Growth in uranium demand will require high-cost supply response

~ Next generation of uranium projects will drive long run costs towards $60/lb, according to new study by leading metals consultancy firm~

London, 23 September 2009. CRU Group, the leading metals and mining consultancy firm, forecasts a major escalation in uranium mining costs towards $60/lb for the 'next generation' of projects required to meet demand projections over the next two decades.

In its new report,[1] *"Next generation uranium – at what cost?"* CRU examines the operating and capital costs of U_3O_8[2] production at more than 70 mines and projects worldwide, representing nearly 100% of primary supply.

Over the next two decades, CRU believes that mine production needs to double to meet forecast demand.[3] Supply from secondary sources will decline, and many existing uranium mines are expected to reach the end of their life. An increasing number of new, next generation projects will be required to replace them.

Alison Parums, Senior Consultant at CRU, commented that, "The next generation of uranium projects will have significantly higher costs than the mines that are currently in operation. By 2030, miners will need a uranium price of US$58/lb (in real 2009 dollars) to justify bringing these new projects on stream."

However, despite a surge in exploration activity over the past few years (CRU estimates that more than 3,000 projects are under development globally), project quality is declining: CRU calculates that the average grade of projects at the feasibility study stage is 35% lower than the grades of current mines. Exploration projects have average grades 60% below existing operations. As a result of these lower grades, and/or location in higher-cost geographical regions, next generation projects will have higher operating costs, on average, than current producers.

"The uranium spot price has averaged just $33/lb since the turn of the millennium, and is currently about $46/lb," added Parums. "So it's clear that there will need to be a significant long term increase in prices to enable the development of new mine capacity."

For more information on the content of this press release and the report "*Next generation uranium – at what cost?*" please contact: Alison Parums, Senior Consultant, CRU Group
Tel: + 44 20 7 903 2311 Email: alison.parums@crugroup.com

For press enquiries, please contact: Julie Cunningham, Senior Marketing Manager, CRU Group
Tel: + 44 20 7 903 2150 Email: julie.cunningham@crugroup.com

For marketing enquiries in Australasia, please contact: Philip Sewell, Business Development Manager - Australasia, CRU Group Tel: + 61 2 9387 8842 Email: philip.sewell@crugroup.com

Company website: www.crugroup.com

[1] Volume 1 of 2

[2] A uranium oxide concentrate (triuranium octoxide), sometimes termed "yellowcake"

[3] Volume 2 of CRU's report will examine demand more fully, and draw out implications for long run prices

About CRU's Uranium research

CRU's new report, *"Next generation uranium – at what cost?"* is the first of two volumes, and is principally an analysis of the costs of U_3O_8 production at existing mines and new projects (covering open pit, underground and in-situ leaching mining techniques).

The objective of our analysis in Volume 1 is to examine uranium mining costs in a systematic way: our cost analyses for each mine are based on a consistent view of exchange rates, energy costs, acid prices, capital costs, etc. The foundation of our cost work is the detailed profiling of more than 70 uranium mines and projects, which gives us comprehensive coverage of the industry. Our cost curves cover nearly 100% of world primary uranium supply. We examine full cycle costs, including exploration and remediation expenses.

Volume 2 of CRU's research, *"What price next generation supply?"* focuses on the long term outlook for the uranium market, including an assessment of the long run price required to bring on new supply under different demand growth scenarios. This report will be published in November 2009.

About CRU Group

CRU is an independent business analysis and consultancy group focused on the mining, metals, power, cables, fertilizer and chemical sectors. Founded in the late 1960s, the group employs more than 200 experts in London, Beijing, Santiago, Sydney and key centres within the USA.