

U.S. demand for uranium to spike soon

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The nuclear disaster in Japan was “a serious tragedy and a serious blow” to the nuclear industry in the United States, but the company planning for a uranium mill in Montrose County is moving ahead.

There is plenty of money available globally for nuclear projects and there is plenty of competition for them, said Steve Antony, Energy Fuels Resources president and CEO.

“We just have to convince them ours is the right project,” Antony said.

The bad news out of Japan is outweighed by the growing global demand for electricity, demand that is going to be met in part at least by nuclear power, Antony said.

The so-called “big four,” China, India, Russia and South Korea, all have growing needs for electrical generation and are looking for sources of uranium around the globe, he said.

Domestic demand for uranium is poised to jump in little more than a year, with the expiration of an agreement under which nuclear material intended for use in nuclear weapons by the Soviet Union has been exported to the United States.

When the so-called “Megatons to Megawatts” treaty ends, some 24 million tons of uranium now bound for the United States will no longer be available.

That’s nearly half of the 54 million tons of uranium used every year by the 104 nuclear reactors in the United States.

The U.S. then will begin looking inward for the uranium industry to increase the 4 million to 5 million tons it now produces annually, Antony said.

That means the United States’ dependence on foreign sources of uranium will quickly reveal itself, he said.

The Pinon Ridge mill would be well-positioned to meet demand for domestic uranium, Antony said. It is being designed to process 500 tons of ore per day with the capacity to expand to 1,000 tons per day.

Energy Fuels’ estimate that it will cost \$150 million to build the mill hasn’t changed, and the company expects it to be in operation by the end of 2012.

The mill can be built in a phased manner that will allow it to grow in concert with demand, Antony said.

Even while Energy Fuels is seeking funding for the project, it’s also fending off legal challenges from environmental organizations.

“We are voluntarily not turning dirt so as to let the first rounds play out” in court, Antony said, noting that the company won the first round when a Montrose County permit was upheld. That ruling is under challenge.

A Denver district judge last week said a challenge to the permit issued by the Colorado Department of Public Health and Environment could go to trial.

"They appeal and every time they lose the next stage," Antony said.