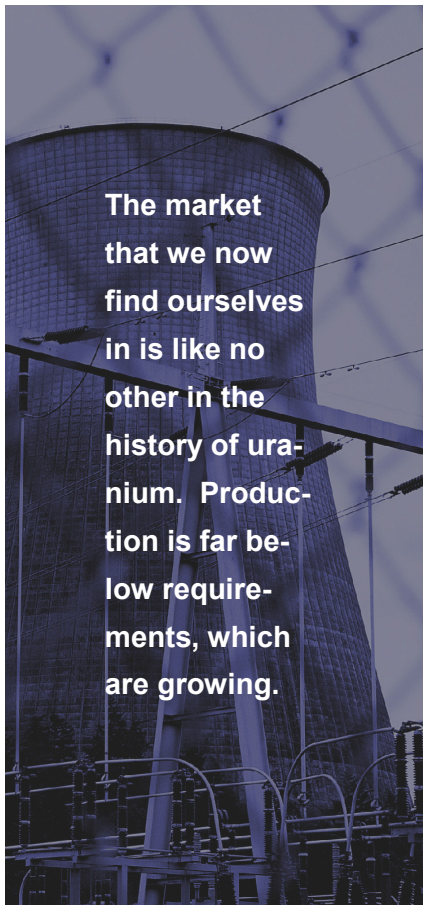




A Market in Transition

Uranium in a New Century

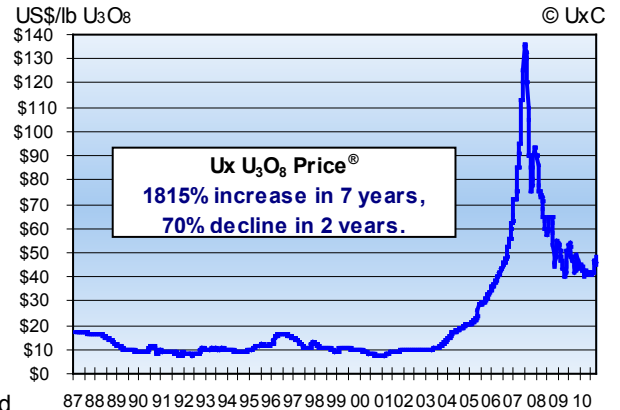
For a long time, the uranium market was dominated by the liquidation of inventories, both commercial and military in origin. As a result, price was depressed and production and exploration efforts were cut back. Over the same period that production was stagnant, reactor requirements were increasing as utilities were able to increase their capacity factors and update their reactors. More recently, new demand has emerged from China, India, and Russia, as these countries seek to dramatically increase their nuclear power capabilities.



However, several months ago, the uranium market was shook hard by the Fukushima accident, which is expected to stall the growth in reactor requirements, at least temporarily over the next couple of years. But, it is not all gloom and doom for the uranium market, as Chinese nuclear generation is still expected to grow at a rapid rate, and new countries such as the U.A.E. and Saudi Arabia are advancing their nuclear power programs.

With global reactor requirements still increasing significantly in the medium- and long-term, more requisite new production will have to be brought online, especially with the U.S.-Russia HEU deal ending in 2013. In addition to transitioning from an inventory-driven market to a production-driven one, a large component of production is linked regions of the world with higher than average geopolitical risk, making the market more vulnerable to disruptions if there are any problems with a particular country. Additionally, production costs are rising, as lower-cost uranium reserves are rapidly being depleted.

So far, this transition has been subject to considerable price volatility, heightened further by the Fukushima accident. The question is whether this volatility will continue. This will depend on the procurement, inventory, and investment decisions that are made in anticipation to and in reaction to the developing trends. Will governments get into the act, and how might this affect the future market? What other surprises may there be?



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The UxC *Uranium Market Outlook* (UMO) report is designed to answer these questions and others by examining developments and discerning trends in the market, including the likely future course of price under different scenarios. The entire report is updated quarterly, so that subscribers have the most current information and analyses on which to base their decisions. Updates of leading market indicators are also provided on a monthly basis, so you're never too out of touch with the market. For information or pricing please contact Eric Webb at +1-770-642-7745 or eric.webb@uxc.com.

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