

This is a printer friendly version of an article from **DurangoHerald.com**
To print this article open the file menu and choose Print.

[Back](#)

Article published Sep 6, 2013

Paradox Valley uranium mill on hold

Some analysts doubt it will ever be built



Photo by: Joe Hanel/Durango Herald file

The proposed Piñon Ridge uranium mill would sit on the flat land in the foreground in this view of the Paradox Valley, in between Naturita and the hamlet of Paradox, in Montrose County.

By [Joe Hanel](#) Herald staff writer

A proposed uranium mill in Southwest Colorado will not be built unless there is an unexpected turnaround in the price of uranium, the president of the company that is developing the mill said Friday in a conference call with investors.

Energy Fuels Resources Inc. will keep holding its license to build the Piñon Ridge uranium mill in the Paradox Valley of Montrose County, but it has no plans to act on the license, said President and CEO Stephen Antony.

“We intend to keep that license in a current, valid form, but not move on construction of the mill until market conditions support it,” Antony said.

The statement is old news to uranium experts, but it comes as a surprise to some Coloradans.

The company’s Piñon Ridge website says, “Energy Fuels anticipates starting construction in

late 2012 or 2013.” And its plan on file with the Colorado Department of Public Health and Environment calls for the mill west of Naturita to be operational by early 2017, with construction beginning in 2015.

Warren Smith, a community involvement manager for the state health department, said Energy Fuels has not contacted his department with any plans to deviate from the schedule it has submitted. The license is valid for five years.

But uranium market analysts have known since Energy Fuels bought the White Mesa uranium mill in Utah that the company has put Piñon Ridge on the back burner. In fact, the company said so itself in a little-noticed statement in December 2012. It came in an annual report filed with financial regulators in Canada, where Energy Fuels is incorporated.

“With the recent acquisition by the Company of the White Mesa Mill, the Company no longer needs to construct the Piñon Ridge Mill in order to meet its planned production for the foreseeable future. Therefore, the Company does not intend to proceed with construction of the mill at this time,” the report said.

White Mesa, just south of Blanding, Utah, is the only conventional uranium mill in the United States, and it turned Energy Fuels into a major player in the North American uranium market. At the same time, the price of uranium has dropped, making Piñon Ridge a low priority.

“A lot has happened in the market since (the White Mesa purchase). The market price didn’t support building that facility,” Antony said.

Energy Fuels held a conference call Friday to discuss its corporate strategy after the completion this week of a merger with Strathmore Minerals Corp. In the hour-long call, executives didn’t even mention the Piñon Ridge mill until questioned by a reporter.

Even though the price of uranium has plummeted to \$34 a pound – down from \$51 in June – company officials are bullish on a return to higher prices as supplies run low and more nuclear reactors are built.

But Piñon Ridge is not a part of the company’s foreseeable plans. Instead, executives are much more interested in two other expansion projects in New Mexico and Wyoming.

The company’s strategy is to be ready to increase its annual uranium production to 6 million pounds a year – six times its current rate – if the market rebounds. The White Mesa Mill can handle up to 8 million pounds a year – enough for all of the company’s most optimistic expansion plans, according to Antony’s presentation on the conference call.

Colin Healey, a market analyst with Haywood Securities who closely watches Energy Fuels, said his forecast calls for a sizeable rise in uranium prices in the next two to three years. But even with the increase, he has not thought the Piñon Ridge mill would be built ever since Energy Fuels bought the Utah mill.

Healey analyzes market conditions and the company’s plans to forecast its future value.

“The Piñon Ridge mill isn’t part of my formal operating model of the company,” Healey said.

It would take “a very large and sustained shift” in uranium prices for Healey to believe the mill will be built, he said.

jhanel@durangoherald.com
