Uranium Highlights

June 18, 2009

THE MARKET: URANIUM

Excerpted from Ux Weekly: June 15, 2009

While activity has been more limited over the past couple of weeks compared to last month's record levels, the uranium spot market continues to feature several buyers seeking offers. Sellers, on the other hand, have generally backed off the market, with each successive offer coming out at higher levels...As a result of this activity, the Ux U_3O_8 Price increases $3 this week to $53.00 per pound based on the most competitive offer of which we are aware…Several utilities are still expected to enter the term market over the summer, potentially advancing earlier plans or now covering higher than initially anticipated levels.

NUCLEAR POWER USE GROWING GLOBALLY

Excerpted from The Star Phoenix: May 20, 2009

As of mid-April, there were 436 operating reactors, producing about 370 gigawatts of electricity (GWe). That's about 16 per cent of global electrical demand…"Given the massive growth in China, India, South Korea and Russia, we're looking at 553 units and 509 GWe by 2020," said Hinze [Jonathan Hinze, vice-president of international operations for Ux Consulting Co.]…"The demand for additional uranium from new reactors is going to be quite significant…Canada still does not export too much to China, but that is likely to change. In India, they're now negotiating a deal which will support uranium production and open up new sales there. Much of Canada's uranium already goes to the major demand sources in the U.S. and France and Japan. That won't stop either. All these new reactors will very much support expansion and demand for uranium…"

Nuclear power use varies widely among the 30 nations that rely on it. Little Lithuania, for instance, has one reactor producing 70 per cent of its power. By comparison, France receives nearly 80 per cent of its power from 59 nuclear reactors. The Unites States is the biggest user of nuclear power, with 104 reactors generating about 20 per cent of its electricity…Japan with about 30 per cent, South Korea with 35 per cent…Italy seems poised to bring its first reactor on stream by 2020…China and India…"Those two are obviously where the future is in nuclear, at least in a future production expectation," said Hinze. China generates less than two per cent from nuclear, from 11 reactors producing nine GWe. China's total power production is 625 GWe. "They want to grow that to about five per cent (70 GWe) by 2020, but that means more than quadrupling their nuclear reactors…" [Hinze].

"There are a number of key drivers for nuclear power around the world, including reliable baseload power needs, diversified uranium fuel sources from many stable countries, low operating costs, strong track record (both economics and safety) and the need to find non-emitting power sources in the face of climate change."

To read the entire article, please visit
http://www.thestarphoenix.com/Technology/Nuclear+power+growing+globally/1611034/story.html

URANIUM PRICE SLUMP MAY HURT SUPPLIES, PRODUCERS SAY

Excerpted from Bloomberg: June 3, 2009

Uranium prices are probably too low to spur the development of new mines, leaving a potential shortfall in supply in the years ahead, Rio Tinto Group and Cameco Corp. officials said.

Demand for uranium is expected to outstrip supply from next year through 2012, pushing prices up to $75 in 2011, Macquarie Group Ltd. Estimates. "The market is relatively balanced and utilities are well covered, but if you go out several years there has got to be some concern about where supply is going to come from," George Assie, Cameco's senior vice-president of marketing and business development.

"It is possible we're not at a level yet that will support the necessary amount of incremental production that we are going to need over the next five to 10 years," Clark Beyer, managing director of Rio Tinto Uranium Ltd.

Supply gains will also be curbed after 2013 when a program to convert Russian nuclear warheads into fuel ends…The end of the program will sap so-called

secondary supplies of uranium, said Gerard Pauluis of Synatom SA, the Brussels-based company that buys as much as 1,200 tons of uranium a year for Belgium's reactors.

To read the entire article, please visit
http://www.bloomberg.com/apps/news?pid=20601082&sid=adSlyGBwDFQs#

URANIUM SHORTAGE LOOMING?

Excerpted from Salida Capital – Special Report: April 22, 2009

As China and India continue to industrialize, their need for low-cost base load electricity will only grow. Combined, the two account for 40% of the 43 reactors currently under construction worldwide…An official at China's National Energy Administration recently stated that the country would stockpile uranium and buy overseas deposits in order to avert domestic shortages…With such an aggressive nuclear power agenda, China clearly recognizes the need to secure future uranium supply.

Global mine output is about 107 million lbs. annually, far less than demand of some 168 million lbs., with the shortfall coming from secondary supplies (primarily government inventories)…they are a finite and diminishing resource.

It is conceivable that the uranium industry may need to expand annual mine production by more than 50% during the next decade in order to meet demand from new reactors…Meanwhile, today's uranium price provides limited incentive to explore for and develop new mines…Given that reactors are far more concerned with security of supply than the actual price of uranium, there would seem to be little resistance to higher prices should market conditions tighten.

Can the uranium mining industry meet the challenge and significantly expand output? Yes. But not in a US$40/lb uranium environment. Pricing has to move significantly higher. And we believe it will.

CHU PUSHES NUCLEAR, REPROCESSING

Excerpted from Uranium Intelligence Weekly: June 8, 2009

Giving his strongest support yet to nuclear energy, US Energy Secretary Steven Chu last week told Congress that nuclear energy is a "clean" baseload power supply and should be increased as a percentage of total US power production. Chu also emphasized the need for reprocessing, stating that closing the fuel cycle "has great opportunity."

Chu was testifying before the House appropriations subcommittee on energy and water development, and was called to justify both the administration's budget request as well as its energy priorities, including its policies regarding nuclear energy.

Responding to a question from Rep. Chet Edwards Democrat of Texas, about nuclear's share of total US power production (which currently stands just under 20%), Chu said that "I would actually like to see that fraction increase."

As he has before, Chu mainly emphasized a government role in research. But he also restated his commitment to a speedy process in selecting loan guarantees for new nuclear projects and hinted at an administration push for further loan guarantees.

"There are discussions ongoing, active discussions with five of the applicants…" said Chu of the nuclear loan guarantees. "We have $18.5 billion. We're proceeding as fast as possible. Hopefully, sometime this summer we can make an announcement. That $18.5 can cover three or four and no more. There are other applicants. So in order to proceed ahead with more, we would essentially need more money…"

About Crosshair

Crosshair is a dominant player in the exploration and development of uranium in the US and Canada. Its flagship Project, Bootheel, is located in uranium mining friendly Wyoming and with its in-situ mining potential, Bootheel is designed for near term production. The Crosshair team is comprised of knowledgeable and experienced professionals with both exploration and mining backgrounds.
For more information on the Company and its properties, please visit www.crosshairexploration.com