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## Uranium industry hit by price drop, regulation and attitude

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The quest for uranium in the province has taken a nose dive as negative public attitudes and some restrictive regulations have sent exploration firms packing, research and company officials say.

Only two companies have done exploration work in the province over the past couple years, a notable drop from the 10 or so firms that were searching for uranium back in 2007, according to the Department of Natural Resources.

"The Liberal government here put into place a few changes to regulations that ended up, I would say, discouraging exploration," said David Lentz, a researcher with the University of New Brunswick.

Five companies have nearly 3,200 exploration claims in New Brunswick, though three of them are not active, the Department of Natural Resources said.

And the activities of the remaining two, Cornerstone Capital Resources Inc. (TSX-V:CGP) and Quest Uranium Corp. (TSX-V:QUC) have been limited, the department said.

Three years ago, a spike in uranium prices had sparked an exploration rush that had attracted one major and about nine other junior mining companies to the province.

Firms had invested about \$4 million in uranium exploration, with about 10,000 claims staked across the province.

This activity, especially exploratory work conducted near homes and waterways, had sparked great public opposition. The provincial government later answered by banning uranium exploration from all municipalities, watersheds and near private wells.

The government also created a 300 metre buffer zone around any residences or institutional buildings where companies are not be able to stake claims.

Lentz said the buffer zone stifled a lot of interest in the province's uranium resources. He said much of the public backlash that prompted the regulations was based on poor information, such as the idea that uranium mining contaminates the environment.

The researcher said regulations governing uranium mining are so stringent that environmental impacts are mitigated.

Matt Jones, spokesman for the Department of Natural Resources, said the new regulations on exploration and the negative public attitudes have likely had some effect on exploratory work in the province, but uranium prices have also dropped in recent years.

In the spot market, the value of the silvery metallic element reached a peak of about US\$136 per pound in June of 2007, later sliding to about \$85 in early 2008.

Since then, spot market prices have plunged further. Uranium was trading at about US\$41.50 per pound this week, according to price publisher Ux Consulting.

"Right now, the market isn't there for it," Jones said. "The price drop is the main thing and at some point we will likely see the trend reversed, but right now that's basically where we are."

Cornerstone Capital Resources, a Newfoundland and Labrador exploration firm, is undeterred by declines in the spot market.

Colin McKenzie, the firm's president and chief executive, said uranium prices are typically set between suppliers and buyers over long-term contracts. And the spot prices typically don't reflect the prices locked into these contracts, he said.

For its part, Cornerstone has conducted some aerial exploration work with some surface prospecting at its property west of Bathurst and identified a number of targets that merit further study.

McKenzie said the company is in advanced stages of negotiations with a potential partner that would further explore the designated targets.

"The price has cooled a bit, but the new rules and regulations have really had the most negative impact on the industry," he said. "We were fortunate in our area and we weren't within one of these areas that have now been declared off limits."

Five firms with N.B. uranium claims:

Vale Inco Ltd. had 826 claims, but now has 324.

Tripple Uranium Resources Inc. had 7604 claims, but now has 1576.

Cornerstone Capital Resources had 2142 claims, but now has 902.

Quest Uranium had 197 claims, but now has 197.

Sparton Resources Inc (TSX-V:SRI) has 194 claims.

Source: Department of Natural Resources

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