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## Decline in prices seen dampening uranium interest

By THOMAS KENNEDY  
Special to The Globe and Mail

CALGARY — Adverse economic conditions and public mistrust of nuclear power have depressed uranium prices and interest in further exploration could soon wane, says a University of Toronto professor.

O. J. C. Runnalls told a seminar on markets for Canadian uranium that virtually no U.S. utility executive would contemplate nuclear power in the wake of the accident last May at the Three Mile Island reactor near Harrisburg, Pa.

Prof. Runnalls said a drop in demand for nuclear power in Canada and abroad would mean a decline in orders for domestic supply industries.

He told 100 energy specialists Canadian decision makers will have to "move with resolve" in the area of nuclear policy to make the best use of the expertise built up during several decades.

The Canadian Energy Research Institute and the Calgary Chamber of Commerce jointly sponsored the seminar.

Canada has no choice but to develop unconventional energy resources in the light of dwindling supplies of crude oil, Prof. Runnalls said.

Canada "would not have much muscle in the international fracas" to secure oil supplies on the world market as the general supply situation tightened.

Uranium exploration expenditures rose to \$654-million (U.S.) in 1978 from about \$300-million spent by Western countries in 1965, said Victor Ruzicka of the Geological Survey of Canada.

The Western world's uranium inventory amounts to 2.5 million metric tons in the reasonably assured category and almost that much in the additional probable category, Mr. Ruzicka said. Meanwhile, uranium produced during the past 14 years by Western countries amounts to 261,672 tons.

Estimates of both the proved and probable categories are based on prices ranging up to \$78 (U.S.) a kilogram.

## Western Canadian uranium picture brightened by bargain finding costs

By THOMAS KENNEDY  
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CALGARY — Recent uranium discoveries in North Saskatchewan are estimated to contain about 350 million pounds of uranium oxide in 11 deposits so far identified.

R. H. McMillan, chief geologist of Western Mines Ltd. of Toronto, says adjacent areas of the Northwest Territories "hold the promise for deposits similar to those in Saskatchewan."

Compared with other Western countries, uranium finding costs in Canada traditionally have been low, but "both have been rising in recent years," Mr. McMillan told a seminar on markets for Canadian uranium sponsored by the Canadian Energy Research Institute and the Calgary Chamber of Commerce.

Based on reserves outlined between 1968 and 1976, discovery costs in north Saskatchewan run at about 35 cents. The more recent discoveries are estimated to have cost about 60 cents a pound of recoverable uranium oxide.

The most recent world costs appear to be \$6 a pound.

Despite rising exploration costs, Canada still has good uranium prospects that will generate reasonable to excellent returns on investment, Mr. McMillan said.

The seminar was told Ontario Hydro now generates 30 per cent of provincial electricity supplies at its two nuclear power stations. By 1986, half of Ontario's electricity demand will be met by nuclear power.

L. W. Woodhead, director of nuclear generation for the utility, said: "Even with current expectations of low growth in electric

demand, we need to build more nuclear generating stations."

The long term uranium supply contracts held by Hydro "assure us that most of our expected uranium needs are covered to the end of the century," he said.

R. M. Williams, adviser to the policy sector of the federal Department of Energy, Mines and Resources, said federal policy will continue to ensure that long term domestic uranium requirements are met before exports are permitted.

As in the case of most other minerals, Ottawa will continue to demand better export prices and further processing on the spot, he said.

The peaceful use of Canadian uranium sold abroad he added, will remain a condition of export approval.

Canada will continue to be both a major uranium producer and exporter, Mr. Williams said. Its production of 6,800 metric tons in 1978 accounted for 20 per cent of the world's total uranium output of about 34,000 tons.

By 1990, Canada's estimated production capacity will have reached 15,500 metric tons, or about 13 per cent of world output (excluding the Soviet bloc and China).

The federal department's latest estimates show 215,000 metric tons of assured uranium supplies, ranking Canada fourth after South Africa, Australia and the United States in terms of reserves.

The most recent reserve estimates were based on a September, 1978, price of about \$60 a pound.

Any change in preference for non-nuclear power generation over nuclear is likely to show up in actual demand for uranium only beyond 1990, the seminar was told.

In the near term, there will be a surplus of uranium and, given the implications of deferred developments, prices cannot be expected to markedly increase. Indeed, prices will likely continue to decline in real terms.

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