

Michael S. (Mickey) Fulp  
[www.MercenaryGeologist.com](http://www.MercenaryGeologist.com)

[Contact@MercenaryGeologist.com](mailto:Contact@MercenaryGeologist.com)

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# Why I Remain a Uranium Bull

New York, May 2011

# Uranium: The Next Big Thing

March 11, 2011 Japan Disaster

# $\text{U}_3\text{O}_8$ Supply and Demand

- 2009 Demand: 186 million lbs
- 2009 Mined: 132 million lbs
- 54 million lb Deficit
- Megatons to Megawatts: 24 million lbs
- Stockpiles: 30 million lbs

# Uranium Supply and Demand

- 443 Operating Plants Before Japan Disaster
- 425 Operating Plants Post Japan Disaster
- 3 % Demand Destruction
- Sovereign Stockpiles Dwindling
- Russia / US Conversion Agreement Ends 2013

# Uranium Sales

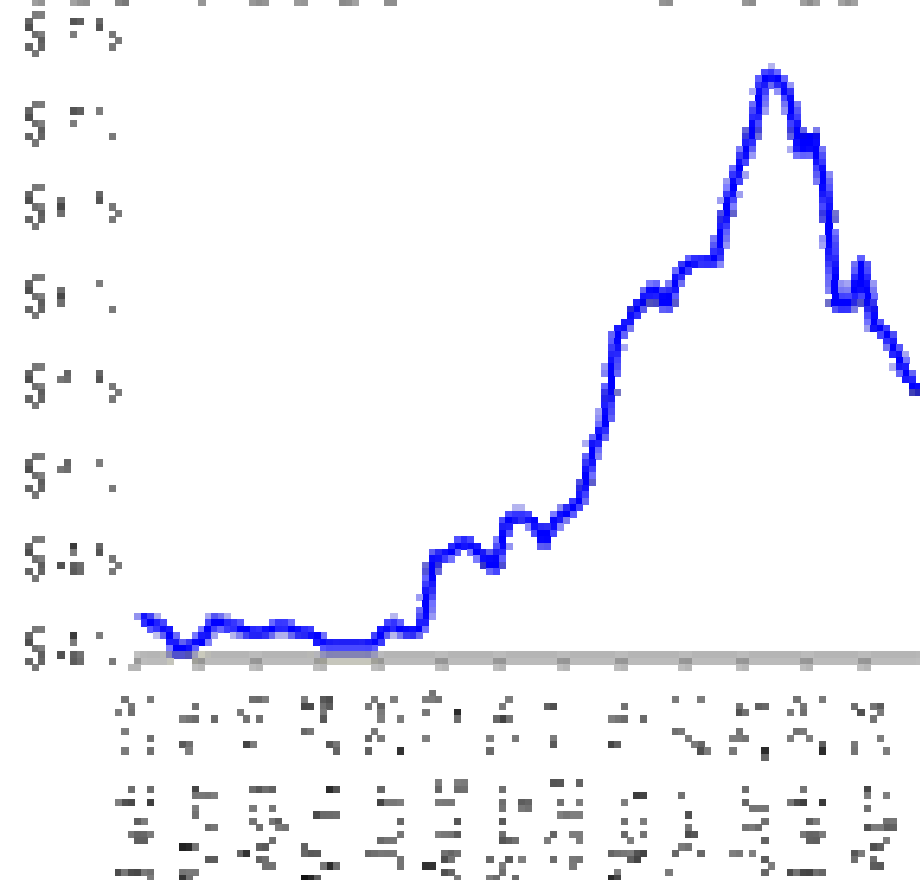
- Long Term Contracts 70-85 %
- Short Term Trades 15-30%
- Off-take Contract Price \$72 / lb
- Spot Market Price \$56.50 / lb
- Prices Same as October 2010

Ux U3O8 Price: \$55.25

2-May-11 (▼-\$0.25)

Ux U3O8

UxC.com





# Spot Price

- Ux Consulting
- 12 month Increase 40 %
- Drives the Stock Market

## Spot Price Increases

- Buyers > Sellers
- Speculators
- China
- Utilities
- Producers
- Kazakhstan

## Uranium: The Next Big Thing Story Remains the Same

- Nuclear Energy = 13% of Electricity
- 443 Nuclear Power Plants
- 104 United States
- 59 Under Construction / 200 Planned
- Increased Demand for Yellowcake
- 4% Growth Projected Year over Year

# Uranium Supply

- USA 52 million pounds Demand
- USA 4 million pounds Supply = 7%
- Kazakhstan #1; Russia #4; Niger #6
- Uzbekistan #9; China #10

## Five Largest Mines = 43% of Supply

- MacArthur River, Saskatchewan
- Ranger, Northern Territory Australia
- Rossing, Namibia
- Kraznokamensk, Russia
- Olympic Dam, South Australia

# New Production

- High Cost Conventional UG Mines
- Higher Prices Required (\$65-80 per pound)
- Low Cost Mines
- ISR & Open-Pit Heap Leach Mines
- Profitable at Current Prices

# Uranium Juniors

- H2 2005 - H1 2007 Boom
- H2 2007 - 2008 Bust
- 2009 - H1 2010 Flat and Out of Favor
- H2 2010 Next Big Thing
- Q2 2011 Japan: Future ?

# Speculating in Junior Resource Stocks

## Key Criteria

- Share Structure
- People
- Projects
- Undervalue



# Strathmore Minerals Corp (STM.TSX)

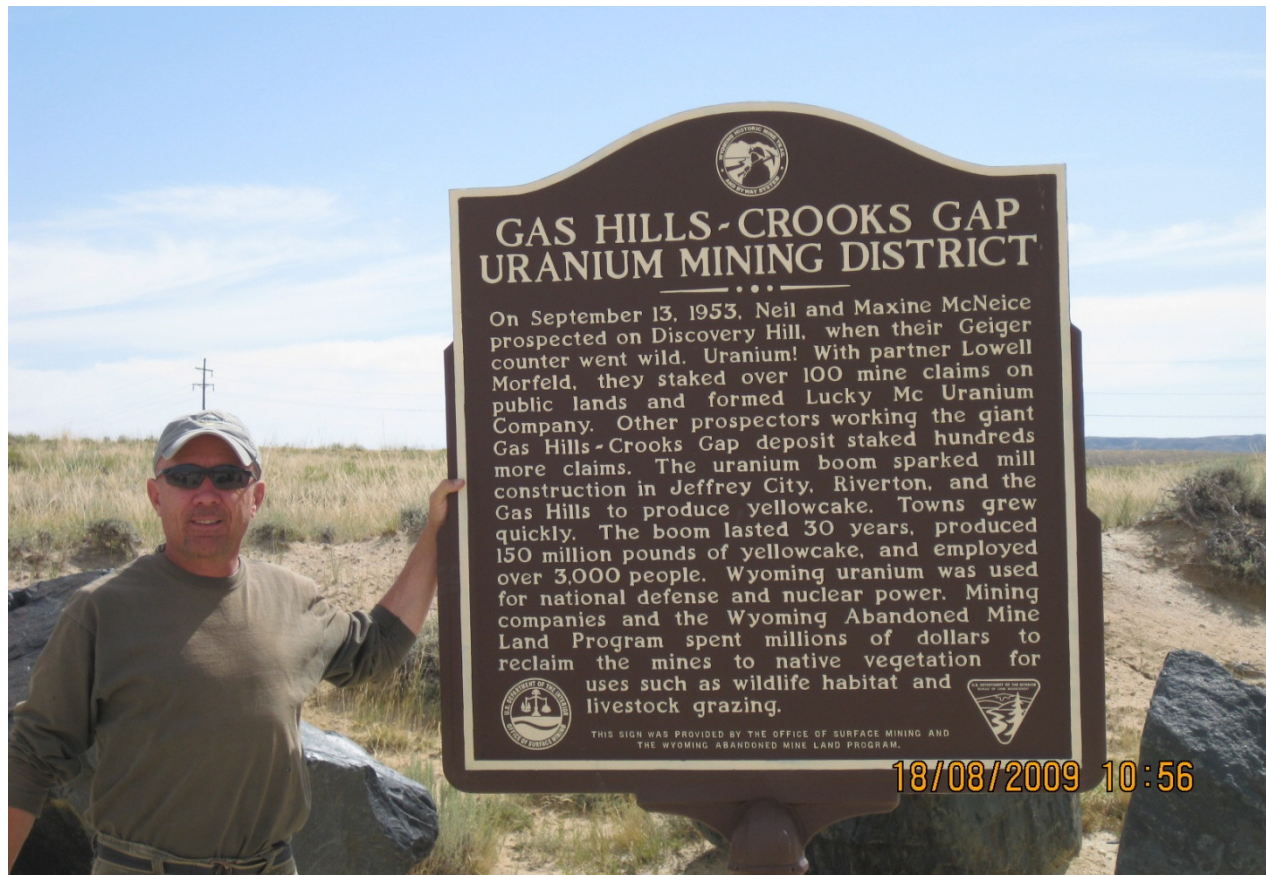
- 88.9 million Shares
- 67 c per Share
- \$60 million Market / >\$20 million Working
- 120 million Pounds-in-the-Ground
- 50 cents per Pound

# Roca Honda, New Mexico

## Monitor Well Drilling Fall 2007



# Gas Hills, Wyoming Summer 2009

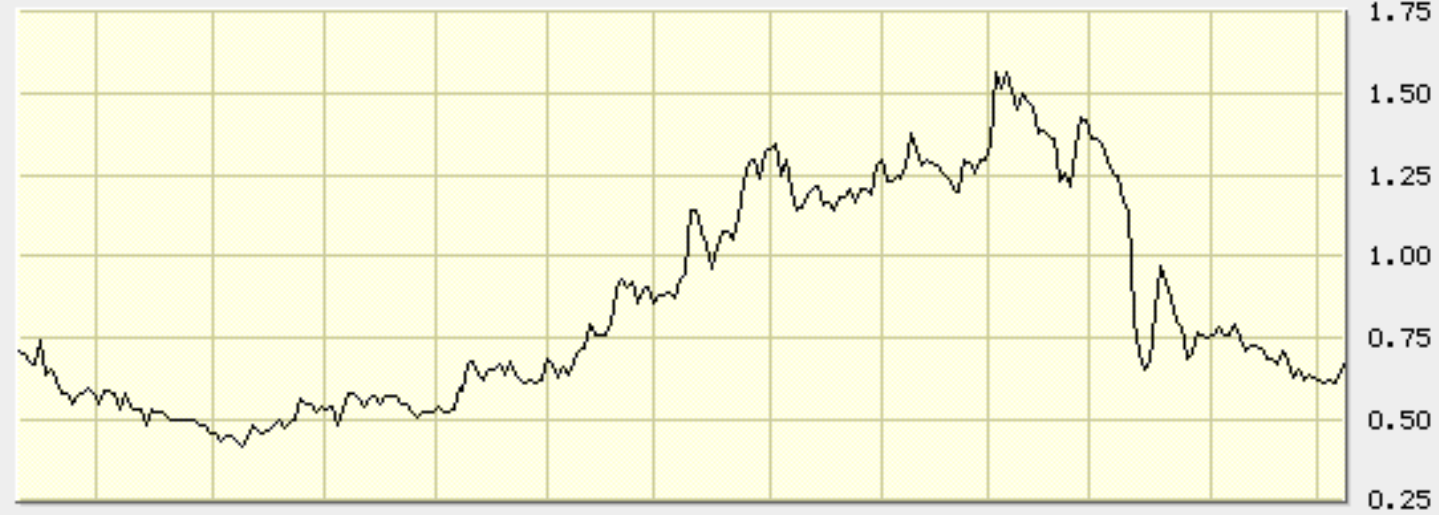


# Gas Hills, Wyoming Roll Front



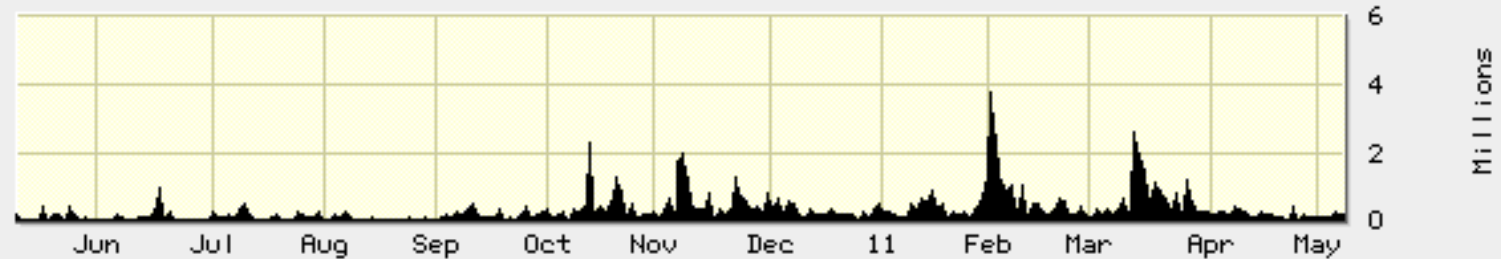
CR:STM Daily

5/09/11



Volume

©BigCharts.com





# Uranium Energy Corp (UEC.NYSE)

- 72 million Shares Outstanding
- \$3.30 per Share
- \$230 million Market / \$33 million Working
- 12 million pounds South Texas
- 23 million pounds Western USA
- Cash Cost \$20 / lb      \$10 million Capex

# Palangana ISR “Mine”



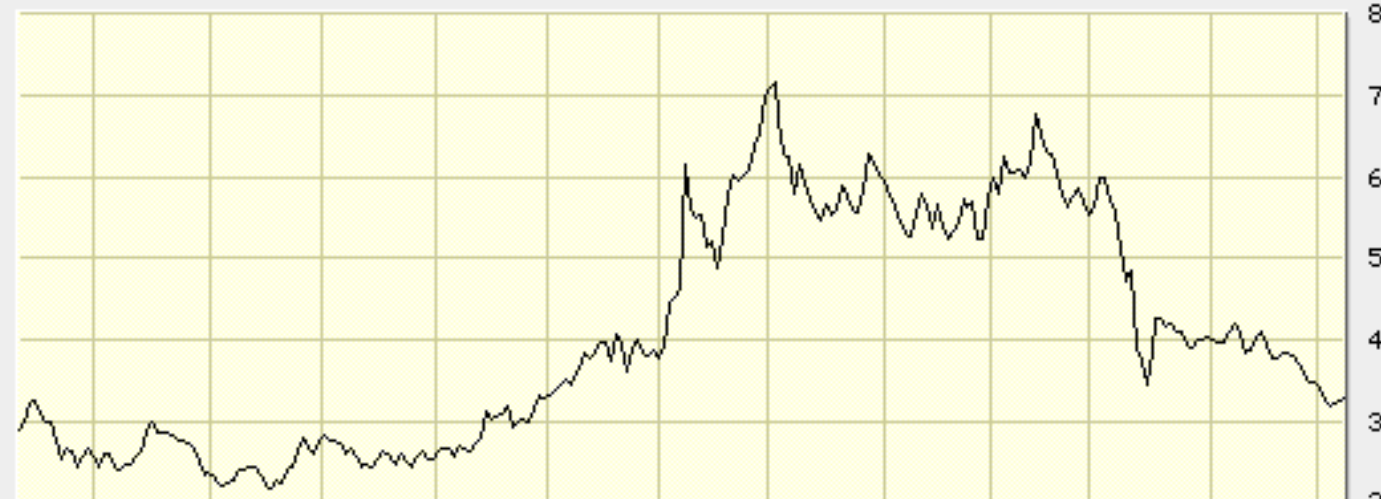
# Hobson ISR Plant, South Texas





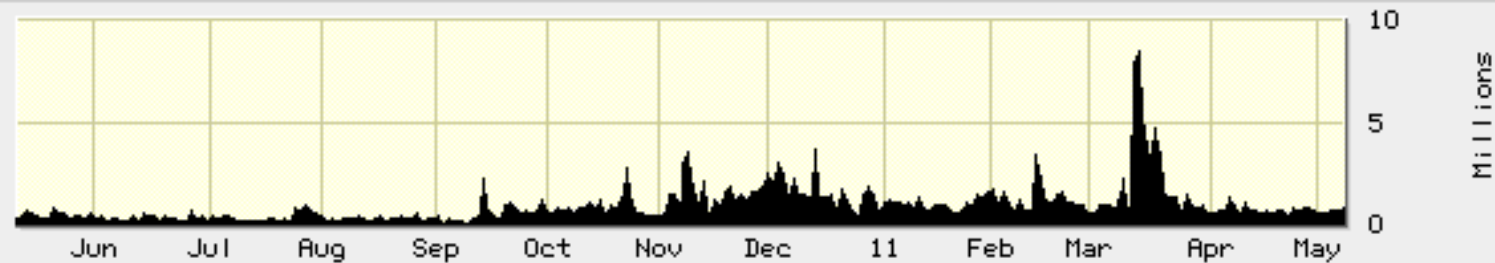
UEC Daily

5/09/11



Volume

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# USA Future Production

- South Texas ISR
- Wyoming Basins ISR & Open Pit
- Utah-Colorado UG
- Grants Mineral Belt UG & ISR

# Monday Morning Musings from Mickey the Mercenary Geologist



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