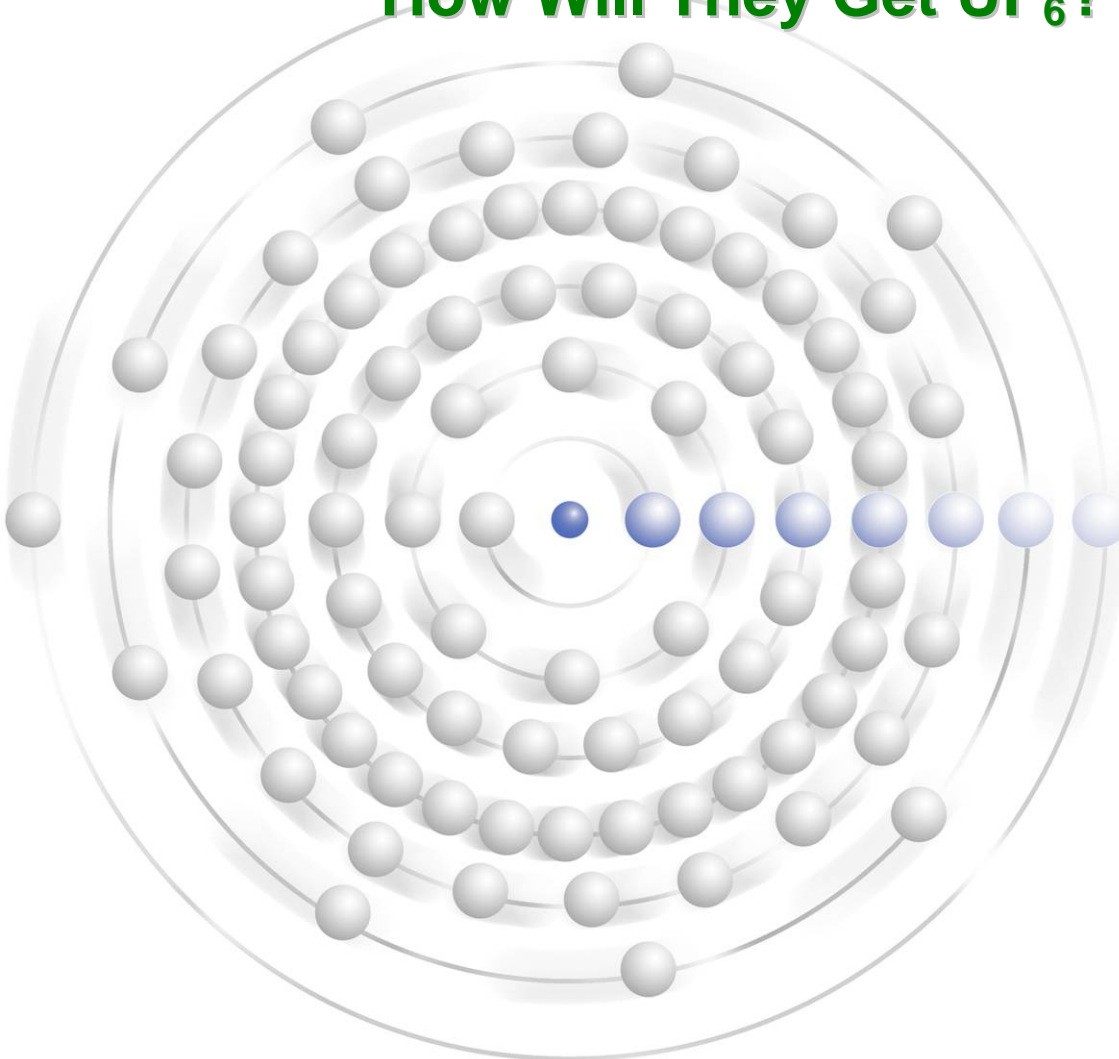




Conversion Market Outlook

Essay: China's Conversion Industry: How Will They Get UF₆?



– NOTICE –

The Ux Consulting Company, LLC (“UxC”) shall have title to, ownership of, and all proprietary rights in this Report. Under United States federal copyright law (17 USC 101 et seq.) it is illegal to reproduce this Report by any means without written permission from UxC.

The information contained in this Report is obtained from sources that UxC believes to be reliable. UxC makes no warranty or representation, express or implied, with respect to the accuracy, completeness or usefulness of the information contained in this Report and UxC, to the maximum extent permitted by law, assumes no liability for the use or effects of any of the information or data contained in this Report.

It is UxC’s strict policy not to endorse, promote, or recommend any particular securities, currencies, or other financial products or instruments. Nothing contained in this Report is intended to constitute investment, legal, tax, accounting or other professional advice and the reader should not rely on the information provided in this Report for making financial decisions.

Table of Contents

| | |
|--|----------|
| Executive Summary | 3 |
| <i>Essay: China's Conversion Industry: How Will They Get UF₆?</i> | 3 |
| 1 – Essay: China's Conversion Industry: How Will They Get UF₆? | 4 |
| China's Nuclear Energy Plans | 5 |
| • Current Reactors in Operation and Under Construction | 5 |
| • China Nuclear Power Targets | 6 |
| • UxC Nuclear Power Forecasts for China | 6 |
| • China Reactor Exports | 8 |
| China's Conversion Demand | 9 |
| • Domestic Reactor Requirements | 9 |
| • UF ₆ Inventory Building | 10 |
| • Fuel Exports | 10 |
| • Overall UF ₆ Demand Forecasts | 11 |
| Alternate Viewpoints on China's Conversion Requirements | 12 |
| • China's U ₃ O ₈ Production & Imports | 12 |
| • China's UF ₆ Feed Requirements | 14 |
| China's Conversion Supply | 16 |
| • History of China's Conversion Industry | 16 |
| • Current Chinese Conversion Plants | 17 |
| • Analysis of Domestic Conversion Capacity | 18 |
| • China's UF ₆ Imports | 19 |
| AREVA | 19 |
| TVEL/TENEX (Russia) | 19 |
| URENCO | 19 |
| Others | 20 |
| China's Conversion Supply and Demand Balances | 20 |
| • UF ₆ Supply Forecasts | 20 |
| • UF ₆ Supply & Demand Comparisons | 22 |
| • Base Case Supply vs. U ₃ O ₈ Requiring Conversion | 24 |
| • Base Case Supply vs. UF ₆ Feed Requirements | 24 |
| China's Impact on the Global Conversion Market | 25 |
| Summary and Conclusions | 27 |

List of Figures

| | |
|--|----|
| Figure 1. China Nuclear Capacity Forecasts Comparison, 2008-2030 | 6 |
| Figure 2. China Nuclear Reactor Unit Forecasts Comparison, 2008-2030 | 7 |
| Figure 3. China UF ₆ Requirements Forecasts, 2008-2030 | 9 |
| Figure 4. China UF ₆ Demand Forecasts, 2008-2030 | 11 |
| Figure 5. China U ₃ O ₈ Production + Imports Requiring Conversion, 2008-2030 | 13 |
| Figure 6. China UF ₆ Feed Requirements Forecasts, 2008-2030 | 14 |
| Figure 7. China UF ₆ Base Case Supply Forecast, 2008-2030 | 21 |
| Figure 8. China UF ₆ Supply vs. Demand, 2008-2020 | 22 |
| Figure 9. China UF ₆ Supply with Gap Filler, 2008-2020 | 23 |
| Figure 10. China Conversion Supply vs. U ₃ O ₈ Production + Imports, 2008-2030 | 24 |
| Figure 11. China Conversion Supply vs. UF ₆ Feed Requirements, 2008-2030 | 24 |
| Figure 12. Optimistic Conversion Supply vs. Demand Case with China, 2008-2030 | 25 |
| Figure 13. Optimistic Conversion Supply vs. Demand Case without China, 2008-2030 | 26 |

List of Tables

| | |
|--|----|
| Table 1. Nuclear Reactors Under Construction in China (as of end November 2010) | 5 |
| Table 2. UxC China Nuclear Capacity Forecast Cases, 2008-2020 | 7 |
| Table 3. UxC China Reactor Unit Forecast Cases, 2008-2020 | 7 |
| Table 4. China UF ₆ Reactor Requirements Forecast Cases, 2008-2020 | 9 |
| Table 5. China UF ₆ Demand Forecast Cases, 2008-2020 | 11 |
| Table 6. China Conversion Requirements for U ₃ O ₈ Production + Imports, 2008-2020 | 13 |
| Table 7. China UF ₆ Feed Requirements Forecasts, 2008-2020 | 14 |
| Table 8. China UF ₆ Base Case Supply, 2008-2020 | 21 |
| Table 9. China UF ₆ Supply vs. Demand, 2008-2020 | 22 |