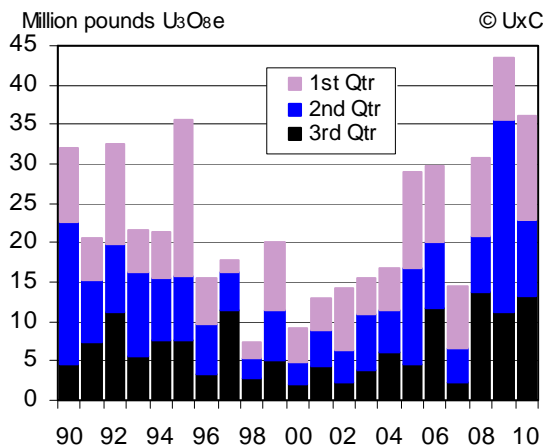


Third Quarter Spot Uranium Review

Over the past three years, we have witnessed significantly increased third quarter uranium spot market activity, a time period that has traditionally been marked by slower summer months. Two years ago the volume increase was propelled by the collapse of the financial markets. Last year, activity peaked as news of the Olympic Dam accident circulated as the quarter came to a close. This year, low price levels brought additional demand into the market during the summer months, which were expected to be quiet. The surge in activity resulted in this year's third quarter surpassing volume posted in the first quarter and setting a record of its own. Below is a review of the last quarter's spot uranium activity.

Price – The Ux U₃O₈ Price started the third quarter at \$41.75 per pound, a slight increase from the second quarter low of \$40.75 set a couple weeks before. The spot price witnessed an increase in volatility throughout most of the quarter, with price falling early in July. Then it rebounded to set a high for the year at

Comparison of Quarterly Spot Volumes



the end of the month at \$46.00 per pound as new market demand emerged.

The spot price increased again over the following several weeks, but as a new round of supply was introduced in the market, the spot price dropped down and bounced back up within one week as reflected in the daily postings of the UxC Broker Average Price (BAP), see chart on page 11. August ended with the Ux U₃O₈ Price at \$45.00 per pound. As additional demand emerged and sellers pulled back, the spot price increased again in September to the \$48 level. By the end of the month, however, additional supply caused another price bounce tracked by the UxC BAP with the spot price ending the month at \$46.50, only a \$1.50 higher than the price at the end of August. This price bounce was short lived as the spot price regained its level in early October and has since shown upward movement.

Volume – With a total of 69 transactions totaling 13.3 million pounds U₃O₈ equivalent, the third quarter of 2010

moves into the record books with the second highest total volume behind the 13.6 million pounds U₃O₈e witnessed in the third quarter of 2008 (following the world financial collapse), and the highest number of transactions for any third quarter. In fact, this number of transactions is now only surpassed by last year's second quarter which posted 83 transactions for 24 million pounds, the current overall quarterly record holder. The first and

Ux U₃O₈ Price: (10/18/10)
\$49.25 (+\$1.00)

Ux LT U₃O₈ Price: (9/27/10)
\$60.00

Ux Weekly Uranium Spot Prices



second quarter of this year posted 57 transactions for 13.1 million pounds U₃O₈e and 51 transactions for 9.6 million pounds U₃O₈e, respectively. With this past quarter's activity, 2010 now sits in second place for overall volume through the third quarter at 36 million pounds, just surpassing the 35.6 million pound level set back in 1995 (see chart at left). Plus, given that not all off-market activity has been confirmed yet this year, 2010 volume is likely to be slightly higher.

For the year, there have been a total of 177 spot transactions reported. This level of activity is almost double that of the activity posted in 1995, when 96 spot transactions were booked. It also reflects the average spot transaction size, which is now 200,000 pounds for the year, with this past quarter's average just above 190,000 pounds U₃O₈e. Back in 1995, the average spot transaction size was just over 350,000 pounds. From 1996 through 2005, the average spot transaction was about 300,000 pounds. Starting in 2006, the average spot deal has totaled just over 200,000

pounds, and the number of transactions per year has increased dramatically.

Form – Of the 13.3 million pounds U₃O₈ equivalent reported for the third quarter, about 78% of the volume was transacted as straight U₃O₈ sales. As discussed below, uranium producers increased their buying activity during the third quarter, so it is not surprising to see volume of this form increase. While UF₆ sales had maintained slightly higher than a quarter share during the first two quarters, during the third quarter this form's overall volume fell to 16% as demand for UF₆ appears to have fallen. This is interesting given the production situation at the Metropolis conversion plant and the recent increase in demand for spot conversion. However, as spot conversion demand appears to have slowed somewhat recently, this form as well as UF₆ could become more active again

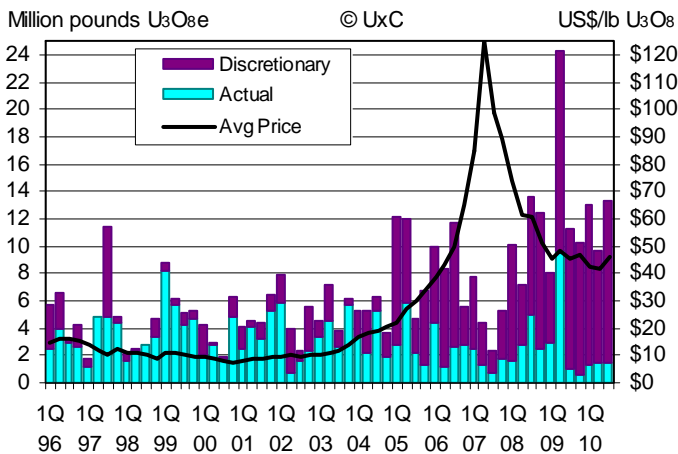
over the next several months. It is also interesting to point out that previous discounts for UF₆ appear to have vanished since the beginning of the year. After being fairly absent from the market over the previous four quarters, enriched uranium product (EUP) made an appearance in spot sales and represented just over 5% of the remaining overall volume.

Buyers & Sellers – While the second quarter was dominated by the traders/others and utilities groups, producers picked up the pace slightly during the third quarter and fell into second place with respect to purchase volume with a 23% share of overall purchases. The trader/others group still remains the largest buying group with a 46% share. At about 15% each, U.S. and non-U.S. utilities combined to make up the remaining 31% of overall volume. With

Method & Need – While we have seen a slight increase in formal requests and offers, spot activity classified as off-market actually increased during the third quarter accounting for 92% of the overall volume. Little has changed with respect to the discretionary nature of spot demand. In fact, the overall volume that falls under this characterization continues to increase, as last quarter 89% of the overall volume was classified as discretionary. While some producer purchases have not been discretionary due to production shortfalls, it has not been enough to impact the overall shares. Most of the activity this year has been reactions in price movements, with demand increasing each time price fell, and declining each time price rose. Utility demand as of late has been low, but is expected to pick back up.

Fourth Quarter Outlook – While last year's third quarter ended with the news of an accident at Olympic Dam, this year the market is reacting to a second production shortfall announcement from Energy Resources of Australia. Although reactions thus far has been somewhat muted, recent rounds of spot demand have reflected renewed upward price movements. It will be interesting to see if spot demand remains active during the fourth quarter, and, while remaining highly discretionary, when utilities will start coming back to the spot market accessing budgets for 2011 delivery.

Quarterly Spot Volume vs. Ux Average Price



respect to sales, the traders/others group remained the primary seller, followed by the producer group, which slightly increased their supply to the spot market to account for 30% of the overall sales volume for the quarter.

Uranium Spot Market Statistics

(Million pounds U₃O₈ equivalent, * includes activity through October)

	2007			2008					2009					2010			
	3Q	4Q	Yr.	1Q	2Q	3Q	4Q	Yr.	1Q	2Q	3Q	4Q	Yr.	1Q	2Q	3Q	Yr.*
Total Volume	2.4	5.3	19.8	10.1	7.2	13.6	12.4	43.3	8.0	24.3	11.2	10.2	53.8	13.1	9.6	13.3	38.4
# Transactions	15	39	105	44	50	61	62	217	28	83	55	59	225	57	51	69	197
Leadtime (mths)	3.1	2.5	2.7	2.1	1.8	2.6	1.4	2.0	2.8	3.2	2.3	2.2	2.7	1.9	2.9	2.1	2.2
Form																	
U ₃ O ₈ Total	0.8	4.0	10.9	7.3	5.0	6.8	10.8	29.9	5.9	16.5	7.3	8.2	38.0	9.3	7.0	10.4	28.5
UF ₆ Total	1.6	1.3	8.5	2.0	2.2	6.7	1.5	12.5	2.0	7.0	3.9	2.0	14.9	3.8	2.6	2.1	9.2
EUP Total	0.0	0.0	0.5	0.8	0.0	0.1	0.0	0.9	0.2	0.8	0.0	0.0	0.9	0.0	0.0	0.7	0.7
Need																	
Actual	0.7	1.8	6.4	1.7	2.8	4.9	2.5	11.8	2.9	9.7	1.1	0.6	14.2	1.4	1.5	1.5	4.5
Discretionary	1.6	3.5	13.4	8.4	4.4	8.7	9.9	31.4	5.1	14.7	10.2	9.6	39.6	11.7	8.1	11.8	34.0
Method																	
On-market	1.3	0.7	4.1	1.1	0.8	0.8	2.1	4.7	0.3	1.2	0.4	1.4	3.3	1.4	2.3	1.1	5.7
Off-market	1.0	4.6	15.8	9.0	6.4	12.8	10.3	38.5	7.7	23.2	10.8	8.8	50.6	11.7	7.4	12.3	32.8

News Briefs

EDF willing to move forward on EPR at Calvert Cliffs without Constellation

On October 13, Electricité de France (EDF) sent a letter to Constellation in response to its decision to withdraw from the loan guarantee process for a U.S. Evolutionary Power Reactor (U.S. EPR) at the Calvert Cliffs nuclear power plant. EDF stated that it is willing to move forward with the project for a third reactor at Calvert Cliffs (CC3) without the participation of Constellation provided that Constellation does not seek to exercise a put option that would force EDF to buy several fossil fuel plants for \$2 billion. In the letter EDF states, "We feel an obligation to explore every reasonable avenue to keep the prospects for this project alive."

In order to move forward with the CC3 project, EDF has proposed to restructure its UniStar joint venture with Constellation. The French utility said that it could either completely "derisk" Constellation and take on 100 percent of the project's burden until construction begins or it could purchase Constellation's 50 percent interest in UniStar for a fair market value. If EDF were to purchase Constellation's share in UniStar it said it "would then move forward with the development phase of the project entirely on its own, with a view to bringing in a new U.S. partner at the appropriate time."

EDF stressed that before it can move forward with the project, it would need to resolve the issue of a put option that Constellation could exercise this year for EDF to purchase 12 non-nuclear plants for \$2 billion, which is well above their current market value. The put option expires at the end of December. EDF claims that the terms of the option make it non-exercisable under current circumstances and says it would go to court to seek to prevent Constellation from being able to force it to pay \$2 billion for the plants. "Litigation that would inevitably

result from Constellation attempting to exercise the put would cause, at a minimum, serious and highly disruptive delay for CC3." The complete text of the letter to Constellation is available on EDF's website at <http://press.edf.com/press-releases/all-press-releases/2010/edf-writes-to-constellation-energy-81923.html&return=42873>.

In an October 15 letter, Constellation responded to EDF and stated that it would transfer its interest in UniStar provided that EDF reimbursed it \$117 million for its share of design and development costs for the U.S. EPR. "By any measure, our offer is substantially below the overall fair market value of UniStar," said Constellation. Constellation also said it would provide full support to EDF for completion of necessary agreements along with assistance for the regulatory approval process. With regard to its \$2 billion put option, Constellation proposed that that issue be treated separately from the CC3 project. "Since our proposal will enable [EDF] to move forward with CC3 by conveying all our interests in CC3 and UniStar at well below fair market value, we believe that the separate matter of our contractual disagreement over the put option should be addressed separately." Constellation's letter to EDF is available online at: http://files.shareholder.com/downloads/CEG/1017950460x0x410084/e27369a0-ce85-432f-bfad-e17ddce4f8f2/101510_EDF_letter.pdf.

UK Government issues Energy Policy Statement outlining support for new reactors

On October 18, UK's Energy and Climate Change Secretary Chris Huhne presented to Parliament the new government's latest Energy Policy Statement, which includes details on how the UK will support and promote new reactors over the coming decade. In his statement, he noted that the UK government has found that the use of AREVA's EPR and Westinghouse's AP1000 for new reactors in the country is justi-

Industry Calendar

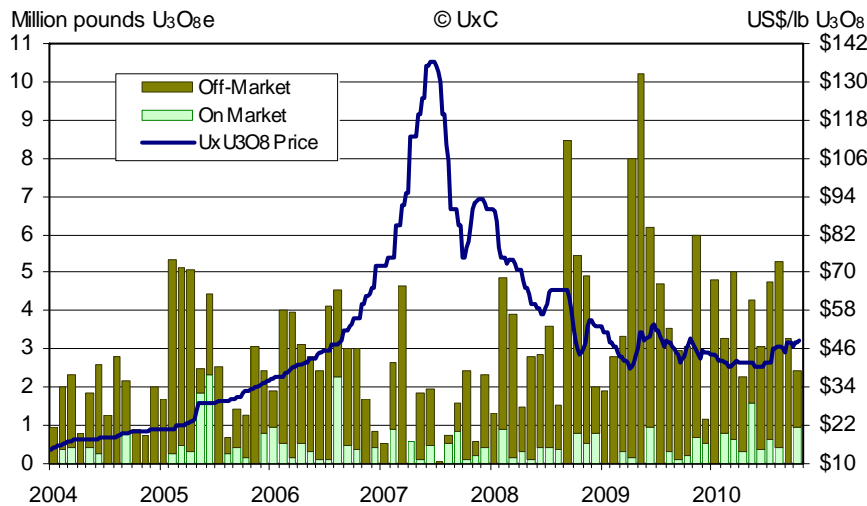
- October 17-20, 2010
NEI Uranium Fuel Seminar
Nuclear Energy Institute
<http://www.nei.org/newsandevents/>
Hyatt Regency Savannah
Savannah, GA, USA
- October 18-20, 2010
Building the Value Chain for Commercializing Small Modular Reactors
Infocast
<http://www.infocastinc.com/index.php/conference/SMR>
Top of the Hill
Washington, DC, USA
- November 7-11, 2010
2010 ANS Winter Meeting and Nuclear Technology Expo
American Nuclear Society
http://www.new.ans.org/meetings/m_74
Riviera Hotel
Las Vegas, NV, USA
- November 23-25, 2010
China International Nuclear Symposium
CNEA/WNA
<http://www.wna-symposium.org/china/>
Grand Hyatt Hotel
Beijing, China
- November 25, 2010
Nuclear New Build Forum
Marketforce and ASI
<http://www.marketforce.eu.com/newbuild/>
Radisson Blu Portman Hotel
London, UK
- February 7-10, 2011
African Mining Indaba 2011
International Investment Conf.
<http://www.miningindaba.com/>
Cape Town International Convention Centre, Cape Town, S. Africa
- April 5-8, 2011
World Nuclear Fuel Cycle
NEI/WNA
<http://www.nei.org/newsandevents/>
Swissotel Chicago
Chicago, IL, USA

Details are available at:
http://www.uxc.com/c/data-industry/uxc_calendar.aspx

fied. He also explained that the final list of eligible future nuclear power plant sites has been reduced from 10 to 8.

Notably, the former Liberal Democrat Party critic of nuclear power, Huhne told Parliament, "I'm fed up with the standoff

Ux U₃O₈ Price vs. Spot Volume by Method



between advocates of renewables and of nuclear which means we have neither. We urgently need to invest in new and diverse energy sources to power the UK." However, according to Huhne, the new UK government is also unlikely to provide financial subsidies for new nuclear power plants. Still, he did add that "we are not ruling out action by the Government to take on financial risks or liabilities for which it is appropriately compensated or for which there are corresponding benefits." This may provide an opening for a government-sponsored loan guarantee program in the UK, similar to that in the U.S.

AREVA announces milestone in construction of centrifuge plant in France

On October 12, AREVA announced that it has completed centrifuge assembly at the Georges Besse II enrichment plant's north unit. Centrifuges in the south unit began operating in 2009, and this latest development means that installation of centrifuges in the north unit can now begin. In 2016, Georges Besse II's production capacity is slated to reach 7.5 million SWU per year.

NB Power announces revised schedule for completion of Point Lepreau refurbishment

NB Power announced in an October 14 press release that it now expects the

refurbishment project for the Point Lepreau CANDU 6 reactor to be completed in May 2012. Commissioning of the reactor will then take another four months, so the utility expects the reactor to resume operation in the fall of 2012. The reactor had previously been scheduled to resume operation in February 2012, but expected restart date was pushed back further following the need to remove and reinstall all 380 calandria tubes. With the latest delay, the project is now three years behind the original schedule for restart of the reactor in September 2009. "Although the calandria tube installation work sequence will take longer to complete than previously planned, it is essential that these activities achieve the required quality standard in order to provide safe and reliable operation for the next 25 to 30 years," said NB Power President and CEO Gaetan Thomas.

Wylfa Magnox plant gets two year life extension

The Wylfa nuclear power plant in Wales has obtained regulatory approval from the UK government to operate for up to two more years until December 2012, according to an October 13 press release from plant operator Magnox North. The plant's two 490 megawatt Magnox reactors were previously scheduled to close this December. Wylfa's operator, Magnox North is a subsidiary of Energy-

Solutions. The plant is owned by the UK Decommissioning Authority and the extra income earned from the additional operating life will go towards funding for decommissioning activities.

Tender process for new reactors at Temelin in the Czech Republic postponed

Czech utility CEZ has delayed its tender process for choosing a supplier for two new reactors at its Temelin nuclear power plant. CEZ previously expected to supply detailed technical documents to the three companies that are vying to build the reactors this month, but now it does not expect to do so until 2011. The three companies that are seeking to supply the reactors are AREVA, Atomstroyexport, and Westinghouse. A key factor in the government's decision to delay the tender process was a request from the three companies for more time to prepare their bids.

It is also possible that due to reduced electricity demand forecasts that CEZ could delay the start of construction for the reactors by as much as several years, although there is not yet any definite decision from the utility to delay the reactors. The existing schedule calls for the two new units at Temelin to come online no later than 2020. "The whole strategy used for Temelin's construction has changed a bit because electricity consumption develops differently [than previously expected] and so do electricity prices," said the Czech Republic's Trade Minister, Martin Kocourek, in a quote to *CTK*.

TVA awards contract to supply steam generators at Bellefonte 1 to Babcock & Wilcox

In an October 14 press release, Babcock & Wilcox announced that it has been awarded a contract to design and produce two steam generators for the unfinished Unit 1 at the Tennessee Valley Authority's (TVA) Bellefonte nuclear power plant. The steam generators are expected to be delivered to the plant site

in 2015 provided that TVA makes a final decision to move forward with completion of the reactor. The Bellefonte plant site has two unfinished Babcock & Wilcox reactors with capacities of 1,200 megawatts each. TVA's board of directors is expected to make a final decision on whether to complete Unit 1 in the spring of 2011.

ARMZ/Uranium One merger faces objections from U.S. legislators

Four Republican members of the U.S. House of Representatives have sent a letter to U.S. Treasury Secretary Timothy Geithner urging him to block the proposed sale of a Canada's Uranium One to Russia's Atomredmetzoloto because it would give the Russian entity control of the Christensen Ranch project and other mining activities in Wyoming. The sale was first announced on August 31, and the lawmakers claim that it could give Moscow control of up to 20 percent of the U.S. national uranium extraction capability. The letter questioning the uranium deal was sent by four Republicans: Reps. Ileana Ros-Lehtinen of Florida, Spencer Bachus of Alabama, Peter T. King of New York, and Howard P. "Buck" McKeon of California. Those members are, respectively, the ranking minority members of the House Foreign Affairs Committee, the House Financial Services Committee, the House Homeland Security Committee, and the House Armed Services Committee.

According to a *Washington Times* article dated October 5, the lawmakers pointed out past links between Rosatom and Iran, and wrote that the Russian federal agency has "shown little if any inclination to effectively address the widespread and continuing corruption within Russia, particularly its energy sector." In addition, the representatives wrote that they "remain concerned that Iran could receive uranium supplies through direct or secondary proliferation," despite Uranium One assurances to the contrary.

Vladislav Bochkov, spokesman for ARMZ's parent company Rosatom, responded to the legislators' mention of corruption with perplexity. "It's some sort of nonsense," Bochkov told *The St. Petersburg Times* on October 8. "You can only respond emotionally to that kind of statement. What are they referring to? It's hard to speak without facts." Addressing the Iran issue, Donna Wichers, a senior vice president of Uranium One USA, told the *Billings Gazette* last month, "I have confirmed with our management that none of the uranium produced in the U.S. will be used by Rosatom to fuel the Iran reactor."

Rio Tinto reports lower 3rd quarter production at Rössing and Ranger

Rio Tinto's share of uranium production from the Rössing mine in Namibia and Ranger mine in Australia declined 27% in third quarter of 2010 to 2,776,000 pounds U₃O₈ compared to 3,778,000 pounds U₃O₈ in the same period of 2009. The company's 68.6% share of production from the Rössing mine declined to 1,354,000 pounds U₃O₈ in the third quarter from 1,640,000 pounds U₃O₈ in the same period of 2009. Meanwhile, Rio's 68.4% interest in Energy Resources of Australia's Ranger mine declined to 1,421,000 pounds U₃O₈ in the third quarter compared to 2,138,000 pounds U₃O₈ in the same period of 2009.

Rössing Uranium Ltd.'s total production was 1,974,000 pounds U₃O₈ in the third quarter compared to 2,391,000 pounds U₃O₈ in the same period of 2009. For the recent nine months, Rössing has yielded 6,011,000 pounds U₃O₈. At ERA's Ranger mine, total production was 2,078,000 pounds U₃O₈ in the third quarter compared to 3,126,000 pounds U₃O₈ in the same period of 2009. For the recent nine months, Ranger production amounted to 5,818,000 pounds U₃O₈ compared to 9,068,000 pounds U₃O₈ in the same period of 2009. Rio Tinto Uranium

(RTU) markets 100% of Rössing and Ranger production.

ERA reports third quarter production

On October 13, Energy Resources of Australia Ltd. (ERA) announced production from the Ranger mine for the third quarter ended September 30, 2010. Production for the quarter was 911 t U₃O₈ (~2 million pounds U₃O₈), which is 10% higher than the previous quarter, but 35% lower than 2,628 t U₃O₈ (~5.794 million pounds U₃O₈) produced in the same period in 2009. ERA stated that mill head grade has improved but still remains significantly below the levels witnessed in 2009 and that mined ore grade was lower than expected in the quarter. Year to date mill recovery remains in line with 2009 levels as the addition of a new calciner was completed during the quarter.

Total material mined for the September 2010 quarter was 19% higher than the June 2010 quarter and 43% lower than the June 2009 quarter. During the quarter, mining activity resumed at the bottom of the pit after a prolonged wet season and ERA worked extensively throughout the quarter to remove an area of instability found in the south wall of the Ranger pit. Furthermore, as a result of lower than anticipated mined ore grades, ERA is conducting an infill drilling program in the lower reaches of the current pit in order to improve the confidence in the quality and volume of ore expected to be mined for the remainder of the mine life. The company expects this work to be completed in the December quarter.

ERA anticipates 2010 uranium production to be about 3,900 t U₃O₈ (~8.6 million pounds U₃O₈), which is down from the 4,300 to 4,700 t U₃O₈ (~9.5 to 10.4 million pound U₃O₈) guidance previously projected by the company. ERA stated in its release that additional supply will need to be procured to meet 2010 sales commitments of around 5,000 t U₃O₈. The company expects this

buying to adversely impact its 2010 earnings because the narrow margins encountered with purchasing additional material saps the profits noticed by producing material.

The Ranger mine's proposed heap leach feasibility study continued during the September 2010 quarter along with preparation of ERA's draft Environmental Impact Statement (EIS). The EIS is currently undergoing further consultation with community stakeholders. The formal environmental assessment process under the Northern Territory (NT) and Commonwealth regulations is likely to be completed in the first half of 2011.

ERA has completed the study for the development of an exploration decline to conduct close spaced underground exploration drilling for the Ranger 3 Deeps resource. The company stated it is in the final stages of an internal approval process to go ahead with mining Ranger 3 Deeps.

In addition to exploration drilling on the Ranger mine site, the company reportedly drilled over 11,000 meters during the September quarter to focus on targets within the immediate surrounds of the Ranger operation.

Kazakhstan lowers uranium production estimate

Industries and New Technologies Vice Minister Berik Kamaliyev predicted October 12 at a cabinet session that Kazakhstan will mine 17,800 tU (~46.3 million pounds U₃O₈) in 2010. Earlier this year, Kazatomprom CEO Vladimir Shkolnik estimated his country would yield 18,000 tU (~46.8 million pounds U₃O₈) this year. Kazakhstan is the world's leading producer-country of natural uranium.

Japan plans uranium fuel imports via Siberia

According to *Kyodo News*, Japan plans to transport uranium fuel to Japan from Russia using Siberian railways after the uranium concentrate mined in Kazakhstan is processed into uranium fuel in

Russia. Japan's Ministry of Economy, Trade and Industry is eyeing the new route to transport uranium fuel to hedge risks to damage sustained by a Japanese crude oil tanker in the Strait of Hormuz, in the Middle East in late July that might have been caused by a terrorist attack. The new route using Russia's railway network would also be able to shorten the time for transportation and reduce costs, it said.

The ministry plans to begin the transportation via the new route in fiscal year 2011 starting next April, and make the new route full-scale operations in fiscal year 2012. Currently, uranium ore mined in Kazakhstan that is destined for Japan is processed into enriched uranium at plants in Great Britain and France before it is transported to Japan by ship through the Indian Ocean, which takes about two months. Once the Siberian route is realized, the uranium fuel will be transported by land in Russia to a port in coastal areas and then to Japan by ship. According to the ministry, 21% of Japan's uranium fuel imports are from Kazakhstan.

Uranerz reports resource estimate at Reno Creek

Uranerz Energy Corp. announced October 14 that it completed an independent National Instrument (NI) 43-101 for the company's wholly-owned Reno Creek property in the Powder River Basin, Wyoming. The new NI 43-101 estimates 4.3 million pounds U₃O₈ at an average grade of 0.056% U₃O₈ in the measured and indicated category and a further 142,167 pounds U₃O₈ at an average

Canadian Monthly Uranium Shipments

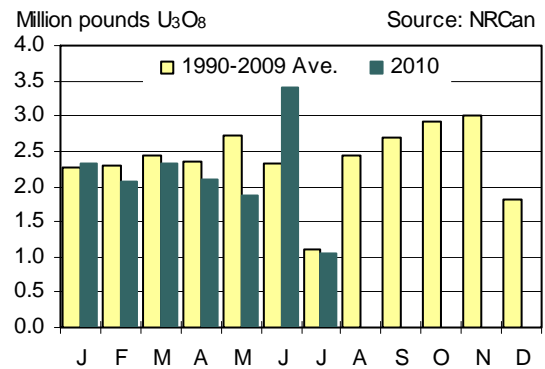
(million pounds U₃O₈)

	2003	2004	2005	2006	2007	2008	2009	2010
J	2.63	3.00	2.97	1.39	1.86	2.05	3.00	2.34
F	1.81	2.41	2.82	1.52	1.21	1.54	2.75	2.08
M	3.00	2.77	2.13	1.57	1.20	1.82	2.07	2.34
A	2.22	2.80	3.20	1.56	2.36	2.09	1.86	2.10
M	0.98	2.58	2.53	2.66	2.82	2.90	1.65	1.89
J	1.22	2.30	2.80	2.41	1.36	2.26	1.81	3.42
J	0.96	0.74	1.78	0.86	2.21	1.01	1.09	1.05
A	2.41	2.61	3.60	3.31	1.76	2.06	1.45	
S	2.42	2.51	3.16	2.42	1.57	0.87	1.85	
O	2.98	3.33	2.12	2.39	2.26	2.80	3.40	
N	3.32	3.34	4.32	3.33	3.27	1.88	2.76	
D	1.89	1.61	1.32	2.02	1.78	1.35	2.66	
	25.84	30.02	32.75	25.43	23.66	22.63	26.34	15.21

Note: Values reported are of mine shipments and do not reflect deliveries to end users.

Source: Natural Resources Canada

2010 Canadian Monthly U Shipments vs. Monthly Average Shipments



grade of 0.039% U₃O₈.

The company believes the Reno Creek property to be part of the same geological system as the company's other Powder River Basin projects, and therefore is expected to be permitted as an amendment to the Nichols Ranch ISR project. Uranerz expects this amendment to shorten the timeframe for overall project approval.

Fission announces drill results at J-Zone

On October 13, Fission Energy Corp. and its Joint Venture partner, the KEPCO Consortium, announced assay results for four vertical step-out drill holes. Drill hole WAT10-103 returned 15.5 meters grading 5.55% U₃O₈, including 2.5 meters grading 32.39%. This ranks as the second strongest assay

result returned from the property. Drill hole WAT10-099 intersected 5.0 meters grading 2.9% U₃O₈, including 3.0 meters grading 4.59% U₃O₈. The other holes drilled at the property encountered weak mineralization at the unconformity and the company believes that drilling may have missed the main target as evidenced by the results found at the other holes reported.

Pitchstone reports drill results at the Dome property

On October 13, Pitchstone Exploration Ltd. announced receipt of assay results from a Reverse Circulation (RC) drill program on two prospects at the Dome property in the Erongo region of Namibia. RC drilling in August at the Marble Ridge zone encountered results including: 1.0 meter grading 0.0352% U₃O₈, 0.5 meters grading 0.0699% U₃O₈, 1.0 meter grading 0.0365% U₃O₈, and 0.5 meters grading 0.0337% U₃O₈.

Also in August, Pitchstone drilled 13 RC drill holes at the Namibia Leucogranite target where two holes encountered elevated radioactivity. Drill hole DN10-67 returned a 4.0 meter length grading 0.0191% U₃O₈, including 2.0 meters grading 0.0263% U₃O₈. And, drill hole DN10-74 returned 23 meters grading 0.00574% U₃O₈, including 2.0 meters grading 0.0122% U₃O₈.

Additional drilling is planned for both prospects to better understand the project's true thickness. The Dome property is explored in a joint venture between Pitchstone (69%) and private mine exploration company Manica Minerals Ltd. (31%).

Tournigan announces drilling results at Kuriskova

On October 14, Tournigan Energy Ltd. announced an update to its ongoing drilling program at the Kuriskova uranium deposit in Slovakia. To date, 12 holes have been drilled to a depth of approximately 2,500 meters in a campaign that began in July 2010. Drilling has focused on Zone 45 with the goal to

increase the size of the uranium resource, which currently stands at 20.5 million pounds U₃O₈ in the indicated category and 17.5 million pounds U₃O₈ in the inferred category. Highlights from the ongoing drilling at Zone 45 include: 3.4 meters grading 0.639% U₃O₈, 2.2 meters grading 0.378% U₃O₈, 0.2 meters grading 0.343% U₃O₈, and 3.5 meters grading 0.844% U₃O₈.

Drilling at Zone 45 has led to the strike length has now increasing by 100 meters to a total of approximately 165 meters. Downward extensions along this strike length may be tested by further drilling but the company will now move its drill rig to test possible eastern extensions of Kuriskova's Main Zone, namely to test extensions in Zone 1226.

Kivalliq announces drill assay results from La Cinquante

On October 13, Kivalliq Energy Corp. announced assay results from 19 drill holes from the ongoing drill program at Lac Cinquante, located in Nunavut, Canada. Highlights from drilling at the Lac Cinquante deposit include: 1.16% U₃O₈ over 1.2 meters, 2.23% U₃O₈ over 2.04 meters, 1.55% U₃O₈ over 2.7 meters, 2.11% over 1.74 meters, and 2.23% U₃O₈ over 2.04 meters.

Phases 1 & 2 of the 2010 drill program have consisted of new camp construction, property-wide prospecting, environmental baseline studies, and exploration drilling. Kivalliq plans to dedicate the fourth quarter 2010 to technical and resource modeling analysis with the aim of establishing a NI 43-101 mineral resource estimate by early 2011.

Vena increases resource estimate at Macusani

On October 14, Vena Resources Inc. announced that Henkle and Associates completed a maiden resource estimate for Minergia S.A.C., a uranium company owned by Vena (75%) and Cameco (25%). The resource estimate prepared by Henkle is based on 15,160 meters of diamond drilling in 86 drill holes per-

formed over the last four years, which covers only 20% of the prospective Tantamaco target area. The resource estimate shows 7.6 million pounds U₃O₈ at an average grade of 0.025% U₃O₈ in the indicated resource category and a further 7.4 million pounds U₃O₈ in the inferred resource category at a cutoff grade of 0.0076% U₃O₈.

Juan Vegarra, Chairman and CEO of Vena Resources Inc. commented, "We are pleased to report a first-stage resource estimate for Tantamaco, one of five projects being drilled jointly with Cameco in the Macusani area of Puno, Peru ... Minergia is already planning the next phase drill program and is currently in the process of obtaining drilling permits with the goal of expanding and improving the resource base."

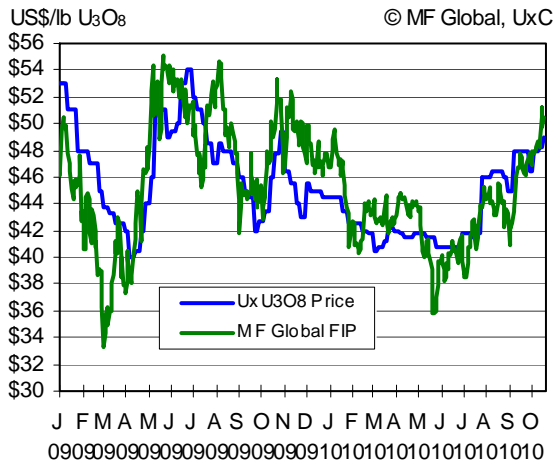
Rockgate releases drill results at Falea

Rockgate Capital Corp. announced in an October 14 press release that it had received assay results from diamond drilling completed on Sections 1360575N and 1360700N on the Plateau Edge Structure (PES) of the company's wholly-owned Falea project, located in Namibia. Highlights from the company's latest round of drilling at the property include: 3.0 meters grading 0.63% U₃O₈, 1.0 meter grading 0.74% U₃O₈, 6 meters grading 1.24% U₃O₈, and 6.0 meters grading 0.38% U₃O₈. The company will continue to drill the PES' many target areas throughout the coming months.

White Canyon finalizes sales agreement with Denison

White Canyon Uranium Ltd. announced October 14 that it entered into a Sales Agency Agreement with Denison Mines Corp. The agreement between the miners will task Denison with the sale of White Canyon's uranium concentrate from its 100% owned Daneros mine. White Canyon claimed that sales via Denison of the company's material could begin as early as December 2010.

Ux U₃O₈ Price vs. MF Global FIP



Furthermore, Denison's White Mesa Mill is expected to commence toll milling of White Canyon's ore in the coming weeks.

Peninsula reports drill results from Ross project

On October 18, Peninsula Minerals Ltd. announced drill results from the company's Lance deposit on the Ross project, located in Wyoming. These results stemmed from completion of 56 development drill holes sunk to a total depth of 31,740 feet. Highlights from this latest drilling campaign include: 18.5 feet grading 0.065% U₃O₈, 14.5 feet grading 0.050% U₃O₈, 13.5 feet grading 0.049% U₃O₈, and 21.5 feet grading 0.029% U₃O₈.

Drilling at the Ross project was designed to test known extensions of mineralized areas identified by 3D geological modeling with the aim of increasing the grade and definition of the current 25.3 million pounds U₃O₈. Peninsula stated that this most recent drilling campaign has shown positive results from the periphery of the known resource area, which the company will continue to drill to better define these resources.

Energy Fuels acquires another DOE lease in Colorado

On October 14, Energy Fuels Inc. announced that it acquired an additional U.S. Department of Energy (DOE) lease

in Colorado. The DOE lease tract (SR-12) encompasses 641 acres in western San Miguel County, Colorado that is contiguous with other properties held by Colorado Plateau Partners Joint Venture in which the company is partnered with Australian company, Royal Resources Ltd.

The SR-12 lease was initially released for bid by DOE in May 2008, and was won by an unnamed

bidder. However, that bidder subsequently dropped the lease, which was then acquired by Energy Fuels. Based on pre-bid information released by DOE in February 2008, the SR-12 tract contains approximately 156,000 pounds U₃O₈ of historical resources along with another 1.5 million pounds V₂O₅ (vanadium). This historical estimate was originally prepared by the Atomic Energy Commission (AEC), which was the predecessor of the U.S. DOE.

Virginia Energy announces results of PEA at the Coles Hill project

On October 18, Virginia Energy Resources Inc. announced the results for a NI 43-101 compliant Preliminary Economic Assessment (PEA) conducted by Virginia Uranium Inc. on its Coles Hill uranium project, located in Virginia. Virginia Uranium contracted Lyntek Inc. and BRS Inc. to complete the PEA. Lyntek was ultimately responsible for the ore metallurgy and process evaluation of acid and alkaline leaching options, and BRS was responsible mainly for mine design.

The conceptual design for the mine at Coles Hill is based on a 35 year mine life and production from the deposit amenable via both open pit and underground mining. The PEA recommended underground mining by sub-level open stoping (SLOS), which will utilize a bulk under-

ground mining technique.

The PEA concluded that the overall initial economics at Coles Hill are favorable when using a US\$65 per pound U₃O₈ long-term selling price for uranium. The PEA demonstrated that an Internal Rate of Return (IRR) of 36.3%. Furthermore, at a 7% discount rate, the Net Present Value (NPV) of the project is US\$404 million. Planned operations indicate annual production from the mine of 2 million pounds U₃O₈ per year with proposed mill processing capacity of 3,000 tons of ore per day.

In terms of capital investment requirements for permitting, bonding, mine development, processing plant, and required tailings impoundment through the first four years of production is \$203 million, which includes a 25% contingency. Estimated total capital investment over the 35 year life of mine would approximately total \$315 million, not including additional exploration. The payback period for the initial pre-production capital investment of \$173 million is 2.5 years. Total operating costs are expected to average \$30.01 per pound U₃O₈ in the first 10 years of the project including taxes, royalties, and a 25% cost contingency. The average operating costs over the 35 year life of mine are estimated at \$36.83 per pound U₃O₈, including taxes, royalties, and a 25% cost contingency.

Laboratory studies on the Coles Hill ore have shown that the ore is suitable for either alkaline or acid processing. Virginia Uranium stated that while acid leaching can produce a higher recovery of uranium from ore, that alkaline leaching with an 83% recovery rate is currently the most attractive option. The company is now using results of the PEA to advance the project's pre-feasibility study in which exploration bulk sampling will be conducted to refine mining and processing costs at the project. The company stated that the potential exists to reduce the 25% operating cost contingency during this phase.

The Market

Uranium Spot Market

Spot activity over the past week reflected a wider range of pricing offers, with a number of deals concluded during the week, each at generally increasing price levels. A total of 10 spot transactions have been added to the database over the past week, with a couple of deals reported today. This activity puts October's spot volume at just over 2.4 million pounds U₃O₈ equivalent for the month, and brings the annual volume to 38.4 million pounds U₃O₈e under a total of 197 transactions.

Part of the activity last week was a U.S. utility that participated in a reverse auction where it was seeking to buy up to 200,000 pounds U₃O₈. It appears that while a couple of offers were accepted, the utility only selected a portion of the total quantity. This week, many market participants are in Savannah at the NEI uranium conference. It seems that a number of side-hall discussions have already taken place, and the overall outcome of last week's activity has resulted in a future upward movement in the spot price. As discussed in the cover story, the market is reacting to an

additional production shortfall announcement from Energy Resources of Australia. Although reactions to Rio Tinto's lower production numbers (see page 5) thus far has been somewhat muted as it is believed they had already been active picking up spot material, recent rounds of spot demand have reflected renewed upward price movements. In general, demand from producers remains robust at the moment.

Based on offers available today (Monday), the Ux U₃O₈ Price increases \$1.00 for the week to \$49.25 per pound. While today's price is reported just above \$49, based on activity throughout the day, it is likely that material at this price level will be placed over the near term and upward pressure on price will continue; however, the question remains on how long this latest demand surge will last.

UxC Broker Average Price

The UxC Broker Average Price (BAP) remained quiet in the beginning of the week, but noticed a substantial uptick as the weekend approached. The indicator began the week down \$0.04 to \$48.13 on Tuesday, before slipping by a further \$0.03 into Wednesday to \$48.10. The turnaround occurred on Thursday when

Ux Price Indicators (€Equip**)			
Weekly (10/18/10) 1 US\$ = .71489€			
Ux U₃O₈ Price		\$49.25	€35.21
Mth-end (9/27/10) 1 US\$ = .74163€			
U ₃ O ₈	Spot	\$46.50	€34.49
	Long-Term	\$60.00	€44.50
Conversion	NA Spot	\$13.00	€9.64
	NA Term	\$13.25	€9.83
	EU Spot	\$13.00	€9.64
	EU Term	\$14.00	€10.38
U ₆ Spot	NA Price	\$135.00	€100.12
	NA Value*	\$134.50	€99.74
	EU Value*	\$134.50	€99.74
SWU	Spot	\$153.00	€113.47
	Long-Term	\$157.00	€116.44
EUP	NA Spot**	\$2,328	€1,727
	NA Term**	\$2,716	€2,014

the midpoint jumped by \$0.29 to \$48.39. This increase may be attributable to the market's response to ERA's shortage of supply from the Ranger pit plus the anticipation of results from the utility reverse auction. Friday's price continued its upward trend as the midpoint increased to \$48.63, up \$0.24 on the day. Today's UxC BAP is \$49.20 per pound, up \$0.57 from Friday's level, and up/down from last Monday's \$48.17. The BA Bid is \$48.56, up from last week's \$47.78 and the BA Offer is \$49.84, up from last week's \$48.56.

UxC Market Statistics				
Monthly (Oct)	Spot		Term	
	Volume	# Deals	Volume	# Deals
U ₃ O ₈ e (million lbs)	2.4	20	0	0
Conv. (thousand kgU)	>645	5	0	0
SWU (thousand SWU)	0	0	0	0
2010 Y-T-D				
	Spot		Term	
	Volume	# Deals	Volume	# Deals
U ₃ O ₈ e (million lbs)	38.4	197	>63.3	19
Conv. (thousand kgU)	>5,462	51	>11,207	14
SWU (thousand SWU)	1,201	10	24.3	15

Key: N/A – Not available. W – Withheld due to client confidentiality.

UxC Leading Price Indicators

Three-month forward looking price indicators, with publication delayed one month. Readings as of Sep 2010.

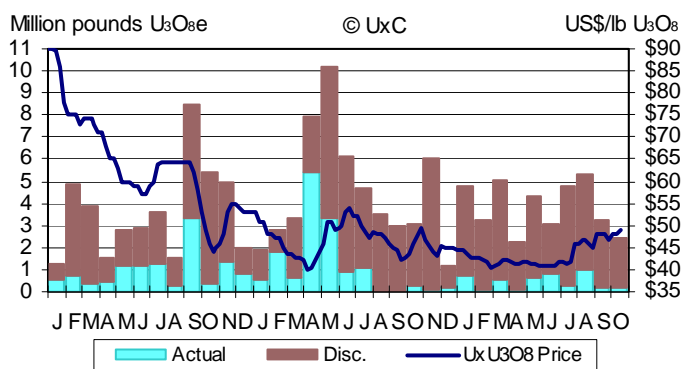
Uranium (Range: -17 to +17) **-1** [down 1 point]

Conversion (Range: -16 to +16) **+7** [down 1 point]

Enrichment (Range: -18 to +18) **+1** [unchanged]

Platts Forward Uranium Indicator **\$47.50-\$50.50**
A forward one-week outlook. As of 10/18/10 (US\$/lb)

Ux U₃O₈ Price vs. Spot Volume by Need



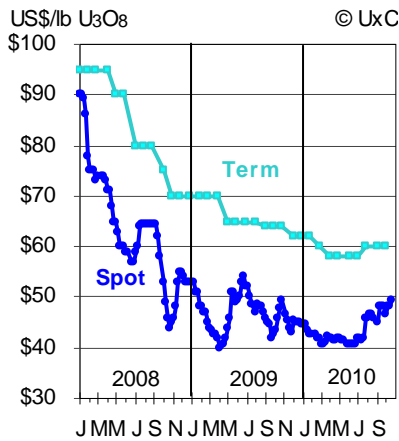
True Meaning

A schoolteacher was taking her first golfing lesson.

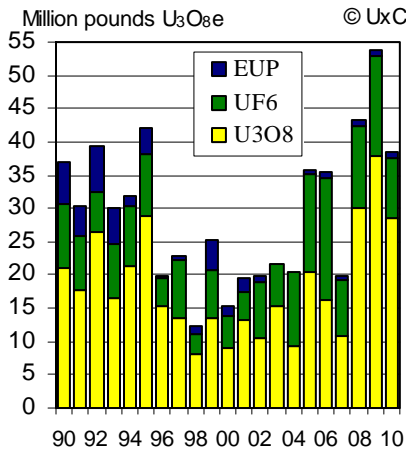
"Is the word spelled p-u-t or p-u-t-t?" she asked the instructor.

"P-u-t-t is correct," he replied. "Put means to place a thing where you want it. Putt means merely a vain attempt to do the same thing."

Ux U₃O₈ Prices



Annual Spot Uranium Volumes



Fund Implied Price (FIP)

The MF Global Fund Implied Price realized additional upward pressure over the past week as the FIP began the week up \$0.38 to Tuesday's \$48.64. The FIP climbed to \$50.53 on Wednesday before jumping to \$51.26 on Thursday. The indicator then fell back on Friday to

\$49.70. Today's FIP is up \$0.76 from Friday at \$50.46 (see chart on page 8).

U₃O₈ Futures Market

The CME Group futures market for uranium witnessed some activity last week as the exchange increased by 6 contracts (1,500 pounds U₃O₈). The bulk of this activity was transacted for the March 2011 futures month, which is shaping up to be quite an active month for transactions. Prices for the week remained quite flat, and the latest prices can be found in the table on the next page. Total contracts for the month of October now stand at 2,427 contracts (606,750 pounds U₃O₈). The 2010 annum contract volume increases to 16,288 contracts (4,072,000 pounds U₃O₈) and open interest increases by 4 contracts (1,000 pounds U₃O₈) to its current level of 13,928 (3,482,00 pounds U₃O₈).

Uranium Term Market

A number of utilities remain active in the term market as several are awaiting offers and others are preparing requests for submission. A U.S. utility has a request out seeking a total of 3.5 million pounds equivalent as either U₃O₈ or UF₆. This utility has offers due November 2nd based on its request for two delivery periods. The first delivery term involves a total of one million pounds U₃O₈e with delivery over 2012-2016. The second delivery period is from 2017 through 2021 and involves 2.5 million

pounds U₃O₈e. A U.S. utility has offers due October 25th for two separate requests. The first request is for up to about 1.1 million pounds U₃O₈e with delivery from 2012 to 2014, and the second is for up to 1.55 million pounds U₃O₈e with delivery from 2015 to 2018. A third U.S. utility has requested offers due October 21st for up to 200,000 kgU as UF₆ (about 523,000 pounds U₃O₈ equivalent) with delivery over a five- to six-year period and first delivery in 2012 or 2013. Offers are due October 22nd to another U.S. utility that is seeking 2.2 million pounds U₃O₈ over the 2013 to 2019 time period. A non-U.S. utility is seeking just over a million pounds U₃O₈ with delivery over the next year and a half. A U.S. utility is in final negotiations with suppliers regarding its request for about 260,000 pounds equivalent per year as UF₆ or U₃O₈ with delivery in 2010 through 2012, and over a million pounds per year with delivery starting in 2015.

Conversion & Enrichment

There has been little in the way of new activity in either the conversion or enrichment markets over the past week. There have been several spot transactions involving conversion and UF₆ for the month, and several utilities have UF₆ and conversion options associated with the requests discussed in the previous section.

Ux Price Indicator Definitions

The Ux Prices indicate, subject to the terms listed, the most competitive offers available for the respective product or service of which The Ux Consulting Company, LLC (UxC) is aware. The Ux U₃O₈ Price (Spot) includes conditions for delivery timeframe (≤ 3 months), quantity (≥ 100,000 pounds), and origin considerations, and is published weekly. The Ux LT U₃O₈ Price (Long-Term) includes conditions for escalation (from current quarter), delivery timeframe (≥ 24 months), and quantity flexibility (up to ±10%) considerations. The Ux Conversion Prices consider offers for delivery up to twelve months forward (Spot) and base-escalated long-term offers (LT) for multi-annual deliveries with delivery in North America (NA) or Europe (EU). The Ux NA UF₆ Price includes conditions for delivery timeframe (6 months), quantity (50-150,000 kgU), and delivery considerations. *The Ux NA and EU UF₆ Values represent the sum of the component conversion and U₃O₈ (multiplied by 2.61285) spot prices as discussed above and, therefore, do not necessarily represent the most competitive UF₆ spot offers available. The Ux SWU Price (Spot) considers spot offers for deliveries up to twelve months forward for other than Russian-origin SWU. The Ux LT SWU Price (Long-Term) reflects base-escalated long-term offers for multi-annual deliveries. **The Ux Spot and Term EUP Values represent calculated prices per kgU of enriched uranium product based on a product assay of 4.50% and a tails assay of 0.30%, using spot and term Ux NA and appropriate spot and term price indicators and are provided for comparison purposes only. All prices, except for the weekly Ux U₃O₈ Price, are published the last Monday of each month. (Units: U₃O₈ = US\$ per pound, Conversion/UF₆: US\$ per kgU, SWU: US\$ per SWU, EUP: US\$ per kgU) The Ux Prices represent neither an offer to sell nor a bid to buy the products or services listed. **The Euro price equivalents are based on exchange rate estimates at the time of publication and are for comparison purposes only.

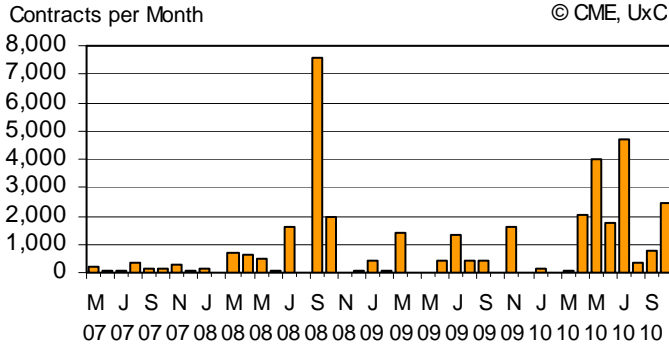
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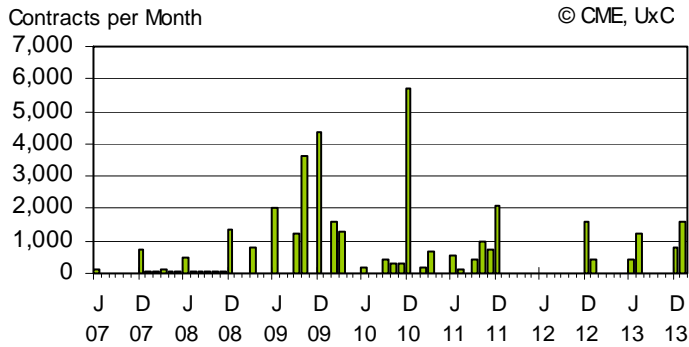
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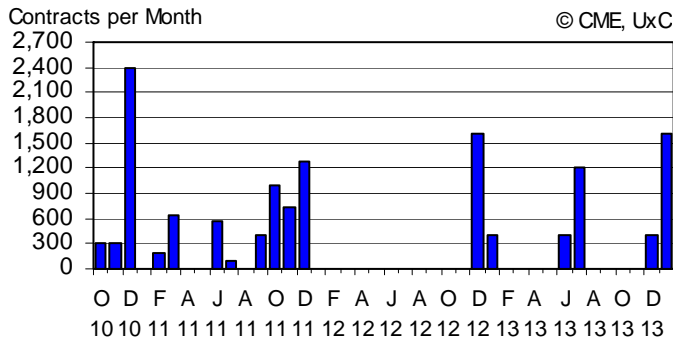
NYMEX UX Futures Activity Total Contracts by Transaction Month



Total Contracts by Settlement Month



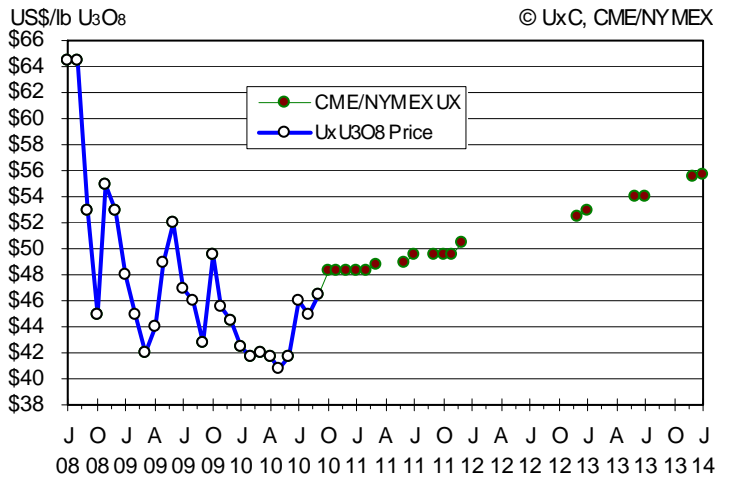
Open Interest by Settlement Month



NYMEX UxC Uranium U₃O₈ (UX) Futures Activity

Prices as of 10/18/10		Activity for 5/7/07-9/24/10			
Settlement	Price	Volume	Open	High	Low
Jun 2010	\$41.75	201	N/A	N/A	N/A
Sep 2010	\$46.50	411	N/A	N/A	N/A
Oct 2010	\$48.25	304	303	N/A	N/A
Nov 2010	\$48.25	311	311	N/A	N/A
Dec 2010	\$48.25	5,728	2,399	N/A	N/A
Jan 2011	\$48.25	2	2	N/A	N/A
Feb 2011	\$48.25	200	200	N/A	N/A
Mar 2011	\$48.75	683	639	N/A	N/A
Jun 2011	\$49.00	559	558	N/A	N/A
Jul 2011	\$49.50	100	100	N/A	N/A
Sep 2011	\$49.50	400	400	N/A	N/A
Oct 2011	\$49.50	1,001	1,000	N/A	N/A
Nov 2011	\$49.50	740	740	N/A	N/A
Dec 2011	\$50.50	2,070	1,270	N/A	N/A
Dec 2012	\$52.50	1,600	1,600	N/A	N/A
Jan 2013	\$53.00	400	400	N/A	N/A
Jun 2013	\$54.00	400	400	N/A	N/A
Jul 2013	\$54.00	1,200	1,200	N/A	N/A
Dec 2013	\$55.50	802	402	N/A	N/A
Jan 2014	\$55.75	1,600	1,600	N/A	N/A
Totals:		36,819*	13,524	*Includes from May 2007.	

Ux U₃O₈ Price vs. CME/NYMEX Forward UX Price Curve



UxC Broker Average Price (BAP) Definition

The UxC BAP (Broker Average Price), subject to the terms listed, is a calculated average mid-point of bid and offer prices as supplied to UxC by participating brokers. The participating brokers are Evolution Markets, ICAP Energy, and MF Global (the "Brokers"). Data posted by the Brokers are kept confidential and will not be published or made available independently. The Broker data are subject to verification by The Ux Consulting Company, LLC (UxC), which compiles and reports the UxC BAP. In order to have a sufficient number of data points and to represent submissions by all of the Brokers, the UxC BAP includes the best bids and offers reported over a three-month forward period. This period is consistent with the three-month delivery period for offers considered in the determination of the Ux U₃O₈ Price. On a daily basis, the Brokers submit their best bids and offers over a forward three-month period through a secure system. From these postings, UxC separately calculates the UxC Broker Average (BA) Bid and the UxC Broker Average (BA) Offer prices. The UxC BAP is a simple mid-point average of the UxC BA Bid and UxC BA Offer prices. Other Broker data collected include lot volume on a per offer basis. The UxC BAP is published on a daily basis and is made available to subscribers through email updates and UxC's Subscriber Services website.

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Ux U₃O₈ Price vs. UxC Broker Average Price (BAP) Definition

