akbastau and Zarechnoye uranium mines in Kazakhstan, in return for an additional 178,127,164 shares of Uranium One, will occur prior to the end of December.



The News

In addition, Toshiba Corp. is involved in the construction of four AP1000 PWRs in China (Sanmen 1 & 2 and Haiyang 1 & 2) and Atomic Energy of Canada Ltd. has built two PHWRs operating at the Qinshan Phase 3 station.

Securing China's Future Uranium Supply

China has ample uranium resources for its domestic nuclear power program today, according to Cao Shudong, director of CNNC's Department of Plan and Development. As CNNC advances its uranium exploration technology, uranium reserves have been expanded and new deposits have been discovered in the western region of Xinjiang and Inner Mongolia, Cao stated.

However, to help meet future fuel requirements for the country's growing nuclear plant fleet, several Chinese entities are branching out to secure stakes in uranium exploration and mining projects across the globe. Cao reported that CNNC's overseas division is seeking investments in foreign uranium exploration and mining projects. In fact, the company has invested in one mining project, four uranium exploration projects, and is considering investment in several other projects, according to Cao.

CGNPC-Uranium Resources Development Co. Ltd. (CGN-URC), a subsidiary of CGNPC, is responsible for China's nuclear plant fuel supplies. Since its formation in 2006, CGN-URC has established four uranium resources development companies, one joint stock company, and one dedicated logistics company within and outside of China, according to Chief Engineer Peng Xinjian. The company is focused on domestic and overseas uranium exploration and mining. In December 2008, CGN-URC and Kazatomprom formed Semizbay Uranium Ltd., which operates the Irkol and Semizbay *in-situ* recovery mines. All uranium produced from the the two mines in Kazakhstan will be used to fuel Chinese nuclear plants, according to Peng.

The company has also formed Sino-Uz Uranium Resources Co. Ltd., its first joint venture company in Uzbekistan, where the Boztou uranium exploration project was initiated in June 2010, Peng stated. CGN-URC has also acquired a 69.34 percent share in EME Ltd., an ASX-listed uranium explorer that holds nine exploration projects in Australia. In addition, CGNPC has signed a long-term uranium supply agreement with Canada's Cameco Corp. ([The News, p. 4](#)).

Uranium Production Updates

China is not the only country with a growing nuclear power program. It is clear that a nuclear renaissance is gaining momentum in several nations, which will require more uranium to fuel new reactors and existing plants with extended operating licenses. Producers are gearing up for greater uranium demand with increased mine production, project expansions, and exploration for new resources.

Fletcher Newton, executive vice president of Uranium One Inc., presented an overview of the acquisition of a 51 percent share in the company by Russia's Atomredmetzoloto (ARMZ) and reported that final regulatory approval for the transaction has been granted. Uranium One expects the transaction, which will provide the company with ARMZ's interests in two uranium mines Kazakhstan, will close by year end ([The News, p. 4](#)). The company expects 2011 attributable production to climb more than 30 percent to 10.5 million pounds U₃O₈, according to Newton.

In Namibia, Extract Resources is preparing for production at its Husab uranium project, which will be one of the largest uranium mines in the world with Indicated and Inferred resources of 367 million pounds U₃O₈. Initial production is scheduled for 2014, which will ramp up to a potential 14.8 million pounds U₃O₈ annually, with a mine life of 20 years, according to Sashi Davies, head of marketing for the company.

Uranium Market Data

Monthly Market Values

NUEXCO Values	10/31/10	Units
Exchange Value	\$52.00	US\$ / lb U ₃ O ₈
UF ₆ Value	\$149.00	US\$ / kgU as UF ₆
Loan Rate	2.50	Percent / annum
Conversion Value		
• North American	\$13.00	US\$ / kgU as UF ₆
• European	\$12.00	US\$ / kgU as UF ₆
SWU Value		
• Unrestricted	\$155.00	US\$ / SWU
• Restricted	\$155.00	US\$ / SWU
Transaction Value	\$47.40	US\$ / lb U ₃ O ₈
Mid-Term U ₃ O ₈	\$56.00	US\$ / lb U ₃ O ₈
Long-Term U ₃ O ₈	\$62.00	US\$ / lb U ₃ O ₈
Long-Term Conversion		
• North American	\$13.00	US\$ / kgU as UF ₆
• European	\$13.00	US\$ / kgU as UF ₆
Long-Term SWU	\$160.00	US\$ / SWU

DEFINITIONS*

TradeTech's Exchange Value, UF₆ 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 (U₃O₈), natural uranium hexafluoride (UF₆), 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 U₃O₈ 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 U₃O₈, 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 U₃O₈ 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.

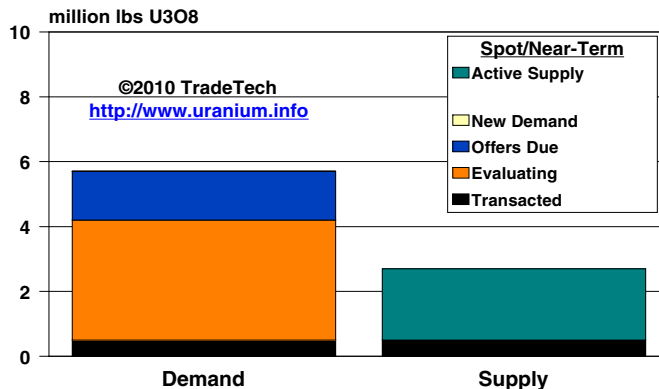
In the determination of all Market Values, we do not consider:

- 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.

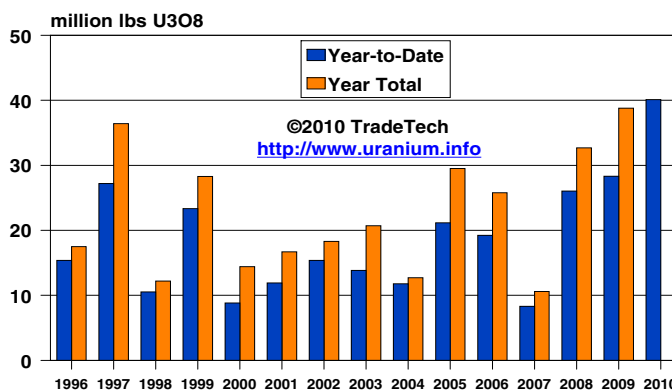
* Complete definitions, including derivations and comments, can be found on our Web site at: <http://www.uranium.info>.

■ All rights to the names NUEXCO Market Values; NUEXCO Exchange Value, NUEXCO UF₆ Value; NUEXCO Conversion Value, NUEXCO SWU Value and NUEXCO Loan Rate are the property of TradeTech, LLC, Denver, Colorado, USA.

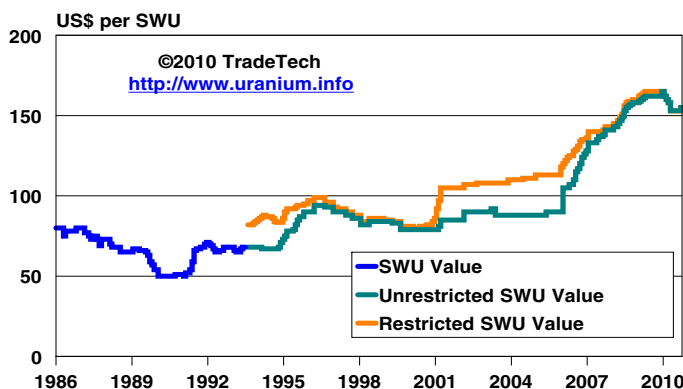
Uranium Market Activity



Uranium Transaction Volume



Spot SWU Prices



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