



Session: Metals Commodities
Tuesday, Sept. 23
8 - 10 a.m.
Room N261, Las Vegas Convention Center, Upper Concourse

Title: Uranium – Getting the Cake in the Pan

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Abstract:

As late as the early 1980's, the United States was the largest producer of uranium in the world. The production supplied a growth in the domestic nuclear industry that by the late 1980's reached a peak of 112 reactors with several more either under construction or planned. As a result of the incident at Three-Mile Island, several of those planned reactors and reactors under construction were cancelled. During this period, with a significant reduction and cancellation of uranium deliveries, the majority of the U.S. mines were shutdown and mills shuttered.

However, globally, particularly in Asia, the love affair with nuclear power was just starting. Additionally, with production in the U.S. declining to a few in-situ and alternative feed recovery facilities, primary production was moved to large uranium projects in Australia, Canada, Central Asia, and Africa. Consumption continued to grow as the result of increased nuclear generating capacity from existing reactors, and the supply gap was filled with secondary sources such as excess reactor inventories, government inventories, and weapons down blend (Megatons to Megawatts). During this period, the price of uranium ventured to levels below \$10 per lb,

In 2003, as the market began to respond to the consumption of the excess inventory, increased prices brought about a resurgence of uranium mining industry. In addition, the global nuclear renaissance provides the potential for significant new demand. In the United States, increased interest in uranium mining brought about a re-look at historic uranium projects that either were planned or cancelled during the previous downturn.

However, since the last major uranium production cycle, the U.S. gave up its dominance of the market to other global competitors as a result of minimal

investment in the domestic industry due to low market prices, a perception of perpetual secondary sources, and loss of infrastructure, (e.g. the reduction from 24 mills to 4 mills). Additionally, during this period, environmental regulations changed and became more restrictive. Without its former significance in local and State economies, the uranium industry lost its status as a source of jobs and tax revenue, and allowing groups who oppose uranium mining to gain an upper hand in mischaracterizing the industry's environmental and economic impacts. These mischaracterizations have created hostile permitting environments in some locales and created significant delays and uncertainty in reaching production. These issues coupled with a loss of institutional knowledge in the industry and regulatory agencies, significant cost increases, and competition for resources with other industries is creating a significant challenge for the domestic uranium industry to compete directly in the global nuclear fuel cycle.