



# Cost no obstacle to uranium demand

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Energy

URANIUM prices heading towards \$US100/lb will have no effect on demand, according to the head of new uranium float Epsilon Energy.

Matt Gauci, managing director of Epsilon, which lists this week, said in the nuclear fuel cycle the cost of uranium was such a small item that owners of nuclear power reactors would pay many times the current price before questioning uranium costs.

A member of the legendary Gauci mining family from Malta that made Broken Hill home, Mr Gauci said it was not surprising the two recent reports into Australian uranium had essentially said the industry would be centred on uranium mining for at least the next decade.

“Nuclear power and uranium enrichment may be part of the Australian nuclear industry in the future but for the next 10 years I’m pretty convinced we’ll be concentrating on building up uranium exports to meet grow-

ing demand overseas,” he said.

Spot uranium prices were steady last week at \$US63/lb, according to Ux Consulting, which publishes uranium prices and price forecasts.

Uranium was trading at \$US36.25/lb at the beginning of the year.

The rapid surge in prices has led some analysts to predict uranium will soon be trading at more than \$US100/lb.

The Switkowski report commissioned by Prime Minister John Howard, and the report of a parliamentary committee chaired by Geoff Prosser, argue the short term will be dominated by growth in uranium exports.

The Switkowski report says doubling uranium exports by 2015 is realistic, noting the existing ore processing capacity is fully utilised.

The report quotes International Energy Agency figures that world uranium resources are not expected to constrain the

development of new nuclear power capacity.

The IEA believes proven uranium resources are sufficient to meet world requirements for all nuclear power reactors expected to be operational by 2030.

The 732-page report into Australia’s uranium prospects of the bipartisan House of Representatives Standing Committee on Industry and Resources makes similar points.

The committee, when it began taking evidence last year, was clearly aiming to attack the Labor state governments, particularly that in Western Australia, over restrictions and bans on uranium mining.

But in the end it reached a unanimous and bipartisan position on the need to remove all impediments to further developing Australia’s uranium resources.

“All members are agreed that present restrictions on uranium exploration mining are illogical,

inconsistent and anti-competitive,” the report says.

It probably helped that Opposition resources spokesman Martin Ferguson, who is a leading advocate for the ALP to overturn its restrictive three mines policy, became a committee member.

Chairman Geoff Prosser, who is to retire at the next federal election, said as well as its environmental benefits, nuclear power represented a significant means of dealing with the global energy imbalance.

“Our uranium can be used to provide rapidly developing nations, such as China, with access to the energy required to fuel its industrialisation,” he said.

“As a matter of energy justice, Australia should not deny countries that wish to use nuclear power in a responsible manner the benefits from doing so,” Mr Prosser said.