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# Why I Remain a Uranium Bull

Atlanta, Georgia Q2 2015



## A Six -Year Rearview

- January 2009 : Bullish on Uranium
- August 2010 : The New Green Metal
- November 2010 : The Next Big Thing
- Tsunami / Fukushima :  $U_3O_8$  & TSXV Crash
- June 2015 : Why I Remain a Uranium Bull



## $U_3O_8$ Supply & Demand

- 2014 Demand : 172 M lbs
- 2014 Mined : 145 M lbs
- Secondary Supplies: 43 M lbs
- 2014: 16 M lb Surplus / 2010 : 39 M lb Deficit
- Mine, Conversion, & Enrichment Increased
- US Gov't Stockpile Sales : 7 M lbs / yr





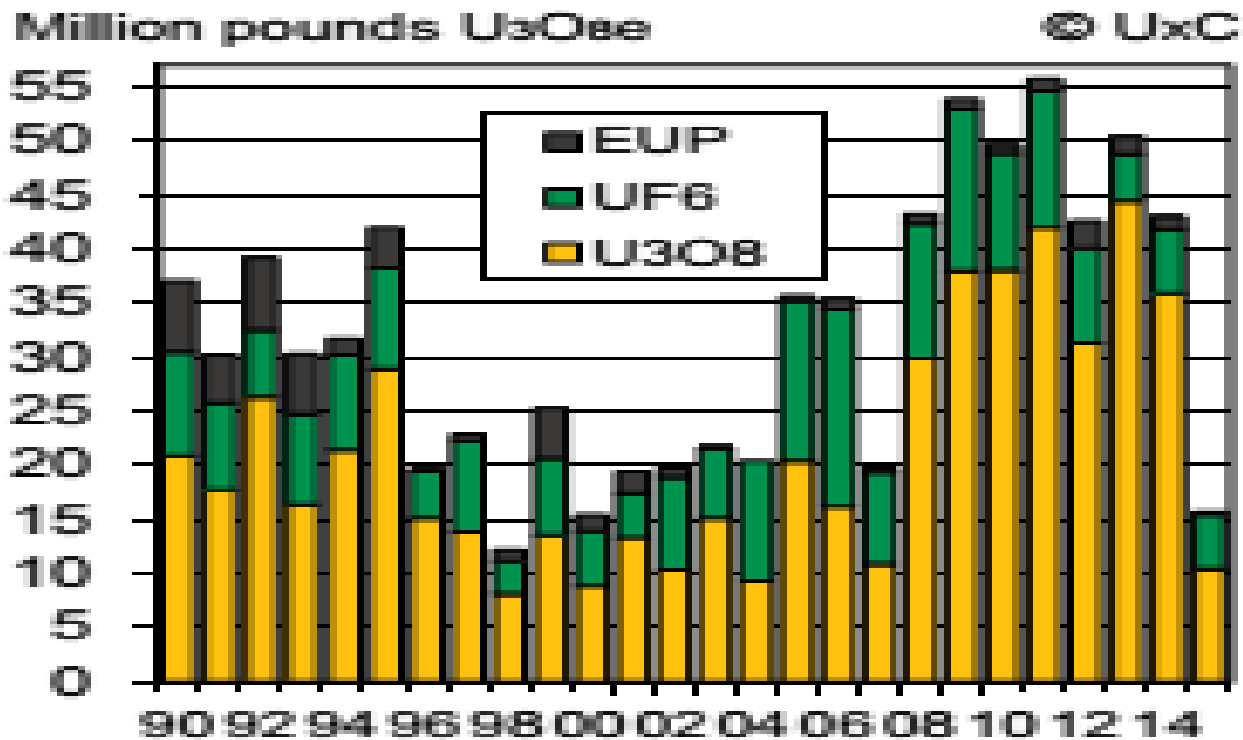
## U<sub>3</sub>O<sub>8</sub> Sales

- Long - Term Contracts 70 - 85 %
- Short - Term Trades 15 - 30%
- Off - take Contract Price \$ 49 / lb
- Spot Market Price \$ 37 / lb



# Uranium Spot Sales

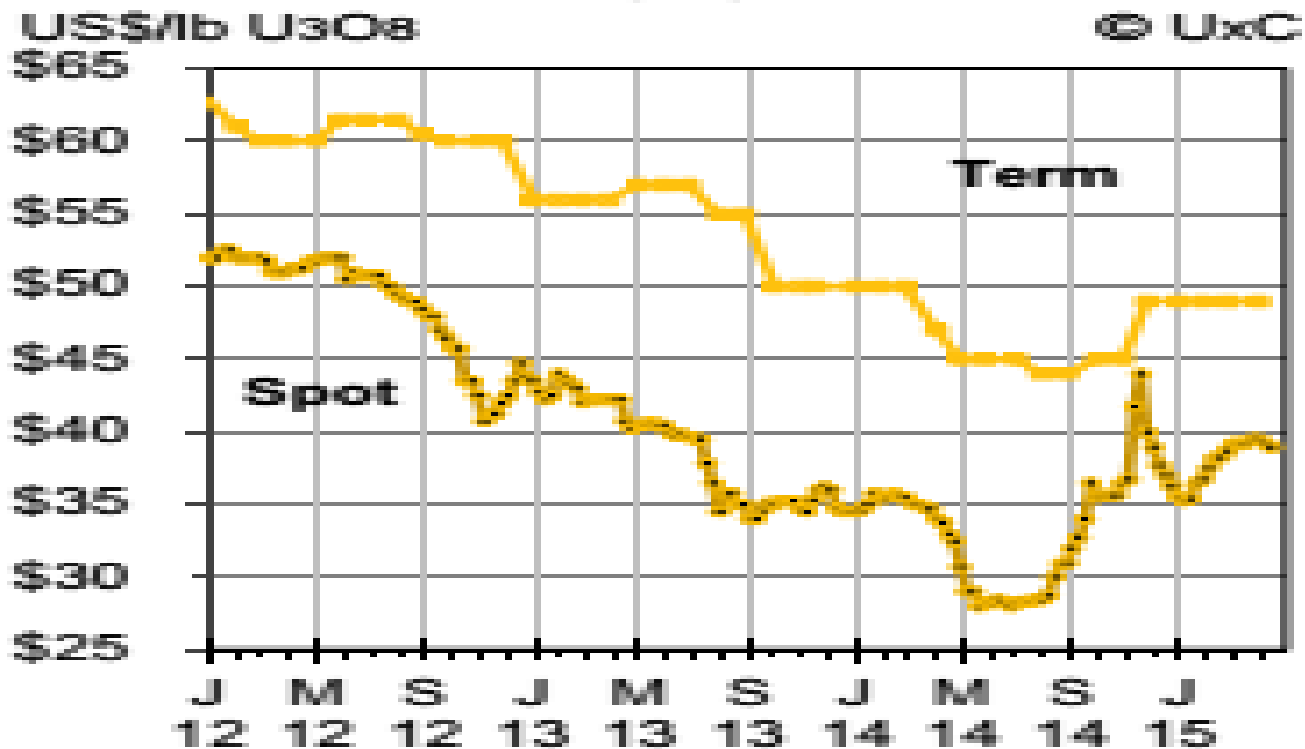
## Annual Spot Uranium Volumes





# Ux Consulting Spot & Term Prices

**Ux U<sub>3</sub>O<sub>8</sub> Prices**







## Uranium Prices & Supply - Demand Data

- My Sources : Ux Consulting & WNA
- Spot Price Drives the Stock Market
- Year Ago = \$ 28 / lb ; Now = \$37 / lb ; + 30 %
- Uranium Equities Have Lagged Behind



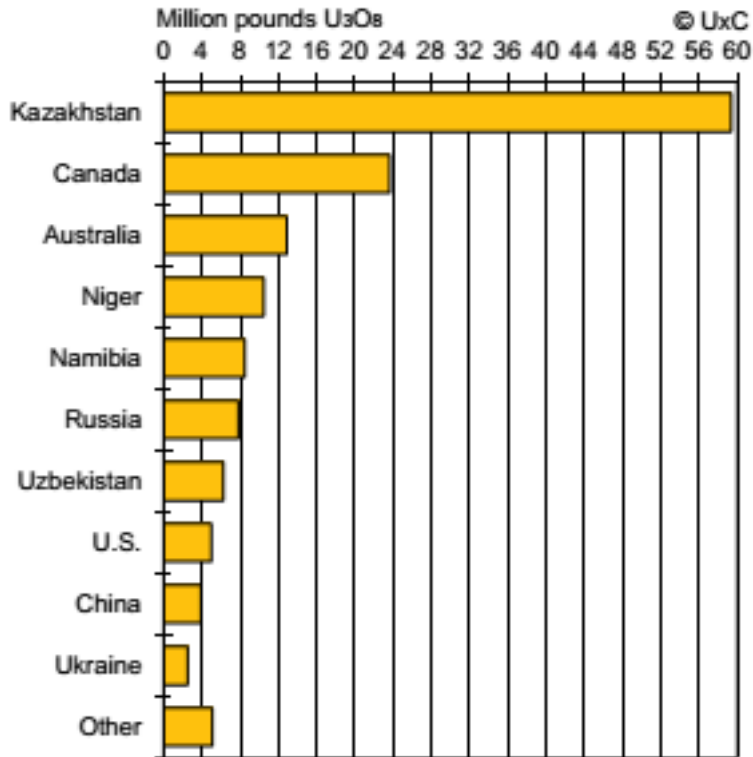
# Uranium Spot Price Increases

- Buyers > Sellers
- Traders & Speculators
- Chinese Stockpiling / Japanese Selling ?
- Japanese Restarts ?
- Supply Delays, Disruptions, Destruction
- Russia - Ukraine Situation

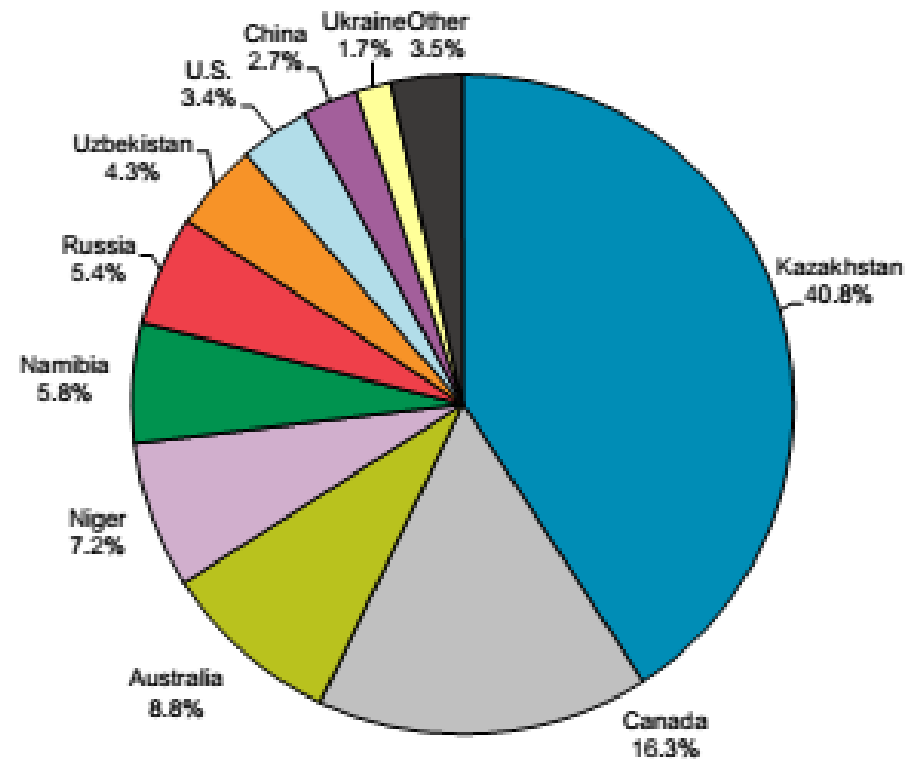


# 2014 Uranium Mine Production

**2014 Top 10 Uranium Producing Countries**



**2014 Production Shares by Country**





## Uncertainty of Western World Mine Supply

### Unfriendly, Corrupt & / Or Unstable Governments

- 6 of 10 Top Producers: 62 % of 2014 Production
- Kazakhstan # 1 = 41 %
- Others: Niger, Russia, Uzbek, Ukraine, China
- USA : 51 M lbs Used / 5 M lbs Produced



## Uranium: Story Remains the Same

- Nuclear Energy = 14% of Electricity Worldwide
- USA = 20 % of Electricity
- 437 Nuclear Power Plants Operable
- 66 Under Construction / 172 Ordered or Planned
- Increased Demand for Yellowcake
- 4% Growth Projected Year over Year





## New Production

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



## Where is $U_3O_8$ Going to Come From?

- Sovereign Stockpiles Dwindling
- Major Projects Shelved
- Russia - US : 2013 - 2022 50% of 1999 - 2013
- Recycling / Reprocessing Increasing
- New Mines Must Come On Stream



## New Uranium Mines

Kazakhstan ISR: Is Production Sustainable ?

Athabasca Basin UG: High-Capex / Long Lead Times

Niger UG: World - Class ; Geopolitical Situation

Namibia Open - Pit: Very Low - Grade / Water ?

Western USA : ISR Small ; UG Long Lead Times

Australia Open - Pit : Aboriginal Issues / Politics



## USA Future Production

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



## Why Do I Remain a Uranium Bull ?

- Supply & Demand Fundamentals
- 20 - 30 % Yearly Mine Supply Deficit
- 66 Reactors under Construction
- 172 Ordered - Planned & 312 Proposed
- Contrarian Speculating / Investing Philosophy





## Wild Cards in the Uranium Game

- USA Department of Energy Spot Sales
- Bomb Dismantling : On Hold
- Japanese Restarts
- Recycling & Reprocessing
- Fast Breeders, SMRs, & Thorium = 10 - 15 Years
- Another Black Swan Event

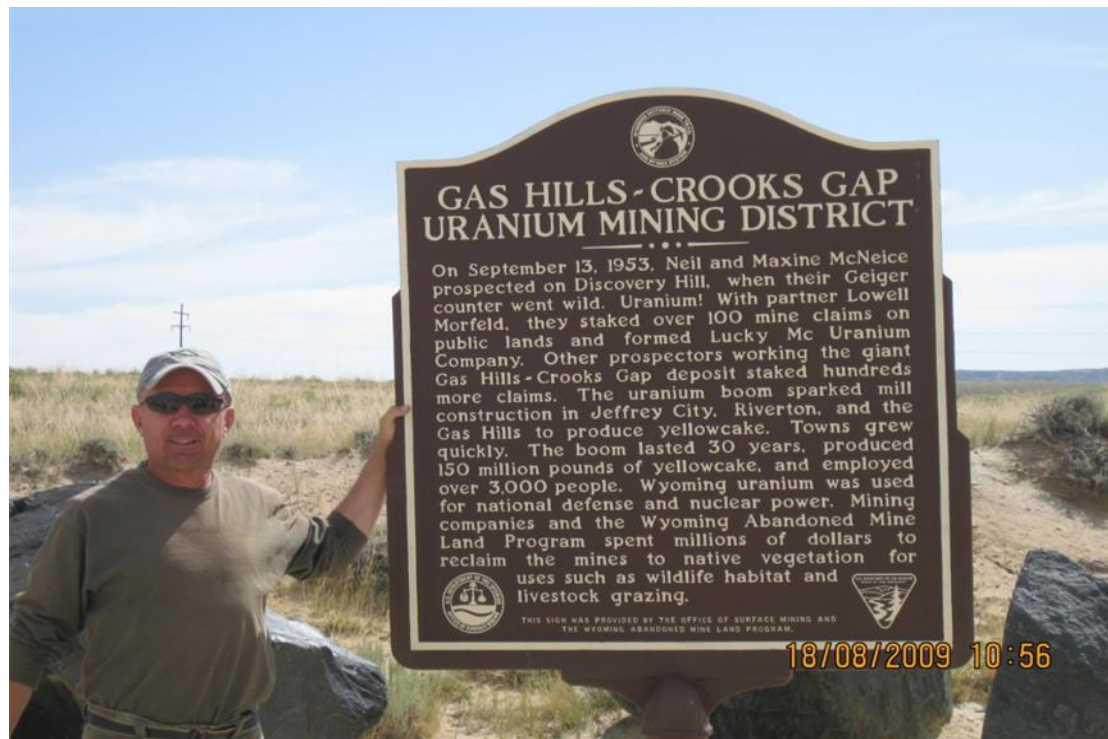


# Uranium Stocks

- H2 2005 - H1 2007 Boom
- H2 2007 - 2008 Bust
- 2009 - H1 2010 Flat & Out of Favor
- H2 2010 - Q2 2011 Next Big Thing
- 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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