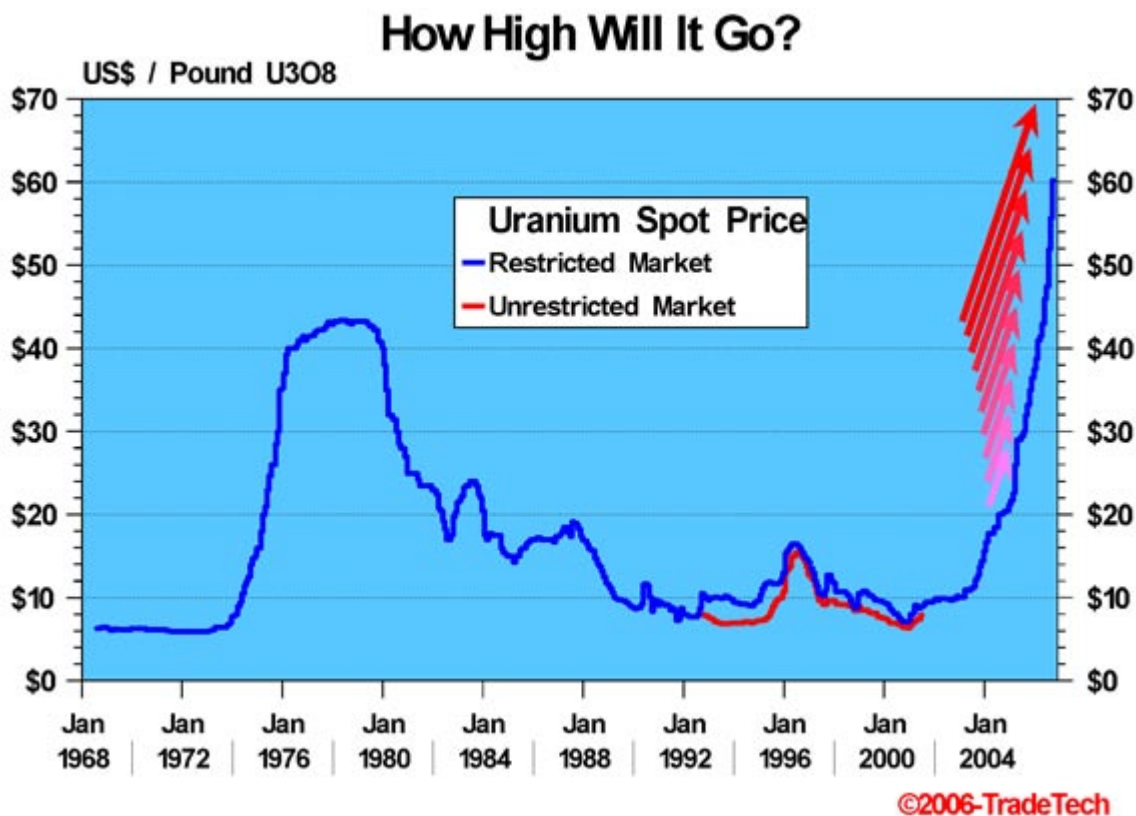


WEEKLY SPOT URANIUM PRICE SETS NEW RECORD: TOPS US\$60/POUND

- WORLD EXCLUSIVE -
Interview with TradeTech's Gene Clark
"Not Much Breathing Room Left in the System"

Cameco's Cigar Lake Delay Pressures Tight Global Uranium Supply

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Early birds subscribe to TradeTech's publications for the spot price of uranium oxide (U3O8 or yellowcake). TradeTech and its predecessor NUEXCO have been publishing uranium market prices (uranium, conversion, SWU) since the inception of the commercial nuclear fuel market in 1968. The Nuclear Market Review (NMR) is published each Friday and reports TradeTech's weekly Uranium Spot Price. The website price is delayed by 72 hours. <http://www.uranium.info>

SUMMARY: Through 2006, speculation had been active in the nuclear fuel and stock markets as to where the spot uranium price would land by year end – up or down?

TradeTech's spot price punched through the US\$60/pound mark for the first time in the commercial nuclear fuel market's 38-year history. Less than two months after surpassing the US\$50 mark, TradeTech reported a spot price level of \$60.25 per pound of uranium oxide (U308) in its October 27th issue of Nuclear Market Review.

On Monday, October 23rd, debate about uranium supply-demand imbalances was settled by a natural disaster. TradeTech reported in its weekly magazine to subscribers, along with the new spot uranium price:

"The uranium market was sent reeling this week with the news of the flooding and resulting production startup delay at Cameco's Cigar Lake project in Canada. The prospect that 7 million pounds will not be available to the market in 2008 and possibly 12 million pounds in 2009 ... as previously expected, caused many buyers to begin the process of reassessing their purchasing strategies and potential entry into the market."

By the time TradeTech reported the new weekly record spot price, market analysts were speculating whether the spot uranium price would end the year at \$70, \$80, \$90 or even \$100. Instead of counting the price in nickels, as was done in the 1990s, the market is counting price movements by ten-dollar bills.

StockInterview talked with Gene Clark, Chief Executive of TradeTech, the only company which sets the weekly spot uranium price every Friday.

TradeTech Chief Executive Gene Clark.

As a nuclear physicist and formerly with NUEXCO and the U.S. Department of Energy's Energy Information Administration, Mr. Clark is highly respected through the nuclear industry. StockInterview relied upon Mr. Clark for his valuable insights and essays found in the 304-page book "Investing in the Great Uranium Bull Market." More Info: <http://bookstore.stockinterview.com>



By James Finch

StockInterview:

Some mining stock analysts downplayed the mine flooding. Some took it seriously; others less so. But, it appears the utilities have taken the Cigar Lake flooding very seriously. Why?

Gene Clark:

It wasn't just that the fact of the mine flooding that created a near-panic in the market; this situation was spurred on by Cameco's forewarning in its press release:

"Cameco has supply interruption protection in its contracts providing the right to reduce, defer or cancel volumes on a pro-rata basis if we experience a meaningful shortfall in planned production. This language protects about three-quarters of current contracted volumes. This percentage will rise as old contracts expire. All contracts also contain standard force majeure protection. The baseload contracts put in place to support the development of Cigar Lake also contain supply interruption language, which allows Cameco to reduce, defer or terminate Cigar Lake product deliveries in the event of any delay or shortfall in Cigar Lake production."

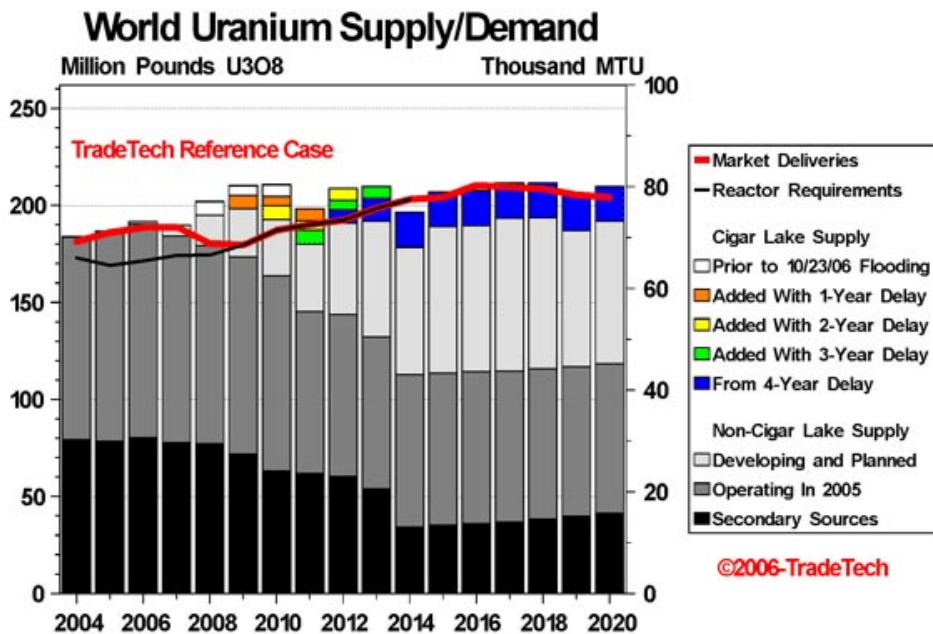
Given the foregoing contractual protections, Cameco is adequately positioned to meet its contractual obligations.

StockInterview:

In other words, Cameco chose to 'protect the shareholders' ahead of their customers, the utilities?

Gene Clark:

This statement was clearly intended to allay the fears of its stockholders, and that's actually what you would expect prudent management to do, that is, to use every option it has to keep the company financially viable and to be up-front about it. But this statement sent chills down the spines of Cameco's customers. Its customers must have known that Cameco had these termination rights – after all, they signed the contracts. But they probably did not consider themselves to be at-risk, given that they were dealing with what most consider the world's most reliable supplier.



TradeTech's case for uranium supply and demand through 2020. Cigar Lake is a "must have" uranium supply source for U.S. utilities, according to Gene Clark's analysis. Visit TradeTech's website at: <http://www.uranium.info>

StockInterview:

In the long run, how will the Cigar Lake event impact the world's supply-demand situation?

Gene Clark:

The answer depends on how long the production delay turns out to be – or if Cigar Lake has to be written off as a supply source. As the figure below shows, the years 2004-2008 show market deliveries larger than actual reactor requirements. This shows that buyers are building inventories. There appears to be enough production capacity from Developing and Planned projects to meet reactor requirements, and even to continue this inventory building process for a few more years beyond 2008.

StockInterview:

When will utilities feel the pinch?

Gene Clark:

After 2010, it starts to get a little dicey. Some level of Cigar Lake production would be needed by then to meet reactor requirements for that period. And, after 2013 when supplies from the so-called Russian HEU Deal end, Cigar Lake's production is a "must-have" supply source.

StockInterview:

How serious is the tight supply situation?

Gene Clark:

While the "sky has not fallen yet," there is not much breathing room left in the system. Some of the key factors to watch

will be the extent to which utilities are able to build inventory for supply-disruption mitigation, the success of bringing on new production capacity (especially the larger projects), and participation by the speculators in the market. As pricey as uranium is in today's market, this speculator segment of the market may be able to command real premiums for what will be precious material at given times in the future market.

StockInterview:

What is the real impact of the Cigar Lake flood aside from the anticipated supply disruption?

Gene Clark:

In spite of the immediate impact on the spot market, the real issue highlighted for utilities by this event is in the long-term market. Because of the swing from a buyer's market to the current seller's market, producers now have more market power. Not only can they command higher prices, but producers can shift some performance risk to the buyer side.

StockInterview:

How does this event affect contracts between utilities and uranium producers?

Gene Clark:

Having a contract tied to a future mine adds an additional layer of risk, as aptly demonstrated by the two Cigar Lake mine floods. Operating mines could also be subject to pro-

duction problems. But, having a supply contract with the world's largest uranium producer should provide a high level of assurance. Unfortunately, if a utility has a contract, with the reduction or termination language found in the Cameco contracts, the utility doesn't really have a supply contract. Instead, the document is, in essence, a 'put option' by the uranium producer.

StockInterview:

What does this mean for the spot and long-term uranium markets?

Gene Clark:

In the depressed uranium market of the 1990s, participants got into the habit of "counting by nickels" when anticipating month-to-month price movements. After the current price run-up began in 2004, the currency changed. First, it was "counting by quarters," and then "counting by dollars." How long will the current mentality of "counting by \$10" last

is not clear, but the high level of uncertainty in future uranium prices will undoubtedly make participation in the market much more of a strategic decision than a tactical one.

StockInterview:

How does the future look to you?

Gene Clark:

One statement will ring true through the foreseeable future. If you've got uranium in your hands, you're going to make some real money on it when you sell. The lesson underscored for the electric utility industry is how vulnerable their supply sources are to this type of problem.

INSIGHTS ABOUT THE URANIUM PRICE AND CIGAR LAKE

What Went Wrong at Cigar Lake?

Sprott Asset Management Market Strategist Kevin Bambrough is also a senior contributing editor to StockInterview's "Investing in the Great Uranium Bull Market," which forecasts a severe uranium shortage through 2020.

More Info: <http://bookstore.stockinterview.com>



Cameco acknowledges Cigar Lake will be difficult to mine. A geologist intimately familiar with the Cigar Lake uranium orebody warned that the basement rock lacked the stability and strength to safely build the development and production shafts necessary to mine the orebody. A mining engineer, who wished to also remain anonymous, told us, "It's like mining in quicksand." This could place the uranium market supply balance in a deficit for several years.

Two sources for uranium price forecasts and industry insights, from whom StockInterview had previously drawn upon, were worth visiting with again. Both Sprott Asset Management Market Strategist Kevin Bambrough and Strathmore Minerals President David Miller have been extremely bullish in forecasting the spot price of uranium.

Kevin Bambrough told us during an email and telephone interview, "Uranium mining is difficult and risky." We talked about the recent mine flood. "The Cigar Lake mine is very unique in the world," he pointed out. "So far the uranium market hasn't priced in the risk to the viability of Cigar Lake nearly enough."

"Unlike most mines, they are forced to go below the orebody, which is hosted in unstable water-saturated sandstone in order to find solid dry basement rock," Bambrough explained. "They go below the orebody so they can build stable safe shafts under the entire orebody for the purpose of extracting the ore from below using a jet-boring method."

They are also forced to freeze the orebody in order to prevent excessive water flow into the production shafts.” Bambrough added, “It’s clear that encountering flowing water in what is supposed to be dry basement rock was a shock, especially because the flow rate was so high.”

Bambrough has numerous questions for Cameco on the company’s scheduled earnings conference call this Wednesday. He told us, “We need to ask Cameco these questions:

1. If the water wasn’t coming from the orebody above, where was it coming from?
2. Was the water flow coming from above at all?
3. Is it possible there are faults in the basement rock in which large volumes of water are flowing?
4. If so, what will have to be done in terms of re-engineering the mine in order to deal with this possibility?
5. How much harder is it to freeze basement rock to prevent water flow than freezing water-saturated sandstone? And how effective is this?
6. How will you build shafts, through what may be faulted rock almost 3000 feet below the surface, while water is attempting to flow into your working area at 1500 cubic meters per hour?
7. Will you be increasing your pumping capacity to avoid another unforeseen problem?

8. What confidence level should we have even if they plug the leak, drain the orebody and give us a new production schedule that it will be achieved?
9. Will the mine development continue to be plagued by difficulty and delays for years?”

From his research and interviews with mining executives and other sources, Bambrough believes at least two events are likely to take place. “It’s likely that in the coming days, weeks or maybe even months, Cameco will revise their expectations of the delay being ‘at least a year’ to possibly a few years or more.” He added that utilities “will have extreme difficulty in trying to replace what was likely low-cost uranium expected from Cigar Lake.” He thinks the bill in terms of higher uranium prices collectively could cost utilities more than one-half billion dollars per year. “They may have to pay more than double than what they would have paid under their Cigar Lake contracts,” Bambrough concluded.

Those who sold uranium production before the Cigar Lake flood could later regret it, he told us. And Bambrough warned, “I expect the spot market in uranium could become fairly illiquid over the next while as traders try to assess the timeline for the Cigar supply.”

HOW HIGH CAN THE URANIUM PRICE SPIKE?

Also a senior contributing editor to “Investing in the Great Uranium Bull Market,” Strathmore Minerals President David Miller has twice before forecast a doubling in the spot uranium price, first at \$16/pound and again at \$32/pound. His company is focused on a proposed uranium mill and mine on its Roca Honda property in New Mexico. <http://strathmoreminerals.com>



No one really knows how the spot uranium price will behave through the end of the year. The current uranium bull market began after flooding knocked Cameco’s McArthur River uranium mine out of production for about three months. While there had been no immediate impact by the McArthur flooding, spot uranium, which had been hovering around US\$10/pound, began its three-year climb to the current \$60.25/pound level.

Numerous analysts have recently speculated about the next price target. One uranium geologist has been consis-

tently accurate in his price projections. We first interviewed long-time industry expert and geologist David Miller in June 2004, when he forecast uranium would double to over \$30/pound. In November 2005, after the spot U3O8 price passed the \$30/pound level, we again asked for a new prediction. Miller told us he thought the spot uranium price could double again within two years.

This weekend, we asked a third time for his price forecast. In an email, Miller wrote, "I can see another doubling to over \$120 per pound." He explained, "During dinners when traveling I would always toast to \$100 uranium. Up until this past summer, this was wishful thinking for an up-and-coming uranium producer like Strathmore Minerals. Now I realize we will likely hit \$100 per pound."

What is Miller's reasoning? "While there is plenty of uranium in the ground around the world at this price, the problem is still getting permits and getting them into production," he wrote to us. "My guess would be a spike above \$100, maybe even above \$150." But Miller also cautioned, "I do fully expect the long term price, after new production comes on line, to be around US\$60 per pound. It is a race to production now. It may be dawning upon utilities that many new producers are needed for a diversification of reliable uranium supply."

ABOUT TRADE TECH

TradeTech is widely recognized for its expertise in trading activities and its comprehensive knowledge of the technical, economic, and political factors affecting the nuclear energy industry. The company provides expert market consulting, advises participants in the buying and selling of uranium products and services, and maintains an extensive information database on these industries. TradeTech's Nuclear Market Review provides an extensive array of uranium price indicators, and its monthly publication, The Nuclear Review, has been a source of key market information to the international uranium and nuclear energy industries since 1968.

The weekly spot Uranium price update on the website is delayed 72 hours. Visit <http://www.uranium.info>

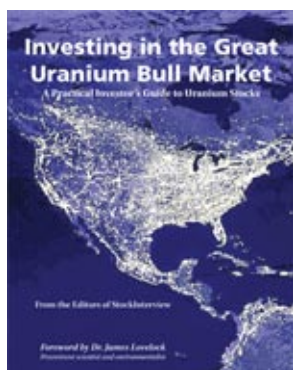
ABOUT KEVIN BAMBROUGH

Kevin Bambrough joined Sprott Asset Management Inc. as a Research Analyst in August 2002. Over the past three years, he has focused his analysis in the coal and uranium mining sectors for the Sprott investment team. Sprott Asset Management is one of the world's premiere money management firms and rated among the most successful over the past five years. <http://www.sprott.com>

ABOUT DAVID MILLER

Before becoming president and chief operating officer of Strathmore Minerals, David Miller worked for Utah International, Pathfinder Mines Corp (a subsidiary of General Electric) and the Cogema-AREVA group. Mr. Miller's actual uranium experiences include mining and/or exploration on these mines and projects:

- Wyoming: Lucky Mc Mine, Shirley Basin Mine, Big Eagle Mine, Green Mountain, Crooks Gap Mine, Irrigary Mine and Christensen Ranch Mine.
- Texas: Holiday Mine, El Mesquite, O'Hern, Alta Mesa.
- Others: St. Anthony Mine (New Mexico), Breccia Pipes (Arizona) and Macusani (Peru).



The complete reference guide to uranium mining stock investing. All the important information you need to know about uranium, uranium mining and the nuclear fuel cycle. Find out how to invest in uranium mining stocks to participate in the Great Uranium Bull Market. Find out more about the serious companies developing their uranium properties for production, and those who are exploring in some of the more promising areas. Find out how to choose a uranium stock and how to rate its prospects. Includes a complete uranium mining stocks directory and glossary of specialized terms.

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