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Uranium : Bull or Bear ?

Why & When

NM Tech September 27, 2017



An 8 - Year Rearview

- January 2009 : Bullish on Uranium
- August 2010 : The New Green Metal
- November 2010 : The Next Big Thing
- March 2011 : Fukushima; U_3O_8 & TSXV Crash
- June 2015 : Why I Remain a Uranium Bull
- September 2017 : Bull or Bear / Why & When



U₃O₈ Supply & Demand

- 2015 Demand: 196 M lbs
- 2015 Mined: 158 M lbs
- Secondary Supplies: 44 M lbs
- 2015: **6 M** lb Surplus 2010: **2 M** lb Deficit
- Mine, Conversion, & Enrichment Supply Increased
- US Gov't Stockpile Sales: **5 - 7 M** lbs / yr

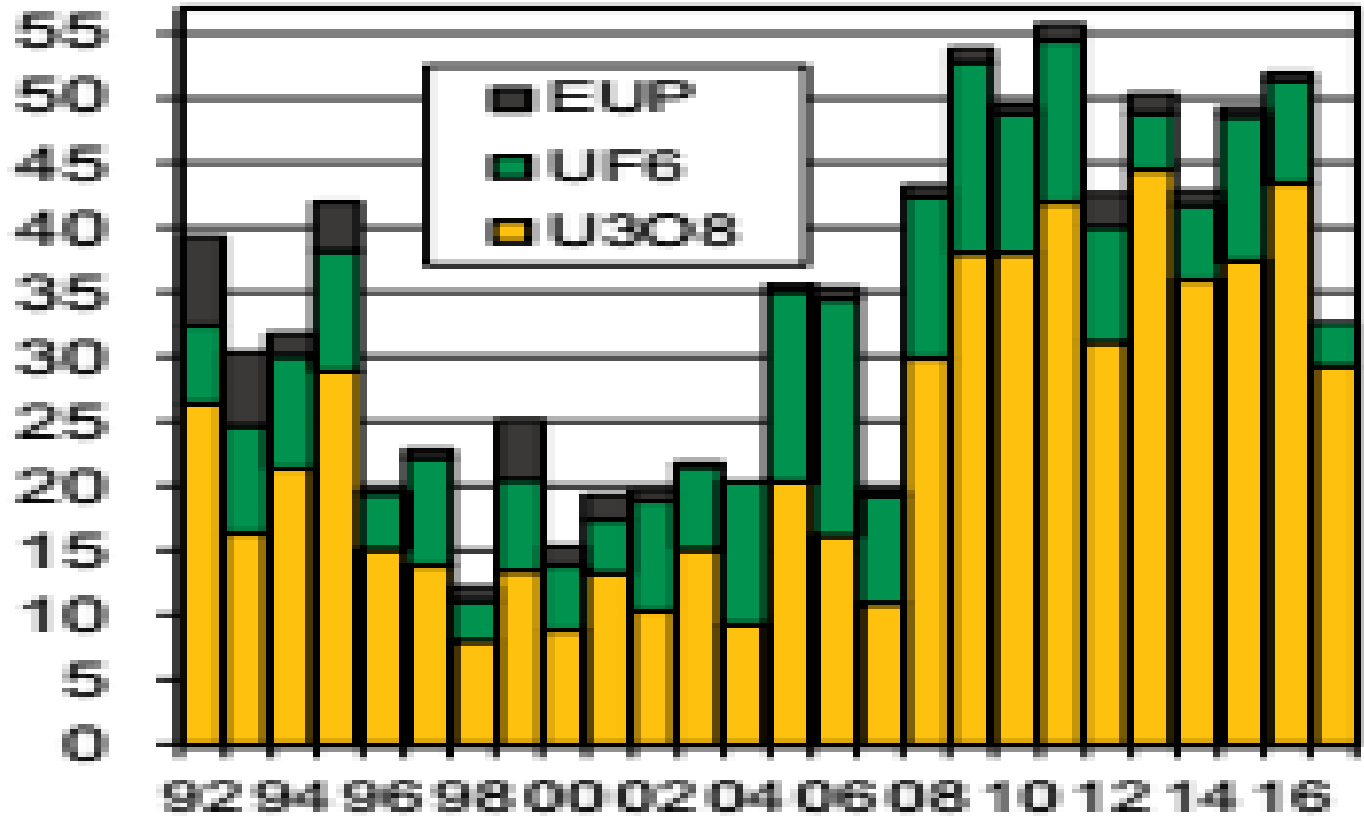


Annual U_3O_8 Sales

- Long - Term Contracts : 70 - 85 %
- Short - Term Trades : 15 - 30%
- Off - take Contract Price : \$ 31 / lb
- Spot Market Price : \$ 20 - \$21 / lb



Uranium Spot Sales



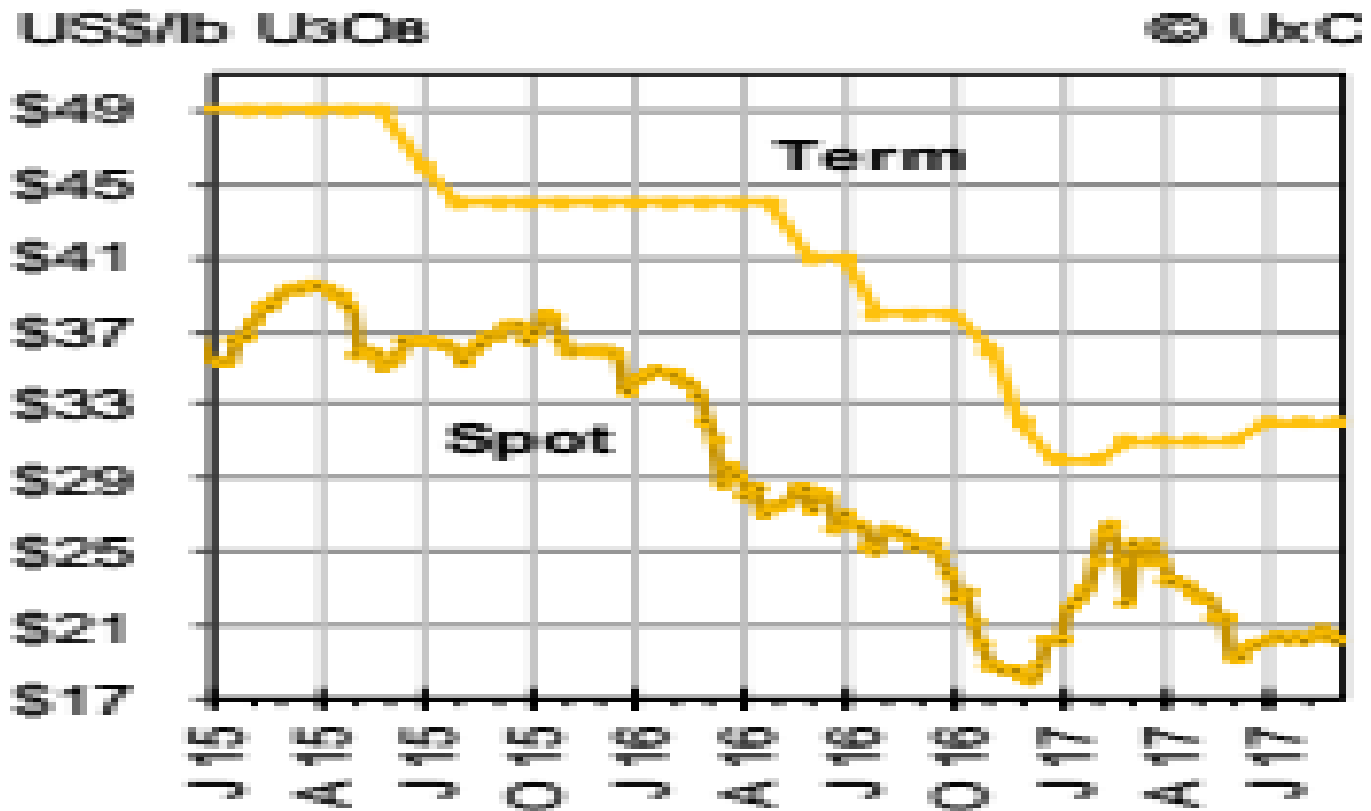


Uranium Prices & Supply - Demand Data

- Spot Price Drives the Stock Market
- 1 yr Ago = \$25 / lb
- Now = \$ 20 / lb; - 20 %
- My Sources : Ux Consulting & WNA



Ux Consulting Spot & Term Prices





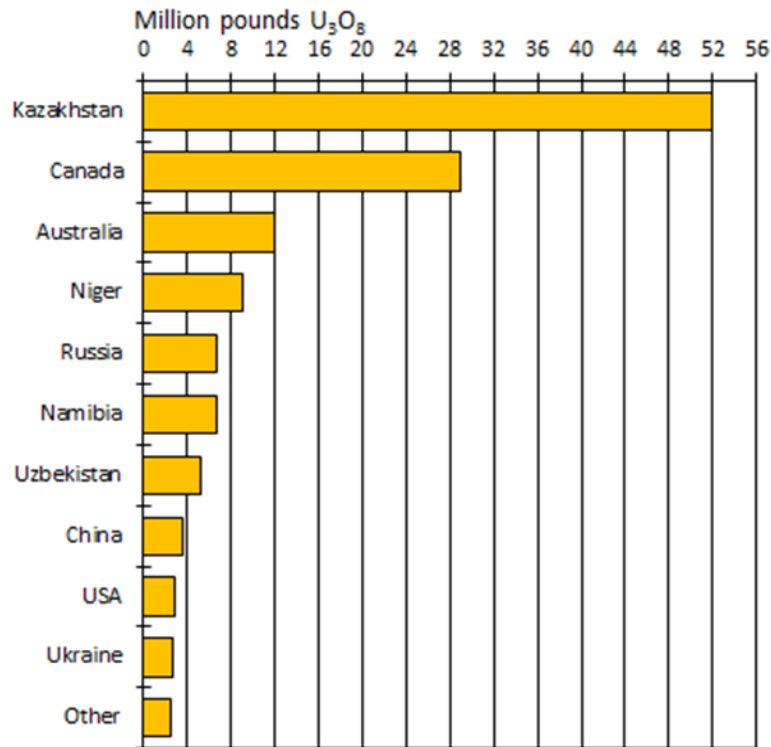
Uranium Spot Price Increases

- Buyers > Sellers
- Traders & Speculators
- Chinese Stockpiling
- Japanese Selling or Restarts ?
- Supply Delays, Disruptions, Destruction

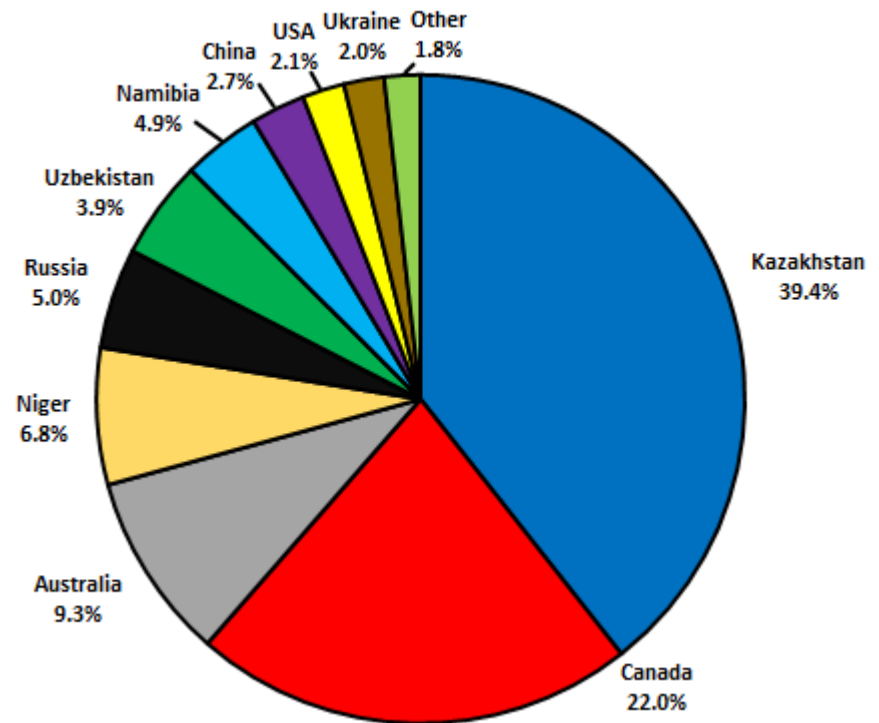


2015 Uranium Mine Production

2015 Top Uranium Producing Countries



2015 Production Shares by Country





Uncertainty of Western World Mine Supply

Unfriendly, Corrupt, & / Or Unstable Governments

- 6 of 10 Top Producers: 60 % of 2015 Production
- Kazakhstan: # 1 = 39 %
- Others: Niger, Russia, Uzbek, China, Ukraine
- USA: 3.7 M lbs Produced / 49 M lbs Used = 7.5%
- Imports from Kazakhstan = 11 M lbs



Uranium: Story Remains the Same

- Nuclear Energy = +11% Electricity Worldwide
- USA = 20 % Electricity from 99 Reactors
- 447 Nuclear Power Plants Operable
- 58 Under Construction / 160 Ordered or Planned
- Increased Demand for Yellowcake
- 3 - 4 % Projected Growth Year over Year



Where is U_3O_8 Going to Come From?

- Sovereign Stockpiles Dwindling
- Major Projects Shelved
- Russia - US: 2013 - 2022 = 50% of 1993 - 2013
- Recycling / Reprocessing Increasing
- Enrichment Underfeeding is Limited
- New Mines Must Come On Stream



New Mine Production

- Conventional Underground = High Cost Mines
- Higher Prices Required (\$65 - \$80 per pound)
- ISR (now 45 %) & Open - Pit Heap Leach Mines
- All Mines Losing \$\$ at Current Spot Prices
- Low - Cost Mines Needed !



New Uranium Mines

- Kazakhstan ISR: Production Not Sustainable
- Athabasca Basin UG: High-Capex / Long Lead Times
- Niger UG: World - Class; Geopolitics Uncertain
- Namibia Open - Pit: Very Low - Grade / Water ?
- Western USA: ISR Small; UG Long Lead Times
- Australia Open - Pit: Gov't & Aboriginal Issues



USA Future Production

- Wyoming, S. Texas, S. Dakota ISR
- Arizona, Utah, Colorado UG
- Gas Hills - Sheep Mountain, Wyoming
- Grants Mineral Belt, NM: UG & ISR (?)



Uranium Bull or Bear ? Why & When

- Supply & Demand Fundamentals
- 20 - 30 % Yearly Mine Supply Deficit
- 58 Reactors under Construction
- 160 Ordered / Planned & 351 Proposed
- Contrarian Speculating / Investing Philosophy



Wild Cards in the Uranium Game

- USA Department of Energy Spot Sales
- Japanese Restarts
- Recycling & Reprocessing
- Enrichment Underfeeding
- Fast Breeders, SMRs, & Thorium = 10 - 20 Years
- Bomb Dismantling: On Hold
- Another Black Swan Event

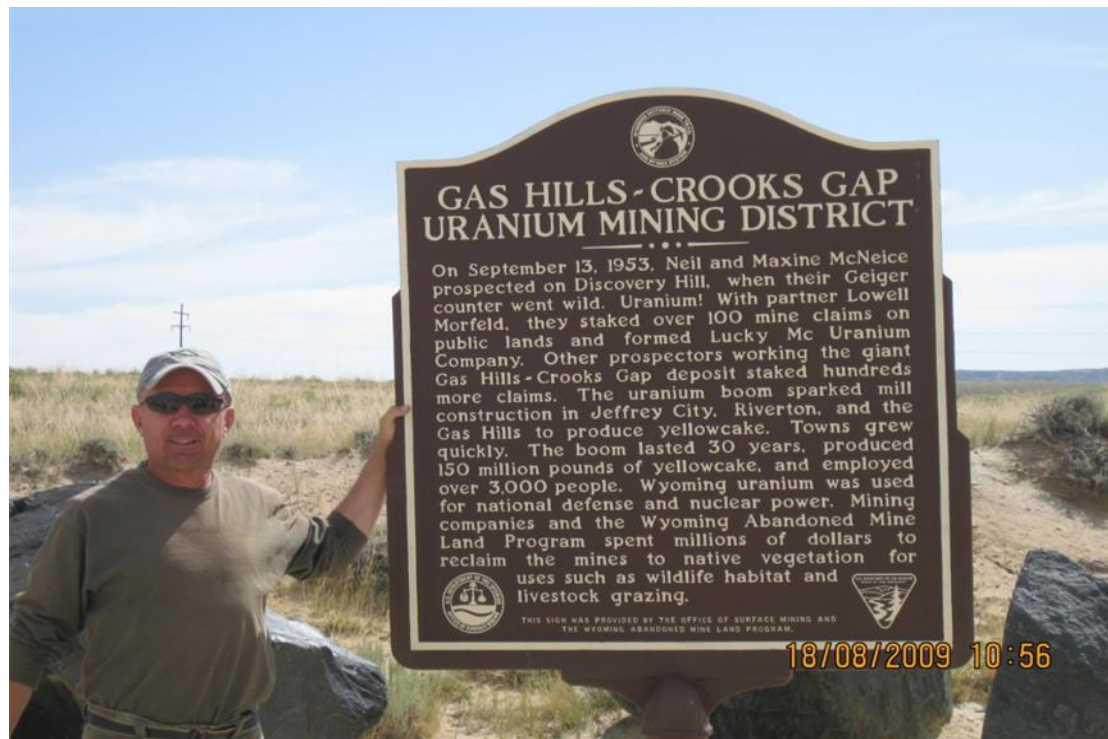


Uranium Stocks

- 2000 - 2004 Bust
- H2 2005 - H1 2007 Boom
- H2 2007 - 2008 Bust
- 2009 - H1 2010 Flat & Out of Favor
- H2 2010 - Q1 2011 Next Big Thing
- Q2 2011 - Present Bust
- What is the Future ?



The Future's So Bright, I Gotta Wear Shades (Timbuk 3 , 1986)





Beware of Frogs Masquerading as Princes





Monday Morning Musings from Mickey the Mercenary Geologist





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