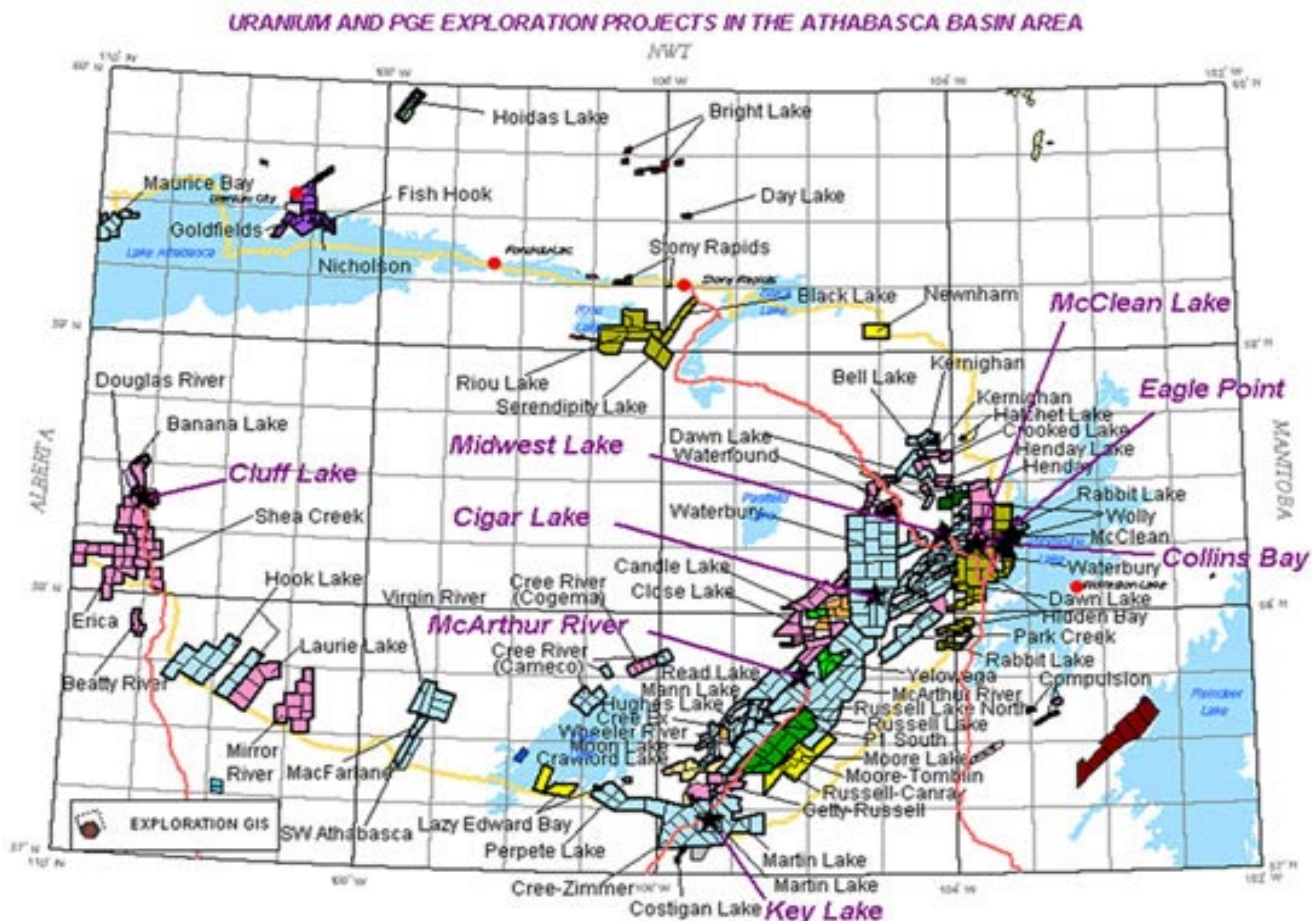


SHOULD URANIUM BE FAIRLY PRICED AT \$30/POUND?

Strathmore Minerals Consulting Geologist Explains Company's Acquisition Policy

Will Strathmore Minerals become a uranium producer?



Strathmore Minerals holds claims in the Athabasca Basin (in Canada's Saskatchewan province) home to some of the world's highest grade uranium deposits
courtesy: http://www.explorationgis.com/AB_Projects.html

StockInterview's Andy Barrett concludes his four-part interview with David Miller, a Wyoming legislator, International Atomic Energy Agency (IAEA) consultant and the consulting geologist to Strathmore Minerals (OTC Pinks: STHJF; Toronto Venture Exchange: STM). In this final interview, Mr. Miller explains why uranium can not continue being forward sold at \$7 - 8/pound, and why he believes future uranium sales might be at higher prices. Miller also defines the acquisition strategy he developed for Strathmore Minerals in Wyoming and at Canada's Athabasca basin, where some of the highest uranium grades are found.

StockInterview:

With rising uranium prices, why isn't this reflected in the price Cameco (NYSE: CCJ) sells its uranium?

David Miller:

Over the past ten or fifteen years, the big production in Canada, in the Athabasca Basin, where the very high-grade world-class deposits are, they've (Cameco) continued to sell uranium under long-term contracts at prices that are very attractive to the consumers of uranium. When you look at certain cash operating costs in Canada, their cash operating cost is very low. It's low because they are not looking at all their costs. The Cogema group, of course, is a division of the French government. They're going to keep producing uranium at whatever price. The history of Cameco, as the leading uranium company in the world, is that they came out of a couple of Canadian crown (government) corporations. If you look at the true costs of producing uranium, in the Athabasca Basin deposits, they are far higher than \$7-8/pound, which they've been selling uranium for, the past few years. I don't know of any company that is going to go out and mine (new) uranium at a loss. Cogema has done it for the past twenty years. Cameco has done some of that too. It really costs them more than \$7 to \$8/pound to mine it.

StockInterview:

Then, what would be the normal market price for uranium if all costs were represented, and which would also meet the demand for uranium consumption?

David Miller:

If everything were equal, you would encourage enough production at deposits around the world at \$30/pound to meet the worldwide demand.

StockInterview:

Do the rising uranium costs reflect how difficult it is to find uranium?

David Miller:

The great deposits are difficult to mine. It's not that they are too deep. It is the environment in which they occur. The Athabasca Basin is a sandstone deposit. What is the primary method to mine the highest grade deposit in the world? They actually go underground, above and below the ore body. Then, they drill holes into the ore body, and they freeze portions of the ore body so they can mine it because the ground is so soft. They have to put frozen walls up in the sandstone. Then, they mine the stuff in between with remote mining techniques. Their actual cash cost is very low. But, if you look at the cost of exploration and development work, and amortize the unsuccessful projects along with the successful projects, their true cost of production is easily into the teens of dollars per pound, if not higher.

StockInterview:

Is Cameco's deposit one of the highest grade deposits in the world?

David Miller:

The highest grade deposit is McArthur River in the Athabasca basin in Saskatchewan. We need to find one of those, every three years, on a worldwide basis to maintain the current levels of consumption. And we're not doing that.

StockInterview:

How dependent is the world's consumption needs upon the Athabasca basin?

David Miller:

The price (of uranium) didn't start really going up last year until they (Cameco) nearly lost the largest uranium mine in the world, McArthur River, which had a flood in it. That frozen ground they have around the ore body, if they try to mine it? Somehow, some portion of it became unfrozen and the vast lake of the sandstone deposit they were mining in, started washing into the mine. They nearly lost it. That's what dawned on everyone finally: if they produced less uranium, the price of uranium went right up immediately. If they lost that mine, it would have taken 15 million pounds per year off the market. They didn't lose the mine. It's back in operation. Cameco is a highly skilled, highly competent company so I assume they solved the problem. I think they're back up to full production now.

StockInterview:

You also consult for Strathmore Minerals. You've designed their business plan for acquiring properties. What is behind the plan in acquiring assets, which won't be economical until uranium trades at a much higher price?

David Miller:

We have a two-pronged approach. The first prong is to focus on the U.S. where we are acquiring known uranium resources that were discovered by the big uranium companies in the last up market. This is when literally hundreds of millions of dollars were spent on drilling, definition, engineering and metallurgy studies of dozens and dozens of uranium properties. These are scattered mostly in the western United States. We're picking up those that are available, buying some that are available. We've got databases that show us where all of them are. We're acquiring as many of those, at reasonable prices, as we possibly can. Some of those are not economic at current uranium prices. Some are close to economic at current uranium prices. As the price of uranium rises, more of Strathmore Mineral's resources become economic. Right now, only five to ten percent of those are economic, but at \$20/pound a few more would be economic. At \$25 pound, even more would be economic.

StockInterview:

And what is the other half of that strategy?

David Miller:

Our other strategy is the Athabasca basin in Canada, where the world's best deposits are. We have crews in the field right now, analyzing and acquiring properties. We've acquired well over 100,000 acres in that terrain. We have consultants working on that. We've also hired some of the fathers of uranium exploration in that basin to work with us, to help train the young Canadian geologists to focus in on the right areas, and to go after what we think are the better, more economic deposits. I would say what our strategy is, but I don't want to give our competition any hints.

StockInterview:

If the Athabasca basin is so prospective, with the highest uranium grade deposits in the world, then why does Strathmore hold many leases in Wyoming?

David Miller:

There are three operating in-situ leach mines in Wyoming that are all owned by Cameco. The in-situ leaches, where we use water wells. All we do is add CO₂ and oxygen to the water. It's essentially the composition of Perrier. The percent of whatever uranium is in the ore body is about one-half a percent. All we're doing is pumping water down one hole, which we fortify with carbon dioxide and oxygen - concentrates of oxygen are up to several hundred parts per million - that goes down one hole, close to the sandstone. When it comes into contact with uranium, it flows through the sandstone and comes in contact with any of the uranium in the sandstone. It dissolves the uranium, puts it in solution and goes to our recovery well. It then gets pumped to the surface. Then, it goes to our water plant. The water plant is just a series of pumps and pipes and tanks that have some special beads in it. They have an affinity for uranium. The uranium precipitates out on the surface on these beads. Then we re-fortify the water with CO₂ and O₂ and pump it back down again. It's just one big loop. In a typical ISL mine, it operates with about 3,000 to 4,000 gallons per minute.

StockInterview:

How much uranium can you produce in this way on a daily basis?

David Miller:

Two or three thousand pounds per day would be typical. Back in the heyday of uranium in Wyoming, which was 1980, Wyoming produced about five million pounds that year. The uranium industry in Wyoming, at that period, probably employed twelve to fifteen thousand people. I can think of one mine, as an example. In 1980, it produced maybe one million pounds of uranium and had five hundred people working at that mine. A conventional open-pit took five hundred people to produce one million pounds per year.

StockInterview:

How is in-situ leach mining (ISL) different then?

David Miller:

Now, with seventy-five people, using water wells, we produce one million pounds per year. And without digging a hole in the ground. The U.S. uranium production will be primarily ISL in the future. We don't mine it with open pits or underground mines. We mine it with water wells. Compared to conventional mining, I would say that it has far less than ten percent of the impact conventional mining has. You're not removing all of the topsoil or the rock in between the surface and the ore body. In 1980, they would sometimes remove thirty to fifty times the volume of rock to get after one volume of the uranium-bearing ore. Vast amounts of ground were being disturbed to get where the uranium was.

StockInterview:

Does that then define the direction Strathmore Minerals is heading? With ISL mining?

David Miller:

We've talked about possibly two ISL mines going into production within the next five years. It'll take some capital to get them going. But we're also talking to marketing people right now. We've got a price level we would sign a contract for right now. If we can get that done, that's a bankable document. When you have a contract to sell uranium at a certain price, we have all our economic evaluations for some of these deposits that are producible at certain dollars per pound levels.

StockInterview:

Does Strathmore have buyers for its uranium?

David Miller:

We don't have any buyers. That's part of our strategy. We've got quite a bit of uranium under lease and under claims right now. Our next step, as we go into production, well, it's not like there is a market out there for gold or silver. We have to make our market. We have to find a marketing guy, or a company that's willing to buy certain amounts of our uranium at certain prices. We would have to negotiate with the people who need uranium, if they wanted a contract for a huge amount of uranium. If a utility wanted to sign a contract with something above the current spot market price, we would be willing to listen to them. I think, in several years time, depending on what deposit we went after and put into production first, we could maybe produce 500,000 pounds per year, starting in several years. And be able to deliver that for ten years. That's where we're looking right now: to take that next leap forward. To go from simply acquiring uranium assets in the ground to becoming a uranium mining and marketing concern.

David Miller

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Mr. Miller, is a minerals industry expert in exploration, acquisition and operations. His primary focus has been on uranium, coal bed methane and gold. David worked with Cogema, the second largest producer of uranium in the world, the last 4 as its chief geologist for in-situ operations in the US. Mr. Miller has over 25 years of experience in exploration and acquisition of uranium properties. Mr. Miller has consulted in uranium exploration, deposits, mining, and "in-situ" recovery for the IAEA. Mr. Miller is also an elected member of the Wyoming Legislature, committee assignments include Minerals and the Energy Council.

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