

## Commodity Watch Radio – 20 February 2007

### Uranium Power Corp

- Dominic** Uranium Power Corp, or UPC, explore for and develop uranium properties with the potential to host world class economic deposits. Uranium power has recently acquired a 50 percent interest in Sheep Mountain uranium mines and properties held by US Energy Corp in the Crooks Gap mining district of south-central Fremont County, Wyoming, and with me is their president, Chris Healey. Chris, hello, and welcome to Commodity Watch Radio.
- Chris** Hello and thank you Dominic, a pleasure to be here.
- Dominic** Why don't you tell us about your company, what you do and where you do it; and a little about the history of the company?
- Chris** Well, thank you for the opportunity. Uranium Power's been around for about 30/40 years. Recently, about two years ago, changed the name to Uranium Power to emphasise the change of focus on to uranium properties and right now we are primarily, in fact, exclusively a uranium company. Our main assets are, as you indicated, in the United States and they're all joint ventures with a US-based company called US Energy. The crown jewel, if you like, is the Sheep mountain project as you mentioned. This is a conventional underground mine; has previously been mined and is currently on stand-by but is fully permitted and licensed to go into operation and that makes a pretty unique story because we hear lots of stories of companies with plans to go into production – we have the permits in place and that is, in my book, that's huge because it's not an easy task to complete these days, in the regulatory environment in the US. And literally all we need to do on that property to get us in full production, in terms of regulations and permits, is to recalculate the bond, get the bond approved and post it. We believe that's about a 30 day process; so we're ready to go on that very quickly.
- Dominic** When you say it was previously a mine, presumably it was a producing mine back in the 1970s?
- Chris** That's correct, in fact back to the 1950s; it was one of the early places uranium was mined in Wyoming. Wyoming has produced a lot of uranium, several hundred million pounds over the last 50 or so years. And this was a mine that was developed by a company called Western Nuclear, which is no longer in existence. US Energy acquired all the property and all the data from Western Nuclear way back in the '70s, and the mines closed down, like so many mines did in the early '80s, reopened for a brief period of time in the late '80s and US Energy mined about one hundred thousand pounds out of the deposit at a grade, in excess of .2%, which is pretty decent grade for that area of the world and for this kind of sandstone hosted deposit.
- Dominic** Is Wyoming a mining friendly state?
- Chris** Very much so. It is one of the few states in the US which has a huge budget surplus, largely because of coal mining, because of oil and gas production, and coming back to uranium mining as well, which is obviously enjoying resurgence. It has one producing mine right now, an in situ leach operation and there have been a large number of mines in the past. So, yes; very definitely a mining friendly state.
- Dominic** OK and why don't we speak specifically about the Sheep Mountain mine, what resource do you have there – proven and unproven?

- Chris** We have a code compliance through National Instrument 43101 here in Canada - resource of 15.6 million pounds; we have, what we have to refer to as an additional historical estimate of 6.5 million pounds. We of course own 50 percent of that, so our share would be about 11 million pounds. Average grade is around the .2% range.
- Dominic** There are so many uranium companies springing up, and it's likely that most of them will never reach production, you're not far away apart from the final permitting, is there anything else holding you back?
- Chris** Well, yes for conventional mining you need a mill. And there are four existing mills in the US with permits still in existence, that's it..
- Dominic** There's only four?
- Chris** There's only four, in the heyday there were 43/44 I think, back in the '60s and '70s, now there are only four. One of them, the Sweetwater mill, which is owned by Rio Tinto, is about 20 miles down the road from us, so really close by. And you may be aware that Uranium One was in the process of doing a deal to acquire that, that mill, recently the deal fell apart. Rio Tinto, just the other day their Chief Executive, Leigh Clifford is quoted as saying in a press release here, that the company has several prospects for increasing uranium production within 2 to 5 years including resurrecting the mothballed Sweetwater uranium mill in Wyoming. So, we are very encouraged to see that a major player is seriously looking at opening that mill and we feel that is a natural place for our feed to go and we also believe that they will need that feed to make their operation viable. One other factor is, delaying a decision here, is that, US Energy our partner, is in the process of selling their uranium assets to Uranium One also. That deal we're absolutely sure will go ahead, we are hearing that it should be closed fairly, very soon and that as soon as that deal is closed we'll sit down with the new partner, and we'll be going to Rio Tinto and discussing plans.
- Dominic** Effectively you're going to have some kind of partnership going with SXR Uranium One?
- Chris** Yes, assuming that this deal with, to purchase the assets from US Energy goes through, they will be our 50 percent partner and we're very excited about that because I've met several of their senior people, very smart, very good business people, very aggressive; they want to build a company that is one of the top three, or top five uranium producers in the world and with their properties down in South Africa and Australia, they're well on the way to getting there and they obviously want to get into the US in a big way; so it's a very exciting partnership for us.
- Dominic** Now, why don't you tell us, you used to work for US Energy, why don't you tell us a little about your background, Chris?
- Chris** My background is, I've been involved in the mining industry since I left the British Isles in '68. So I've been around for almost 39 years now in this business, as a geologist; 20 plus years of that was with Cameco who, of course I'm sure your listeners will know, is the largest producer of uranium in the world; and I've also worked as a consultant and then for recent three years with US Energy, joined Uranium Power just three months ago and that was partly, with US Energy selling the uranium assets, it seemed like a nice time to make the move back to Canada.
- Dominic** Now we interviewed Jim Dines earlier in the show and he presented the bulleest case for uranium I've ever heard anyone present for any metal ever. What's your opinion on the uranium market?
- Chris** Well, one thing I like to tell people is, when I worked for a previous employer who was a large producer, who shall remain nameless - I've already named them, every year the marketing

department, who had some very good quality people, they would try to project what prices would be for next five years, and in 20 years they were never right because it's an impossible task. Having said that, one observation I'd like to make of the recent, last couple of years, is if you track the published market indices like the UX – Uranium Exchange, and Trade Tack Indices, there's not been a single week where the price has slipped – it's either gone up or it's stayed the same. There's no other metal that I've ever seen that's done that for such a sustained period of time. Where will it end up? I hear projections of hundred, hundred and fifty, two hundred; I guess my personal belief is that it might get up there but it will probably fall back; I've always felt there would be a spike – this is a pretty broad spike of course. I think we're going to end up with some fairly normal supply and demand issues. The price has to be sufficient to sustain the demand from new mines and there's a lot of new mines coming in that are not going to be producing at the \$15 and \$20 pound ranges we've seen in the past. We probably need substantially in excess of \$50 maybe \$75, maybe more, to sustain that supply.

**Dominic** Roughly what price do you think you'll be producing at?

**Chris** From Sheep Mountain we're probably in the \$25 to \$30 pound range – that's, we don't know what milling costs are going to be, we've made certain assumptions but will likely be in that range. So that puts us a pretty attractive proposition I think.

**Dominic** And why don't you tell us how many shares are outstanding; whether there are any warrants and options; what your market cap is?

**Chris** Right now we've got about 82 million outstanding; very few options – there's only 200 thousand out, and those at 50 cents and we have about one and half million warrants at 50 cents; major investors, we're about 50 percent held by Canadian institutional organisations, the rest privately held. So that puts our market cap today at about 53 million Canadian.

**Dominic** And finally as we close, you've told us about your future plans, there are so many uranium companies out there, why should I buy UPC?

**Chris** Well, you mentioned future plans, all I talked about was Sheep Mountain. We have of course other very good properties; one area in particular we'd like to focus on is northern Arizona. It's a type of uranium deposit called breccia pipes, a number of companies are very active down there and these are a unique geological setting which typically average about .8%, which is four times the grade of other typical sandstone hosted deposits in that general area. So there's some very good potential there, we are also being very aggressive in acquiring more properties, I'm spending a lot of time, these time in meetings, in negotiations, so I'm sure we're going to be able to make some announcements in the not too distant future about some additional properties. We're undervalued quite frankly, Dominic, and we're going to change that.

**Dominic** It's not a comment you can say about most uranium mining companies at the moment.

**Chris** Well that's right, that's right. It's, that's why we have to do something and we're being very proactive and getting out there, on the phones, beating the streets; we've got some deals that we're working on that hopefully, let's face it, not all the deals will come to place but, we think we've got some really good opportunities to add to the value of the company.

**Dominic** Are you facing a lot of competition from other miners, trying to get these properties?

**Chris** There's competition, I think one of the things I have been able to do is go through my old contacts; you know coming up very much 30 years in uranium, I've met a lot of people, generally have very good relationships with them and, there's some deals to make that I could make that other people couldn't because I've got that foot in the door.

**Dominic** As we finish, why don't you give out your website address and your ticker symbol, and tell us where you trade?

**Chris** The ticker symbol is UPC and we're on the TSX Venture. And our website is [www.uraniumpowercorp.com](http://www.uraniumpowercorp.com).

**Dominic** There you go, Chris Healey.

**Chris** And just one thing about our website we're in the process of revamping it, it's not perfectly up to date but it will give you the basics and look forward to some big improvements in the not too distant future.

**Dominic** OK, well Chris it's been a pleasure. Thanks very much for talking to me.

**Chris** Thank you, Dominic.

You are listening to Commodity Watch Radio with Dominic Frisby.

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